

ZU – UNIVERSITY OF ZILINA  
Faculty of Operation and Economics of Transport and Communications,  
Department of Economics

## **GLOBALIZATION AND ITS SOCIO-ECONOMIC CONSEQUENCES**

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## MODERN TRENDS IN HUMAN RESOURCE MANAGEMENT

Marketa Adamova<sup>1, a, \*</sup>, Nikola Soukupova<sup>2, b</sup>, Eliska Dostalova<sup>3</sup> and Ruzena  
Krninska<sup>4, c</sup>

<sup>1</sup>University of South Bohemia in Ceske Budejovice, Faculty of Economics, Department of  
management, Czech Republic

<sup>2</sup>University of South Bohemia in Ceske Budejovice, Faculty of Economics, Department of  
management, Czech Republic

<sup>3</sup>University of South Bohemia in Ceske Budejovice, Faculty of Economics, Czech Republic

<sup>4</sup> University of South Bohemia in Ceske Budejovice, Faculty of Economics, Department of  
management, Czech Republic

<sup>a\*</sup> adamom01@ef.jcu.cz, <sup>b</sup> zidovn00@ef.jcu.cz, <sup>c</sup> krninska@ef.jcu.cz

\*Corresponding author

**Abstract** Current society can be characterized by dynamic changes (Industry 4.0, robotization, increasing retirement age, generation Y) and their socio-economics consequences. These changes are incorporated into different approaches of human resource management. Due to global corporations, these new trends within personal work are distributed to all countries. The aim of the paper is to analyse the state of using new trends in the Czech Republic and finding out the crucial trends according to personalists. Respondents of the research were personalists form South Bohemia region. Structured interview was focused on remuneration, Talent management, Age management, Diversity management, Smart working, Work life balance, consequences of globalization, using social networks, using software in HRM, generation Y. Each implementation of individual trends must take consciousness of many aspects. It is not possible to define unified guidelines for all organizations; each organization is unique. Firstly, it depends on the strategy and the whole concept of the human resource management, possible sources of the investment. Talent Management was the most significant trend in our research. As another major trend, Age Management has emerged with regard to social changes and demographic development in recent years. Other key trends that the survey revealed are Smart working and Work-life balance.

**Keywords:** Human resource management, Diversity Management, Age management, Talent management, New trends in HRM

**JEL Classification:** M12, M19, M14

### 1. Introduction

Human resources management (hereinafter HRM) has to deal with dynamic changes due to processes of globalization, demographic changes and labor market transformation (e.g. Industry 4.0, robotization, increasing retirement age, generation Y). Due to global corporations these new trends within personal work are distributed to all countries. As always, the leaders in these changes are primarily global corporations, even in the territory of the Czech Republic. However, it is desirable that small and medium-sized enterprises adapt themselves to new trends in this field and build good employer brand. Even Cooke et al. (2017) add that the most

successful trajectory for evolving professional forms of HRM is through a convergence of HRM and human resources development.

Today it is more suitable to rename HRM as a managing people, because human resources are not a source in a traditional way (Armstrong & Taylor, 2014). It is interesting that the principles of HRM work could be characterized by different and at times contradictory elements (Keegan et al., 2018). *“Human resource management is characterized by the application of a strategic approach to management, it focuses on the external factors of the work and formation of the workforce, stresses the commitment of the employees of the company, applies a complex and internally interconnected system of mutually supportive employment policy, Sustainable Economic development, Innovation Management, and Global Growth practice, emphasizes a strong corporate culture, performance and employee development, prefers transparent remuneration taking into account executive and competent employees.”* (Vetrakova et al., 2017) *“Organizations can use some HRM practices as means to motivate employees’ commitment, to get them involved in creative thinking and innovation, and to shape their skills, capabilities, attitudes, and behaviours to help achieve organizational goals”* (Chen & Huang, 2009; Jiang et al., 2012 in Matoskova & Smesna, 2017). According to Leroy et al. (2018) HRM takes a more macro-level approach to managing people. Even the special concept GHRM exists, it means: *„an organization’s aspiration to design and implement an HRM system that supports a proactive and positive approach to addressing environmental concerns “*(Ren et al., 2018).

According to research of Vetrakova et al. (2017) *„despite the declared importance of human resources for gaining success and competitive advantages on the market, the personnel work in the conditions of Slovakia does not receive the declared attention “. It is crucial finding because HRM is necessary for achieving organizations goals and succes. And people are key stone for potential development of organization. Yousaf et al. (2018) say that scholars assume that HR practices have the potential to enhance employees’ competencies, motivation, and performance, and ultimately contribute to organizational effectiveness Szelałowska-Rudzka (2018) add that only skilful management of employees’ abilities will decide within future. Even if an organization has perfect systems, machines and buildings, it need not be successful on the market if it does not have active, engaged, educated employees who enjoy their work and are loyal (Knotek, 2014 in Skoludova & Brodsky, 2015).*

And what are current trends in HRM? The results of international studies show an incipient corporate trend towards using enterprise social networks (Skoludova, 2015). There is deeply involved of millennials in labour market. The term millennials refers to people born from the 1980s to 2000 as ‘Generation Y’, also known as the ‘New Generation’ (Qian, Shi, & Zhou 2015; Yi et al. 2015 in Zhao, 2018). According to research TREXIMA (2014) only 29% of organization in the Czech Republic use social networks for hiring of managers and specialist; only 7% of enterprises use it for manufactural workers. It was used mainly network LinkedIn. Then we add Diversity management, its aim is to promote equal opportunities and to enable all workers to apply their diversity to the benefit of the whole and to develop their potential (Bedrnova, Novy et al., 2011). Thanks to demographical changes Age management plays more important roles the in previous decades. And of course for international companies it is necessary to implement Talent management is focused on social capital building practices (Glaister et al., 2018). Regarding taking care about employees the concepts of smart working, work life balance and news in remuneration are more discussed topics.

## 2. Methods

As Markoulli et al. (2017) said, there are a lot of researched papers about HRM every year, on the other side they are mainly theoretical and focused on possible future directions for the HRM field; Gill (2018) agrees with this fact. Thus the aim of the paper is analysed the state of using new trends in Czech Republic and finding out the crucial trends according to personalist. It could highlight main trends for other companies, even their effectiveness and benefits from using.

Respondents of the research were personalists from South Bohemia region. Qualitative research – exactly the interview was focused on news within remuneration, Talent management, Age management, Diversity management, Smart working, Work life balance, consequences of globalization, using social networks, using software in HRM, generation Y, controlling in HRM. The interview was consisted of 18 main categories that were then divided into different sub-questions. It was participated 20 mostly large companies which were chosen by random sample. The research was focused on big companies, because they are leaders in trends in HRM. According to the size of the company we had 10% of companies up to 250 employees, 15% of companies with 250 – 500 employees, 40% of enterprises with 501 – 1000 employees and 35% over 1000 employees. Next phase we divided companies according to age diversity and degree of education.

## 3. Results

The survey shows that social networking can be more effective for hiring middle and senior staff or employees whose professions involve more specialized positions. In other words, companies looking for some average workers do not find social networks as an effective channel for recruiting new employees. 80% of respondents use mainly LinkedIn, on the other side they have more possibilities as Facebook jobs and so on. Social networks could have next side; they are an Effective tool for building employer brand.

Figure 1: Using social networks in recruiting



Source: Own research

All of surveyed companies have the concept of Talent management. Some companies have already implemented detailed sophisticated programs within certain company projects. However, it is important for all companies to focus on talent management and this trend can perceive as significant, effective and beneficial. If we compare benefits with its financial cost and time requirements, it could be said that Talent management is highly effective.

According to our research HR managers perceive Age Management as the key to all other trends. One HR manager explains: „we have three generations of employees in the company who have to collaborate.“ Differences might be seen, for example, in preferences and gaining

information. Another example is recruiting new staff. There is a big difference between hiring young and experienced staff. It must be used different channels. While young workers prefer internet, the older workers prefer traditional communication channels such as newspaper ads.

60% of companies enable Homeworking. 95% respondents use Shared working time. But only 11% of companies offer flexible working times. All these trends are connected with work life balance. This trend helps with low rate of fluctuation, higher attractiveness of the employer and stabilising with key employees. For surveyed companies is work life balance crucial trend, which can be used as motivational tool. Diversity management is not implemented in surveyed companies. They see some approach of Diversity management in special programmes for working parents.

How organizations solve the trend of generation Y? They have usually individual approach. For example they use special programmes for exchange of jobs, which fight against stereotypes.

All of organization implemented softwares and some type of intranet within HRM. But only few of them has some system of HR controlling.

#### **4. Conclusion**

Within our research, large corporations implement gradually the trends that are coming to us through globalization. With the opening of Europe's labor markets, businesses are not only competitive within one country but within the Schengen zone.

Talent Management was the most significant trends in our research. Surveyed companies have implemented - Talent management, Social Networking in recruiting and try to focus on work life balance with different strategies. About diversity management businesses are not interested in it and they do not see the reason for implementation. Age management, employee Y generation, HR controlling have only been introduced in a minority of researched enterprises.

All businesses, regardless of their size, should analyse new HRM trends. Implementation of new trends at the right time and in the right place can help all organizations in the fight for talented human resources. No doubts that all organizations cannot use all these trends, especially with regard to their quantity. Taking advantage of everything new would also not be effective for companies. It is about selecting certain trends that the organization will devote to the full. What activities and processes will be offered and used is purely dependent on the type of company and the management knowledge, because management is precisely the area that decides on this issue. A major role is played by the expertise of human resource managers and their knowledge of processes in the company, which enables them to evaluate which trends could be beneficial to the organization, with comparing their cost and needed time.

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## GLOBALIZATION AND EMIGRATION OF RUSSIAN SCIENTISTS

Gennady E. Alpatov<sup>1,a\*</sup>, Andrey V. Novikov<sup>2,b</sup>.

<sup>1</sup>St. Petersburg State University, Tchaikovsky st., 62, office 310, Saint-Petersburg, Russia, 1911231

<sup>2</sup>St. Petersburg State University, Tchaikovsky st., 62, office 310, Saint-Petersburg, Russia, 191123

<sup>a</sup> g.alpatov@spbu.ru, <sup>b</sup> a-novikov08@mail.ru mail.

\*Corresponding author

**Abstract.** Globalization has generated global university competition, academic capitalism, the promotion of entrepreneurship in the academic world in the struggle for funding sources for universities, and has caused an increase in the migration of scientists. Between developed and developing countries there is one-sided brain drain. The leakage is supported by the governments of developed countries to the detriment of the developing ones. For example, the English Migrant Program, Tier 1 (Exceptional Talent).

An analysis of the migration statistics of scientists in Russia shows that the panic in the media about the brain drain and the restrictive measures proposed to the government are not justified. The market remains closed, and the leakage is insignificant. In the segment of candidates (PhD) and doctors of science in Russia, more scientists come in than go abroad. 234 doctors of sciences arrived in the country in 2016, emigrated 121, accordingly, 404 and 223 Ph.D. For comparison, in Russia for the period from 2010 to 2017, exactly 2,063 doctoral dissertations and 53,310 PhD theses were defended. The market remains highly isolated from the world labor market and does not mix with it.

The task of economic policy is not to limit the emigration of scientists, but to encourage it by state funding. Larger emigration will ensure return on investment due to the return of a significant part of scientists with new knowledge.

**Keywords:** globalization and higher education, migration of scientists, globalization and brain drain.

**JEL Classification:** I22, J21, J61.

### 1. Introduction

The number of migrants has grown 1.9 percent a year, keeping the share of migrants in the world population stable over the last 25 years, at around 3 percent (Human Development Reports, 2016). The movement of the labour force is one of the factors of globalization (Kurekova & Hejdukova, 2016). Globalization needs uniformity of procedures. Collective agreements are coercion for unification, because differences are a barrier to globalization. Migrations to developed countries become easier in the conditions of globalization of the labour market (Pongracz, 2015; Regnerova & Regnerova, 2017).

Globalization has generated global university competition and has caused an increase in the migration of scientists. „Freedom of migration leads to unprecedented competition among countries seeking to attract academics, scientists and researchers since they are the source of national economic development and prosperity” (Hugo G., 2014). And this competition has two consequences: 1. The academic capitalism, promotion of entrepreneurship in the academic

world in the struggle for funding sources for universities, which causes internal and external migration. As a result for scientists it requires the supranational status of EU citizenship” (Davidekova & Gregus, 2016). 2. The concentration of human capital in developed countries and the brain drain. Concentration of talent in the United States results from the working of a highly competitive market worldwide. Process of concentration of the best talent in a few U.S. universities has gone too far. Such intellectual homogeneity could, in the long run, be bad for scientific knowledge (Albarran et al, 2017). Now developed countries are afraid of competition from foreigners and social tension (Bobakova & Chylkova, 2016). Our goal is to find out how much Russia is involved in the brain drain.

## **2. The conflict of globalization**

In the economic policies of countries in the context of globalization, there is a contradiction between sovereignty and national goals and collective obligations to support neo-liberalism. The contradiction is not in globalization, but in the difference in the level of development of the participating countries, creating a difference in the benefits of globalization and national threats. Developed countries to attract cheap labor resources are promoting the thesis of freedom of migration. Developing countries are putting forward programs for the return of scientists from abroad. In the short run, along with the person leaving the country, both the costs and the efforts invested in his training are taken away. Four years of bachelor's degree in Russia are 4 years of state budget expenditures for training. Then further training at the university in a developed country at its own expense and the host country receives a highly skilled worker, without spending not a penny. For re-emigration you need to create conditions. For some developing countries, the international flow of their human talent in the recent decade was more of a "reverse brain gain" than a brain drain (Kliestik et al., 2018). For example, "1000 Talents" Plan for bringing back Chinese scientists and academics to return fulltime. China or India are both giants in terms of sending massive amounts of research personnel to other countries. Scientists return to China and produced there highly cited publications at a rate that is second only to that of the US (Yamashita & Yoshinaga, 2014). When scientists change jobs, they bring the experience, tacit knowledge and social ties. The topology of a mobility network is also of crucial importance. The features of the network are connected to the overall scientific productivity of the system. (Dyachenko, 2017).

## **3. Migration between developed countries**

Between developed countries there is brain circulation, counter-flows of migration. But even in this group of countries there is a difference in the intensity of migration and in the direction of its flows. Most of the foreign-educated professors get their undergraduate education from high-income countries (Yuret, 2017). Due to its low cost, mobility has increased significantly in the modern world. Immigrants in the UK and US now win Nobel Prizes. Nearly half of the world's most-cited physicists work outside their country of birth and movers and stayers have identical h-index citations scores (Hunter et al., 2009). On the contrary, in France there is a relatively low mobility of doctors of PhDs: less than 36% of them supervise their first PhD in a different region than the one in which they defended their own (Bernela et al., 2018). As a result of migration, the process of concentration of scientists in several leading universities continues (Albarran et al., 2017). By itself, concentration should facilitate the exchange of knowledge and the growth of collective capabilities. So it is in the medium term. But for the

development of science this creates a collective monopoly or the absence of competing scientific schools.

If the citizens of different countries cross borders to work in another country with the aim to increase their standard of life (Bajzik, 2016) then scientists have specific reasons for doing so. Jürgen Janger and Klaus Nowotny found out the importance of organisational and institutional factors of their migration: early stage researchers are willing to trade off a substantial amount of salary for early independence and tenure perspectives; later stage researchers favour jobs which make it easy to take up new lines of research. Research-only positions are considered as less attractive than jobs with a moderate amount of teaching. Maximum probabilities at teaching load of 26.9% for early and 28.9% for later stage researchers. It have important implications for the organisational design of research universities (Janger & Nowotny, 2016).

#### 4. Brain drain towards developed countries

Between developed and developing countries there is one-sided brain drain. The United Nations Population Fund reported in 2015 that 244 million people were living outside their home countries (Human Development Reports, 2016).

Table 1: Human mobility

| Human development groups    | Net migration rate              | Stock of immigrants       | International student mobility       |
|-----------------------------|---------------------------------|---------------------------|--------------------------------------|
|                             | (per 1,000 people)<br>2010/2015 | (% of population)<br>2015 | (% of total tertiary enrolment) 2013 |
| Very high human development | 2,3                             | 12,5                      | 3,4                                  |
| High human development      | 0,1                             | 1,6                       | -1,3                                 |
| Medium human development    | -0,7                            | 0,8                       | -0,8                                 |
| Low human development       | -1,1                            | 1,6                       | -3,2                                 |

Source: Human Development Reports (2016).

The table shows that students are eager to study in countries with a very high level of human development (+ 3.4%) and leave from countries with a low level of development (-3.2%).

The leakage is supported by the governments of developed countries to the detriment of the developing ones. The English Highly Skilled Migrant Program, Tier 1 (Exceptional Talent) attracted talented leaders in the fields of science, the humanities, engineering, medicine, digital technology or the arts. Visa is issued for an initial maximum period of five years and four months. The program for university graduates allowed them to stay for another 2 years in the UK.

The German Alexander von Humboldt foundation was been primarily focused on representatives of scientific elites. It is well known for its “lifelong contact system” with former fellows – establishing the so called Humboldt families throughout the world (Chepurensko, 2015). But foreign contracts lead to the brain circulation instead of brain drain.

#### 5. The migration of scientists in Russia

The Russian National Committee on the question of ‘brain drain’ was created in 1991, collaborating with the UNESCO European Regional Bureau for Science and Technology. An international meeting to discuss the ‘brain drain’ from Russia was held in 1992. In a context of declining industrial output and the threat of mass unemployment, the desire of many academics to find work abroad was even seen as an asset and as an inevitable consequence of a market economy. The outflow from Russia of this category of emigrants, measured by the countries of

destination, shows that most of the scientific migration was accounted for by migration to Germany and to Israel. The reasons were as follows: low salaries of young scientists and teachers, lack of housing opportunities, lack of modern laboratory facilities and research conditions, lack of prospects and unpredictability of academic careers, low social prestige of scientific work and lack of a clear policy of the Russian state to correct the situation. In the global world, it is impossible to combine the demand for world leadership in science and education with economic backwardness.

Table 2: Russian Federation. Human Development Index trends, 1990–2015

| Average annual HDI growth (%) |           |           |           |
|-------------------------------|-----------|-----------|-----------|
| 1990–2000                     | 2000–2010 | 2010–2015 | 1990–2015 |
| -0.18                         | 0.87      | 0.48      | 0.37      |

Source: Human Development Reports (2016).

Table 2 shows that in Russia, as a result of migration, the growth of the Human Development Index (HDI) has slowed significantly from 0.87 to 0.48%.

In 2010-2016 there was an increase in migration flows. The number of arrivals, mainly from the former Soviet republics, has increased threefold, and those who have left have increased 9-fold. At the same time, the number of Russian citizens who left their homeland in 2016 is 0.04% of the Russian population (Rosstat, 2018).

In Russia, there is still a two tier system of academic degrees. The first is the Candidate of Science (CSc), equivalent to Ph.D). The highest degree is Doctor of Science (DSc) — which requires several years of extensive independent research work.

Table 3: Defense of dissertations and migration of Russian doctors of sciences and Ph.D

|      | Defended doctoral dissertations (DSc) | Defended PhD | Migration growth, total |      | Migration growth with CIS countries |      | Migration growth with other countries |      |
|------|---------------------------------------|--------------|-------------------------|------|-------------------------------------|------|---------------------------------------|------|
|      |                                       |              | DSc                     | Ph.D | DSc                                 | Ph.D | DSc                                   | Ph.D |
| 2010 | 336                                   | 9611         | 116                     | 73   | 116                                 | 81   | 0                                     | -8   |
| 2011 | 382                                   | 9635         | 132                     | 649  | 114                                 | 609  | 18                                    | 40   |
| 2012 | 394                                   | 9195         | 106                     | 246  | 84                                  | 212  | 22                                    | 34   |
| 2013 | 323                                   | 8979         | 95                      | 99   | 83                                  | 115  | 12                                    | -16  |
| 2014 | 231                                   | 5189         | 111                     | 189  | 108                                 | 218  | 3                                     | -29  |
| 2015 | 181                                   | 4651         | 117                     | 246  | 116                                 | 242  | 1                                     | 4    |
| 2016 | 151                                   | 3730         | 113                     | 181  | 104                                 | 178  | 9                                     | 3    |
| 2017 | 65                                    | 2320         | -                       | -    | -                                   | -    | -                                     | -    |

Source: Rosstat (2018).

Table 3 shows that in total from 2010 to 2017 in the education system, 2,063 DSc and 50,610 PhD were trained, although their number was steadily decreasing due to stricter requirements. The annual increasing flow of departure abroad for a part of them, as compared to the accumulated stock, is still an insignificant share. Moreover, it is compensated by the inflow of scientists from abroad, so that the balance is positive. However, this does not mean that brain drain can be neglected. Young scientists leave, and this leads to the aging of colleges of university teachers. The positive balance, as can be seen from Table 3, is preserved thanks to

the inflow of scientists from the Commonwealth of Independent States (CIS) countries to Russia. The migration balance with other countries in 2010, 2013 and 2014 was negative. But 54 people cannot be called a brain drain, when averages of 7,900 Ph.D. these were defended annually in the same years.

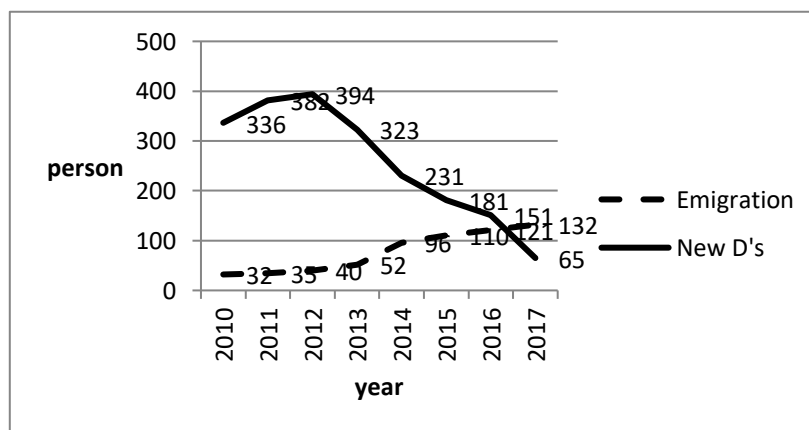
Table 4: Emigration of scientists from Russia

|      | Number of departures from the Russia, total |      | Number of departures from Russia to the CIS countries |      | Number of departures from the Russia to other countries |      |
|------|---|------|---|------|---|------|
|      | DSc   | Ph.D | DSc   | Ph.D | DSc   | Ph.D |
| 2010 | 32  | 31   | 19  | 8    | 13  | 23   |
| 2011 | 35  | 193  | 16  | 128  | 19  | 65   |
| 2012 | 40  | 194  | 25  | 135  | 15  | 59   |
| 2013 | 52  | 225  | 30  | 152  | 22  | 73   |
| 2014 | 96  | 231  | 66  | 140  | 30  | 91   |
| 2015 | 110   | 198  | 76  | 137  | 34  | 61   |
| 2016 | 121   | 223  | 86  | 165  | 35  | 58   |

Source: Rosstat (2018).

From Table 4, it can be counted that the number of doctors of sciences who left Russia from 2010 to 2016 increased by 4 times, mainly due to emigration to the CIS countries. If we compare not the stock but the flows of defense of doctoral dissertations with the flow of emigration of professors of the same qualification, then an alarming trend is shown, which is depicted in graph 1. It can be seen from the graph that in 2017 the flow of emigrants exceeded the flow of defending DSc dissertations in Russia and the further retention of top-level human capital is realized only due to the inflow of professors from abroad, mainly from CIS countries such as Ukraine and Kazakhstan. It should be noted that not all of them leave forever, many worked abroad on temporary contracts. 'Temporary' migration is higher than 'irrevocable' migration.

Figure 1: New DSc and emigration of DSc



Source: Rosstat (2018).

The share of emigrants moving outside of CIS to places like the U.S. and Europe has been increasing. But compared with the population of 146 million this dynamics is negligible. The

panic in the media about the brain drain and the proposed restrictive measures are not justified. With the purpose of work and study, more scientists come to Russia than leave it. This market remains isolated from the world market and does not mix with it.

If external emigration is insignificant, internal migration from periphery to more developed regions of Russia threatens local markets. This contradiction between the regions of Russia has intensified after the replacement of entrance examinations to universities with the results of the Unified State Exam. Graduates of schools from the province used to come to provincial universities, now they go to higher educational institutions of large cities and there they do not return after graduation to their native places.

## 6. Conclusion

In the most probable cases, one can expect a large increase in efficiency from removing migration barriers, but these great benefits mostly arise in the long run and affect the welfare of future generations. Eliminating migratory barriers reduces population growth and improves the skills structure of the global workforce. In this context, the consequences for the world economy are cumulative. Whatever is the size of the short-term gain, the long-run impact is 4 to 5 times greater (Delogu et al., 2018).

There are two directions of economic policy that together turn the process of brain drain into the process of the brain circulation. One must understand the importance of removing the barriers to brain drain, as this is the inclusion of our scientists in the world's research networks. Along with removing barriers, government programs are needed to create conditions for scientific work in Russia. The key here is, along with the attractiveness of the salary, the level of the academic load not exceeding 30% of the working time, which now amounts to 60-70%, the tenure perspective, which is generally not available now for short-term contracts, academic freedom, as we defined it in an earlier publication (Alpatov & Bortnikova, 2016) and a stable political environment. Without creating the conditions for a subsequent return to their country, the freedom of emigrating scientists makes sense for them, but it does not make sense for the national interests of the country.

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# THE IMPORTANCE OF GLOBALIZATION AND HUMAN CAPITAL FOR ECONOMIC GROWTH

Maria Antalova<sup>1,a,\*</sup>

<sup>1</sup>University of Economics, Faculty of National Economy, Dolnozemska 1, 852 35 Bratislava, Slovakia

<sup>a,\*</sup> maria.antalova@euba.sk

**Abstract.** On March 1, 2017, the European Commission presented a White Paper on the Future of Europe, focusing on the phenomenon of globalization. Its aim is, based on existing data, to assess what globalization means and will mean for the EU. It is long known, that it brings with a whole series of changes both positive and negative. We see it as an irreversible process, which deeply interferes with the existing structures of each country. For this reason, goal of our paper is to evaluate the existing situation of globalization in the Slovak Republic and compare it with other EU countries, and clarify its connectivity with other significant phenomena that we regard as the human capital and the economic growth. The analysis based on the globalization index, can be mapped in three dimensions: economic, social and political areas, and has been available for review since 1970. In the research of the human capital, we use the information of the HDI index, and in the research of the economic growth, we focus on the analysis of the GDP per capita. Using the data of a 5-year period, we focus not only in the global manifestations of globalization, the human capital and the economic growth, but on their mutual interdependence, which we analyze using statistical procedures.

**Keywords:** globalisation, human capital, economic growth

**JEL Classification:** A14, J24, 040

## 1. Introduction

In our paper, we focus on three important phenomena, for which we assumed a priori, that there exists strong mutual correlation. They are: globalization, the human capital and the economic growth. The literature mainly contains information on contexts of the human capital and the economic growth, but less about links between globalization and the human capital. The least information can be found about relationship between the economic growth and globalization. We have decided to verify our assumptions, whether they are justified and whether we can consider the interrelationship of all three of these phenomena. For this reason, we have set our goal to identify globalization, the human capital and the economic growth, to choose a suitable quantification approach to verify their interconnectedness and to determine the intensity of this relations that could be used in the implementation process of a new strategy of the economic policy.

## 2. Theoretical framework of our research

### 2.1 Approaches to globalization

Globalization is a new phenomenon of the 20<sup>th</sup> century (Europe 2020), which researchers are dealing with from different scientific disciplines, not only in terms of economics, but also politics, culture, environment, psychology, social psychology, and so on. (Sikula, 2005). In

spite of all their efforts, its identification remains inconsistent and for its global character, on a high level of abstraction, which causes the different approaches to its operationalization and quantification (Sherer, Palazzo, 2011).

In the Collins English Dictionary, globalization is perceived from both financial and commercial aspects. From the financial point of view, presents "process enabling financial and investment markets to operate internationally, largely as a result of deregulation and improved communications and from commercial the emergence of a world market dominated by multinational companies, leading to a diminishing capacity for national government, is a process of internationally operating, in the wake of deregulation and improved communications and trade" to control their economies, or process by which a company, etc. Expands to operate internationally "(2014).

Experts in the OECD regard globalization as "... the process by which markets and production are becoming more dependent in different countries for the dynamics of commodity, services and mobility of capital and technology" (OECD, 2005).

For our research base, we have just chosen this definition, in which globalization is perceived as a process leading to integration not only in economic but also in social area. We draw attention to its overall manifestation, but not to its economic, social and political implications, and we also focus on its connection to the human capital and the economic growth.

## **2.2 Approaches to human capital**

Our findings of the human capital are based on the ideas of G. S. Becker "Human Capital", in which he perceived man as a being with universal abilities, skills and dignities more usable in every area of human activity but also with specific knowledge and skills applicable only in a particular field or type of activity (Becker, 1993).

Over period of 30 years, his theory has also been developed through the efforts of other authors (Crawford, 1991, Wiswall & Zafar, 2018, Gennaioli & La Porta, Sopez-de-Silanes & Schleifer, 2013). Some of them have come up with the idea of uncovering parts in it. Thus, the social capital began to perceive itself as one dimension of the human capital (Coleman, 1988, 95-120), later came to it the knowledge capital and other types (Lepak & Snell, 1999).

Developing and supplementing the perception of the human capital, according to our opinion, has been linked to the societal changes brought by new types of societies such as the learning society, the knowledge society, the creative society and the social quality. Each of them assumes the specific labor force capabilities - different from the current needs (Garavan, 2001), to which the educational system must respond. Educational mismatches are highlighted by K. Marsikova and V. Urbanek (2015).

Forming of the human capital in intentions of these societies has gradually exerted pressure on the content of this category that has ceased to meet new needs. There grow an effort to expand the perception of the human capital, taking into account the professionalism of people themselves. And so today we can talk about the dimensions of people's competencies within a professional dimension, a learning dimension, a knowledge dimension, a creative dimension, and a social dimension.

In our analysis, we will build on perception of the human capital and its individual dimensions, but taking into account the existing quantification on the international level. We recognize complexity of measuring the human capital and various approaches to it, such as Out-

Based Approach, Cost Based Approach, and Income-Based Approach (Kwon, 2009). At present, researchers are the most preferred database of HDI (Human Development Index).

### **2.3 Approaches to economic growth**

Another major category of our paper is the economic growth, which is perceived by two ways: a phenomenon in the narrow sense or a phenomenon in the broader sense.

In the narrower sense, it is considered to be a change in the living standard of country (or defined territory), and in the broader sense, it represents any positive progressive change (Ginevicius et al., 2018, Aguiar & Amador, 2011). At the economic growth is often seen as an increased level of goods production and services per capita (Kaldor & Mirrlees, 1962).

J. Lisý perceives the economic growth as a "sum of the values of all final goods (consumer and investment) and services produced and provided over a certain period of time (usually one year) in the national territory" (2005). In our analysis in category of the economic growth, we will take into account possibilities of the statistical processing and will be perceived it in a similar way to the author mentioned above.

### **3. Methods to quantification**

In quantification based on the theoretical framework we identified the essence of all three phenomena: globalization, the human capital and the economic growth, and we also take into account the results of efforts of methodologists in this field. In examining of globalization, we will come out from quantifier the KOF index, which is written by A. Dreher. The index was first published in 2002, later edited in 2007 (Dreher et al., 2008) and most recently in 2017. From the point of extension of the whole issue, we draw attention to the synthetic index of globalization, which includes the values of economic, political and social globalization.

The Human Development Index is the well-known and most widely used the human capital quantifier. It consists of three pillars: average life expectancy, education and knowledge of population and the living standard. In empirical analysis, we will take into account its values and also its interdependence with the phenomena of globalization and the economic growth. We will use in our measurement the HDI database.

The economic growth is the most often measured by the total state output, such as Gross Domestic Product (GDP) or Gross National Product (Morvay, 2013). It is perceived as a change in the GDP of a concrete state (Kotesovcova, Mihola & Wawrosz, 2017, pp. 935-951). The frequent GDP modification is in practice used GDP per capita. If we divide the GDP by the number of inhabitants, we get the average value of the economy output per inhabitant, which is reported in two world currencies: USD and EUR. This indicator allows to compare the performance of the national economies of different countries and to compile accurately the succession scores (Domonkos & Ostrihon, 2015; Morvay, 2005). Of course, like every indicator, it has its strengths and weaknesses. Our analysis, we will build on Gross Domestic Product per Capita in Market Prices - GDP per capita in purchasing power standard - PPS.

### **4. Empirical findings and discussion**

We focused the empirical analysis on several circuits, which served as the basis for hypothesis of interconnectedness of three investigated phenomena. We paid attention to the following realities:

1. to compare evolution of globalization in the V4 countries in order to determine its level in Slovakia,
2. to analyze development of the human capital in the V4 countries in 2011-2016,
3. to identify the economic growth in V4 countries during 2012-2017,
4. to explore interconnectedness of phenomena of globalization, the human capital and the economic growth.

#### 4.1 Comparison of globalization in V4 countries

The highest level of globalization over the reference period in 2012-2017 was achieved by *Hungary*, which still had a KOF index of 87.38 in 2012 year. This trend has been reflected over the next five years.

The second ranked the *Czech Republic*, which reached the highest value of the KOF Index in 2012 year - 85.76, but in 2013 there was a decrease, by 0.9 index point, in 2014 by 0.89 index point. In 2015, there was a slight increase (by 0.13) and in 2016 a decrease to an index value of 83.60. The year 2017 developed more progressively. The Czech Republic achieved the highest value since 2013 (84.88), but this KOF Index was also lower than in 2012 year.

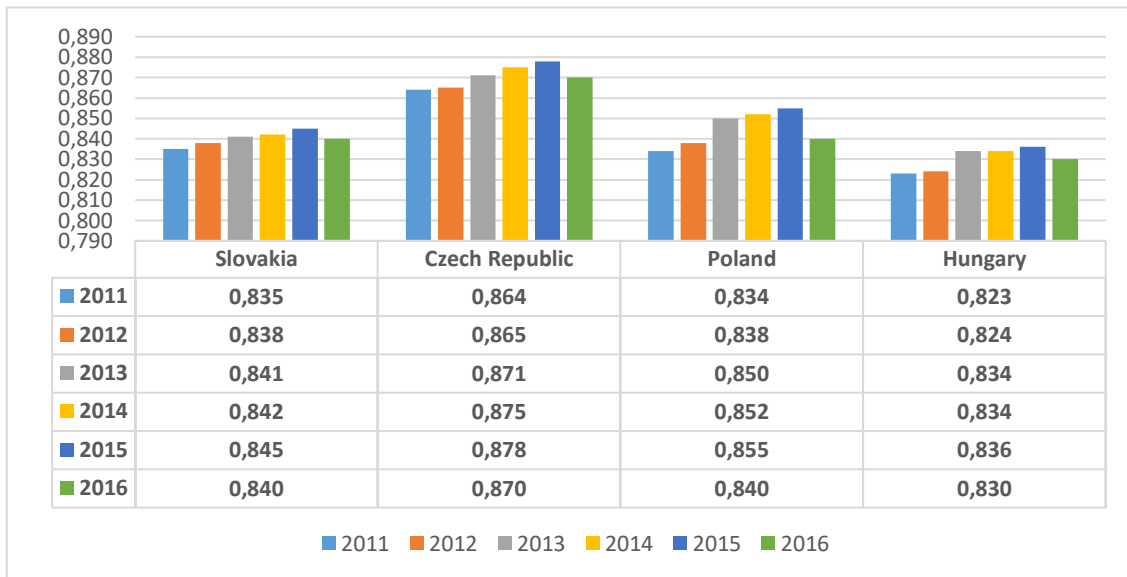
In *Slovakia*, the most intense globalization was in 2004, when we reached the highest value 85.55, and from that year globalization manifested itself vaguely. In 2013 it decreased by 0.34 points in comparison with the previous year, in 2014 year it increased by 0.06, and again declined by 0.03 points in 2015 year. Finally, in 2016 we saw an increasing trend of 83.62 (difference 0.1) and in 2017 reached the value of 84.36, which represents the highest value over the reference period.

*Poland* - shows the lowest values of globalization, in all years, as well as in all four countries. In 2012, the KOF Index was 87.38. Since then, there has been a steady decline and growth. In 2013 (-1.71), in 2014 (+0.42) in 2015 (-0.09), in 2016 (+0.47). In the last year of the reference period, Poland was characterized by KOF Index 81,32, which represents the highest value achieved over the reference period 2012-2017.

#### 4.2 Human capital in V4 countries in years 2011 – 2016

We explain our conclusions in the field of the human capital from Figure 2, which shows situation over the reference period in V4 countries, and gives an overview of the basic developmental trends. We can say that all V4 countries have evolved in a similar way. In the years 2011-2015, we are seeing a general upward trend until 2016, when we saw a slight decline. *The Czech Republic* most invest in the human capital, it is also reflected in the highest value of HDI from the surveyed countries. During the investigated period, it not only retained the leadership, but also the rising trend was most pronounced. When we compare the years 2011 with 2015, the HDI increased by 0.014 of index point. In 2016, the HDI was 0.870. The second position in order of the human development is *Slovakia*. Its upward trend in 2011-2015 was 0.01 index point. In 2016 year, index reached 0.840. Compared to 2015, this was down by 0.005. *Poland* ranked at third place in line with the rising of the human capital development by 0.021 index point during 2011-2015 years. This is the fastest growth in the surveyed countries. In 2016, HDI reached 0.840.

Figure 1: Human Capital in V4 Countries in 2011 - 2016



Source: HDI Database

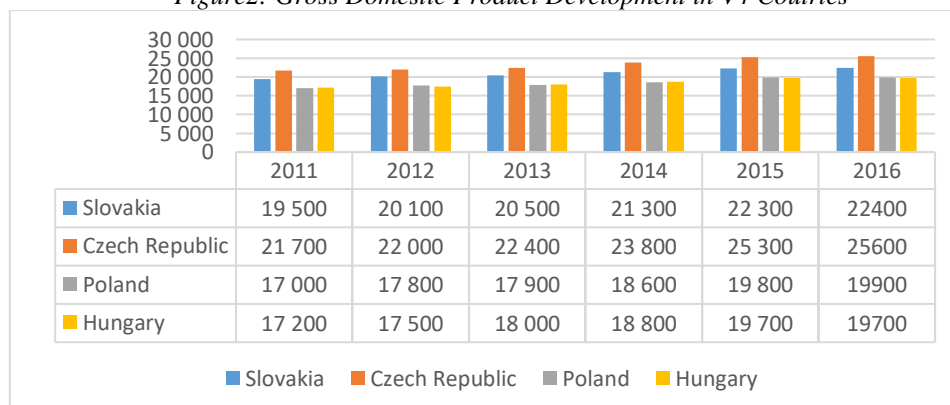
Hungary took the last place. Its increasing tendency in 2011 - 2015 was 0.013 of index points, which is very similar to the Czech Republic and Slovakia. While in 2011 Slovakia reached the HDI of 0.835, Hungary only 0.823. In 2016 Hungary's HDI increased to 0.830.

#### 4.3 Economic growth in V4 countries in years 2011 – 2016

We analyze the comparison of the V4 countries during the years 2011 - 2016. Even in this case, we record a gradual increase in values in Slovakia as well as in other countries. In Slovakia, the rising trend over the reference period is 2 900 EUR, as in Poland. In Hungary, the difference in values between 2011 and 2016 presents 2 500 EUR. In the Czech Republic increase was of 3 900 EUR.

On the basis of a comparison, we can state, that the Czech Republic recorded the greatest progress in all the countries surveyed, followed Slovakia and Poland. The last place was occupied by Hungary. The ranking of countries regarding to the value of indicator itself, not its development, is the same as in order of countries in the dynamics development. In the first place is the Czech Republic, which achieved in 2016 the value of indicator 25 600 EUR, followed Slovakia (22 400), Poland (19 900) and Hungary (19 700).

Figure2: Gross Domestic Product Development in V4 Countries



Source: Eurostat, Gross Domestic Product, Purchasing Power Standard per Capita

#### 4.4 The importance of globalization and human capital for economic growth

Correlation analysis between globalization, the human capital and the economic growth is the last partial goal of our paper. We have selected 28 EU countries as the basis for verifying the underlying assumption. In globalization, we applied the KOF Index, in the area of the human capital we used the HDI database, and in case of the gross domestic product database of Eurostat. We have applied the correlation analysis to the EU Member States (28) and we examined the interconnections between them during period of 2011-2015 years.

Table 2: Correlation Analysis

| Variables Relation | 2011     | 2012     | 2013     | 2014     | 2015     |
|--------------------|----------|----------|----------|----------|----------|
| KOF/GDP            | 0,635983 | 0,660499 | 0,658413 | 0,386352 | 0,654841 |
| HDI/GDP            | 0,701609 | 0,699582 | 0,680406 | 0,665477 | 0,679064 |
| HDI/KOF            | 0,826922 | 0,817928 | 0,790038 | 0,461253 | 0,812993 |

Source: Own processing with using Pearson Coefficient of Correlation

We have verified the following hypotheses:

1. The phenomenon of globalization and the economic growth are closely related, and on basis of this fact, we can expect, that with increasing of the level of globalization will also boost results of the national economy.
2. There is a relation between the human capital and globalization as well as the human capital and the economic growth. In confirming of our assumption, we can expect that by raising its level we will achieve positive changes, as in globalization so also in the economic growth.

For testing we used the Pearson's coefficient of correlation. Our assumption, that the phenomenon of globalization, the human capital, and the economic growth are strongly related to one another, confirms us, although the intensity of three phenomena was in varying power over the monitored period 2011-2015.

Table 3 *Correlation analysis* shows the Pearson coefficient, which values ranged from 0.386352 to 0.826922, with its limit value being only once. In 2011, 2012, 2013, the relationship between globalization and the economic growth was markedly tight, until 2014, when the interconnectedness was manifested in a lower intensity, but in the following year 2015, their strong link was restored. Interconnection of the human capital with the economic growth has been confirmed in all years of investigation as well as relation of the human capital with globalization. Pearson's correlation coefficient has reached significant tightness for all years. Its minimum value was 0.461253 and the maximum value was 0.826922.

## 5. Conclusion

In our research, we set up the goal to analyze of manifestation of the three important phenomena of globalization, the human capital and the economic growth in concrete time period. We have defined these phenomena and selected the approach to their quantification. By correlation analysis, we came to the following general conclusions: Process of globalization, the human capital and the economic growth are interdependent; this relationship has been manifested by varying degrees of intensity during all investigated period. We note the most intense relationship between the human capital and globalization and the human capital and the economic growth and less strong dependence between globalization and the economic growth.

We deduce from this results that in case of supporting of the human capital can be also achieved more progressive results in other investigated phenomena. On basis of these findings, it can be proclaimed, that the human capital brings two positive effects in forming of globalization and in increasing process of the economic growth. We recommend applying our current findings in the implementation of new strategy of the economic policy.

### **Acknowledgment**

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# **THE IMPACT OF GLOBALISATION PROCESSES ON CHANGES IN THE CONSUMPTION MODEL - AN ATTEMPT TO EVALUATE**

Maria Balcerowicz-Szkutnik<sup>1,a,\*</sup>

<sup>1</sup> Maria Balcerowicz-Szkutnik, Ph.D., Professor, Department of Labour Market Research and  
Forecasting, University of Economics in Katowice, Katowice, 1 Maja 50 street, 40-287, Poland

<sup>a,\*</sup> maria.balcerowicz-szkutnik@ue.katowice.pl

**Abstract.** The consequences of the broadening globalisation process taking place in the last decade are changes in economic, social and political structure. The primary conditions for transformation of consumer behaviour observed in the last decades in Poland are considered to be: globalisation of economies and markets, increase of the living standard and development of production and distribution of goods and services. The main aim of this article is to indicate how globalisation processes may influence the appearance of new consumption trends on the Polish market. The level and structure of consumption are closely related to the state of economy and prosperity, but mostly with the growth of society's wealth. Together with the growth of living standard and fulfilment of basic needs, occurs a change in structure of expenditures on particular kinds of purchased goods - the share of expenditures on consumer discretionary goods, including services, grows, but drops when it comes to consumer staples. The scale of aforementioned changes is indirectly dependent on the potential of resources appearing on the local labour markets. This article is dedicated to the analysis of dynamics of changes in employment structure in the basic sectors of economy connected with changes of the model of consumption, treated as an echo of globalisation processes. Additionally, the received and distributed income of the society will be analysed in the general context. Analyses are based on data gathered from the CSO and Eurostat, while statistical and econometric research methods are allowing for synthetic description of researched phenomena.

**Keywords:** globalisation, model of consumption, labour market, servicisation of consumption

**JEL Classification:** J21, H31, J42

## **1. Introduction**

Dynamic social-economic development visible at the turn of the 20th and 21st century, which covered almost all regions worldwide, including China, India and countries of Central-Eastern Europe has definitely caused increase in the number of consumers of manufactured goods and affected broadening of population of consumption society. It is widely known that consumption demand dynamizes development of production and that the changes on the market of consumption goods influence a number of social, economic and cultural trends of both positive and negative meaning. Consumption allowing for fulfilment of individual needs may become the life goal and a factor stimulating actions, while freedom of choice of purchased goods enables disclosure of consumption preferences. At the same time, structure of consumption defines the place of an individual in the society to a higher extent and leads to defining themselves through increasing consumption aspirations. It is a sign of consumerism and refers mostly to the wealthy countries, however the extent to which it covers also the countries with lower income and standard of living is increasing.

The main aim of this article is to make an attempt to evaluate the relationship between the broadening globalization process and the changes in consumer demand, which arise from the ability to benefit from other, more convenient and advantageous forms of purchases, increase of household's available income and appearing of new trends in consumers' expectations. Therefore, basing on available data, there will be conducted an analysis of dynamics both of employment structure and average monthly household's available income per person, including types of households and dynamics of individual consumption. At the same time, the broadening scale of hedonistic consumerism appearing in finding pleasure in enjoying owning particular goods (most commonly the luxury goods), which are not always necessary or useful, will be pointed out. The counterweight for hedonistic consumerism is ecologisation of consumption as a symptom of increasing ecologic awareness of the society regarding endangered condition of the natural environment.

## 2. Symptoms of changes in the consumption model

In Poland, the process of forming and development of market economy has had a strong impact on the structure of consumption resulting, to a large extent, from an increase of available income for individuals and households. It was a consequence of a general boost of the living standard, a progress of production and distribution of goods and services and also general changes in economic factors related to the development of economy. Also, the accession of Poland to EU structures has accelerated the decrease of discrepancy in the standard of living between our country and more advanced EU member states. Dynamics of changes in basic amounts, which both define social-economic situation in Poland and affect the level of consumption in the group of individual consumers and households within the last ten years, is characterised by systematic growth. The comparison of changes in chosen parameters is depicted in the Table 1.

*Table 1: Dynamics of changes in chosen macroeconomic indicators in Poland in years 2008-2017 in comparison to the preceding year = 100*

|  | 2009  | 2010  | 2011  | 2012  | 2013  | 2014  | 2015  | 2016  | 2017  |
|--|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Gross Domestic Product                     | 102,8 | 103,6 | 105   | 101,6 | 101,4 | 103,3 | 103,8 | 103   | 104,6 |
| General consumption                        | 103,6 | 102,8 | 102   | 100,5 | 100,8 | 102,8 | 102,8 | 103,4 | 104,4 |
| Individual consumption in household sector | 103,5 | 102,6 | 103,3 | 100,8 | 100,3 | 102,6 | 103   | 103,9 | 104,8 |
| Consumer Price Index                       | 103,1 | 102,7 | 104,3 | 103,7 | 101,9 | 100   | 99,1  | 99,4  | 102   |
| Real gross disposable income               | 102   | 101,4 | 101,4 | 100,1 | 102,8 | 103,2 | 104,5 | 104,3 | 103,4 |
| Average real gross remuneration            | 105,1 | 101,9 | 101,4 | 100,9 | 100,8 | 102,8 | 103,5 | 106,1 | X     |
| The registered unemployment rate           | 12,1  | 12,4  | 12,5  | 13,4  | 13,4  | 11,5  | 9,7   | 8,2   | 6,6   |
| Employment rate 15-64                      | 59,3  | 58,9  | 59,3  | 59,7  | 60    | 61,7  | 62,9  | 64,5  | 66,1  |

Source: Own studies based on <https://bdm.stat.gov.pl/> (accessed on 14.08.2018)

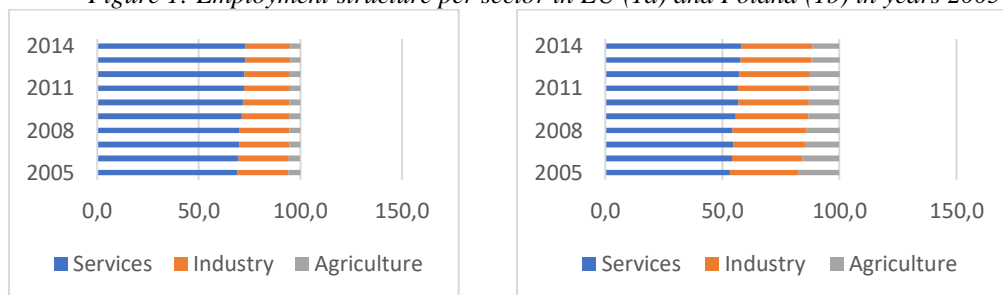
It is apparent that the growth of basic indicators defining development of economy is directly reflected in the improvement of living standards and that higher income gives bigger consumption opportunities as well as more financial independence. The share of food expenditure has dropped from 19.9% in 2008 to 17.2% in 2016, similarly the expenses for usage of housing (utilities, such as electricity, gas and other fuels) have decreased by 1.3% (from 22.5% in 2008 to 21.2% in 2016). On the other hand, health-related expenses have increased significantly (3,9% in 2008 and 5.5% in 2016), same as hospitality and restaurant services (2.8% in 2008 and 3.8% in 2016) together with cultural and recreational costs which have grown on a very similar level. Trends visible on the Polish market are, to a large extent,

convergent with similar changes visible amongst other EU nations (Bono et al., 2017; Kyto et al., 2018; Menozzi et al., 2017). Therefore, one can clearly conclude that globalization processes are shaping the picture of a new reality, both on a macro- and microeconomic scale (Balcerowicz-Szkutnik, 2015).

## 2.1 Labour market under conditions of globalisation

Not without a meaning, in the new economic conditions, are also changes of the structure of labour market. Due to new trends and consumers' requirements appears a need for the creation of new positions in the sector of services (Xavier, 2018; Choi, 2018; Dreyer et al., 2017). It is related to handling the customer or the user of particular goods (hospitality, tourism, leisure, healthcare), fast development of IT sector (Dai, 2018) and communication possibilities opened up by the new means (Skorska et al., 2016). Servicization of economy has a critical impact on the job specifics, labour relations and work organisation. Service work is less standardised. It requires a more individualised adaptation to its specific features (Antras et al., 2006). There is an increase of task-oriented, periodic contracts and a decrease in the share of long-term employment contracts in the labour market. Flexible working time and organisation of work are becoming more and more common: in regards to the working day, week, year and the whole professional career. Remote work, also known as telework is growing in popularity as well (Sroka, 2018). The demand for qualified workers from abroad is on the rise. On the contrary, worse markets are characterised by a high amount of workers with low qualifications and migrants from countries with lower level of development (so called sending countries) (Dustmann et al., 2017; Balcerowicz-Szkutnik, Skorska 2017). Detailed analysis of changes in the structure of labour market within last dozens of years leads to a conclusion that there is a successive transfer of intensity in the level of employment from the industrial and farming sector to services (Figure 1a, 1b and Table 1). The scope of analysis has been narrowed to years 2005-2014 due to restricted access to data from the subsequent years.

Figure 1: Employment structure per sector in EU (1a) and Poland (1b) in years 2005-2014



Source: Own studies based on <http://ec.europa.eu/eurostat/data/database> (accessed on 15.08.2018)

Table 2: Employment structure per sector in Poland and EU in years 2005-2014

|                | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|----------------|------|------|------|------|------|------|------|------|------|------|
| Services EU    | 69,1 | 69,5 | 69,8 | 70,1 | 71,1 | 71,8 | 72,1 | 72,5 | 72,9 | 73,1 |
| Services Pl    | 53,2 | 54,1 | 54,5 | 54,3 | 55,8 | 56,8 | 56,7 | 57,3 | 57,8 | 58,3 |
| Industry EU    | 24,9 | 24,7 | 24,7 | 24,5 | 23,6 | 22,8 | 22,7 | 22,4 | 22,1 | 21,9 |
| Industry Pl    | 29,5 | 30,2 | 30,9 | 31,8 | 31,0 | 30,1 | 30,4 | 30,2 | 30,3 | 30,2 |
| Agriculture EU | 6,0  | 5,7  | 5,5  | 5,4  | 5,4  | 5,4  | 5,2  | 5,1  | 5,0  | 5,0  |
| Agriculture Pl | 17,3 | 15,7 | 14,6 | 14,0 | 13,3 | 13,0 | 12,9 | 12,6 | 12,0 | 11,5 |

Source: Own studies based on <http://ec.europa.eu/eurostat/data/database> (accessed on 15.08.2018)

In Poland, as well as in other EU member states, the level of employment in services has distinctly outnumbered the level of employment in other sectors, that is industry and agriculture, during the whole time range covered in the research. In the European Union the share of

employment in the sector of agriculture persists on a rather low level not exceeding 6%. Half the size of Polish share of employment in the same sector, reaching even three times lower level in 2005. In contrast, Polish employment in agriculture outpaces 10%, which may be perceived as a peculiar occurrence when compared to other EU states, e.g. in 2012 in United Kingdom the share of workers employed in farming was equal to 1.5%. Lower employment in the industry sector may be a result from a transformation of production technology - from the one requiring a high number of employees, to a modern type based mostly on automatisisation and limiting direct work performed by human, which leads to a lower demand for manpower. Another factor impacting decrease of level of employment in industry is a search for cheaper labour markets in countries outside the EU structure. Very often that is China or other Asian countries (Breza et al. 2018). The ratio of employment in services and industry differs significantly, reaching from 1.9 up to 5.18, which means a double or even a five times higher employment in services than in industry in case of Poland or United Kingdom. Tendency in changes of those correlations in years 2004-2014 is definitely increasing, which is not very optimistic from economic development perspective (Balcerowicz-Szkutnik, 2014).

As a new economic partner for EU structures, Poland could not avoid the wind of change in the economic structure and, appearing to be visible in a broader scope, modification of the structure of employment. Although in macroeconomic perspective servicization of economy has reached a lower level than in other European Union member states, which is clearly visible in the Figure 1a and 1b, the upsurging pace of changes remains on a very comparable level to the one observed in other EU states. In Poland there is also a very evident feminisation of employment in services. The share of employment of women significantly exceeds the employment of men (Table 3). On the contrary, in the industry sector the share of women in comparison to men does not surpass 44%.

Table 3: Proportions in employment of men and women in particular sectors in Poland in years 2005-2014

|             | 2005  | 2006  | 2007  | 2008  | 2009  | 2010  | 2011  | 2012  | 2013  | 2014  |
|-------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Services    | 1,544 | 1,553 | 1,561 | 1,598 | 1,593 | 1,583 | 1,596 | 1,605 | 1,616 | 1,598 |
| Industry    | 0,439 | 0,437 | 0,435 | 0,413 | 0,392 | 0,383 | 0,390 | 0,382 | 0,380 | 0,393 |
| Agriculture | 0,933 | 0,920 | 0,934 | 0,979 | 0,985 | 0,940 | 0,903 | 0,879 | 0,845 | 0,816 |

Source: Own studies based on <http://ec.europa.eu/eurostat/data/database> (accessed on 15.08.2018)

The reason for such relation may be caused foremost by the profession type performed by men and women working in services. Many occupations within sales, education, gastronomy or law enforcement services are dominated by female employees. Furthermore, jobs typically associated with men are becoming more and more common amongst women. Although women are less flexible due to family and maternal duties and thus less desired by employers, that could be the key factor impacting their preference of services over industry sector.

### 3. New consumption trends - fashion or a solution to crisis

Changing consumption conditions of economic, social or cultural specifics result in the appearance of new trends in consumer behaviour (Schmidt et al., 2016). Direct reason for a change may be a wish of keeping good health, convenience of living and pursuit of comfort, luxury, snobbery and individualism. Trends and megatrends classified as new consumption are for instance: ecologization of consumption, deconsumption (Gardocka-Jałowiec, 2012) and hedonistic consumerism (Ma & Swinton, 2012).

The first one is a result of the increasing ecologic awariness of the society and the anxiety of quickly proceeding degradation of environment. Ecoconsumption refers mostly to the consumption of ecologic food and pro-ecologic behaviour with regards to the functioning of a

household. Obtaining edibles, which meet eco-conscious standards is much more troublesome than generating food products in basic production process. Meeting a handful of additional requirements allows the granting of applicable certificates to eco-food and one of the most essential conditions is the usage of plant- and animal origin materials supplied by eco-farms, which do not use fertilisers, pesticides, antibiotics and hormones. As a result the efficiency of production drops and labour intensity increases. The consequence is the higher pricing of ecologic products in comparison to the conventional ones and therefore narrowing of a target group of consumers to those the most conscious about health of their families and themselves. Another display of growing amount of Polish buyers concerned about health is the development of the market of functional food, that is food addressed to the particular customer group. These are products enriched by additional ingredients beneficial for the body (e.g. vitamins or bacteria cultures) (Marinetto, 2018). End buyers may be elderly people, children or people from a particular health-risk group. Even though in Poland the interest in eco- and functional food is increasing, it is still lower than the level in highly developed EU countries. In the European Union, 35% of customers declare willingness to purchase eco-products. while in Poland certified food is bought by only 9% of the society. Another aspect of ecologisation is the deconsumption, which is a process of lowering consumption to the rational level (Grinestein & Nisan, 2009). Deconsumption is directly stimulated by the increase of pro-health awareness, the decrease of importance of consumption in the overall value system and the approach towards it not as a purpose in life but rather as a lifestyle. It is not necessarily connected with the complete resignation from consumption of particular goods, but it refers to their correction. Supporters of deconsumption seek the improvement of the quality and the level of living not through the increase of wealth, but through the efficient use of information and modern technology enabling rational satisfaction of needs. It is essential to assess the existing needs - that it to determine whether there is the actual need for the product or the need is enforced by others. Very often it is reducing the consumption in favour of the quality or limiting the material consumption for the benefit of the immaterial realm. According to the enthusiasts of rational consumption the key is the implementation of 3R rule, namely to Reduce, Reuse and Recycle. Another form of eco consumption is local or regional consumption, which promotes and popularises local societies and focuses on using products located in the proximity from the residing area of the consumers on a daily basis. There is also a *slow food* movement supporting a slow lifestyle as a contrast to the fast, always on the move life. These are two opposite models of living and consumption: slowly, healthy and rational in comparison to fast, irrational and unhealthy. A significant barrier impacting the choice of a lifestyle in a *slow* or *fast* version is the price of products (rational products are more expensive) and time (*fast* require less effort and are more time-saving). Therefore, consumers much more often purchase cheaper and faster to use products. The idea of a transformation of a consumption model is visible especially amongst younger consumers, a process that will hopefully intensify.

The change in a consumption model deriving directly from the increased accessibility to the market of modern, durable goods is perceived by many customers as a way of highlighting their social status and manifesting their value by affiliation to the group of owners of those commodities. Due to that, hedonistic consumerism, that is finding pleasure and joy from owning goods, is becoming more and more common. The core of such behaviour is the imitation, snobism and consumer ostentation. Imitation is often caused by the lack of the own role model and comes from the need to take over someone else's models as their own through purchasing the same products, choosing the same holiday destinations or entertainment and copying fashion style or food habits. The bandwagon effect often appears. That is a demand for a particular commodity based on the fact that others own it.

The opposite of imitation is consumption snobbism referring to purchasing of unique, unusual, even very individual products in order to differ from other customers. The goods are usually characterised by a low utility and become damaged or forgotten easily, but through their uniqueness they bring satisfaction to the buyer.

The source of satisfaction may be also the possession and utilization of luxury goods highlighting wealth of the owner, which are usually bought in order to “show off” - it is an expression of consumer ostentation. Hedonistic consumerism, as a psychosocial phenomenon, has much more variations and is a subject to researches and analyses of specialists of many fields. Similarly to eco consumption, deconsumption, virtualization, democentrism or sustainable consumption.

#### 4. Conclusion

Change of living conditions in well developed countries, taking place during the recent decades, is referred to as “consumption revolution”. The main cause of such phenomenon has been the fast economic development, especially during the first three decades after the World War II. Such development brought, on the one hand, mass production of relatively cheap consumer goods, thanks to a large scale of production and constant product innovations, and on the other hand, high level of employment and fast increase in society’s earnings enabling wider purchases of produced commodities. Large consumption stopped being a privilege of elites and has become a common phenomenon (Goldschmidt & Schmieder, 2017) Wealthy countries have entered the phase of consumption civilisation and their citizens are turning into consumer societies. Providing adequate consumption model requires an appropriate level of care, precisely of service, thus inseparability of these two economic phenomena. However, there are means enabling the customers to express their fears connected to the functionality of markets through their consumption decisions: they may “buycott” firms they perceive as irresponsible or deliberately purchase from companies they identify as responsible (Hoffman et al., 2018). Therefore, the consumer market will keep transforming and it may be expected that progressing globalisation is going to have a significant influence on those changes.

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## **DEVELOPING INTERCULTURAL COMPETENCE OF GLOBAL MANAGERS AND GLOBAL ENTERPRISES**

Dana Bencikova<sup>1,a</sup>, Denisa Mala<sup>2,b,\*</sup> and Jaroslav Dado<sup>3,c</sup>

<sup>1</sup> Faculty of Economics, Matej Bel University in Banská Bystrica, Slovakia

<sup>2</sup> Faculty of Economics, Matej Bel University in Banská Bystrica, Slovakia

<sup>3</sup> Faculty of Economics, Matej Bel University in Banská Bystrica, Slovakia

<sup>a</sup>dana.bencikova@umb.sk, <sup>b</sup>denisa.mala@umb.sk, <sup>c</sup>jaroslav.dado@umb.sk

\*Dana Bencikova

**Abstract.** International enterprises of various types and sizes serve a global purpose of representing the business interests of different nations and cultures. In times of constantly accelerating globalization, intercultural competence, as a set of cognitive, affective, and behavioral skills that enable an individual to communicate and deal appropriately with people of other cultures, appears to be one of the most desirable capabilities for those who work in international environments. Being closely related to one's cultural intelligence, intercultural competence of international managers faces numerous challenges defined by global aspects of the business world, having penetrated into virtually all activities, processes, and routine tasks of international enterprises. This paper points out the increasing need to focus on development of intercultural competences, mainly within the working environment of global enterprises, which is viewed as a predisposition to their effectivity. The focus of this paper is a research into measuring individual intercultural competences: cognitive, affective, and behavioral, which was conducted in the years 2017-2018 on a representative sample of managers of international enterprises located in Slovakia. Intercultural competences were assessed by the self-assessment scale created by the authors and adjusted to reflect the need of a working environment, and the results were analyzed by methods of testing statistical hypothesis. Apart from making conclusions based on the research results, the authors propose further applications of the scale in business environment, as a way to define the need of training intercultural competences in order to achieve competitive advantage in the global market.

**Keywords:** intercultural competence, cultural intelligence, self-assessment, international enterprise, global manager

**JEL Classification:** F53, F23

### **1. Introduction**

These days, it is virtually impossible to find a business enterprise that would be completely independent of international relations. The ubiquitous globalization process has introduced interculturality not only to our lives, but has also brought it to our workplace. Business enterprises in Slovakia are not an exception, and thus are facing the need to adjust not only to technological innovations, but also to new, diverse conditions of the global market. International enterprises need to be equipped with more than just technical skills and professional excellence to be able to overcome potential problems of the intercultural environment. This requires to possess awareness of other cultures' norms, rules, and values,

and to be able to use this knowledge strategically, be driven to experience intercultural encounters, adaptable to new, unknown situations, and tolerant towards different opinions or behaviors. These qualities are encompassed in the concept of cultural intelligence (Ang et al., 2006; Ng et al., 2009; Rockstuhl & Van Dyne, 2018), which has been gaining popularity among professionals since it was defined in 2003 by Earley and Ang (2003). Other sources (Deardorff, 2009; Deardorff, 2015) relate to the term intercultural competence, which within its cognitive, affective, and behavioral components creates a very much alike portfolio of a 21<sup>st</sup> century manager. Intercultural competence, as one of the most essential competences of business managers of the contemporary business world, is the main focus of this paper.

At present, enterprises frequently encounter interculturality within their operations outside the enterprise, and within their immediate working environment. If customers, as external stakeholders, along with the enterprise's business partners and suppliers come from a different culture, they greatly affect how the enterprise approaches diversity that has penetrated into its corporate relations. Research of Ihtiyara et al. (2013) has proved that intercultural competence is significantly related to customer satisfaction, and this fact should not be neglected. Besides this, due to extensive migration of the labor force around the globe, diversity has not only influenced enterprises on the outside, but has also become an inevitable part of their internal corporate processes, represented by the internal stakeholders – management and employees.

There appears to be an obvious need for enterprises to manage their effectivity of intercultural encounters, e.g. by monitoring the levels of intercultural competences of their management and employees, or implementing intercultural training in their operations. Sadly, even though the need for intercultural orientation of global enterprises appears to be essential, the implementation of culturally oriented elements is practically a terra incognita in Slovak enterprises (Benčíková, Poliak, 2016). Often it is the concept of integrating cultural elements into corporate processes that is missing, which would ensure their successful implementation.

The above reasoning led us to an idea to create such assessment tool for Slovak enterprises that would enable their management to have a constant knowledge of the level of their employee intercultural competences in order to be able to implement intercultural training into the enterprises is the situation requires it. This paper thus describes the research conducted in this field and its implications for Slovak enterprises of all sizes and types.

## **2. Intercultural competence – theory and research**

Business enterprises have probably been influenced by globalization most of all types of organizations. Although they may realize the necessity to effectively communicate across the globe, an in-depth interest in development of intercultural competences within corporate environment still appears to be neglected. Enterprises are thus lacking thorough focus on their intercultural sustainability, which comprises any attempt of encouraging durable, long-lasting and resilient forms of intercultural relations (Busch, 2016). Sustainable intercultural relations in the workplace will not emerge by themselves, but may develop as constant declaring of intercultural sustainability, and taking active steps to support this policy by enterprises.

Researches have been conducted on the phenomena of cultural intelligence (Van Dyne et al., 2007), intercultural sensitivity (Bennett et al., 2003), intercultural competence (Deardorff, 2009), and other related concepts. According to some scholars, cultural intelligence (CQ) and intercultural competence (IC) greatly overlap on many aspects and thus can be viewed as a very similar concept. Deardorff (2009) understands intercultural competence as 'a set of cognitive, affective, and behavioral skills that lead to communicating effectively and appropriately with

people of other cultures’, which relates IC closely to the three-facet concept of cultural intelligence by Earley and Ang (2003) who view it as a combination of cognitive, motivational, and physical elements of one’s personality. Piasentin (2013) argues that cultural intelligence and intercultural competence are not two different constructs, but suggests they may in fact encompass the same concept just packaged differently: CQ as a type of intelligence, and IC as a set of competences, both manifesting within cognitive, affective, and behavioral traits of one’s personality; which indirectly affects the communication norms and interpersonal trust (Henderson, et al., 2018). This reasoning substantiates our research into assessing ICs of Slovak managers, in order to help Slovak enterprises ‘to get set on the intercultural track’. Our team have taken steps to develop such assessment tool which would accurately measure the levels of development of ICs among Slovak managers, while relating the assessment to their work responsibilities. The impulse came from a thorough study of other assessed concepts, but mostly cultural intelligence measured by Twenty-item-four-factor CQ scale (Van Dyne et al., 2007), and by Self-assessment CQ questionnaire (Van Dyne, Ang, 2006), and intercultural competence measured by various researchers (Deardorff, 2009; Piasentin, 2013). Due to the specifics of our assessment, which we aimed at measuring intercultural competences as they manifest within working environment, and due to the apparent reliability and objectivity of how the Self-assessment CQ questionnaire was structured and formulated, we decided to adopt this particular tool and adjust it to serve the purposes of a workplace. The research was conducted within a project VEGA 1/0934/16 – Cultural intelligence as an essential prerequisite for competitiveness of Slovakia in global environment and has produced very interesting findings, as reported further.

In order to adjust the original Self-assessment tool to serve our purposes, it was necessary to deal with two main issues that were observed during its detailed study. Firstly, questions provided a very polarized choice of answers (e.g. spontaneous or planful; nothing in between); and secondly, there was an uneven distribution of points (the respondent could only obtain 3 or 0 points). The final evaluation of the questionnaire, however, did not respect this pattern, and therefore, when creating our tool, we determined that it would follow this criteria:

- each competence must be represented by an equal number of questions and points,
- there must be an option to obtain 1, 2, or 3 points in each multiple choice question,
- there must be an option to choose the answer on the scale 1-4 between two extremes in dichotomous questions, and
- the context of the questions must be adjusted to serve the purposes of a workplace.

All four criteria were met, and the newly developed CAB assessment tool was structured into three sections: the multiple choice questions with options a, b, and c (30), dichotomous questions evaluated on a Likert scale 1-4 (18), and the identification questions (9).

## 2.1 Methods

The main objective of the CAB assessment was to assess the levels of individual competences – affective, behavioral, and cognitive, and the overall IC of Slovak managers, while focusing on Slovak enterprises which come in contact with representatives of different cultures. The method of online questionnaire, was used to collect the relevant data and distributed to respondents via email. The statistical analysis and graphical interpretation of the results were processed by the statistical program IBM SPSS 19. In evaluating the results, Spearman correlation coefficient was used, along with simple statistical methods of mean, median, and mode. The object of the research was the overall IC and the individual

competences, while the subject was the managers at all managerial levels of Slovak enterprises of all sizes, types, and fields of industry.

Based on the theoretical foundations and empirical studies, the following hypotheses were formulated. It is assumed that:

H1: ...the majority of Slovak managers do not achieve high level of intercultural competence.

H2: ...intercultural competence of Slovak managers increases with level of education.

H3: ... majority of Slovak managers manifest higher affective than cognitive intercultural competence.

The research was conducted in spring 2018, and addressed 657 respondents in total. 583 questionnaires, which represents 89% return ratio, were obtained from the respondents. For the purposes of the research, and in order to ensure the representativeness of the sample in the selected criteria, 236 correctly filled-in questionnaires were used in analyzing the research results. The representativeness of the sample according to selected criteria – gender, age, and the industry field in which the enterprise operates, was tested by the Chi-square test.

## 2.2 Results of the research

The results of the research were obtained through detailed analysis of the CAB assessment tool. The representativeness of the research sample, according to selected criteria – gender, age, and the industry field, was tested by Chi-square test, and in all three cases, was confirmed ( $p\text{-value}_{\text{gender}} = 0.966$ ,  $p\text{-value}_{\text{age}} = 1.000$ , and  $p\text{-value}_{\text{field}} = 1.000$ ). The conclusions and recommendations of the research can thus be directed towards Slovak enterprises of all sizes and types. Within the identification part of the questionnaire, we inquired about the respondents' gender, age, level of education, managerial position, and the frequency of encountering other cultures at work. Enterprises were identified by their size, location, field of industry, and the type of stakeholder from other cultures that represents the most typical 'intercultural' element for the enterprise. Of all identification questions, an interesting view at the Slovak enterprises is through two categories: managerial position and the frequency of encountering representatives of other cultures at the workplace. The sample was represented rather equally as to the managerial position of respondents, while 27% were top managers, 29% middle, and 34% were low managers. As to the frequency of intercultural encounters, 19.92% are in everyday contact with different cultures, 20.76% often encounter diversity, for the majority, i.e. 33.9% it is sometimes, and for 23.73% it is rarely. Only an insignificant number (1.6%) of respondents claim they do not encounter representatives of other cultures at work. When evaluating the research part of the questionnaire, it was revealed that the overall IC of Slovak managers is low (the mean value of points was 114 out of 162, which falls under the low level). Levels of the individual ICs were also identified, and are presented in Tab. 1.

Table 1: The achieved levels of intercultural competence

|        | cognitive IC |            | affective IC |            | behavioral IC |            | overall IC |            |
|--------|--------------|------------|--------------|------------|---------------|------------|------------|------------|
|        | frequency    | percentage | frequency    | percentage | frequency     | percentage | frequency  | percentage |
| high   | 66           | 28.0       | 15           | 6.4        | 37            | 15.7       | 13         | 5.5        |
| middle | 126          | 53.4       | 38           | 16.1       | 107           | 45.3       | 103        | 43.6       |
| low    | 44           | 18.6       | 183          | 77.5       | 92            | 39.0       | 120        | 50.8       |

Source: author; based on the outcomes of IBM SPSS 19

Hypothesis H1 was formulated in such way that assumed that the majority of Slovak managers do not achieve high level of overall intercultural competence. It is easily observable

from the frequency table that this assumption was confirmed (only 5.5% of Slovak managers have achieved the high level of the overall IC). Thus, hypothesis H1 is accepted. It was interesting for us to see that it is mainly the affective IC which appears to be at a very low level among Slovak managers. The relation between affective and cognitive ICs were formulated within hypothesis H3, assuming that the majority of Slovak managers manifest higher affective than cognitive intercultural competence. Within the affective IC, Slovak managers scored at a low level, and the cognitive competence stands clearly at the middle level. This disproves our assumption formulated into H3, and therefore, without complex statistical analysis, hypothesis 3 is rejected, as frequency tables and the achieved percentage within these two competences clearly point out to higher cognitive than affective IC.

Within hypothesis H2, we assumed that IC of Slovak managers increases with their increasing level of education. In an attempt to validate H2, more complex statistical methods were used. We applied Spearman rank correlation coefficient test to determine whether the correlation between the individual ICs and the level of education is statistically significant. Moderate direct dependence was discovered between the achieved level of respondents' education and their intercultural competence; moreover, the p-value was lower than 0.05 for all three ICs as well as for overall IC, achieving the value 0.000 in all four cases (Tab. 2).

Table 2: Spearman rank correlation coefficient among individual ICs and the achieved level of education

| Spearman coefficient |                         | education | Spearman coefficient |                         | education |
|----------------------|-------------------------|-----------|----------------------|-------------------------|-----------|
| cognitive IC         | correlation coefficient | .229**    | affective IC         | correlation coefficient | .295**    |
|                      | p-value                 | .000      |                      | p-value                 | .000      |
|                      | frequency               | 236       |                      | frequency               | 236       |
| Spearman coefficient |                         | education | Spearman coefficient |                         | education |
| behavioral IC        | correlation coefficient | .360**    | overall IC           | correlation coefficient | .326**    |
|                      | p-value                 | .000      |                      | p-value                 | .000      |
|                      | frequency               | 236       |                      | frequency               | 236       |

\*\* Correlation is significant at the 0.01 level (2-tailed).

Source: author; based on the outcomes of IBM SPSS 19

The results of Spearman correlation test clearly suggest that with higher achieved level of education (e.g. bachelor's level over high school education), Slovak managers also score higher in the individual ICs, and in overall IC. This is a very important finding, and greatly supports the idea of developing intercultural competences through intercultural training, which may be suggested to be incorporated into syllabi of chosen courses at different types of educational facilities, mainly at those institutions that prepare future managers. As the results proved correlation between ICs and the level of education, hypothesis H2 is accepted.

### 2.3 Discussion

It should be emphasized at this point that 'other' cultures may not only be represented by different nationalities, as it is often interpreted. The existence of subcultures, such as minority cultures or ethnic groups, or even different gender and age, also provide great opportunity for enterprises to realize how diverse people are. Although this fact may not be very obvious at a first glance, the growing diversity and the internationalization of individual societies is undoubtedly a trend of the contemporary world of business. Therefore, the implications of the research are immense and do not only apply to strictly international enterprises.

**The research results revealed that overall IC of Slovak managers is low (50.8% of respondents), or middle (43.6%). Only a small percentage (5.5%) of Slovak managers possess high IC. Previous researches (Van Dyne et al., 2007; Benčíková, Poliak, 2016; Kempen, Engel, 2017) that can be related to our obtained results discovered that the highest reported CQ**

component was motivational, which corresponds with the affective competence. On the other hand, the cognitive CQ component was perceived as the lowest of all in all studied samples. This is in direct contradiction with our results, which revealed that Slovak managers manifest rather satisfactory level of cognitive competence (middle level was achieved by 53.4% of respondents), but the average level of the affective competence remains low (for 77.5%). Therefore, H3, assuming the opposite trend, was rejected. Motivation, encompassed in the affective intercultural competence, is extremely important with regard to the development of cultural effectiveness, as assumed by Peng et al. (2015) and confirmed by their research, the results of which revealed that those participants with low motivation (motivational cultural intelligence) were viewed as the least suitable for an overseas job. Rockstuhl et al. (2011) and Miao et al. (2018) emphasize the importance of cross-border effectiveness in the contemporary globalized world. Their research discovered that cultural intelligence/intercultural competence was a stronger predictor of cross-border leadership effectiveness, while its motivational/affective aspect is essential in manager's drive to experience intercultural encounters and acquire new cultural knowledge. Therefore, low level of the affective competence, as revealed by our research among Slovak managers, is insufficient if enterprises wish to remain competitive in the globalized world of business. If the market requires interculturality, the corporate world should follow the trend and enterprises should implement development of ICs into their strategic planning. Although sources suggest that CQ and IC increasingly feature in business strategies and operations (Caputo et al., 2018; Henderson et al., 2018) we cannot claim that Slovak managers, and thus Slovak enterprises, are sufficiently motivated to do so.

On the other hand, while researches conducted by Van Dyne et al. (2007) and Benčíková, Poliak (2016) have confirmed that the lowest perceived competence is cognitive, in contrast to affective one, our research revealed the opposite trend, when cognitive intercultural competence took the best position of the three competences (Tab. 1). Le et al. (2018) have proved a positive relation between cognitive competence, and life satisfaction and perception of social justice, while Kayes et al. (2005) point out the importance of knowledge absorption as an essential competence. Therefore, the finding that Slovak managers possess rather satisfactory levels of cognitive intercultural competence may be viewed as the opportunity to enhance the other two factors, possibly through tailored intercultural training, as also suggested by Alexandra (2018). No less important in this matter is the conclusion of Caputo et al. (2018), who confirmed the existence of correlation between the individual competences (facets of cultural intelligence in their research), and one's cultural orientations, as well as conflict management styles; and thus provided empirical evidence for the importance of developing intercultural competence for increased productivity and performance in diverse international environments.

### **3. Conclusion**

The findings of our research are highly relevant for the corporate world. Practical benefits may be seen in the newly created assessment scale, which has been developed to serve the purposes of the working environment, and thus assesses the competences required primarily within the fulfillment of one's working responsibilities. The view of Kim and Van Dyne (2012) that cultural intelligence mediates the relationship between prior intercultural contact and international leadership, relates to our opinion that enterprises should ensure engagement of their managers, as well as employees, in intercultural encounters by e.g. implementing various forms of intercultural training into their operation. A 21<sup>st</sup> century enterprise simply cannot function effectively and remain competitive in the international market if ignoring the latest

trends. Opportunities that our research has opened may be seen in further implementation of assessment of intercultural competences among other than business types of organizations, e.g. intergovernmental or non-governmental organizations, and various institutions of the public social sphere. Our assessment will be provided to wider public, especially to organizations of many types and forms who wish to assess their managers' and employees' intercultural competences and proceed to their intercultural training.

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## **INCREASING OF EMPLOYMENT RATE AS AN IMPORTANT GLOBAL OBJECTIVE**

Olga Blazekova<sup>1,a\*</sup>, Maria Vojtekova<sup>1,b</sup>,

<sup>1</sup>The Faculty of Operation and Economics of Transport and Communications  
University of Zilina, Univerzitna 8215/1, 010 26 Zilina, Slovak Republic

<sup>a</sup>olga.blazekova@fpedas.uniza.sk, <sup>b</sup>maria.vojtekova@fpedas.uniza.sk

\*Corresponding author

**Abstract.** Europe 2020 is the European Union growth and jobs strategy for the current decade, striving to pave the way to a smart, sustainable and inclusive future. The main goal is to deliver high levels of employment, productivity and social cohesion in the Member States, while reducing the impact on the natural environment. To reach its objective, the European Union (EU) has adopted five ambitious targets in the areas of employment, research and development, climate change and energy, education and poverty reduction, to be reached by 2020. Before the economic crisis hit the European Union, the employment rate for the age group 20 to 64 had been rising continuously, growth in employment stalled in 2009 and the EU labour market entered a period of prolonged stagnation. Recovery started in 2014, and by 2015 the employment rate had almost returned to 2008 level, so one of the five headline targets addresses employment, with the aim of raising the employment rate of 20 to 64 old to 75 %. If the number of people earning an income can be increased, there will be greater social inclusion and less poverty. The aim of our paper is to form a mathematical model using Markov chain to describe possible scenarios of future development of the employment rate in selected countries.

**Keywords:** employment rate, Markov chain

**JEL Classification:** C53, J21

### **1. Introduction**

Európska rada 26. marca 2010 súhlasila s návrhom Európskej komisie začať realizovať novú stratégiu pre zamestnanosť a rast, stratégiu Európa 2020, ktorá má zabezpečiť, aby hospodárske oživenie Európskej únie (EÚ) po ekonomickej a finančnej kríze podporoval rad reforiem s cieľom vybudovať pevné základy pre rast a tvorbu pracovných miest do roku 2020. Stratégia má riešiť štrukturálne slabiny európskeho hospodárstva a ekonomické a sociálne problémy, pričom prihliada aj na dlhodobé výzvy globalizácie, tlaku na zdroje a starnutie obyvateľstva. Európska únia si v rámci tejto ambície stanovila päť hlavných cieľov, ktoré má dosiahnuť do roku 2020 (Európa 2020, 2018):

- zvýšiť mieru zamestnanosti obyvateľstva vo veku 20 – 64 rokov minimálne na 75 %;
- investovať 3 % hrubého domáceho produktu do výskumu a vývoja;
- znížiť emisie skleníkových plynov aspoň o 20 %, zvýšiť podiel obnoviteľných zdrojov energie na 20 % a zvýšiť energetickú účinnosť o 20 % oproti stavu v roku 1990;
- znížiť mieru predčasného ukončenia školskej dochádzky pod 10 % a zvýšiť podiel obyvateľov s ukončeným vysokoškolským vzdelaním na najmenej 40 %;
- znížiť počet osôb ohrozených chudobou alebo sociálnym vylúčením o 20 miliónov.

Aktuálne problémy zamestnanosti ako i ciele obsiahnuté v stratégii Európa 2020 sú predmetom mnohých článkov aj niekoľkých štúdií inštitúcií EÚ. Na posúdenie reálnosti dosiahnutia cieľov stratégie boli použité viaceré matematické metódy.

OLS odhad parametrov a kointegrujúce testy sú použité na posúdenie najdôležitejších ukazovateľov, ktoré ovplyvňujú hospodársku výkonnosť Poľska, Slovenska, Bulharska, Maďarska, Českej republiky a Rumunska v kontexte so stratégiou Európa 2020 v (Radulescu et al., 2018).

Metóda merania reálnej konvergenie (sigma-konvergenie) je použitá v (Zdražil & Applová, 2016) na zhodnotenie vývoja rozdielov v regionálnej ekonomickej výkonnosti krajín Vyšehradskej štvorky s cieľom určiť, ako faktory hospodárskeho rastu determinujú tieto rozdiely a čiastočne posúdiť, či integrácia krajín vyšehradskej skupiny do EÚ ovplyvnila vývoj regionálnych rozdielov v týchto krajinách.

Analýza úrovne plnenia cieľov stratégie so zvláštnym zameraním na rozdiely medzi novými členskými štátmi, ktoré vstúpili do EÚ v rokoch 2004 až 2007 a starými členmi EÚ metódou zero-unitarization možno nájsť v (Balcerzak, 2015).

Sapirovo model je použitý v (Lafuente-Lechuga et al., 2018) na klasifikáciu prosperity, pričom zohľadňuje ciele stratégie Európa 2020 týkajúce sa znižovania chudoby a rastu zamestnanosti.

Dynamická analýza indikátorov chudoby v kontexte stratégie Európa 2020 a účinkov spätnej väzby je podaná v (Ayllón & Gábos, 2017).

Metóda Markovových reťazcov je použitá na odhad dosiahnutia cieľov stratégie v oblasti životného prostredia v (Vojteková & Blažeková, 2017).

Situácia v strednej a východnej Európe z pohľadu nerovnosti príjmov je skúmaná Oaxaca-Blinder-like dekompozitčnou analýzou v (Brzezinski, 2018).

Na zamestnanosť vplýva množstvo faktorov a ich analýza je obsahom viacerých článkov. Prierezová štúdia faktorov vplývajúcich na nezamestnanosť vo Fínsku, Poľsku a Španielsku je podaná v (Leonardi et al., 2018). (Hemet & Malgouyres, 2018) poukazuje na to, že zamestnanosť pozitívne koreluje s rozmanitosťou lokálneho trhu práce, ale negatívne s rôznorodosťou v susedných krajinách.

Na mieru zamestnanosti vplýva aj prisťahovalectvo; (Fromentin et al., 2017) skúma koreláciu medzi počtom pracovníkov prisťahovalcov a počtom domácich pracovníkov vo vybraných európskych krajinách. Vplyv kriminality na zamestnanosť v talianskych regiónoch metódou regresnej analýzy je podaná v (Fedeli et al., 2018). Nezamestnanosť, najmä v neistej dobe, má ničivé účinky na rodinu a rodinný život (Lippe et al., 2018). Vzájomné ovplyvňovanie nezamestnanosti a zdravia je v centre pozornosti (Tøge, 2016) alebo (Bacci et al., 2017).

Na potrebu všeobecnejších štatistických indexov na analýzu európskeho trhu práce poukazuje (Brandolini & Viviano, 2016) a navrhuje triedu všeobecných indexov založených na pracovnej intenzite a odvodzuje indexy zamestnanosti na úrovni domácnosti.

## 2. Methods

Cieľom nášho príspevku bolo analyzovať vývoj zamestnanosti obyvateľstva vo veku 20 – 64 rokov v krajinách Európskej Únie v súvislosti s cieľom stratégie Európa 2020 dosiahnuť v tejto vekovej škále minimálne 75 % úroveň zamestnanosti. Keďže na celkový ekonomický vývoj a zamestnanosť pôsobí množstvo rôznorodých činiteľov, tak sme pokladali vývoj zamestnanosti z matematického pohľadu za stochastický proces. Údaje o zamestnanosti v

krajínach EÚ boli dostupné na ročnej báze (Eurostat, 2018). Na úroveň zamestnanosti v danom roku vplýva zamestnanosť v predošlom roku, tak sme modelovali ročné zmeny zamestnanosti pomocou Markovovho reťazca.

Pravdepodobnosti prechodov medzi jednotlivými stavmi  $p_{ij}$  ( $p_{ij}$  je pravdepodobnosť, že v nasledujúcom roku je náhodná premenná  $X$  v stave  $s_j$ , keď v predchádzajúcom roku bola v stave  $s_i$ ) odhadneme podľa

$$\hat{p}_{ij} = \frac{n_{ij}}{\sum_j n_{ij}}, \quad (1)$$

kde  $n_{ij}$  označuje počet prechodov zo stavu  $s_i$  do stavu  $s_j$ . (Anderson & Goodman, 1957) ukázali, že je to maximálny vierohodný odhad pravdepodobností prechodov. Z takto vypočítaných pravdepodobností sme zostavili maticu pravdepodobností prechodov  $P$ . Podrobnejší popis zostavenia matice možno nájsť v (Vojteková & Blažeková, 2016).

Základnou vlastnosťou Markovových reťazcov je, že pravdepodobnosť, že v nasledujúcom čase (po roku) bude reťazec v určitom stave, závisí iba od toho, v ktorom stave bol v predchádzajúcom čase. Nech vektor  $\vec{p}(t_n) = (p_A(t_n), p_B(t_n), \dots, p_F(t_n))$  označuje rozdelenie pravdepodobnosti stavov v čase  $t_n$ . Rozdelenie pravdepodobnosti stavov  $\vec{p}(t_{n+1})$  v nasledujúcom čase  $t_{n+1}$  vypočítame

$$\vec{p}(t_{n+1}) = \vec{p}(t_n) \cdot P. \quad (2)$$

Ak vychádzame z počiatočného rozdelenia pravdepodobnosti  $\vec{p}(t_0) = (p_A(t_0), p_B(t_0), \dots, p_F(t_0))$ , tak rozdelenie pravdepodobnosti v čase  $t_n$  vypočítame

$$\vec{p}(t_n) = \vec{p}(t_0) \cdot P^n. \quad (3)$$

Ak Markovov reťazec obsahuje absorbné stavy, t. j. stavy, ktoré nie je možné opustiť ( $p_{ii} = 1$ ), tak maticu  $P$  môžeme rozdeliť na štyri submatice

$$P = \left( \begin{array}{c|c} E & O \\ \hline R & Q \end{array} \right), \quad (4)$$

kde  $E$  je jednotková matica pre absorbné stavy,  $O$  je nulová submatica,  $Q$  je submatica vyjadrujúca pravdepodobnosti prechodov medzi prechodnými stavmi a  $R$  je submatica vyjadrujúca pravdepodobnosti prechodov medzi prechodnými a absorbnými stavmi.

Matica

$$F = (E - Q)^{-1} \quad (5)$$

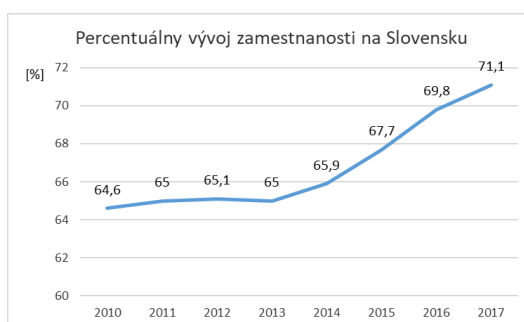
je fundamentálnou maticou Markovovho reťazca. Jej prvky  $f_{ij}$  udávajú priemerný počet krokov (časových jednotiek), počas ktorých sa reťazec nachádza v stave  $j$  pred prechodom do absorbného stavu, ak vyšiel zo stavu  $i$ . Súčet prvkov v  $i$ -tom riadku fundamentálnej matice predstavuje priemerný počet časových jednotiek, ktoré strávi reťazec v iných stavoch, kým skončí v absorbnom stave.

### 3. Results and discussion

Väčšina krajín EÚ zaznamenala od roku 2000 v oblasti zamestnanosti výrazný pokrok. Najvyššia miera zamestnanosti (veková skupina 20-64) bola dosiahnutá v roku 2008 (priemer krajín EÚ bol 70,3 %). Neskôr miera zamestnanosti sa v dôsledku globálnej krízy znižovala,

pričom v roku 2013 klesla až na úroveň 68,4 %. Od roku 2014 pretrváva pozitívny trend vo zvyšovaní zamestnanosti, pričom v roku 2017 priemerná miera zamestnanosti krajín EÚ 28 dosiahla 72,2 %. Situácia v oblasti zamestnanosti sa tiež veľmi líši v jednotlivých regiónoch a poukazuje na nesúlad a realitu obmedzenej geografickej mobility v rámci EÚ (EUR-Lex, 2018). Cieľ Slovenskej republiky stanovený stratégiou Európa 2020 v miere zamestnanosti obyvateľstva vo veku 20 – 64 rokov je 72 %. Zamestnanosť u nás exponenciálne rastie od roku 2013, pričom počet zamestnaných dosiahol v roku 2017 71,1 %, čo je najvyššia hodnota za ostatných dvadsať rokov, avšak táto hodnota je pod priemerom EÚ (72,2 %) (Eurostat, 2018).

Figure 1: Časový vývoj zamestnanosti obyvateľstva Slovenska vo veku 20 – 64 rokov.



Source: Vlastné spracovanie na základe (Eurostat, 2018).

Keď zoberieme vývoj zamestnanosti na Slovensku len od roku 2010, tak na základe lineárnej regresie môžeme povedať, že Slovensko stanovený cieľ v roku 2020 splní (73,76 %). Ak však urobíme lineárnu regresiu z dostupných dát od roku 1997, tak odhadovaná úroveň zamestnanosti v roku 2020 je len 68,05 %. Preto sa pri zostavovaní Markovovskej matice zameriame len na obdobie po kríze, teda od roku 2009. Dáta z Eurostatu ukazujú, že niektoré krajiny už v roku 2017 dosiahli úroveň zamestnanosti požadovanú stratégiou Európa 2020. Najvyššiu zamestnanosť vykazujú Švédsko a Nemecko. Z hľadiska rozdielu medzi dosiahnutou mierou zamestnanosti v roku 2017 a cieľovou hodnotou určenou EÚ, možno krajiny EÚ rozdeliť do troch skupín:

Table 1: Krajiny, ktoré už v roku 2017 dosiahli alebo prekročili vytýčenú cieľovú hodnotu.

| krajina              | cieľ   | rok 2017 | krajina       | cieľ   | rok 2017 |
|----------------------|--------|----------|---------------|--------|----------|
| Česká republika (CZ) | 75 %   | 78,5 %   | Lotyšsko (LV) | 73 %   | 74,8 %   |
| Nemecko (DE)         | 77 %   | 79,2 %   | Litva (LT)    | 72,8 % | 76 %     |
| Estónsko (EE)        | 76 %   | 78,7 %   | Malta (MT)    | 70 %   | 71,4 %   |
| Írsko (IE)           | 69 %   | 73 %     | Švédsko (SE)  | 80 %   | 81,1 %   |
| Chorvátsko (HR)      | 62,9 % | 63,6 %   |               |        |          |

Source: Vlastné spracovanie podľa (Eurostat, 2018)

Table 2: Krajiny, ktorých rozdiel medzi úrovňou v roku 2017 a cieľom je menší ako 5 %.

| krajina          | cieľ   | rok 2017 | krajina         | cieľ | rok 2017 |
|------------------|--------|----------|-----------------|------|----------|
| Belgicko (BE)    | 73,2 % | 68,5 %   | Fínsko (FI)     | 78 % | 74,2 %   |
| Dánsko (DK)      | 80 %   | 76,9 %   | Francúzsko (FR) | 75 % | 70,6 %   |
| Taliansko (IT)   | 67 %   | 62,3 %   | Maďarsko (HU)   | 75 % | 73,3 %   |
| Cyprus (CY)      | 75 %   | 70,7 %   | Poľsko (PL)     | 71 % | 70,9 %   |
| Luxembursko (LU) | 73 %   | 71,5 %   | Rumunsko (RO)   | 70 % | 68,8 %   |
| Holandsko (NL)   | 80 %   | 78 %     | Slovinsko (SI)  | 75 % | 73,4 %   |
| Rakúsko (AT)     | 70,6 % | 75 %     | Slovensko (SK)  | 72 % | 71,1 %   |
| Portugalsko (PT) | 75 %   | 73,4 %   | Bulharsko (BG)  | 76 % | 71,3 %   |

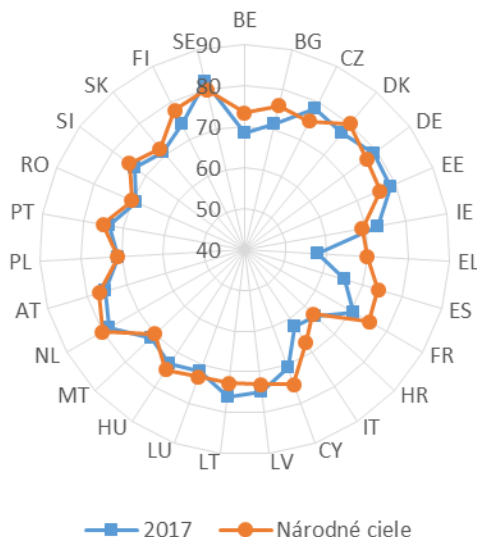
Source: Vlastné spracovanie podľa (Eurostat, 2018)

Table 3: Krajiny s veľkým rozdielom medzi úrovňou v roku 2017 a vytýčeným cieľom.

| krajina     | cieľ | rok 2017 | krajina         | cieľ | rok 2017 |
|-------------|------|----------|-----------------|------|----------|
| Grécko (EL) | 70 % | 57,8 %   | Španielsko (ES) | 74 % | 65,5 %   |

Source: Vlastné spracovanie podľa (Eurostat, 2018)

Table 2: Grafické spracovanie úrovni zamestnanosti v roku 2017 a vytýčených cieľov jednotlivých krajín.



Source: Vlastné spracovanie na základe (Eurostat, 2018).

Z pohľadu Markovových reťazcov ako stochastickú premennú  $z_n$  sme z dôvodu porovnateľnosti zobrali pre každú krajinu podiel dosiahnutej hodnoty zamestnanosti v danom čase a vytýčeného cieľa, nakoľko každá krajina má určený iný cieľ v oblasti zamestnanosti. Výhodiskom pre zostavenie matice pravdepodobností prechodov reťazca boli dáta o zamestnanosti obyvateľstva vo veku 20 – 64 rokov v krajinách EÚ v rokoch 2009 až 2017, pričom sme pracovali s 238 údajmi. Dáta bolo potrebné na základe vhodného kritéria rozdeliť do skupín (stavov). Rozdelenie na jednotlivé stavy sme určili na základe vypočítaného priemeru  $\bar{z} = 0,936$  tak, aby boli intervaly rovnakej dĺžky (okrem krajných stavov). Stanovili sme šesť stavov, pričom stav F značí, že daná krajina svoj cieľ už dosiahla.:

- A  $z_n < 0,872$
- B  $0,872 \leq z_n < 0,904$
- C  $0,904 \leq z_n < 0,936$
- D  $0,936 \leq z_n < 0,968$
- E  $0,968 \leq z_n < 1$
- F  $1 \leq z_n$

Na základe (1) sme vypočítali pravdepodobnosti prechodov a z nich zostavili maticu pravdepodobností prechodov  $P$

$$P = \begin{matrix} & \begin{matrix} A & B & C & D & E & F \end{matrix} \\ \begin{matrix} A \\ B \\ C \\ D \\ E \\ F \end{matrix} & \begin{pmatrix} 0,85 & 0,15 & 0 & 0 & 0 & 0 \\ 0 & 0,43 & 0,52 & 0,05 & 0 & 0 \\ 0,04 & 0,15 & 0,51 & 0,28 & 0,02 & 0 \\ 0 & 0,02 & 0,12 & 0,57 & 0,30 & 0 \\ 0 & 0 & 0 & 0,21 & 0,52 & 0,27 \\ 0 & 0 & 0 & 0 & 0 & 1 \end{pmatrix} \end{matrix}.$$

Z matice je vidieť, že s najväčšou pravdepodobnosťou sa daný stav za jeden rok nezmení (okrem stavu  $B$ ), a len s malými pravdepodobnosťami môže prejsť do susedných stavov. Stav  $F$  je absorbčný stav, keďže pravdepodobnosť zotrvania v tomto stave je  $p_{FF} = 1$ .

Použitím vypočítanej matice  $P$  a (3) môžeme predikovať, s akou pravdepodobnosťou jednotlivé štáty splnia cieľ EÚ v roku 2020. Ako počiatočný stav pre jednotlivé štáty berieme stav v roku 2017. Cieľ EÚ bude v roku 2020 splnený, ak sa stochastická premenná  $z_{2020}$  pre daný štát bude nachádzať v stave  $F$ . Výsledky sú obsiahnuté v tabuľke 4.

Table 4: Pravdepodobnosti dosiahnutia cieľa Európa 2020 pre jednotlivé štáty

| Počiatočný stav  | A      | B          | C                     | D   | E  |
|--|--------|------------|-----------------------|---|--|
| Štáty roztriedené podľa úrovne zamestnanosti v roku 2017 | Grécko | Španielsko | Belgicko<br>Taliansko | Bulharsko<br>Dánsko<br>Francúzsko<br>Cyprus<br>Fínsko | Luxembursko<br>Maďarsko<br>Holandsko<br>Rakúsko<br>Poľsko<br>Portugalsko<br>Rumunsko<br>Slovinsko<br>Slovensko |
| Pravdepodobnosť splnenia cieľa v 2020                    | 0      | 0,0066     | 0,0336                | 0,1709  | 0,5030   |

Source: autori

Európska únia ako celok (28 štátov) sa v roku 2017 nachádzala v stave  $D$ , takže pravdepodobnosť dosiahnutia cieľa 75 % v roku 2020 je 0,1709.

Daný Markovov reťazec obsahuje len jeden absorbčný stav  $F$ . Vynechaním posledného riadku a posledného stĺpca matice  $P$  vytvoríme submaticu  $Q$ , ktorá je štvorcová matica piateho stupňa vyjadrujúca prechody medzi neabsorbčnými stavmi. Z nej pomocou (5) vypočítame fundamentálnu maticu

$$F = \begin{matrix} & \begin{matrix} A & B & C & D & E \end{matrix} \\ \begin{matrix} A \\ B \\ C \\ D \\ E \end{matrix} & \begin{pmatrix} 7,78 & 3,63 & 5,21 & 5,6 & 3,67 \\ 1,28 & 3,63 & 5,21 & 5,6 & 3,67 \\ 1,34 & 1,97 & 5,47 & 5,58 & 3,67 \\ 0,59 & 0,96 & 2,4 & 5,78 & 3,67 \\ 0,26 & 0,42 & 1,05 & 2,53 & 3,67 \end{pmatrix} \end{matrix}.$$

Súčet prvkov v  $i$ -tom riadku fundamentálnej matice predstavuje priemerný počet rokov, ktoré strávi reťazec v jednotlivých stavoch  $A, B, C, D, E$ , kým skončí v absorbčnom stave  $F$ . Podľa nášho matematického modelu krajiny, ktoré boli v roku 2017 v stave  $A$ , sa do stavu  $F$  dostanú v priemere za 25,89 rokov, krajiny zo stavu  $B$  v priemere za 19,39 roka, krajiny zo stavu  $C$  v priemere za 18,03 roka, krajiny zo stavu  $D$  v priemere za 13,39 roka a krajiny zo stavu  $E$  za 7,92 roka.

## 4. Conclusion

Zámerom nášho príspevku bolo pozrieť sa na dosiahnutie stanovených cieľov EÚ v zvýšení zamestnanosti z matematického hľadiska. Vychádzali sme z údajov o zamestnanosti obyvateľstva vo veku 20 – 64 rokov po roku 2009. Na posúdenie dosiahnutia cieľov stanovených pre jednotlivé členské štáty v tejto oblasti sme použili model Markovovho reťazca, pričom za stochastickú premennú sme z dôvodu porovnateľnosti zobrali pre každú krajinu

podiel dosiahnutej hodnoty zamestnanosti v danom čase a vytýčeného cieľa, nakoľko každá krajina má určenú inú cieľovú hodnotu. Zostavili sme maticu pravdepodobností prechodov a jednotlivým krajinám pridelili stav odpovedajúci situácii v roku 2017. Vypočítali sme pravdepodobnosti dosiahnutia cieľovej hodnoty v roku 2020, ktoré sú zhrnuté v tabuľke 4. Pravdepodobnosti sú nízke, ale treba si uvedomiť, že aj keď niektoré štáty dosiahli v roku 2017 hodnotu blízku cieľovej (boli v stave E), na základe predchádzajúceho pomalého zlepšovania (od roku 2009 zotrvali v stave E) je pre nich cieľ značne vzdialený (napríklad Luxembursko). Naopak, napríklad Maďarsko bolo v roku 2009 v stave A a za ďalších 8 rokov sa dostalo až do stavu E, čo predstavovalo prudký nárast a preto je značne pravdepodobné, že cieľ dosiahne. V poslednej časti pomocou fundamentálnej matice sme pre štáty zatriedené podľa stavov vypočítali priemerný čas, potrebný na dosiahnutie cieľových hodnôt zamestnanosti.

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# MACROECONOMIC AND GLOBAL EFFECTS OF EXPANDING THE INFORMAL SEGMENT OF LABOR MARKET: THE CASE OF UKRAINE

Viktoriia Blyzniuk<sup>1, a, \*</sup>, Svitlana Shumska<sup>2, b</sup>

<sup>1</sup>Head of the Department for Socio-Economic Problems of Labor, Institute for Economics and  
Forecasting, NAS of Ukraine, Kyiv

<sup>2</sup>Leading Researcher, Institute for Economics and Forecasting, NAS of Ukraine, Kyiv

<sup>a</sup>vikosa72@gmail.com, <sup>b</sup>sv.shumska@gmail.com

\*Corresponding author

**Abstract.** The paper deals with the problems of the expansion of informal employment in Ukraine, and focuses on the main determinants and consequences of the expansion of the shadow segment of unemployment. The relevance of the study of the informal labor market is explained by the following reasons: first of all, the problem is related to poverty, which is a consequence of the informal character of labor relations. The second reason is fiscal: informal and shadow workers do not pay taxes and social contributions, which limits the budget possibilities of the government. The third reason is the limited opportunities for economic growth due to the low level of productivity and inefficient use of labor in the informal sector. The authors analyze the structure and determinants of informal employment and the differences in pay between the employed in formal and informal sectors. The article evaluates the volumes of shadow and informal employment in Ukraine by different methods. The general factors affecting the size of the informal segment for developed and developing countries are defined as well as the mutual influence between macroeconomic and labor indicators. Analyzing the impact of informal employment on the labor market and macroeconomic indicators, the authors conclude that there is a need for institutional changes in the labor sphere in terms of strengthening the state impact on employers in order to enhance their social responsibility. The methodological bases of this study include the methods of comparative analysis, as well as systemic, structural, and economic-mathematical methods.

**Keywords:** labor market; informal employment; unemployment; Ukraine

**JEL Classification:** J08, O17.

## 1. Introduction

A characteristic feature of the social and labor relations in many countries is the existence of informal segment of the labor market, which sometimes transforms into a shadow segment. Informality in the labor market is a very complex and controversial phenomenon, which can be viewed from different angles. On the one hand, this segment serves a buffer between market changes and growth of unemployment, because it contributes to the reduction of social tensions in society. On the other hand, it facilitates the formation and reproduction of parallel socio-economic structures, often of criminal orientation, capable of concentration most of the country's resources and its becoming a serious threat to the foundations of statehood. It is the existence of informal employment that reduces the level of social protection of workers and contributes to the inadequacy of tax revenues at the macro level.

The problems of informal employment are discussed in different countries of development and geography. The authors show the consequences, national peculiarities and the general effects of the influence of the discussed phenomenon on economic growth: Adair (2012), Hajnovicova (1996), Valli & Saccone (2015), Meer & West (2016), Byung-Yeon & Min Jung (2016), Hall & Jones (1999), Miyamoto & Hiroaki (2016), Basole & Amit (2016), Loayza (2016). The results of research (Holmes, 2013) suggest that the country's informal institutions, in the form of the cultural dimensions of collectivism and future orientation, shape the country's formal institutions.

In the studies of informal employment, two main approaches are usually singled out: industrial (Hart, 1976) and legalistic. In the literature, several parallel approaches to determining informal employment are used in parallel (Gasparini & Tornarolli, 2006; Gong et al., 2000; Marcoullier et al., 1997; McCaig, 2018 et al., Clark, Ian et al.; Kapeliushnikov, 2014), and so is their comparative analysis. The results of various studies show that estimates of informal employment via different methods can vary and differences can be up to 10 percentage points (Kucera & Roncolato, 2008).

In Ukraine, there are numerous studies devoted to the assessments of the shadow and informal segment of the labor market. Gnybidenko & Rusnak (2014) study the prospects of optimizing informal employment among the rural population. Zima (2013) focuses on the structural features of employment in Ukraine's informal sector. Shumska and Nezhivenko (2013) provide quantitative estimates of the shadow economy. According to the most striking assessments, total hidden wages reach 85-90% of the declared amount (Kharazishvili, Dmytrenko, 2010). Blyzniuk (2017) provides an alternative assessments of the shadow employment on Ukrainian labor market. Most authors (Buck, 2003, Franklin, 2017), Frydman, 1999, Mortensen, 1994), consider the relationship between informal employment and different macroeconomic parameters, as well as the size of the shadow economy.

It should be noted that the subject is far from being exhausted but is becoming global, as evidenced by recent researches by Kychko (2017), McCaig & Pavcnik (2018), and Clark & Colling (2018). Those works not only provide estimations of the size of informal employment, but also emphasize the links between the dynamics of informal employment and macroeconomic indicators.

## **2. Quantitative assessment of informal employment and its macroeconomic effects**

The development of necessary measures constraining the growth of informal sector requires deep empirical research and quantitative assessments of this segment and the labor market as a whole. There is no single option about the evaluation in the scientific literature, and approaches vary depending on the tasks assigned. We used a variety of methodological approaches to the evaluation of informal employment, which are described in detail in the work by Kapelyushnikov (Kapelyushnikov, 2012). We evaluated informal employment using four methods: combined, quantitative, social, and contractual ones. For a reliable estimate, we compared the results with the indicators of the informal employment by the method of Ukraine's State Statistics Committee.

**Quantitative method.** To determine the number of informal workers employed via this method, we used the employment criterion for enterprises with less than five employed. Also, unpaid family workers were included in this group. This method showed a few very significant results. Thus, the level of informal employment calculated by this method was 25.18% in the economy as a whole with a relative gender equality (25.13% for women and 25.24% for men.) The analysis of the educational structure of informal workers based on this method indicates that the most represented

educational level among the informal workers is full secondary education (32.6%), while the men in this group are characterized by the presence of vocational education (33.4%), that is, they mostly belong to mostly skilled workers for whom the labor market traditionally offers a high demand.

**Contract method.** In accordance with this method, persons who worked without formal formalization of labor relations (that is, based on oral agreement), as well as self-employed persons without official registration, were referred to as informally employed persons. The obtained estimates are much inferior to official statistical data. Thus, the given group of informal workers includes 21.6% of all employed, in comparison with the official data (26.17%). The segment is mostly represented by men - 24.56% with an average age of 38.9. Traditionally, informally employed persons are mostly 35-50 years old; although the proportion of young people aged 24-29 is still quite high, during the transition from study to the labor market.

**Social method.** We can use this method starting from 2015, when a number of questions were introduced in the survey, which made it possible for us to assess the degree of security and confidence in the future. Thus, we selected individuals who work in the companies that contribute to social funds and provide their employees with minimum social guarantees in the form of sick leave and vacation. This segment is the smallest one and covers only 14.5% of all employed in Ukraine, mostly represented by men (16.86%) and by skilled workers with a tool. Women are represented mainly in the positions of workers in the sphere of trade and services

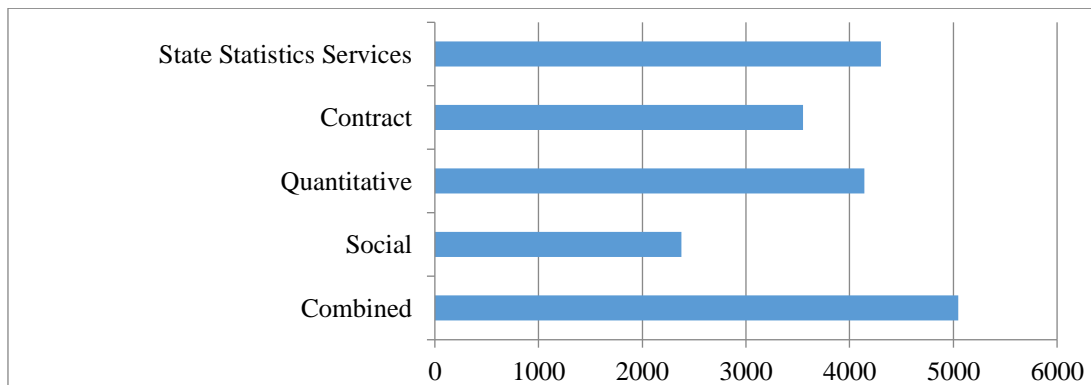
**Combined method.** This approach has united the employed in companies without the status of a legal entity, working on verbal agreement and on civil-law contracts. This method proved to be the most comprehensive and provided an estimate of the level of informal employment at 30.7% (compared to the official value of 26.17%).

**Method of the State Statistics Service of Ukraine.** Taking into account the recommendations of the International Conference of Labor Statisticians and National Peculiarities, the State Statistics Committee estimates the volumes of employed at informal workplaces in the first half of 2018 in the amount of 3.5 million people or 21.8% of all employed in the economy. Traditionally, informal employment is mostly rural, mainly represented in forestry and fisheries (42%), in wholesale and retail trade, repair of motor vehicles (19%), and in construction (15%). The analysis of informal employment by age groups shows that its highest level is characteristic for people aged 15-24 and 60-70, being in these age groups 34.6% and 36.6% respectively. It is these categories of the population who are most vulnerable and socially unprotected in the present economic conditions.

The spread of informal employment among young people is explained by the search for earnings during education, while informal employment among the retirement age people is primarily due to low rates of replacement of the current pensions, which cause high levels of poverty among older people and make them seek informal sources of additional livelihoods. The desire to continue working activities forces older persons of working age to agree on informal employment, to work in positions that are not attractive to young workers in terms of working conditions and the level of social protection.

The most significant are estimations of the volumes of informal employment obtained with the use of the combined method (fig. 1).

Figure. 1. Volumes of informal employment in Ukraine 2017 estimated by different methods, thd. people



Source: Authors' own calculations based on the data from the State Statistics Service of Ukraine

The professional structure of informal employment shows that the highest shares are accounted for by the simplest professions, whose shares in our estimates range from 20.4% by social method to 58.4% by contract method. Also, a significant number of informally employed are workers in the sphere of trade and services (from 15% by contract method to 31.7% by social method). The sectoral affiliation of informal workers shows that they are mostly represented in agriculture, trade and construction. The negative consequences of the spread of informal employment include lower social security, unstable employment, and reduced efficiency of the use of available labor potential.

**Macroeconomic effects.** As our calculations show, in Ukraine, for the period of 2013-2016, 22-23% of gross value added was generated in the informal sector with its 25-27% of total employment. Structural changes in the formal and informal employment segments are a factor in productivity, as they affect the ratio of high and low productivity jobs. In other words, the growth of the productivity of Ukraine's economy depends not only on the improvement of technology or the organization of production of goods and services, but also on what will happen to employees released as a result of the corresponding improvements. It is fair to assume that, under equal conditions, aggregate labor productivity will increase if these workers become unemployed or work more productively in their future workplaces. But if they find a less productive sphere of labor force application, aggregate labor productivity would grow slower, and even decrease.

### 3. A regression based assessment of the effects of informal employment

**Method.** For checking the effect of informality on certain macroeconomic indicators of Ukraine and obtain a quantitative assessment, we applied econometric modelling. To this end, we built a number of simple linear regression models (1) - (6) (Table 1), to estimate the parameters with the use of the least squares method.

In general, a simple regression model can be written as:

$$y_t = b_0 + b_1 x_t + \varepsilon_t \quad (1)$$

where  $y_t$  - dependent variable,  $x_t$  - independent, explanatory variable,  $b_0$  and  $b_1$  - factors that must be evaluated empirically,  $\varepsilon_t$  - random, independently distributed errors with a zero mean and constant variance, and  $t$  - time period.

To test the statistical significance of the hypotheses about the impact of informal employment on Ukraine's economy, indicator of informal employment serves as independent variable and dependent variable is represented by indicators characterizing the dynamics of real GDP, the size of the shadow economy, and labor productivity.

**Data.** Analysis was conducted on annual data for the period 2000-2016: *Y* - growth rate of Ukraine's real GDP (% per year, by the State Statistics Service of Ukraine), *SHADOW* - level of shadow economy (% of official GDP, data by the Ministry of Economy and Commerce), *PP* - productivity (calculated based on data provided by the State Statistics Service of Ukraine in accordance with SNA), *INFORMAL* - the level of informal employment (% of informally employed workers to total employment, based on data from the State Statistics Service of Ukraine).

**Empirical results.** The presence of the above discussed negative and positive effects in the expansion of the segment of informal employment in Ukraine's labor market gives reason to formulate three hypotheses, which need empirical verification:

*Hypothesis 1 - the growth of informal employment hinders this country's economic growth;*

*Hypothesis 2 - the growth of informal employment supports the operation of the shadow economy, and raises its size; and*

*Hypothesis 3 - the growth of informal employment has a positive effect on productivity growth at the macro level.*

For calculations, the econometric software package EViews 9.0 was used.

Although the model based assessment of hypotheses 1-2 showed their validity throughout the period of 2000-2017 years (confirmed by Ramsey test and Prob (F-Statistic)), but the not very high coefficient of determination (34%) gives grounds to consider in more detail the different time periods (Table 1). The conducted assessment of the impact of informal employment rate on real GDP rates (models (1) - (2)) and the level of shadow economy (model (3) - (4)), in the intervals before the crisis (2000-2009) and after the crisis (2010-2017) showed that, after the crisis, the power of the factor increased significantly and had a negative effect on the Ukrainian economy: a 1% increase in the share of informally employed in total employment, other things being equal, led to a 3.96% average annual reduction of the rate of economic dynamics and a 2.43% increase in the share of the informal economy.

Table 1: Regression based estimation of the effect of informal employment

| Variable      | Y          |              | SHADOW     |              | PP          |            |
|---------------|------------|--------------|------------|--------------|-------------|------------|
|               | (1)        | (2)          | (3)        | (4)          | (5)         | (6)        |
| INFORMAL      | -1.027981  | -3.827518*** | 0.023910   | 2.275082***  | 654,33***   | -208,96    |
|               | (0.865543) | (0.812783)   | (0.436634) | (0.873151)   | (156.0991)  | (499.9707) |
| CONSTANT<br>A | 24.83352   | 91.18698***  | 30.44353   | -18.06759*** | -13395,6*** | 7979       |
|               | (17.04915) | (19.42777)   | (8.600657) | (20.87072)   | (3513.625)  | (12605.28) |
| R-squared     | 0.149892   | 0.787054     | 0.000375   | 0.530853     | 0,7151      | 0,1487     |
| Sample        | 2000-2009  | 2010-2017    | 2000-2009  | 2010-2017    | 2005-2013   | 2014-2016  |

Source: Authors' own calculations based on the data from the State Statistics Service of Ukraine

Standard errors in parentheses:

\*\*\*  $p < 0.01$ , \*\*  $p < 0.05$ , \*  $p < 0.1$

The low level of statistically significant connection in Equations (1) and (3) between the key indicators and the indicator of informal employment in 2000-2009 does not indicate a lack of the of the latter, but only shows the lack of direct linear effect on the macrolevel (the existence

of indirect effect and relationships at the level of different activities is confirmed by detailed analysis of statistical data, survey results and the results of the VAR modeling).

To test Hypothesis 3 (growth of informal employment has a positive effect on productivity at the macro level), we analyzed the dynamics of labor productivity - output of goods and services at market prices (UAH million for 1 hour) on average per full-time employee in the time interval 2005-2016 built econometric models using this indicator as dependent variable. It should be stressed that, in the selected time interval, productivity showed an upward trend, in particular, the rate increased from 597 (in 2005) to 3219 (UAH million for 1 hour) in 2016. The model based assessment of the effect of expansion of the informal employment segment on productivity (model (5)) confirmed the correctness of the hypothesis in the time period of 2005-2013: a 1% increase in the share of informally employed in total employment, other things being equal, led to an increase in labor productivity in the economy on average by 654 UAH million for 1 hour.

However, during the last years of the investigated period, particularly in 2014-2016, as shown by model (6), the impact was negative: other things being equal, a 1% increase in the share of informally employed in total employment, led to a decrease in labor productivity in the economy on average by 209 UAH million for 1 hour. The main explanation for these empirical results is the impact of increasing labor migration, which reduces the number of unemployed and creates pressure on employers seeking workforce. This trend provokes a reduction of the "quality" of workforce in Ukraine's labor market, as employers are forced to hire less competitive workers, including those who were employed in the informal sector, which reduces the overall productivity.

#### 4. Conclusion

The efficiency of an economy and the overall performance depend not only on innovation, new technologies and the use of human capital, but also on reallocation of the employed between the informal and formal sectors, i.e. on successful reallocation of labor from low to high performance business, which in turn depends on the effectiveness of the institutional environment that will facilitate the expansion and creation of new highly productive jobs and disposal of inefficient ones. The institutional environment should be focused on creating such conditions in which reduced interest in economic activity outside the formal segment would contribute to economic growth.

Thus, empirical testing of the hypotheses as to the presence of an effect of informal employment rate on the dynamics of key macroeconomic indicators showed the presence of direct and indirect relationships between them and confirmed that the identified macro effects of the expansion of the informal sector have a predominantly negative impact on Ukraine's economy. Transformation, during the post-crisis period, of the dynamics of informal employment into an effective factor in determining the pace of economic development, puts on the agenda the task of its more detailed study at the sectoral and regional levels with more sophisticated mathematical tools, in particular, VAR modeling and panel data

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## MANAGERIAL INSTRUMENTS FOR SUSTAINABLE BUSINESS ADMINISTRATION

Alexandru Dumitru Bodislav<sup>1,a</sup>, Loredana Popescu<sup>2,b,\*</sup> and Cristina Alpopi<sup>3,c</sup>

<sup>1</sup> Bucharest University of Economic Studies, Romania

<sup>2</sup> Bucharest University of Economic Studies, Romania

<sup>3</sup> Bucharest University of Economic Studies, Romania

<sup>a</sup>alex.bodislav@ase.ro, <sup>b</sup>popesculrdn@yahoo.com, <sup>c</sup>calpopi07@yahoo.com

\*Corresponding author

**Abstract.** Sustainable business administration at international level is not significantly different from business administration in general. One of the most important global features is to demonstrate through quantitative information the way through which action targeted in the idea of sustainability towards creating profits for the company. There are many managerial instruments for sustainable global business administration and in a continuous evolution in line with the theoretical and practical results that confirm or not their potential. The most important are the integrated management systems, social responsibility programs, communication strategies and methods for evaluating sustainable performance. The high variety of instruments and evaluating systems for sustainable performance led towards a debate on the need to merge them starting from the plurality of standards that influence the approach and quality of the information used for creating decisions. In this context, we analyzed these instruments in the idea of identifying the impact on society at the global level, in general and especially on businesses. Businesses need to be modeled at global level in the idea that the competition is not only locally based it is spread worldwide, and companies from Slovakia will compete with companies from China and Australia to provide to South Arabia standardized meat for local processing, because the sheep used for processing their meet are met by the best quality (from Australia), best producing quantity (from China) and best quality/quantity ratio (from Slovakia), so the selling price will be similar, but some differentiated selling propositions will be needed.

**Keywords:** sustainable, business administration, managerial instruments

**JEL Classification:** F63

### 1. Introduction

The information society is the society in which the creation, distribution, use, integration and manipulation of information is the most important set of activities economic, political and cultural. The main purpose of the information society is to create a competitive advantage in international understanding of the plan using information technology in a creative and productive. Knowledge economy is reflection in the economics of the information society in which wealth is created through the economic exploitation of knowledge and understanding. People who have the means and skills needed to be part of the information society are called in literature "digital citizens". This is just one of the labels that suggest that mankind has entered a new stage of development "digital age".

Herbert Simon, Nobel laureate for economics in 1978, said that "In the postindustrial society, the main problem is knowing how to manage in order to make decisions, which means knowing how to treat information."

To create an efficient and competitive in the Member States, the European Union pays special attention to information society and "digital citizenship." Therefore "businesses and citizens must have access to a communications infrastructure of high quality and accessible in financially and from a wide range of services and each citizen must be able to have the skills needed to live and work in the information society.

Information society could not exist without access to broadband internet which "provides online communication fast, economic and permanent."

By comparing the information society with an informational macrosystem, we can consider the globe as an informational circuit at a global level, crossed by an informational flow with a high flow of information, whose relevance is questionable because, although the degree of accessibility and timeliness of information is increased, there is no guarantee regarding the completeness and accuracy of information.

## **2. The state of knowledge in the field**

Some researchers believe that the ability to quickly and successfully into new business models is an important source of sustainable competitive advantage and a key lever for improving sustainability performance of organizations (Geissdoerfer et al., 2018). In a time of globalization where competition is on the rise, identification of managerial tools capable of meeting the challenges of the business environment is essential. Beyond debates on the acceptance or non-acceptance of international practices by managers, competitive advantage is perhaps the most important strategic component in open competition (Burlacu et al., 2018).

Defining innovative sustainable business model is, in today's researchers' view, a combination of innovation elements of the business model with sustainability considerations. In defining the model, they have made a similarity with studying students' understanding of conventional business model innovation. In this vision of business model innovation is seen as a process of exploration, adaptation, improvement, redesign, review, creation, development, adoption and transformation of the business model. Two directions have been developed through which the process can qualify as innovation of the sustainable business model or innovation of the business model for sustainability (Geissdoerfer et al., 2018):

- 1) Sustainable development or positive or negative impact on the environment, society and long-term prosperity of the organization and stakeholders, or
- 2) adopting solutions or features that promote sustainability in its value proposition, creation and capture of elements or the network of values.

Regardless of the direction chosen, prior to putting into practice the management tools are subject to academic studies (Androniceanu & Burlacu 2017). Students from the economic universities are perhaps the first to identify in practice such tools that they can then apply when they get into the workplace (Costache et al., 2015).

Today, the use of information and communication technologies in the management of the organization is the first prospect of detailing a range of tools for business management (Burlacu, S. 2012); from the well-known ERP-Enterprise Resource Planning (ERP), which emerged in 2000, as a Material Requirements Planning (MRP) transformation and up to recent Business Intelligence (BI) trends (Pricop et al., 2016). There are, for example, state-of-the-art research that is based on algorithms developed for the US stock market to increase the efficiency of closed funds. These have resulted in a suitable and sustainable model in order to be partially

dimensioned and matched with government decision-making issues. The basic solution is a kind of Business Intelligence that follows similar procedures with workflow IBM Cognos offers a solution to reducing the best way suitable for making a decision (Bodislav et al., 2018). Researchers proposing this algorithm consider importance are the underlying principles of this simple model. These principles allow the results and appropriate solutions to global economic output.

On the other hand, the managerial tools for a sustainable business should consider, along with the economic side of the business, the human and environmental components. Increasing the value of a business can also be achieved through the efficient management of waste or waste resulting from production (Rojanschi et al., 2004). The simple environmental perspective can bring huge benefits to the business if customers know this side of the company. (Bran et al., 2018).

A current problem in analyzing management tools alongside sustainable development is the demand for professionals on the labor market. It is considered that the issue of demand is mainly due to the insufficient quality of higher education training (Stonkute et al., 2018). The inability of universities to create valuable professionals is doubled by migrant flows of skilled labor. One could argue that migration flows reduce demographic resources of the countries that go through this process and therefore compromise the ability of future generations to support sustainable economic growth (Haller et al., 2018).

On the other hand, some authors generalize the theoretical and methodological foundations of a country in the context of institutional theory and conclude that the institutional environment in which it operates is decisive both for the potential and the state of innovation and technology of a national economy (Dudchenko & Vitman, 2018). Other authors analyzed the sustainability of a business through the performance of the organization (Pelantova & Slaichova, 2017). They believe it is not essential for the organization to be profitable at present, but rather over a decade or even a century. Besides, in their approach they propose as a solution a sustainable quality model such as EFQM. However, the authors are aware that the proposed concept of sustainability will change and legislative support as well as public awareness is needed.

But there are also opinions that the three pillars of development are society, the environment, and economic growth (Sharma & Tewari, 2017). From this perspective, the welfare of future generations could be managed by distant stakeholders. The present welfare of shareholders is managed by practitioners and managers closely linked to their ability to manage other stakeholders such as consumers, employees and the community.

Another perspective identifies the mechanisms that bring together different actors acting jointly for the implementation of sustainable development goals (SDGs) (Sharma & Tewari, 2017). Adherents of this view claim that: „the complex multi-stakeholder arrangements anticipated for implementing Sustainable Development Goals call for a distinct type of host: an interlocutor”.

Beyond the perspectives, we agree with the idea that sustainability in an organizational environment involves a form of management that could strike a balance between the economic, environmental and social dimension with direct implications in contributing to the sustainable behavior of employees and administrators (Sharma & Tewari, 2017).

Also noteworthy is the notion that creativity is a vital resource of the organization at a time when innovation is the word of order in everything that affects business success as well as nonprofit activities (Giura & Vasile, 2017).

### 3. Methodology

Our research is empirical. In conducting the research, we were based on the direct observation of reality and we proceeded from the theoretical concepts and models identified in the literature. Stages, research aimed timeline following logic:

a) establishing studied problem: the many possibilities that social reality has given us an important aspect we selected from a theoretical perspective, ie the management tools that could be used for sustainable management of a business.

b) study references the problem: we have covered the literature on the field that we took, namely sustainable management of a business to know the results reached by our predecessors. This allowed us to avoid bottlenecks and gave us new ideas in research that we have undertaken.

c) formulating hypotheses: from our past experience and from the literature we managed to establish certain links between social facts and the new challenges of management innovation driven mainly by the proliferation of information and communication technologies. The hypotheses formulated in our research are:

1. New realities in the labor market involve new business management tools.

2. Work is remodeled by collaborative economy and online platforms.

d) determining the population to be studied: this involved, in most cases, the production of certain representative samples for the entire population. As our research has focused on changes in the labor market worldwide but our experience is essential to the realities of Europe, in this paper we will look at the European population that has a specific diversity.

e) establishing research methods and techniques: in relation to the problem to be studied and the assumptions made, we have established the methods and techniques by which we have collected the data. Because the problems concerned a large sample of the population, in our research we used the paradigmatic form of Gaston Bachelard. Craciun, (2015) believes that the differences between common knowledge and scientific knowledge are so numerous and important that one can speak of completely different intellectual experiences. Bachelard's paradigmatic form has in mind elements such as: the value of the experience, the methodological value, the object of knowledge, the language and the psychology. The research method used surpasses the heuristic method by embracing the new at the level of existence, in its hypostases and its forms and approaching a metaheuristics (a philosophy of creation).

f) data analysis and conclusions: At this stage we have processed, combined and analyzed the data collected so as to allow us to verify the two advanced assumptions. Later on, we focused on accepting, rejecting or modifying advanced hypotheses and formulated conclusions with theoretical and applicative finality.

The main method and technique used in the research was documentary analysis. We chose this method because during our research there were often situations in which we did not have direct access to the social realities that we intend to study. Fortunately, information on these realities is found in other forms: scientific articles, public or private archives, personal journals, correspondence, statistical data, newspapers, magazines, books, etc. This information has been processed and used by us to verify the stated assumptions.

### 4. The main findings

In Table 1 below, we present the new achievements on the labor market as presented by the European Commission in April 2017, in the great book titled "Reflection Paper on the Social Dimension of Europe".

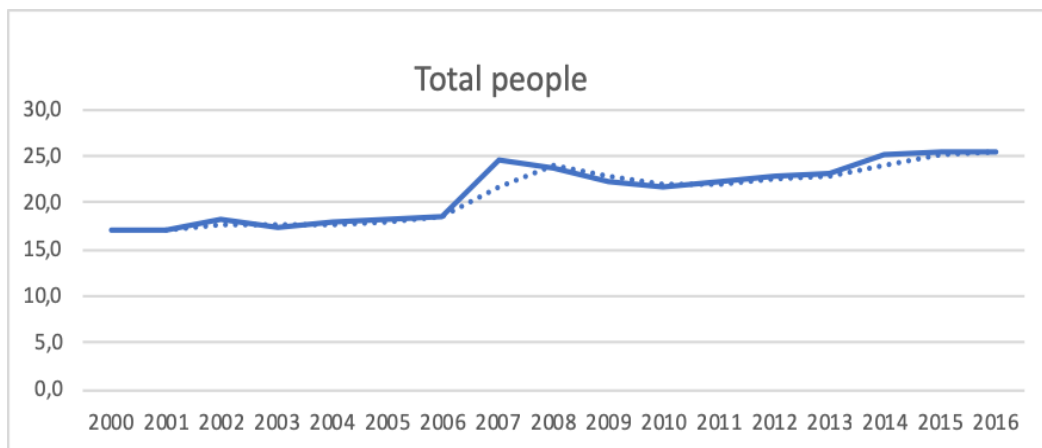
Table 1: New realities in the labor market

| 10 years ago   | Today  |
|--|--|
| 67% of Europeans were employed in the services sector                          | 72% of Europeans are employed in the service sector  |
| 3 out of 5 Europeans had the same employer for over 10 years                   | 2 out of 5 Europeans have the same employer for over 10 years                                    |
| 1 in 14 Europeans were working from home                                       | 1 in 6 Europeans work from home  |
| 33 million Europeans worked part-time and 18.5 million had temporary contracts | 44 million Europeans work part-time and 22 million have temporary contracts                      |
| 8 million EU citizens lived and worked in another EU Member State              | Over 16 million EU citizens live and works in another EU member state                            |
| 16 million Europeans aged 55-64 were active in the labor market                | 32 million Europeans aged 55-64 are active in the labor market; in 2025 there will be 38 million |

Source: adaptation after the European Commission

For a complete picture on social transformations in Romania, in Figure 1 present the evolution of poverty rate after social transfers, according to the National Institute of Statistics for the period 2000-2016.

Figure 1: Poverty rate after social transfers



Source: Processing by data of the National Institute of Statistics of Romania

It should be noted that in our attempt to identify and provide a trend line (marked in figure 1 with dotted lines), by simulations with different functions in Excel, the only option that followed the modeled relationship was the mobile average in period 2 .

On the other hand, the European Commission admits that professional life is undergoing radical transformation through the combined effect of technological progress, globalization and the growth of the service sector. European Commission experts point out that whole sectors of the economy are remodeled through collaborative economics and online platforms, and the workforce has to cope with an accelerated pace of change to acquire new skills or to adapt to new business models or the evolution of preferences consumers. The conclusion of the European experts is that for some, these transformations can represent unprecedented opportunities and more flexible forms of work thanks to the use of digital tools and the increasing importance of flexible work and distance work. Instead, for others, these transformations can be a source of uncertainty. The challenges for tomorrow's working life, as formulated by the European Commission in 2017, are presented in Table 2.

Table 2: Challenges for tomorrow's professional life

| Until now   | Future Trends   |
|---|---|
| Progressive innovation  | Disruptive innovation   |
| Machines operated by people   | Human-supervised machines   |
| Long-term contracts and salary-based employment                     | Flexible contracts and new forms of employment                                    |
| Linear careers based on preliminary diploma                         | Dynamic careers with recurrent retraining and lifelong learning                   |
| Specialization in a field   | Interdisciplinary skills and creative qualifications                              |
| Working at work and separating professional life from personal life | Work anytime and anywhere and combining professional life with your personal life |

Source: adaptation after the European Commission

In the view of the Romanian school of management, managerial tools consist of management systems, methods and techniques that managers use to anticipate, organize, coordinate, train, and control-evaluate managers. From this point of view, the most important are:

- management systems: *management based on profit centers, objective management, budget management, project management, product-based management, exception management, cost-hour-production system (SCOP)*
- general management methods: *diagnosis, delegation, the meeting, dashboard*
- specific management methods and techniques: *decision-making, cost management, stimulating individual and group creativity; analysis and design of the organizational and informational system.*

The challenges of a collaborative economy, a concept that tends to replace today's much-discussed knowledge-based economy and the proliferation of information and communication technologies, have also raised challenges in the area of managerial tools from the perspective of software innovations.

Thus, in the Romanian school of management we meet authors (disciples) who want to overcome the traditional shows in their works a series of innovative tools and concepts such as: B2B Business To Business, Collaborative Planning, Prognosis and Replenishment (CPFR), Activity Based Costing (ABC), Reducing the Shrinkage phenomenon in organizations and processes of a logistics chain, Management of continuous improvement, The Six Sigma tool, Lean Thinking.

## 5. Conclusion

We agree with the view that an instrument such as Benchmarks has been designed to help managers in their strengths and weaknesses (McCauley et al.,1989) . Such instruments also help us to avoid situations such as those in which managers seem to manipulate firm earnings by characterizing pension assets in capital markets and to modify investment decisions to justify and capitalize on these manipulations (Bergstresser et al.,2006).

Sustainable business management at international level is not significantly different from business management in general. One of the most important global challenges, however, is to demonstrate through quantitative information how every action directed towards sustainability brings profit to the company.

Management tools for global sustainable business administration are varied and constantly evolving as theoretical and practical results confirm or not their potential. Among the most

important, we mention integrated management systems, social responsibility programs, communication strategies and sustainable performance assessment methods.

In this paper, we stopped on these instruments. The large variety of tools and even sustainable performance evaluation systems brought into debate the need to unify their assuming that hinders plurality standards affecting comparability and quality of information used for decision making. However, empirical results show that a single standard will not lead to a significant improvement in reporting practices, but perhaps only a reporting requirement.

In this context, we analyzed these tools to identify the impact on global society in general and business in particular.

A future direction of our research will take into account a theory of managerial intelligence as well as data supporting the theory of validation of construction rather than predictive validation and relevance of a tripartite triarchic theory of human intelligence, applied to managerial performance (Stemberg, 1997). Changing the perspective, we can say that managerial intelligence can also be found in competitive decision-making models through integrated tools, even if integration can be costly but effective in coordinating production decisions in opposition to nonintegration which may be less costly but coordinate relatively weak (Legros & Newman, 2013). And all this in order to give an answer to those who ask whether management matters (Bloom et al., 2013) in the way that differences in business management practices can explain productivity gaps (Cai & Szeidl, 2017).

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# GLOBALIZATION OF SOCIETY AND CIRCULAR ECONOMY

Milan Botik<sup>1, a</sup>

<sup>1</sup> Faculty of Mass Media Communication, University of SS. Cyril and Methodius in Trnava, Slovakia

<sup>a</sup> milan.botik@ucm.sk

**Abstract:** The currently preferred ways of industrialization of the society are unsustainable. Globalization has exhausted most of the available natural resources and it is therefore necessary to look for certain alternatives to the common principles and procedures of the industrial development. Circular economy provides us with a unique chance to harmonize the post-industrial societies with the nature again. Its essence lies in the growing need for positive changes, mostly in terms of our attitude towards the questions of environmental protection. The amount of people living on our planet is growing exponentially, along with the amount of waste, which disrupts the Earth ecosystem. People, especially the younger generations, perceive these environmental issues very sensitively; that is why most of them try to recycle as much waste as possible. However, given the severity of today's environmental problems on a global scale, we are still far from reaching any long-term solutions. The paper works with the basic assumption that circular economy is one of the pillars of the global environmental protection. The European Union representatives are well aware of this fact. The EU supports innovation processes, recycling and reuse of waste – after all, its financing program Horizon 2020 has been pushed in order to support innovations. One of the program main objectives is to effectively use the EU resources that result from recycling waste and, on the other hand, to preserve the remaining natural resources we possess. The aim of the paper is to offer an overview on positive and negative outcomes of globalization and to discuss the possibilities of reducing the environmental burdens thanks to circular economy. To fulfil this goal, we also have to summarize the legislation framework related to the given issues, at least partly.

**Keywords:** globalization, circular economy, development, recycling, legislation

**JEL Classification:** F63 Economic Development, F64 Environment, F68 Policy

## 1. Introduction: The social impacts of globalization

“Globalization” as such has existed for centuries. Its main purpose, i.e. to develop economic relationships and international trade, has not changed, at least not significantly. However, international trading relations established centuries ago have resulted in wider economic cooperation amongst individual (national) economies. One of globalization's most serious consequences is the rapid growth of world trade accompanied by phenomena like the international flow of investments and the integration of once different financial sources. In fact, the buzzword “globalization” has given the cause for lively discussions for more than three decades now. Scientists from various disciplines, journalists and politicians keep coming with new theories and further insights about the actual origin of the term, the true definition of the word, predictions about the future, etc. Their opinions diverge – the interested globalization theorists and researchers argue whether it was the Chinese, the ancient Egyptians, Vasco da Gama, Christopher Columbus or even Theodore Levitt who “ushered the age of globalization” (Hess, 2010). However, the term “globalization” gained its current importance thanks to Theodore Levitt's highly influential work *The Globalization of Markets* that was

originally published in 1983, in *Harvard Business Review* (Levitt, 1983). Given globalization's main purpose, i.e. to interconnect different parts of the world in order to strengthen the economic growth and increase financial profits, we have to consider many different phenomena the globalization processes involve or directly cause – economic practices, political situation, different cultural frameworks, diverse communication processes, environmental consequences, etc. Discussing the possibilities and principles of analyzing globalization and its positive as well as negative aspects, Kellner & Durham (2006) claim that any analyses of globalization are, in fact, quite problematic. In their opinion, we have to consider many different viewpoints (most importantly, political economy and cultural studies) in order to acknowledge the broad range of issues related to globalization. Even though the term is often used as a universal concept of “new world economy”, it is also necessary to understand the historic perspectives of its development. Moreover, taking into account the essential paradigmatic and methodological differences between political economy and cultural studies, any complex analysis of globalization processes is indeed truly challenging (Radosinska, 2015). Kellner & Pierce (2007) stress the need to avoid reductionist and deterministic views of the global public sphere which tend to result either in a non-critical celebration of globalization or in its strict refusal. As it seems, the current “global public spheres” are full of inner contradictions and ambiguities. The society of the 21<sup>st</sup> Century has to face many economic confrontations; e.g. between the supporters of financially demanding environmental protection measures and wealth and power held by multi-national and even global corporations seeking the highest possible profits (Radosinska & Visnovsky, 2016). As of people's welfare and life conditions, the issues of social (mis)recognition are gaining a lot of importance. According to Solik & Minarikova (2015), the socio-economic questions of social recognition cross the boundaries of national states. That is why it is crucial to articulate “*extraterritorial recognition of people's social rights in the context of international and global levels of justice*”. Strong economic subjects operating in the environment of global capitalism often use their influence and economic power to full extent, but also refuse to comply with the environmental obligations resulting from their business activities. Contemporary business activities often follow the concept of “experience economy” as proposed by Pine & Gilmore (1999). The authors argue that the essence of experience economy lies in the very foundations of economic value and its natural progression – from commodities to goods to services and then to experiences. Many internationally successful business enterprises therefore invest in the entertainment industries, e.g. in television production with global reach. Thanks to these substantial investments, it will be interesting to observe the future relations between the “traditional” industrial segments and the global entertainment industry (Radosinska, 2017). The previous overview of various scholarly opinions on globalization only confirms the urgent need to constantly re-evaluate the existing body of knowledge on global economic processes and their outcomes. As the paper's title suggests, our ambition is to contribute to these discussions by focusing on how circular economy may change the contemporary economic principles and the ways we understand the environmental protection.

## **2. Positives and negatives of globalization**

In the last decades, we have witnessed an unbearable, life-threatening level of exploiting the world's resources. Given its consequences such as worsening weather conditions or persisting aftermath of the global financial crisis of 2008, we have to gain further insights into the questions of resources sustainability. Even though the body of knowledge on the environmental problems caused by the global industrial production is quite extensive, seeking possible

solutions to these issues is still not an easy task to fulfil. Economic globalization is one of the most prominent driving forces of today's industrial production and international trade. According to OECD (OECD, n.d.), we have to discuss these areas of interest: biodiversity, water and natural resource management, climate change, consumption, innovation and the environment, environment and development, environment and trade, environment in emerging and transition economies, environmental country reviews, environmental indicators, modelling and outlooks, environmental policy tools and evaluation, greening transport, resource productivity and waste management. The expression "economic aspects of globalization" represents a wide spectrum of issues resulting from the integration of economic, political and cultural systems at the turn of the 21<sup>st</sup> Century: *"Advances in information technology and transportation have dramatically expanded economic, political and cultural interaction between actors all over the place. This process, called globalization, is indeed not a new phenomenon, but its scale and pace has considerably increased since the 1980s driven by the internet revolution and major progress in transportation and logistics, namely containerized cargo and roll-on-roll-off cargo ships. These developments have led to dramatically falling transportation and communication costs and brought the world's markets and cultures closer together than ever"* (Pehnelt, 2007). While discussing the contemporary state of economic globalization, we have to consider three main fields of expertise – resources, products and waste disposal. In other words, maximal use of the natural resources allows us to choose from a wide spectrum of products. Any kind of industrial production necessarily generates a lot of waste, harming the environment. However, many would argue that economic globalization also helps us create new job opportunities, raise the standard of living and improve the purchasing "power" of the population. Economic globalization (driven by transnational corporations of an institutional character) is behind the significant acceleration of the globalization process, which has been taking place since the early 1970s, mainly as a result of the deregulation of international trade involving both goods and money, the deregulation of national markets as a part of the transition from "social states" towards liberal economic policies, the existence of free market and its rules, the migration of manpower and the politically driven strategic plans meant to attract multinational companies and their investments (Gajdos, 2009). We also have to realize that economic globalization increases the interdependence of different parts of the world, i.e. it makes the world more vulnerable to global financial crises (this was proven by the financial crisis of 2008). Nevertheless, many of its features are rather positive than negative – the possibility of overcoming the common boundaries of time and space, the existence of successful business clusters based on international economic cooperation, the simple implementation of various transnational projects, the global evaluation of capital, the creation of a global competitive environment, the development of biotechnologies and genetics, the substantial financial support which aims to reduce economic disparities between different regions, the prominent position of international policies and institutions, the increasing global interdependence, or the opportunity to learn more about different cultures and find new sources of inspiration and creativity. However, there are many negative outcomes as well. These include the asymmetrical economic and social development, the social polarization (the increasing social distance, the economic "gap" dividing the most wealthy few from the poor masses, accompanied by the continuing "disappearance" of the middle classes, the re-structured labor market and the increasing amount of unemployed people, the deepening issues of international crime, terrorism and violence, the problems of social misrecognition in relation to the distribution of the world's wealth and resources, the global warming (the greenhouse effect), the environmental questions (deforestation, soil destruction, pollution of the world's oceans and seas, depletion of mineral resources, the emergence of new "civilization" diseases).

Globalization is an irreversible process, a qualitatively different, higher level of internationalization of the economic life. It is based on the groundbreaking possibilities provided by information and communication technologies. The post-industrial society is overflowing with information and knowledge – in order to acquire and hold economic power, business entities and all individuals have to possess crucial knowledge and relevant, accurate information in the first place (Zauskova & Pitra, 2014).

### **3. Briefly of the current global environmental problems**

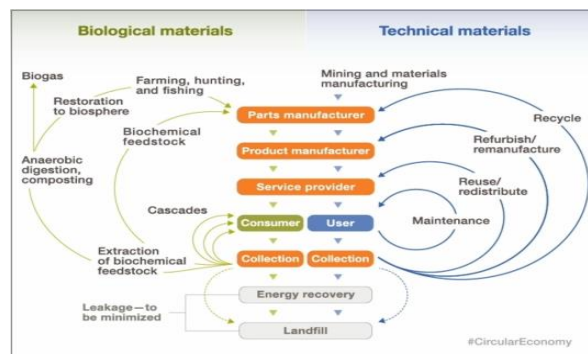
Globalization affects all countries in the world, although asymmetrically. In Slovakia, we may observe its various outcomes as well, positive and negative alike (Zaušková et al., 2013). To be more specific, we talk about the influx of foreign investments, the transition to a stable currency (euro), the mobility of manpower, the increased possibilities of exporting and importing goods, the vast consumption of raw materials and energy, the devastation of the environment (under the ground – damaged drinking water supplies, on the ground – poorly managed waste storage, in the air – greenhouse effects). However, the issues of economic globalization are problematic for us all, regardless of our age, gender or nationality. That is why *“in the times of globalization, influx of foreign products and economic expansion of Asian countries, we have to put emphasis on innovations”* (Zauskova & Domova, 2012). We all live on the same planet, and protecting it has to be our priority. The sceptics argue that the nature can be as much harmful as men, which is quite obvious in case of tectonic activities, earthquakes or tsunami waves, etc. The atmosphere’s thickness is approximately 480 kilometers, and its significance is enormous. Not just because the atmosphere provides us with oxygen to breathe but also due to its ability to protect our planet (by the ozone layer). Human activities and industrial production processes harm the atmosphere enormously (e.g. power plants based on fossil fuels, means of transport, especially aircrafts, metallurgy). Since the 1970s, the ozone layer has been shrinking substantially (Ministry of Environment of The Slovak Republic, n.d.). The basic principle of using the natural resources responsibly and protecting the environment lies in adequate waste management. More specifically, we have to treat effective waste management (recycling) as the most prominent source of secondary raw materials. By doing so, we can increase the employment rates and reduce the amount of solid waste. Another possibility we have at our disposal is to improve the production processes to make them more effective and less demanding in relation to primary natural resources. It is quite logical to presume that the more economically developed a country is, the more solid waste it produces. Plastic packaging materials seem to be particularly problematic, since they represent a large portion of municipal solid waste. In fact, people in the US or Europeans “consume” as much as 100 kilograms of plastic materials per person every year, at least approximately. For comparison, people in Asia yearly produce only 20 kilograms of plastic waste per person. According to The United Nations, 43% of used plastic materials end up in landfills, treated as an ordinary form of waste. Our irresponsible waste management therefore fills oceans with 20 million tons of plastic materials a year (Vidova, 2015). Plastic waste causes incalculable damage, especially in terms of ecosystems, fishing and tourism. Moreover, reducing (not to mention eliminating) this kind of damage is immensely expensive. Recycling the plastic forms of waste and using them as energy sources may help us if not solve then at least improve the present situation. As of the continuing public discussions on fossil fuels, Sweden seems to be the most progressive national economy. The country will become the first state of the world independent on fossil fuels. Swedish representatives presented this strategy during the 2015 United Nations Climate Change Conference, claiming that replacing fossil fuels by alternative energy sources might help us explore new employment possibilities.

Sweden has been working on this concept since 1990. The country’s economy is currently growing while the amount of emissions it produces is decreasing. In the last 25 years, the amount of emissions produced in Sweden has fallen by 22%, while GDP has grown by 58%. One of the ways to achieve such results is to implement the principles of circular economy. However, nine out of ten European consumers do not know what the term “circular economy” means (Vidova, 2015). Moreover, only few business subjects actually see circular economy as a source of new business opportunities.

#### 4. Circular economy and its principles

Quality of our life is closely related to the natural resources we possess. However, today’s world economy is based on the consumer way of life (sources – products – waste). This somehow simplified production/consumption chain aims to make our economic existence as profitable as possible, focusing on the social “richness”. On the contrary, as we can see in Figure 1 below, circular economy follows an entirely different set of principles:

Figure 1: Circular Economy



Source: Darnadyova, 2014

The emergence of circular economy can be seen as the most developed national economies’ reaction to economic globalization and its serious consequences. Circular economy is based on so-called “closed-loop”: “Circular economy” refers to a model of production and consumption that is fundamentally different from the “linear economy” model that has dominated society. The linear economy is based on a simple, linear process; extract, produce, consume and trash, with little or no attention to the pollution generated at each step. (...) The circular economy is a movement towards the weak sustainability described earlier. It proposes a system where reuse and recycling provide substitutes to the use of raw virgin materials. By reducing our dependency on such resources, it improves our ability, and the ability of future generations to meet their needs” (Sauvé, Bernard & Sloan, 2016). Circular economy’s priority is to preserve the remaining natural resources by preferring recycled materials, i.e. to reduce the production of solid waste and emissions. The concept is based on the “3R” principle (reduce, reuse, recycle). **To reduce** means to employ the globally available scientific and technological potential in order to save the non-renewable resources and forms of energy. The second step, **to reuse**, refers to repeated use of the same energy sources in the processes of producing goods and packaging materials. Finally, **recycling** allows us to employ sophisticated technological procedures so **we are able to reuse materials** that would otherwise end up as useless waste (Darnadyova, 2014). The essential idea of circular economy is related to the development of innovative production models, aiming to disrupt the current “take – use – throw away” philosophy. In fact, circular economy can be seen as an innovative process which takes already used materials and helps us return them back to the production chain. However, this rather

ambitious concept is anything but new. The idea of circular economy dates back to the 1960s and its first practical applications emerged in the late 1970s. Circular economy's international recognition came after 1990, influencing both transnational and national policies associated with waste management and packaging. For example, in 2014, the European Union's complex Proposal for a Directive of the European Parliament and of the Council amended the Directives 2008/98/EC on waste, 94/62/EC on packaging and packaging waste, 1999/31/EC on the landfill of waste, 2000/53/EC on end-of-life vehicles, 2006/66/EC on batteries and accumulators and waste batteries and accumulators, and 2012/19/EU on waste electrical and electronic equipment. The Proposal thoroughly considers the principles of circular economy, acknowledging the issues of proper waste management. In other words, "*circular economy is a scientific conception of a sustainable economic development model. (...) It is based on the closed-loop flow of materials and energy and takes into account the natural and human resources, as well as science and technologies*" (Darnadyova, 2014). As proposed by the study of the German Institute for Environmental Strategies (Ökopol), we should aim to recycle at least half of municipal solid waste by 2020; CO<sub>2</sub> emissions would decrease by more than 89 million tons. That is why the EU's Directive 2008/98/EC on waste (Waste Framework Directive) instruct the Member States to recycle and reuse municipal solid waste in case of no less than 50% of households (Vidova, 2015).

## **5. Conclusion: Waste disposal policies and their legislation frameworks**

The European Union puts a lot of effort into deepening the existing forms of cooperation with its partners in the area of effective resource management. These initiatives are also included in many different parts of the EU's current policy. However, there are also various significant secondary strategies and directives such as the Green Paper on a European Strategy on Plastic Waste in the Environment from 2013. The Paper's aim is to discuss the previously unaddressed questions and emerging problems of public policies related to plastic waste management and disposal. PlasticsEurope, the leading association which represents European plastics manufacturers, claims that in 2016, the amount of recycled consumer plastic waste in Europe was larger than the proportion of plastic waste stored in landfills. In the EU countries, as well as in Norway and Switzerland, 31.1% of plastic waste was recycled. However, waste incineration is still the most common way of disposing of plastics (in 41% of cases). The association in question thus placed Slovakia, The Czech Republic, Poland, Italy, France and Spain to the group of the EU countries which store 30 to 50% of their plastic waste in landfills. For comparison, countries such as Hungary, Lithuania and Greece landfill more than 50% of their plastic waste. The EU has therefore proposed various legislative measures – all EU Member States should collect and recycle 90% of used disposable plastic bottles containing beverages (Szalai, 2018). *Slovakia supports this initiative and the Ministry of Environment is currently working on appropriate policies. It should support waste separation and reduce the amount of landfills in Slovakia.* Given the extensive European legislation framework associated with waste management and environment protection, Slovak legislative authorities have to flexibly react to the ongoing need to push quality based, effective and enforceable legislation that will be in accordance with the EU's newest directives. *Slovak legislation includes a wide spectrum of legal acts and directives on obligatory collection of waste. The most important legal act related to this matter, i.e. The Waste Act No. 79/2015 Coll., has been amended five times (e.g. by The Directive No. 371/2015 which specifies the standards of waste separation or manipulation with biodegradable waste). Nevertheless, the practice has shown that it is necessary to implement further measures and clarifications.* The 2015's Waste Act was extensively amended in 2017, by The Waste Act No. 292/2017 Coll. Its latest amendment was

pushed on 22<sup>nd</sup> of August 2018. The amended Act's main objectives are to improve separation of municipal solid waste, especially packaging materials, establish stricter rules for landfills closure, implement the directive on ships recycling, but also to reduce bureaucracy related to small composting units and outline clear, unambiguous procedures of investigating any suspicions regarding illegal cross-border transportation of used batteries and accumulators. *The new state policy on waste management will enter into force on 1<sup>st</sup> of January 2019. The Ministry of Environment's Directive No. 365/2015 on Catalogue of Waste should be mentioned as well – its latest amendment came into force on 1<sup>st</sup> of January 2018. Globalization has changed the world. National economies are now closely intertwined; various industrial segments collide or merge and are increasingly dependent on each other. These processes influence all people, whether via science, research, employment issues, living standards or the environment surrounding them. In many cases the crucial natural resources are almost depleted, which, however, does not reduce the demand for them. Our world is a world of limited resources and any further progress of world economies will have to consider and respect the principles of circular economy. The trends in waste disposal management clearly suggest that our ability to recycle used goods and waste will increase. After all, the EU's measures concerning waste separation and disposal for years 2014 – 2030 specify the mandatory limits of waste separation – at least 70% of all waste will need to be separated. As it seems, even though people in Slovakia separate their waste and recycle, they do so less effectively than, for instance, Czech people (Euractiv, 2015). Nevertheless, Slovakia will have to follow the given trends and employ various measures to reduce the amount of produced waste, reuse the existing waste meaningfully and recycle a wider spectrum of materials. However, any efficient measures must aim to educate the general public, mind the regional disparities (see e.g. Rybansky et al., 2016) and efficiently inform people to increase their “environmental conscience”. Any information campaign related to waste management and recycling has to be easily comprehensible, convincing and carefully executed.*

## **Acknowledgment**

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# GLOBALIZATION AND MIGRATION CENTERS DEVELOPMENT WITH INTENSIVE EFFECT ON STRUCTURE OF THE CZECH REPUBLIC POPULATION - FOREIGNERS STAYING MORE THAN 12 MONTHS

Josef Botlik<sup>1,a,\*</sup>, Milena Botlikova<sup>2,b</sup>

<sup>1</sup> Department of Computer and Mathematics, School of Business Administration in Karvina, Silesian University in Opava, Univerzitni namesti 1934/3, 733 40, Karvina, Czech Republic

<sup>2</sup> The Institute of Gastronomy, Spa Management and Tourism, Faculty of Philosophy and Science in Opava, Silesian University in Opava, Hradecka 17, 746 01, Opava, Czech Republic

<sup>a</sup>botlik@opf.slu.cz, <sup>b</sup>botlikova.m@volny.cz

**Abstract.** The paper deals with a significant globalization factor, migration of the population. We identify local extremes in the distribution of population flows. The target destination of the flows is the Czech Republic. The analysed group is the group of foreigners with a stay longer than 12 months. Source countries are compared with respect to the geographic distribution. They are analysed in clusters of destinations forming local extremes. Local extremes are identified by incidence and precedence matrices. We are looking for ways of different lengths between destinations where the numbers of foreigners are growing or falling. Precedence matrices show regional differences in the number of foreigners. We identify areas with small differences on a large area or areas with evenly distributed differences. The starting point is the country of origin of foreigners. Using precedents is a new method that identifies clusters of migration resources. They are not identified and compared only based on the destination with the maximum number of foreigners. We identified the significance of these destinations in the region. The use of precedence matrix allows us to find new relationships. They do not compare only real values. We compared increases and decreases of values (foreigners) between source destinations. Mutual comparisons are done on virtual infrastructure. This infrastructure is generated using geographic coordinates and minimum distances between destinations. Mutual comparisons are done on virtual infrastructure. This infrastructure is generated using geographic coordinates and minimum distances between destinations.

**Keywords:** Foreigners, Migration, Infrastructure, Precedence, Matrix

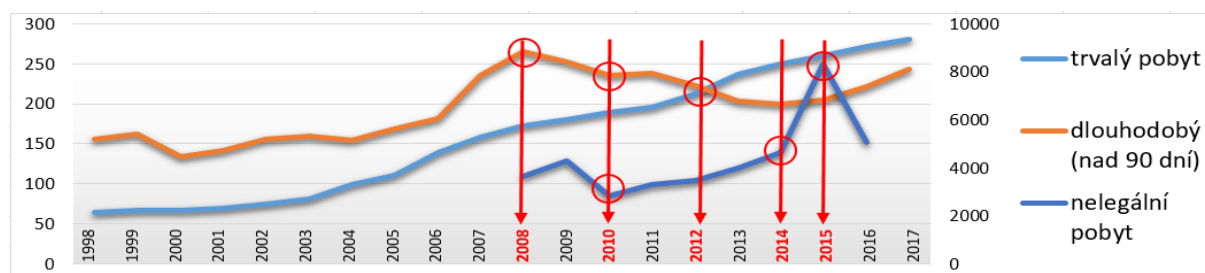
**JEL Classification:** J15, Z32, C65

## 1. Introduction

Výzkum vychází ze zkoumání pohybu autonomních systémů na vybrané infrastruktuře, byly zkoumány vlivy cizinců na pracovní prostředí a změna zákaznických vztahů způsobených specifickými požadavky cizinců. Významnost v kontextu pracovního prostředí zmiňují Volejníková & Kněžáčková (2015), které upozorňují na skutečnost, že příchod nové pracovní síly vyplňuje mezeru na trhu práce v hostitelské oblasti a snižuje míru nezaměstnanosti ve zdrojové oblasti. Flexibilní trhy práce jsou také v Lisabonské strategii Evropské unie považovány za jeden z ukazatelů konkurenceschopnosti. Waldinger (2014) v souvislosti s dlouhodobým pobytem migrantů upozorňuje, že se dlouhodobá snaha o emigrační politiku

mění na přistěhovaleckou politiku včetně začlenění cizinců do socio ekonomického prostředí země, kde skutečně žijí. S trhem práce souvisí i inklinace ke stěhování do aglomerací, na což upozorňuje např. Přidalová & Hasman (2017). I když někteří autoři upozorňují na to, že vztahy mezi vývojem české ekonomiky a toky zahraničních pracovníků nejsou průkazné, resp. že přítomnost cizinců není statisticky významným faktorem např. pro nově zakládané podniky (Macáková, 2015, A), (Nekolová et al., 2016), podíl cizinců na pracovní síle v ČR se zvyšuje. Identifikovány jsou však problémy např. se vzděláním (Kačerová, 2010), srovnáním počtu zahraničních pracovníků a úrovně jejich kvalifikace se zabývá dále např. (Macáková, 2015, B). Někteří autoři zpochybňují významnost klasifikace podle země původu, nebo etnicity (Darulová & Kostialová), je však prokázané vytváření negativních pocitů v etnicích na základě vln přistěhovalců, a to i vůči předchozím přistěhovalcům (Fong, 2018). V ČR je dále zřejmé přehodnocení vztahů k cizincům z určitých zemí, související např. se vznikem druhé generace vietnamské komunity (Sloboda, 2016). Problematika není paušalizovatelná, např. při komparaci integrace cizinců ve vybraných zemích (Ravlic, 2017) se ukázaly rozdílné formy a přístupy, například chápání cizinců jako dočasný jev ("hostující" pracovníci). Obecně však převažuje názor, že migrace obyvatelstva je významnou součástí mezinárodní ekonomiky, je důležitým zdrojem příjmů a pracovní síly pro velké množství ekonomik. ČR patří mezi rozvinuté evropské země, pro něž je charakteristický přistěhovalecký charakter (Šimková & Langhmarová, 2015). Východiskem pro prezentovaný výzkum byla analýza vývoje počtu cizinců v České republice (ČR) podle typu pobytu. Analyzován byl interval 1998 – 2018, sledován byl trvalý pobyt a dlouhodobý pobyt. Data byla segmentována dále s ohledem na nelegální pobyt. Na tomto intervalu byly identifikovány významné změny (obrázek 1, levá osa zobrazuje počet osob s trvalým a dlouhodobým pobytem v tisících, pravá osa pak nelegální pobyt). Významné změny byly identifikovány v roce 2008, 2010, 2012, 2014 a 2015. Přidán byl aktuální rok 2018.

Figure 1: Vymezení intervalů pro analýzy



Source: Vlastní

Standardní výzkumy a analýzy se zaměřují zejména na kvantitativní pohled, kdy se hledají a srovnávají maximální počty cizinců. Tyto analýzy však nedostatečně identifikují významnost zdrojové destinace v kontextu demografické lokalizace (významnost migračního centra) a rovněž dostatečně neinformují o dynamických změnách. Pro analýzy, které by indikovaly spádovost zdrojových destinací a současně dostatečně reagovaly na výkyvy a nerovnoměrnosti jak meziroční, tak regionální, byla navržena metoda precedenční analýzy.

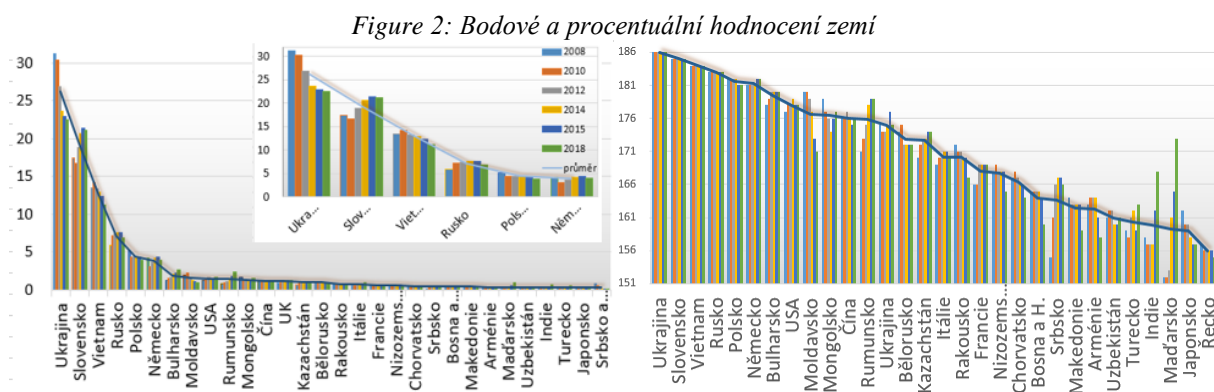
## 2. Data and methodology

V první fázi byla použita metoda komparace, kdy byly identifikovány zlomové body a intervaly pro identifikaci změn. Komparace probíhala na datech Českého statistického úřadu (ČSÚ, 2018, A, ČSÚ, 2018, B), sledován byl vývoj počtu cizinců v ČR s trvalým pobytem a

dlouhodobým pobytem nad 90 dní (datová řada 1998-2018) a nelegální pobyt (datová řada 2008-2016). V další části analýzy byla data škálována na základě počtu identifikovaných států, jejichž občané mají evidovaný na území ČR dlouhodobý pobyt, podle podkladů Cizinecké policie (ČSÚ, 2018, C) bylo identifikováno ve sledovaném období 185 států. Pro další analýzy byla použita Teorie grafů a Precedenční analýza. Na základě minimálních vzdáleností geografických souřadnic jednotlivých států byly stanoveny incidenční vazby (virtuální). Pro každou dvojici států byly definovány čtyři minimální vzdálenosti s rozlišením orientace, dále propojené do trojúhelníků z důvodu rovnoměrnějšího geografické rozložení. Pro každou identifikovanou vazbu dvěma státy byla stanoveny precedence podle hodnoty dané pořadím státu podle počtu cizinců v příslušném roce. Následně byla použita dílčí shluková analýza na základě četností identifikovaných precedencí, pro identifikaci shluků byla data převedena do procentuální škály podle četnosti precedencí různých délek vzhledem k počtu vazeb. Sledovány byly krátké a dlouhé precedence délky 1 a délky 9 a 10 (převažující počet nejdelších možných precedencí při zvolené hustotě vazeb). Krátké precedence ukazují na významnost státu s konkrétní geografickou polohou vůči okolním státům, dlouhé precedence ukazují vzdálenost, na jakou se tato dominance projevuje. Metodologie související s evidencí cizinců vychází z metodologie ČSÚ. Jako cizinec je chápána fyzická osoba, která není státním občanem ČR podle zákona č. 186/2013 Sb. (ČSÚ, 2018, D). Podle zákona č. 427/2010 Sb. rozhoduje o udělení víza k pobytu nad 90 dnů a o dlouhodobém pobytu občanů třetích zemí, případně o přechodných pobytech občanů EU a jejich rodinných příslušníků, Ministerstvo vnitra ČR. Nelegální pobyt je chápán jako kategorie nelegální migrace, vzhledem ke změně metodiky v roce 2008 nejsou dostupné, resp. srovnatelné dřívější statistiky.

### 3. Results

Na základě dat evidujících počty cizinců s dlouhodobým pobytem v ČR bylo stanoveno pořadí jednotlivých zemí v příslušných letech a pořadí celkové. Současně byl vypočítán procentuální podíl cizinců. Obrázek 2 vlevo ukazuje pořadí podle procent v jednotlivých letech, vpravo poměrové pořadí.

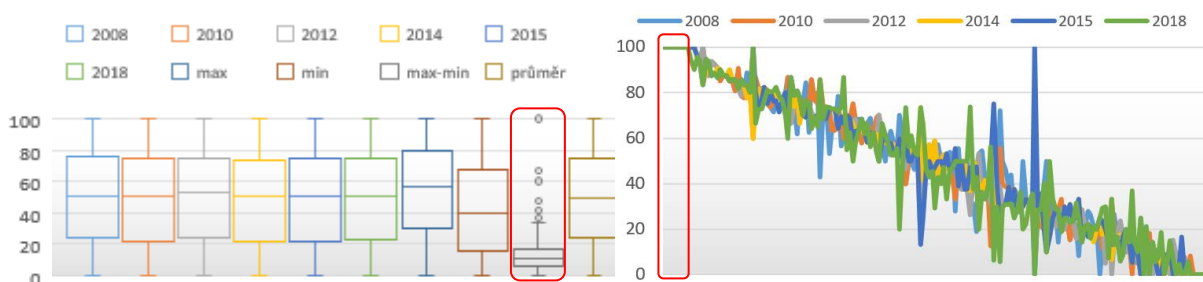


Source: Vlastní

Následně byla vygenerována virtuální infrastruktura a podle pořadí v jednotlivých letech byly spočítány první precedence, byl zjištěn celkový a průměrný počet precedencí a vypočítán procentuální podíl průměrného počtu precedencí na počtu identifikovaných cest. Princip procentuálního zastoupení precedencí (namísto reálného počtu precedencí) byl zvolen proto, že eliminuje možné zvýhodnění malých států v hustě segmentovaném prostoru, u kterých je větší počet identifikovaných vazeb a z toho plynoucí vyšší možný počet precedencí. Procentuální podíl byl spočítán pro jednotlivé sledované roky a byla zjišťována statistické závislosti

rozložení četností v jednotlivých letech. Pro stanovení počtu skupin pro shlukovou analýzu byla data nejdříve hodnocena na úrovni kvartilů. Na základě rozdělení do kvartilů a stanovení mediánu lze konstatovat, že procentuální četnosti mají v jednotlivých letech obdobné rozložení, jak ukazuje obrázek 3, levá část. Lze rovněž konstatovat, že průměrné hodnoty mají větší podíl rozložení hodnot ve druhém a třetím kvartilu ve srovnání se všemi roky. Srovnáme-li rozdíly minimálních a maximálních hodnot, je evidentní, že existuje poměrně vysoký počet států, u kterých počet cizinců v jednotlivých letech silně kolísá, zejména mezi léty 2015/2018 a 2008/2018. Statistická vyhodnocení lze následně vizuálně pozorovat i na reálných hodnotách, kdy pravá část obrázku 3 ukazuje hodnoty za jednotlivé státy utříděné podle průměru, lze vidět, že existuje množina zemí, kdy je počet precedencí ve všech letech stoprocentně shodný s počtem virtuálních vazeb.

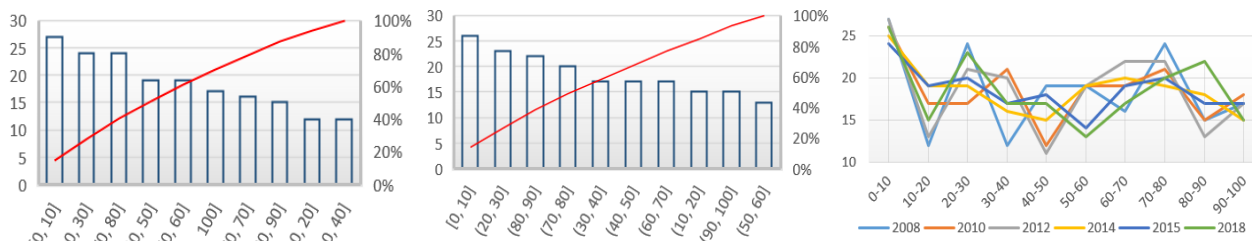
Figure 3: Precedence ve sledovaných rocích



Source: Vlastní

Na základě uvedených statistických zjištění byla dále zjišťována četnost na úrovni decilů ve všech sledovaných letech. Obrázek 4 ukazuje decily za rok 2008 (vlevo) a 2018 (uprostřed), červeně je vynesena spojnice Paretova grafu. V pravé části je pak souhrnný graf za všechny sledované roky.

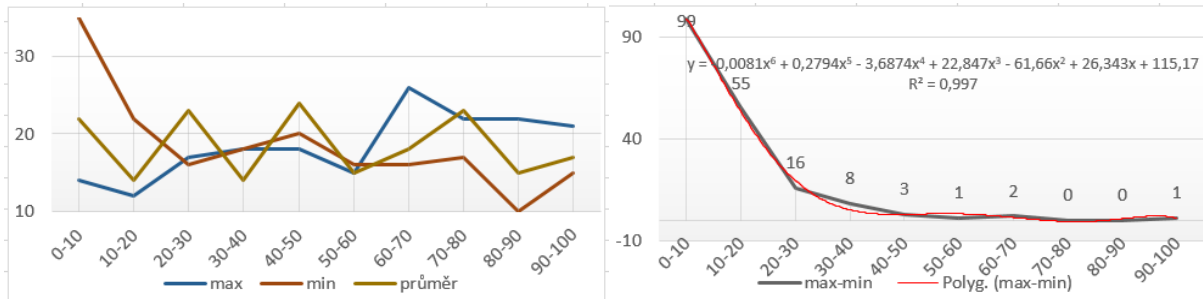
Figure 4: Precedence ve sledovaných rocích



Source: Vlastní

Obrázek 5 ukazuje průměrné, maximální a minimální hodnoty (levá část) a rozdíl maxima a minima (pravá část) včetně spojnice trendu a koeficientu korelace. Je zřejmé, že více než polovina hodnot rozdílu minima a maxima je z intervalu prvních dvou decilů, pro tuto řadu má medián hodnotu 10, směrodatná odchylka je 13,9 a průměrná odchylka je 9,3. Počet hodnot (států) je 185.

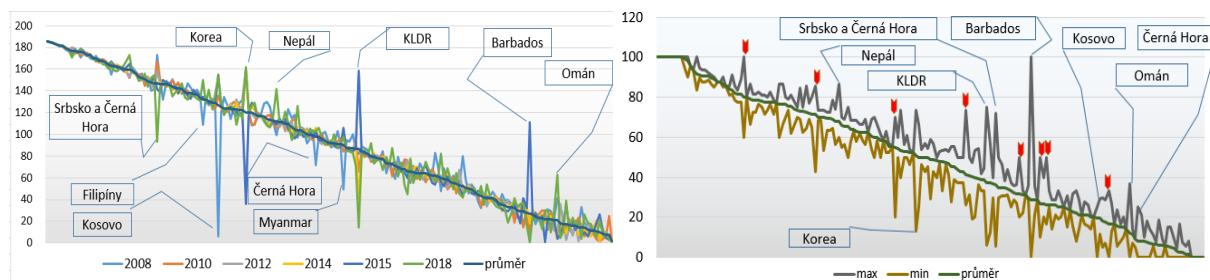
Figure 5: Četnosti precedencí



Source: Vlastní

Na obrázku 6 je v levé části pořadí zemí podle počtu cizinců v jednotlivých rocích. Pravá část ukazuje hodnoty minima a maxima počtů precedencí vzhledem k počtu virtuálních vazeb, tedy četnost vyšších hodnot počtu cizinců v jednotlivých zemích ve srovnání s okolními zeměmi v meziročním srovnání (jedná se o výběr z pravého grafu na obrázku 3).

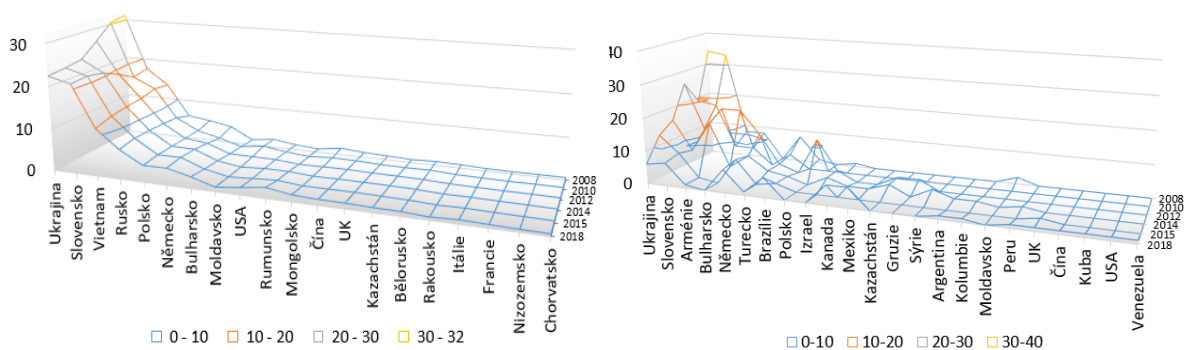
Figure 6: Srovnání kolísavých hodnot



Source: Vlastní

Posledním krokem analýzy byl výpočet dlouhých precedencí, byly vypočítány násobné precedence v jednotlivých letech a země, do kterých směřují. Hodnoty udávají počty zemí, které jsou n-tým precedentem, nikoli počty cest (existuje-li mezi dvěma státy více cest stejné délky, je identifikována jejich existence, nikoli jejich počet). Na obrázku 7 je srovnání procentuální četnosti (vlevo) a četnosti dlouhých precedencí (vpravo).

Figure 7: Procentuální podíl cizinců



Source: Vlastní



## 4. Discussion

Je zřejmé, že výsledky je nutné chápat v kontextu komparace binárních hodnot (dva stavy - nárůst/pokles) a nikoli kvantitativních srovnání (nejsou vyhodnocovány absolutní hodnoty faktorů). Při analýze krátkých precedencí lze proto vyhodnotit míru změn v regionálním kontextu. Poroste-li počet cizinců z určitého státu, při klasické analýze se projeví nárůst. Tento nárůst se nemusí projevit v počtu krátkých precedencí. Pokud počet precedencí neroste současně s nárůstem cizinců, indikuje to fakt, že rostou počty cizinců i v sousedních destinacích nebo je země již dominantní v prostoru a všechny incidující destinace mají menší počty cizinců. Pokud je některý stát dominantní v počtu „poskytovaných“ cizinců a pro destinace v okolí tohoto státu platí, že počet cizinců rovnoměrně klesá mezi incidujícími státy, lze pomocí dlouhých precedencí sledovat geografické souvislosti mezi vzdálenějšími destinacemi.

Je zřejmé, že precedenční analýza dále doplňuje klasické formy analýz o prostorové souvislosti. Při analýze krátkých precedencí doplňuje informace o hustotě prvků v prostoru, v místě menších států je větší počet incidencí. Tyto informace by měly být doplňující v případech, kdy je nutné rozšířit obecné znalosti plynoucí z analýz. Mezi tyto případy patří vlivy cizinců ze států s dominantním počtem cizinců, dále skupiny států s kolísavým počtem cizinců.


Například Ukrajinci tvoří dlouhodobě nejvyšší podíl cizinců s trvalým pobytem v ČR, vliv na změnu socioekonomických faktorů je však v současnosti minimální, z důvodů již proběhlé integrace do majoritní populace. Pokud začneme sledovat prostorové rozložení zdrojových destinací, je Ukrajina zemí, která je z pohledu demografické lokace obklopena rovněž zeměmi s vysokým množstvím cizinců, sousedí se Slovenskem, Ruskem a Polskem, což jsou rovněž země mající vysoký počet cizinců s dlouhodobým pobytem v ČR. Na tyto země je pak nutné pohlížet komplexně, jako na region se zvýšeným počtem cizinců, nikoli izolovaně.

Při analýze vznikly nepřesnosti způsobené změnou státních zřízení, například existuje evidovaná státní příslušnost Černá Hora, Srbsko, Srbsko a Černá Hora.

## 5. Conclusion

Z obrázku 2 vlevo je zřejmé, že srovnáním zemí podle počtu cizinců v ČR podle procentuálního zastoupení existuje šest dominantních zemí. Z detailního výřezu je zřejmý pokles cizinců z Ukrajiny a nárůst ze Slovenska. Pokud srovnáme bodové pořadí, (obrázek 2 vpravo), zjistíme dále pokles Moldavců a nárůsty Rumunů, Srbů, Indů a Maďarů. Pokles Vietnamců je relativní, vzhledem ke druhé generaci a změně národnosti. Pokud srovnáme identifikované precedence, pak stoprocentně identifikované první precedence v poměru k počtu incidencí byly u Brazílie, JAR, Kazachstánu, Nigérie, Ruska, UK, USA, Ukrajiny a Vietnamu (obrázek 3, pravá část, červený obdélník). Pokud srovnáme více než 80 procentní identifikaci, dostaneme dále tyto státy: Arménie, Austrálie, Slovensko, Indie, Japonsko, Ghana, Kuba, Německo, Angola, Kolumbie, Polsko, Etiopie, Uzbekistán, Čína, Kanada, Kongo, dem. r., Peru, Mexiko, Bulharsko, Pobřeží slonoviny, Egypt a Mauricius. Jsou to země, které „dodávají“ nejvíce cizinců v příslušném regionu. Tvoří 30 % států ze všech zemí, ze kterých má ČR cizince s dlouhodobým pobytem. Tyto počty v jednotlivých letech kolísají, jak ukazuje krabicový graf na obrázku 3 vlevo, zejména je pak patrný posun roku 2014 směrem dolů. Dále je patrný menší rozptyl hodnot v roce 2012, rovněž je zřejmé, že existují hodnoty s rozdílem maxima a minima 100 % (červený obdélník v levé části obrázku 3). Pro názornost jsou dále na obrázku 4 zobrazeny decily, vlevo je rok 2008, uprostřed 2018 a vpravo je spojnicový graf všech let. Je

zřejmá nestabilita procentuálního zastoupení precedencí. Na obrázku 5 je dále srovnání průměrných, maximálních a minimálních hodnot, je vidět, že největší průměrné hodnoty jsou poměrně kolísavé, minima jsou nejméně zastoupena v intervalu 80-90 % a maximální hodnoty jsou poměrně rovnoměrně rozloženy v intervalu 60-100 %. Z pravé části grafu je zřejmé, že 99 států má rozdíl minima a maxima menší než 10 %, 15 států má větší rozptyl než 30 %. Vysoký rozptyl hodnot ve srovnání mezi jednotlivými roky je zřejmý i na obrázku 3 vpravo, což indikuje, že existuje vysoké procento států, které „zásobují“ ČR cizinci nerovnoměrně, výkyvy jsou zejména v letech 2018, 2015 a 2018.

Grafy na obrázku 6 zobrazují výkyvy počtu cizinců v ČR v jednotlivých letech identifikované klasicky a pomocí precedencí. Z obou částí je vidět, že oba způsoby analýzy identifikovaly obdobnou skupinu zemí, Srbsko a Černá hora, Filipíny, Kosovo, Korea, Nepál, Černá Hora (po oddělení od Srbska), Myanmar, KLDR, Barbados a Omán. Analýzou změn precedencí byly tyto výkyvy vyhodnoceny v kontextu okolí jednotlivých zemí, kdy přibyla do analýzy informace o tom, zda se měnila hodnoty i v sousedících destinacích (pokud se současně změnila hodnota v sousedních zemích, může počet precedencí zůstat stejný). Analýza precedencí identifikuje navíc nárůsty v kontextu změn v okolí destinace, proto přibyla navíc identifikované změny (označené červenou značkou ) , např. Chile, Maďarsko, Haiti či Zimbabwe.

Obdobně, pokud provedeme analýzu podle procentuálního podílu cizinců, pak při klasické analýze, (obrázek 7 vlevo), dostaneme množinu států, (Ukrajina, Slovensko a Vietnam), které tvoří dominantní procento cizinců s dlouhodobým pobytem, dále množinu Rusko, Polsko a Německo, které tvoří skupinu s podílem mezi 3 až 10 %. Pravá část obrázku ukazuje porovnání států na základě počtu dlouhých precedencí (délky 9 a 10 precedencí), je zřejmé, že Ukrajina a Slovensko mají nejen procentuálně nejvíce cizinců, ale současně nejvíce dlouhých precedencí. Zásadním rozdílem mezi oběma grafy je absence Vietnamu a Ruska v případě srovnání dlouhých precedencí. Opět lze vysledovat podobnosti i u států jako je Německo, Polsko, Bulharsko apod. Identifikované skupiny zemí slouží jako východisko pro další analýzy.

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## **MILITARY-TECHNICAL COOPERATION OF RUSSIA IN THE CONTEXT OF GLOBALIZATION: EXPERIENCE OF COOPERATION WITH CHINA**

Victor V. Dengov<sup>1,a</sup>, Irina R. Tulyakova<sup>2,b</sup> and Elena Gregova<sup>3,c,\*</sup>

<sup>1,2</sup>Saint Petersburg State University, Faculty of Economics, Department of Economics and Economic Policy, Tchaikovskogo str. 62, Saint Petersburg, 191194, Russia

<sup>3</sup>University of Zilina, Faculty of Operation and Economics of Transport and Communications, Department of Economics, Univerzitna 1, 010 26, Zilina, Slovakia

<sup>a</sup>vvdengov@mail.ru, <sup>b</sup>irinatumulyakova@mail.ru, <sup>c</sup>elena.gregova@fpedas.uniza.sk

\*Corresponding author

**Abstract.** The dissolution of the Warsaw Pact and the collapse of the Soviet Union at the turn of the 90s of the twentieth century significantly changed the balance of power in the international arena. The world for a while became really "unipolar" and US hegemony did not cause doubts. It seemed that the removal of ideological contradictions could give the world a hope for Russia's military-technical cooperation with Western countries in the common interests of strengthening international security. But the world did not become safer. International terrorism has become more active which was declared as the main threat to peace. After the end of the global confrontation between two different ideological systems, local regional military conflicts came to the fore (first of all in the Near and Middle East, North Africa). As it turned out, it is possible to overcome the ideological confrontation, but it is impossible to abolish the opposite geopolitical interests of the countries that have become accustomed to pursuing an independent policy. The discrepancy between the geopolitical interests of Russia, China and, to some extent, India, with the interests of the United States and its allies, objectively pushes these countries to the rapprochement of the positions in foreign policy and the strengthening of their military-technical cooperation. The attention of the scientific community is offered some results of years of author's research in the field of military-technical cooperation of Russia with other countries. In a series of two articles considered Russian military-technical cooperation with China (the first article), and then - with India (second article).

**Keywords:** military technical cooperation; military-industrial complex; international arms trade; Organization of the Collective Security Treaty

**JEL Classification:** F51, H56, N40

### **1. Introduction**

The military technical cooperation (MTC) is the peculiar demonstration of the foreign policy of the state destined for support of potential allies, certain states and regimes by means of supplies of products that have the military destination, technologies of its fabrication, common developments of weapons, training of martialists etc. and, as the final result, consolidation of their positions in one or another region of the planet. The MTC means certain relations between states connected with exchange of military and technical information. Common developments of weapon contribute to the integration of developers of military equipment to the world military science, currency earnings due to supplies of weapons and military equipment (WME),

presence on world markets of high-technology products (Tocoian, 2015). At that supply of purchases of products with the military destination is the most popular kind of the military and technical cooperation. The formation of state policy in this area is the task of such body of executive power as the federal service for the MTC (FSVTS). The FSVTS carries out supervising and surveillance on the area of the MTC; it issued licenses for export and import of products with military destination; it takes part in preparation of international agreements, negotiations, and organization of international exhibitions. Russia has the rather rich and long-standing experience in the area of the MTC. Still during the years of the second world war the USSR obtained weapons and military equipment from allies within the framework of the anti-fascist coalition – USA, Great Britain and Canada. After finishing of the Second World War and beginning of the 40-years-long „cold war“ the MTC of the USSR gained the larger scale. In conditions of confrontation of two superpowers - USSR and USA, as well as of two military and political assemblies - NATO and Warsaw Treaty Organization, the mutual constraining of adverse parties was carried out due to ever-increasing fabrication and distribution of weapons (Tulyakova, 2016). The USSR manufactured and supplied weapons not for needs of the own military forces but also for all countries of socialist camp, as well as for developing countries that declared the possible socialist way of development. Of course, at that such kinds of interaction have been carried out like providing of military specialists for training, and after that, by virtue of the long period of usage of weapons such services were rendered like its repair and modernization. In as much as all these activities have been carried out on the ideological grounds, there was often practically no financial return. The USSR did not earn money from weapon sale but it ensured allies for itself. For the contemporary Russia the MTC is important not only politically but also economically. The weapon sale ensures the financial support to Russian defense enterprises due to increasing the load of productive capacities and reduction of production costs. The MTC during the nineties of the XX century was carried out mainly within the framework of cooperation with countries of the Collective Security Treaty Organization. But such cooperation was not able to secure the essential financial return because there relations have more like the political nature up to date, and supplies of the WME are carried out on favorable terms. Hopes were laid on the development of relationship with NATO-countries; vice versa, the cooperation with them seemed to be advantageous just financially. The potential of the MTC between Russia and NATO countries could be connected with modernization of Russian armament that was located in countries of the Eastern Europe as far back soviet times. It could be also possible to reckon upon contracts for customization of certain kinds of Russia weapon, i.e. for their bringing to correspondence with NATO-standards. There were some examples of cooperation between Russia and NATO in the area of orders of supplies of Russian helicopter equipment for needs of anti-Taliban coalition in Afghanistan. In contrast to the similar equipment manufactured in America and Europe Russian helicopters proved themselves to be in conditions of high-mountains, increased dust content. But how the further development in the world arena has shown that was not on the cards that these hopes on the fruitful cooperation between Russia and NATO come true. It is possible to specify several reasons of this. This is an attempt of USA to create the single-pole-world that caused the overreaction from the side of Russia and China primarily (Badrutdinova et al., 2017). This is also escalation of regional conflicts in the North Africa and on the Middle East (in Libya, Iraq, Syria) that has divided NATO and Russia. This is also the banal competition for obtaining markets for sales of their military products. This is also the restricted national sovereignty of the most NATO-countries that are forced to obey the general requirements of the organization. However that may be the MTC of Russia began to turn mostly to the East, in the direction of India and China. At the same time, it should be noted that in general, Russia is currently

engaged in military-technical cooperation with 100 nations. The volume of Russian exports of arms and military equipment in 2017 reached \$ 16 billion, and the portfolio of orders exceeded \$ 45 billion (Kremlin.ru, March 5, 2018).

## 2. Literature review

India and China are countries that are developing dynamically, that increase their military power since the middle of the XX century in pursuit of, at least, the leadership in the region, and, at most, for turning into military world powers. The long-term correlation between rates of economic growth and dynamics of military expenses on the example of China (with use of tests of Johansen and Granger) was shown in the research by Furuoka F., Oishi, M. and Karim, M. (2016), and on the example of India – by Tiwari and Shahbaz (2013). Existence of such correlation (with use of Feder-Ram and augmented Solow models) has been specified in the research by Augier, McNab, Guo and Karber (2017) and Heo and Ye (2016). By the way, Russia also has to consider existence of such correlation if it wants to participate fully in a new "armament race" with the USA and China (see, for example, Balashov and Martianova, 2015, Horemuz, 2014). In this regard the research conducted by F-De-Cordoba and Torres with use of a Dynamic Stochastic General Equilibrium model on the basis of data on consumption, investments and also military expenses of economy of the USA, in this regard can represent also may be of interest. As authors write, the analysis of results has shown that "Surprisingly, we find that the optimal response to an increase in the external threat (a worsening in the strategic environment) will rise output by reducing consumption and increasing investment" (2016). It is very likely that Russia, having regarded development of the American missile defense system in Europe and Asia as strategic threat to its national security, in the second decade of the XXI century worked in strict accordance with conclusions of this model. At the same time Russia, that doesn't have such possibilities of defense expenditures financing as America (the military budget at the Russian Federation is one order less, than at the USA), have gone on the way of the sharp growth of these expenses efficiency for creation and maintenance of strategic parity. Ambiguous results have been received by Zhang, Liu, Wang and Tang investigating correlation between defense expenditures of China and social wellbeing of its population (2016). Possible influence of qualitative institutes on weakening of inverse correlation between military expenses and economic growth is considered in the research conducted by Compton and Paterson (2016). The interesting attempt using a small open stochastic endogenous growth model to find optimum level of military expenses which would maximize economic growth is undertaken in article of Lee, Lee and Wu (2016). The research directed to revealing of correlation between level of military expenses and a spatial (geographical) location of the country has been conducted in the article by Skogstad (2016). The dependence of military expenses level on economic development of the EU countries is revealed in the research by Dudzeviciute, Peleckis and Peleckiene (2016) (see also Rowlands and Kabongi, 2017).

Returning to the MTC of Russia with India and China, we note that both countries were the largest partner of the USSR / Russia over decades (Bitzinger, 2007). The both countries have constructed their own military manufacturing facilities in a time of the close collaboration with USSR / Russia. These both countries are going out of the monopole influence of Russia little by little in modern times. China has constructed its own defense and industrial complex that is able not only to satisfy the needs of national military forces but also to take the country to top-five suppliers of weapon to world markets. But till present it needs Russian high technologies in the area of the military production (see, for example, Gamerman, 2015, Dvorsky et al., 2017).

### **3. Methodology**

The analysis of the situation in this article is mainly based on usage of statistical data from the website of Stockholm International Peace Research Institute (SIPRI). SIPRI gathers statistics since the year 1950 in areas connected with military expenses, military manufacturing enterprises, export and import of weapons. When usage of statistics from the SIPRI it is necessary to keep in mind that when evaluation of cases of weapon delivery the approach of the so-called Trend Indicator Values is used. The peculiarity of evaluation of cases of weapon delivery lies in the fact that one and the same cost is assigned to analogues of war products irrespective of the fabrication country. This unambiguously distorts the evaluation of financial return obtained due to weapon sales for separate countries but at that it reflects physical volumes of sold products more adequately. E.g. analogues of weapon manufactured in China and USA have different value; but if equal amounts of weapon are delivered then these volumes are evaluated like ones having the same amount by SIPRI (Liu et al., 2014). The similar researches in Russia are made by Centre for Analysis of World Arms Trade (CAWAT). This agency uses open sources when analysis of the world market of weapon and price parameters of transactions are outlined in US dollars, as of the moment of conclusion of transactions. When referring to data published by these two analytical centers it is necessary to take into consideration that their different calculation methods can bring results that differ from each other significantly. In particular, the data obtained from SIPRI cause the overvaluation the figures obtained from countries that supply the cheaper kinds of weapons. In accordance with this methodology the equal cost estimate is assigned for analogous kinds of armaments. That's why the export shares of Russia and China are often overstated in relation to shares of other exporting countries like USA, France, and Great Britain. It is possible to agree with SIPRI only in the matter that USA and Russia rank first and second in terms of volume of export WME (CAWAT, 2016). As tools of analysis in the article statistical methods and methods of system analysis are used.

### **4. Russian-Chinese Military and Technical Cooperation**

The history of relations between Russia and China dates already almost 400 years back. The intense MTC began in the middle of the XX century. The participation of the USSR in the liberation of China from occupation by Japan and the support of the China communist party have secured the political regime in the country and the further interaction between Russia and China in some ways. From 1949 till the beginning of 1960's USSR provided the military and technical help to the republic. The help was very multiple; it lied not only in supplies of armaments but also in the delivery of licenses for manufacturing of weapon, training of specialists, and construction of military objects.

Being supported by the help of the USSR, China has founded its own national military fabrication within this time period. This took place mainly due to the fact that the big number of licenses for manufacturing of weapons has been delivered to China. Kinds of China armament and military equipment that are in exist today have been created on the base of big number of soviet samples. This is the Kalashnikov gun, the TT pistol, antiaircraft missile systems, canons, howitzer weapons; among the tank equipment tank and swimming tank can be stated, among the aeronautical equipment there are MIG fighter jet, IL and TU bomber aircrafts, AN transport airplane AH, MI helicopter, among the naval engineering there are submarine, antishipping missile, guided missile boats and other (Lurda & Tarasova, 2014).

Large and various supplies of the soviet weapon within the fifties made it possible for China to continue the process of military construction also in the next decade when the cooling in

relations between our countries happened, and the volume of purchases of the WME from USSR decreased abruptly. The breakup of the USSR and the complicated economic situation in Russia contributed to the renewal of cooperation with China, among them in the military sector. The weapon export helped to Russian military enterprises to survive in the conditions of the absence of the state defense order. But China that just in this time period began to become one of centers of force not only in the region but also worldwide, was in the desperate need of increase of its military power, among them due to progressive soviet military technologies (Bitzinger, 2007; Way, 2002; Wood & Ogbonnaya, 2018).

The dynamics of soviet, and then of the Russian export of the weapon to China within different periods of cooperation of our countries can be followed up looking at the data in Table 1 and Figure 1.

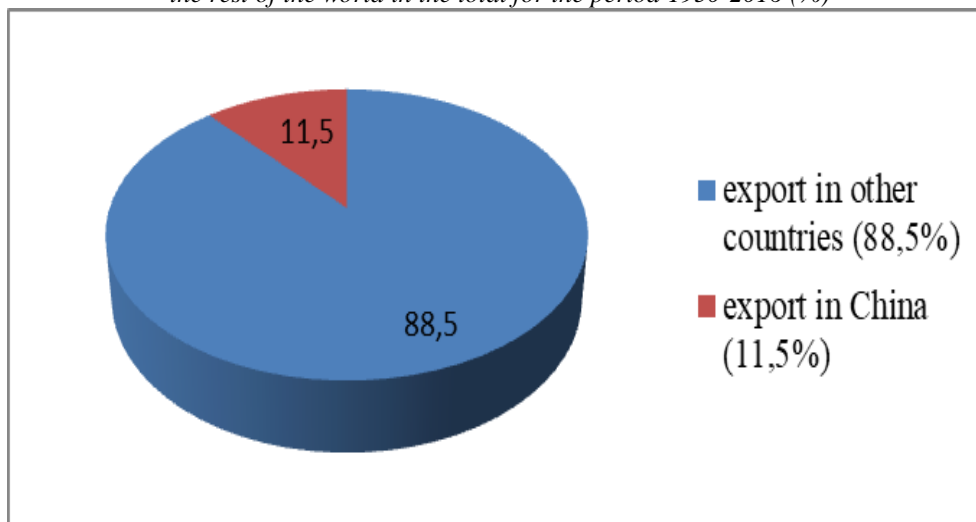
*Table 1: The export of military products from the USSR / Russia to China and the rest of the world in different periods (millions of dollars at constant 1990 prices)*

|  | USSR<br>1950-1991 | RF<br>1992-2016 | USSR/RF<br>1950-2016 | RF<br>2007-2016 | RF<br>2016 |
|--|-------------------|-----------------|----------------------|-----------------|------------|
| Total exports of weapons and military equipment of the RF          | 455265            | 126862          | 582127               | 64878           | 6432       |
| The exports of weapons and military equipment from Russia to China | 33270             | 33178           | 66448                | 9168            | 643        |
| The share of arms exports to China in total exports of the RF (%)  | 7,3               | 26,0            | 11,5                 | 14,1            | 10,0       |

Source: calculated by the authors according to SIPRI data: [http://armstrade.sipri.org/armstrade/html/export\\_values.php](http://armstrade.sipri.org/armstrade/html/export_values.php)

As it can be seen from the presented data, the share of export of military products to China within the time period from 1950 till 1991 amounted to 7.3% in the total volume of military export of the USSR. But within the period of the contemporary Russian history the share of China in Russian supplies to of WME to the world market has increased almost fourfold as against the soviet period. However it reduced essentially within the last decade, up to 10%.

*Figure 1: Comparison of shares of military exports from the Soviet Union / Russian Federation in China and in the rest of the world in the total for the period 1950-2016 (%)*



Source: calculated by the authors

The importance of the import of WME from Russia for the military potential of China can be followed up in accordance with data of Table 2 and Figure 2.

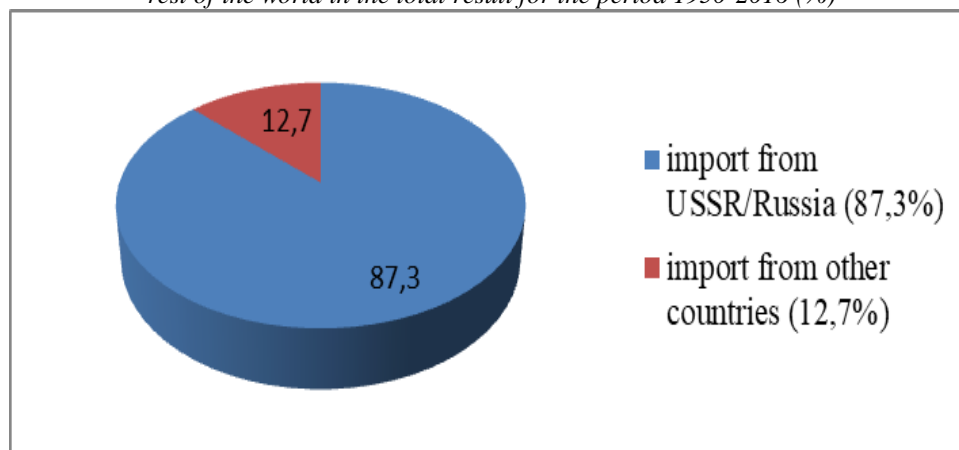
Table 2: Imports from the USSR/Russian Federation and other countries of the world military goods in China in different periods (millions of dollars at constant 1990 prices)

|  | USSR<br>1950-1991 | RF<br>1992-2016 | USSR/RF<br>1950-2016 | RF<br>2007-2016 | RF<br>2016 |
|--|-------------------|-----------------|----------------------|-----------------|------------|
| Chinese total arms imports                           | 34234             | 41855           | 76089                | 13544           | 993        |
| China's imports from the USSR / RF                   | 33270             | 33178           | 66448                | 9168            | 643        |
| The share of the USSR /RF in the import of China (%) | 97,2              | 79,3            | 87,3                 | 67,7            | 64,75      |

Source: calculated by the authors according to SIPRI data: [http://armstrade.sipri.org/armstrade/html/import\\_values.php](http://armstrade.sipri.org/armstrade/html/import_values.php)

As for the Chinese import of WME, than it must be taken into account that generally the USSR was the only partner of China People’s Republic in the military area until 1968. In general, within the whole Soviet period the USSR has satisfied almost the whole Chinese demand in the military import by 97.2%. The Russian share in the Chinese import of WME within the last 25 years has reduced gradually (up to two thirds of the whole volume of import), although it still has the crucial significance.

Figure 2: A comparison of the shares of China's imports of military products from the USSR / Russia and the rest of the world in the total result for the period 1950-2016 (%)

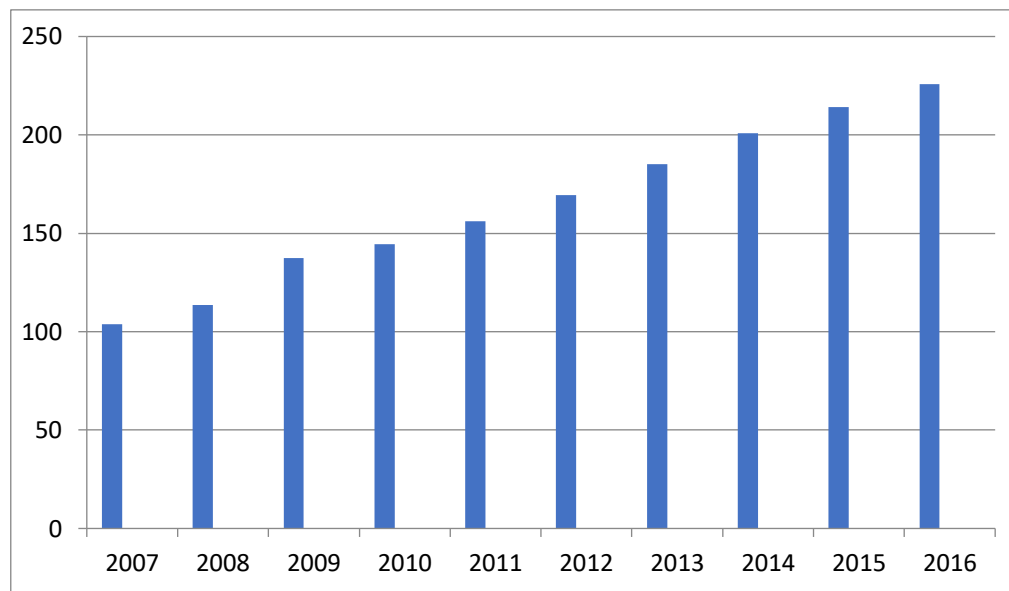


Source: calculated by the authors

Within the last decade on the Chinese market, besides of Russia, also other weapon sellers appeared (although their number is quite limited). First of all, these suppliers are France with the share of 14.0 % (\$ 1,901 million), Ukraine with the share of 8.7 % (\$ 1,176 million), as well as Switzerland, Great Britain, Germany that have with very small shares. In such a way, it is possible to state that the Russian Federation and the Chinese People’s Republic reduce gradually their interaction although they remain the largest partners for each other in the military sector (Gamerman, 2015). As also concerning India, this reduction is combined, first of all, with the fact that China wishes for creation of its own self-sufficient military fabrication facilities already within the quite long time period (Bitzinger, 2016); these facilities should be able not only to cover demands of the own army but also to become the important source of currency earnings of the export of Chinese weapons. The Chinese People’s Republic has already gained the status of the large weapon exporter to world markets. In accordance with data of SIPRI collected in 2016 China ranked 5<sup>th</sup> in the rating of exporters with its share of almost 7% (US \$ 2123 million of total exports of US \$ 31075 million) (SIPRI, 2017).

The dynamics of increase of the military expenses of China within the last decade is impactful; they have increased more than twofold (look at Figure 3). As for the absolute value of defense expenses China loses out now to USA only.

Figure 3: China's military spending at constant (2015) prices, billion US dollars



Source: SIPRI data: <https://www.sipri.org/sites/default/files/Milex-constant-2015-USD.pdf>

Although the military expenses of China are increasing quickly now, at that still they amount to less than 2% from the gross domestic product (GDP). Just for comparison, the military expenses of Russia within 2016 amounted only to 70.4 billion US dollars, in accordance with data of SIPRI, but this is almost 5% from GDP. Within the full last decade the military expenses of Russia swung from 3.5 to 5% from GDP (SIPRI, 2017). But although China has anticipated Russia in the amount of military expenses, is still has demand of high-technology samples of armaments and purchases them from Russia (Sandler & George, 2016). The cooperation takes place mainly in the area of aeronautical equipment and motors, but within the last time the Russian Federation supplies actively also other kinds of military purpose products to the Chinese People's republic, like: anti-ship missile Kh-31 (since 2001), naval gun AK (since 2004), engines for aircraft (since 2012), SAM system S-400 (since 2016) (SIPRI, 2017), etc.

## 5. Conclusion

1. The nature of the MTC of Russia with other countries has significantly changed in comparison with the soviet period. The ideological and political aspects of this cooperation have significantly decreased, and now they are mainly limited with the framework of the Collective Security Treaty Organization.
2. For a number of reasons, in the 1990s, 80% of Russia's arms exports were to China and India. The dependence of these countries on Russian supplies was 80 and 70%, respectively. This state of affairs could not long be satisfied neither with Russia, nor with China and India, since the lack of diversification of both exports and imports creates increased risks and vulnerabilities.
3. Russia, China, and India will still remain the largest partners for each other in the area of MTC in the foreseeable future comparatively for a long time. Due to the MTC with Russia,



supplies of Russian weapon and delivery of licenses for its production the own military manufacturing facilities were created in China and India.

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## **IMPORTANCE OF VALUE MANAGEMENT TOOLS IN A GLOBALLY OPERATING ENTERPRISE**

Maria Durisova<sup>1,a,\*</sup>, Zuzana Chodasova<sup>2,b</sup>, and Emese Tokarcikova<sup>3,c</sup>

<sup>1</sup>University of Zilina, Faculty of Management Science and Informatics, Department of Macro and  
Microeconomics, Univerzitná 8215/1, 010 26 Zilina, Slovak Republic

<sup>2</sup>Slovak University of Technology in Bratislava, Institute of Management, Vazovova 5, 812 43  
Bratislava 1, Slovak Republic

<sup>3</sup>University of Zilina, Faculty of Management Science and Informatics, Department of Macro and  
Microeconomics, Univerzitná 8215/1, 010 26 Zilina, Slovak Republic

<sup>a</sup>maria.durisova@fri.uniza.sk, <sup>b</sup>zuzana.chodasova@stuba.sk, <sup>c</sup>emese.tokarcikova@fri.uniza.sk

\*Corresponding author

**Abstract.** Management in every global enterprise is being fulfilled through planning, organizing, leading, decision-making and monitoring. Its goal is to achieve a long-term development and global growth of the enterprise. Value management tools are the techniques enabling to express the economic reality mainly through costs, revenues and profit/loss. The determination of the value management tools, their subject characteristics, the way of their application, use of their results, and other aspects are the subject of a worldwide discussion. In the global environment, the scope of data disclosure rises, which increases their accessibility for the users' needs. These bring advantages but also disadvantages in the form of time dedicated to their processing into information. The paper presents the global issue of application and development of the value management tools in an enterprise. The aim of the paper is to identify and determine the subject matter of value management tools, and to point out the common elements and differences of budgeting and planning within aspect of globalization. The indicators of costs and revenues are applied in practice, and the conclusions are drawn. The last part of the paper deals with the subject and logical determination of attributes of costs and revenues indicators, especially pertaining to their denomination, unit of measurement, definition of data sources for the calculation, way of calculation, frequency of reporting, economic interpretation, way of displaying, and to the conclusions for the global management.

**Keywords:** globalization, management, value management tools, costs, revenues

**JEL Classification:** A12, M21, G32

### **1. Introduction**

If globalization, as say Kicova, present really a new and not reversible process that creates a more homogenous world, than management must appropriate to this process too. (Kicova, 2016). Enterprises should capture value from innovations ( James et al., 2013) and than to create value for their stakeholders (Cennamo, 2018, Kim & Choi, 2018, Wood & Ogbonnaya, 2018) Management can be understood as an activity of making such decisions that lead to a successful progress and to the ensuring of a long-term prosperity of an enterprise and its position in the market. „A company's managers make decisions that affect operations, financing, corporate

culture, and many other organizational characteristics. These decisions affect the choices the company makes regarding operations and financing, which in turn affect free cash flow and risk.” (Brigham, 2014)

„Value Management puts forward the view that the true problem lies in failing to understand the causal links between the intended stakeholder outcomes and the actual programme outputs“ (Davies, 2016). The value management tools provide the managers with the important pieces of information needed for their everyday work, especially those needed for optimal solutions to decision-making issues. “Management of companies have to provide decision making processes to ensure smooth running of the company“ (Kliestik at al. 2015). Several studies pointed out that decision – making process, information about performance result, etc. are significant attributes in these process. (Lorincova at al., 2016; Kampf, Hitka et al., 2014). These issues include the pricing of products, selection of production technology, setting of an optimal stock level, decision-making on investment, funding of production factors, and all of these either at the domestic or the international level. The value management tools are techniques allowing to study and express the economic reality. The value management tools for enterprises that are elaborated at a theoretical level and that are being used in the practice of enterprises include plans, budgets and indicators. Also these tools allow creating some kind of prediction about future market acceptance through principles of diffusion theory. (Tokarcikova & Kucharcikova, 2015).

The subject matter of the value management tools in an enterprise consists of costs, revenues and profit or loss. “The costs can be characterized as the monetary expression of the consumption of the enterprise’s production factors and other expenditures connected to its activity via purpose. The economic category of costs understood this way is the subject matter of capturing in the accounting, even though the Act on Accounting defines a cost as the decrease of economic benefits of an accounting entity during an accounting period. The costs determined this way are the base for tax calculation, thus they have a required, comprehensive form. From the managerial perspective, the costs are the value expression of a purposeful expending of the enterprise’s economic resources that is related to the economic activity via purpose.” (Durisova, 2017) Revenues are the monetary expression of the created and effectuated values in an enterprise. Here belongs the revenue from the sale of own products, from the sale of services and goods, but also the changes in the intra-organizational stock, capitalisation, other revenue from the economic activity and financial revenues. The dominant part of the revenues of a production enterprise is created by the sale of own products. In the case of a services-providing enterprise, it is the revenues from these services, and in the case of a trading enterprise, the dominant part is represented by the revenues from the sale of goods. The revenues are the outputs expressed in money that the enterprise gained from all its activities during a certain period, regardless of whether they were paid during this period. The profit or loss represents an aggregated form of the quantified successfulness of the enterprise’s transformation process but also of its financial activity. It is determined by the enterprise’s revenues and costs structured into those from economic activity and those from financial activity.

The source of data for the processing and application of the value management tools are the ex-post data in the financial statements, enterprise’s statistics, and the ex-ante data from the managerial accounting and from operative record keeping. „The quantitative and written materials are equally important. The financial statements report what has actually happened to assets, earnings, dividends, and cash flows during the few years, whereas the written materials attempt to explain why things turned out the way they did.” (Brigham, 2014,)

## 2. Body of paper

The value management tools provide the information for individual management functions. They are the techniques allowing studying and expressing the economic reality, mainly via the costs, revenues, and the profit or loss. According to the knowledge acquired via the research of the issue within the global perspective, we came to the conclusion that here belong the plans, budgets, and the indicators of costs and revenues. The issue of value management tools in an enterprise is still an open field, and other tools can be added gradually.

### 2.1 Plans

The planning creates a starting point for all managerial functions, which consist of the organizing, staffing, leading, monitoring, and the decision-making as a cross-sectional part. It includes the determination of goals that an enterprise wants to achieve till a certain time and the determination of the means and ways for achieving these goals. The planning in an enterprise allows managing it effectively in each area.

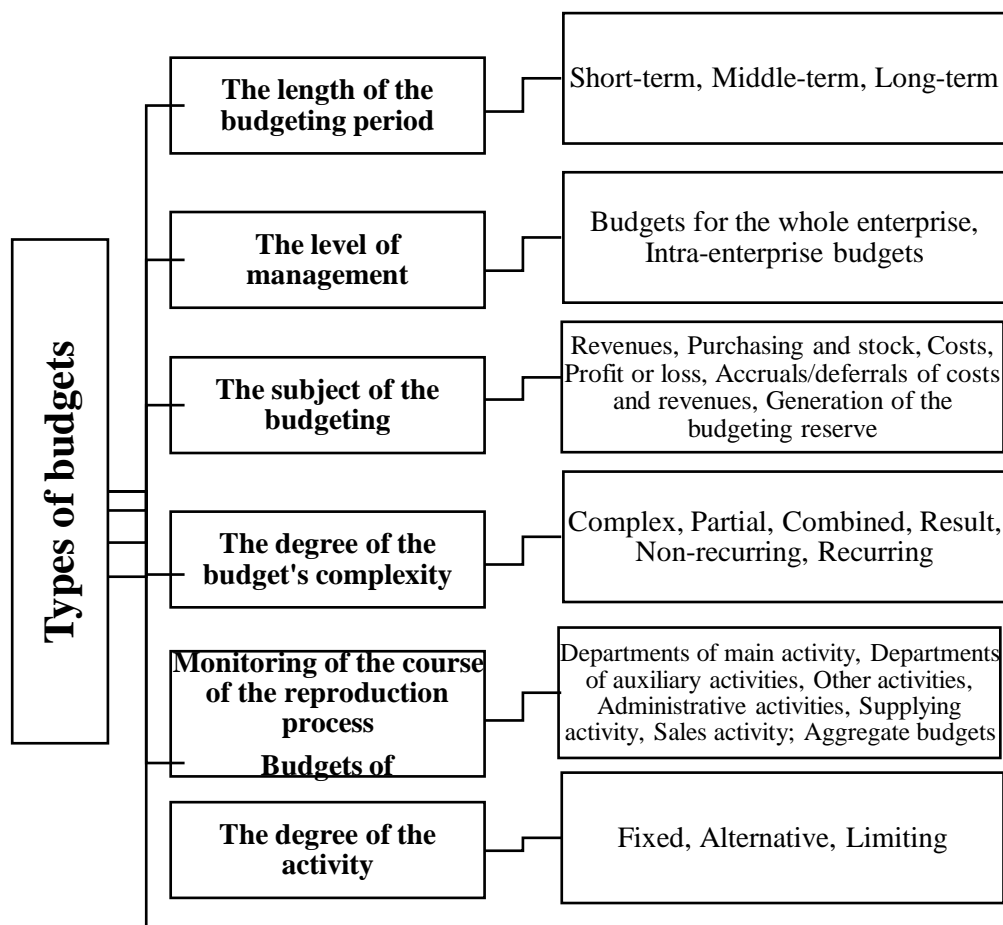
The result of planning is drawing up a certain plan. Plans are being drawn up for a longer or a shorter time horizon. It depends on a particular manager and the management of the enterprise what goals and in what horizon the enterprise wants to achieve, or what it has to sacrifice for the achievement of these goals. In the planning, the knowledge gained from the enterprise's history is applied and the course of the financial parameters in the future is being forecasted. An ideal way of effectively processing all the information on the enterprise, to elaborate a plan and to monitor this plan in the future or to adjust it, is to use the information technology. This technology is able to work with huge amount of data from various sources and it can easily present the plan's result, which is very important for the monitoring of its successfulness. Researchers also (Hickson, 2003; Gamble, 1999) identified a number of features that influence the impact of planning to the manager's decision-making process. The base for the enterprise's planning is to elaborate the plan of sales and then the production plan is derived from this plan. The production plan includes the plan of purchasing, work, and also the plan of investment. From these three plans, the plans for the direct costs and the budget for indirect or overhead costs can be derived. Adding them up creates the plan of costs. This is connected to the preliminary costing of a product. The plan of costs includes the total costs of an enterprise while the costing is calculated directly per one type of product or service. The costs plan and the preliminary costings of a product create the basis for the generation of the revenues plan. The financial plan and the profit plan are being derived from this plan, and these plans again affect the purchasing plan and the plan of work and investment. The revenues plan is then again connected to the plan of sales in which the fulfilment of the goals set is being monitored. This feedback serves mainly for the enterprise's management to let them know to what degree the goals set are being fulfilled. Further future measures follow this. The plan is being drawn up everywhere where there are accurate sources for its creation, thus the norms, standards, and so on. Where there are no such sources available, the budget is being generated, which has a different methodology of its drawing up than the plan has (Vysusil, 2004).

### 2.2 Budgets

Budgets, encompassing the economic information on the expected economic phenomena in an enterprise and its departments per a certain period, are the outcomes of the budgeting process. "In the most general sense, the budgeting represents the determination of economic tasks, such as the revenues, sales, stock, expenditures, costs, incomes, and so on (of an individual, family, enterprise, state) per a certain stretch of time, beforehand," (Kupkovic,

2000). The budgeting is comprehended from the enterprise's perspective as an activity and a system of enterprise's budgets. It is the activity of drawing up the budgets that follow the financial plan of an enterprise and determining the short-term and long-term economic tasks regarding the revenues, costs and thus also the profit or loss for the enterprise as a whole but also for its individual departments. The strategic tasks supported by the prognoses are important for the enterprise. The principles are created by the guidelines or the working procedures that must be observed in the enterprise. The principles can be determined regarding the individual departments present in the enterprise, such as the research and development, sales, and other. The enterprise can have the policy differentiated according to individual areas that are important for it. For example, it can be the marketing, sales, investment, purchasing, credit, or the financial policy, and many others.

Figure 1: Types of budgets



Source: own processing

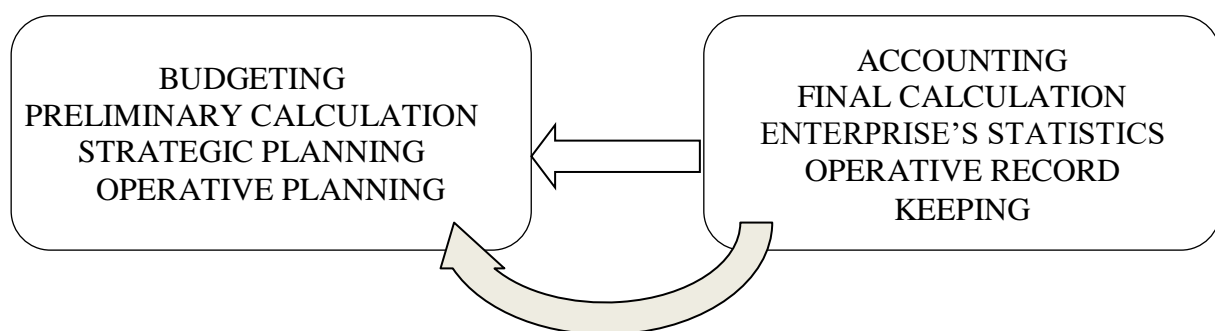
From a global perspective, in the Anglo-Saxon areas, the budgeting is divided into the Master budget (which is aggregated) including all the budgets, and the Operating budgets (on an operative level) that are short-term.

The budgeting can be used in the enterprise as a whole but also in its parts, its departments. It is important mainly in the control of the overhead costs. The budgeting determines the rates for the drawing up of the rolling calculations via the budgets of the overhead costs. These calculations provide the direct (unit) costs for the drawing up of other budgets. The budgeting and budgets determine the costs according to the place of their emergence and activities that

inflict them. Thus, the costs are being assigned, e.g., to the department in the enterprise in which they arise. Individual types of budgets are defined according to various criteria that are shown in Figure 1.

For drawing up the budgets, plans, and for creating the feedbacks, the enterprise should have an information system implemented including sufficiently detailed information on the reality, and also an information system for the planning and generation of budgets with the possibility to compare them and to assess the deviations. The following figure 2 shows the partial information systems that are being used for the comparison of results and the partial information systems that are being used for the generation of plans and budgets.

*Figure 2 Partial information systems for the creation of the plans and budgets*



*Source: own processing*

The accounting is obligatory for each enterprise. Calculations include the costs calculated per each product or service, and their total sum must be equal to the costs recorded in the accounting. The enterprise's statistics, contrary to the previous two systems mentioned, can use any units of measurement, and they serve as the basis for the determination of the strategic plans for the enterprise's managers. Operative records encompass the information from the lowest levels of management. Since they do not have an exactly described form, they can have the form of notes or they can be directly generated in the documents created by the enterprise (tables, forms, etc). The preliminary calculations are created similarly to the final ones, but they must be created in relation to the future. The strategic planning is the planning at the highest level of management, where the enterprise's management must process the information for the future development and direction of the enterprise. For this process, the managers need a sufficient amount of information, experience but also the intuition and a sense for it. "When designing data collection, crucial questions arise regarding how much data to collect and how much effort to expend to enhance the quality of the collected data." (Dominitz & Manski, 2017) The operative planning is the planning at the lowest level of management, using the information that is being garnered at this level.

### **2.3 The indicators of costs and revenues**

The indicators are variables that express the information on the actual economic situation as well as on the value expression of the transformation process in costs, revenues and the profit or loss. They can affect decision-making process in way which indicates higher outcomes. (Way, 2002) An indicator is a mediated representation of the unbiased reality that is expressed via various means of expression and units of measurement. To get a clear, faithful and reliable image of the enterprise for its management, it is necessary to use adequate indicators with a proper subject and logical determination, especially, of the following attributes:

- indicator's designation,
- unit of measurement,
- the procedure of calculation,
- determination of the data sources for the calculation,
- the frequency of reporting,
- description of the relationship with other indicators,
- economic interpretation of the results,
- determination of the way of expression – mathematic, graphical, verbal means of expression.

The value management indicators that can be used in the enterprise's management include the relative saving of costs, indicator of costliness, and the indicators of return. The characteristics of the indicators of costs and revenues are presented at a theoretical level together with adding conclusions for their usage in the practice of enterprises within global conditions. According to some authors also non-financial indicators which measure social responsibility and the level of enterprise's sustainability are very important to achieve excellence (Cierna & Sujova, 2015; Tokarcikova et al., 2015, Oikonomou et al., 2014). In the model developed by Wicker et al. e.g. which expands a new theoretical understanding of corporate social responsibility engagement indicators are an essential part of enterprise's communication. (Wicker et al., 2016)

### **3. Conclusion**

Management includes the activities that lead to the achievement of the goals set. Management is influenced by many factors in different enterprises (Kucharčíková & Mičiak, 2017). To perform the activities, information is necessary. The information that is provided by the value management tools in the enterprise serves as its support. The paper deals with this information that is in the value form, represented by the plans, budgets, and indicators of costs and revenues. The application of these tools elicits numerous questions. The effort was to answer them and to create the conditions for further discussion within the national context or within the global conditions. Global perspective offers broad possibilities of the value management for the managers in enterprises. State interventions and even some foreign interventions influence company and value management in significant way, both positively and in some cases negatively, too (Potkanova & Kucharcikova, 2016). On the other hand, it considerably affects the internal economic conditions of enterprises, including the explanatory power of the value management tools. Their subject matter consists of the costs, revenues, and the profit or loss. The sources of data are represented by the financial statements, managerial accounting, enterprise's statistics, and operative record keeping. The paper then determines the common and different features of plans and budgets and their mutual relationships. It deals with a clearly arranged determination of characteristics of costs and revenues indicators.

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# THE IMPACT OF GLOBALIZATION ON WAGE POLICY

Svetlana Fabinyjova<sup>1,a,\*</sup>

<sup>1</sup>Faculty of Management, Comenius University in Bratislava, Odbojárov 10, 820 05 Bratislava,  
Slovak Republic

<sup>a</sup>svetlana.fabinyjova@fm.uniba.sk

\*Corresponding author

**Abstract.** The aim of the article is to point out updated salary benefits and summarize knowledge from this field. Then to analyze the impact on the employee. Given the widening globalization, the economic impact, the strong impact of competition, the entrepreneurial sector have the great advantage of employing high-quality and successful employees. This results in prosperity and growth. Therefore, it is necessary to evaluate the employees adequately. In addition to the basic salary the employee receives each month for their work, they can increase their valuation by variable wage components. They are motivational components that help to increase productivity and quality of work and motivate the employee for better work performance, self-education, and so on. Employees can therefore be credited with various salaries, bonuses, personal appraisals, surcharges, compensation or wage benefits for overtime work, holidays, night work, and so on. Amendment to Act no. 311/2001 Coll. On the Labor Code, since 1 May 2018, introduced an increase in the amount of wage benefit for work during holidays and night work. For work during holidays, the highest benefit is 100 % of the employee's average earnings. Thanks to this, employees have reached higher salaries. In the next calendar year, a 100 % wage allowance is also assumed for Sunday work.

**Keywords:** wages, wage benefit, employee, globalization

**JEL Classification:** J30, J31, J33

## 1. Introduction

Podľa svetovej organizácie OECD pojem globalizácia je vo všeobecnosti používaný na progresiu internacionalizácie na trhoch tovaru a služieb, trhu s výrobnými prostriedkami, finančnými systémami, konkurenciou, korporáciami, technológiami a priemyslom. Globalizácia spôsobuje zvýšenú mobilitu kapitálu, rýchlejšie šírenie technologických inovácií ako aj rastúcu vzájomnú závislosť a jednotnosť národných trhov. Kombináciou technologického vývoja a ekonomického liberalizmu, umožňuje tovarom, službám, kapitálu, podnikom a ľuďom, aby mali dosah na akúkoľvek časť zeme rýchlo a ľahko (Nováčková, 2017). Vplyv globalizácie, rozširovanie podnikania na zahraničné trhy, zmeny v podnikateľskom prostredí, politické zmeny, ekonomické, technologické, kultúrne, sociálne zmeny, legislatívne a environmentálne vplyvy, správanie zákazníkov a veľa ďalších faktorov ovplyvňuje ekonomiku a manažment podnikateľských subjektov. Globalizácia prispela k prechodu od tradičných metód riadenia podniku k modernejším a náročnejším metódam s dôrazom na vedomosti a manažérske schopnosti (Kajanová, 2017).

Globalizácia má z časti pozitívne účinky na rast zamestnanosti na Slovensku. Avšak zmeny, ktoré so sebou prináša, vyžadujú rýchle reakcie zo strany zamestnávateľov a zamestnancov. Zakladá si na vysokých požiadavkách v oblasti sociálneho práva, sociálnej bezpečnosti či

sociálnej spravodlivosti. Dopad globalizácie má za následok flexibilitu zamestnania. Zamestnanci môžu stratiť istotu zamestnania ako množstvo podnikov pôsobiacich na Slovensku a presťahovať sa do iného štátu s nižšími výrobnými alebo pracovnými nákladmi. V minulosti bolo samozrejme mať celoživotnú prácu. Súčasne sa musíme vyrovnávať s častým striedaním pracovných náplní formou celoživotného vzdelávania. Z trvalých pracovných pomerov sa stávajú skrátené úväzky, čiastočné úväzky (part-time job), krátkodobé pomery (temporary job) alebo práca doma tzv. home office. Vďaka tomu, zamestnanci strácajú dlhoročné pracovné návyky a presvedčenie, že tvrdá práca a vzájomné záujmy so zamestnávateľom povedú k stabilite ich pracovnej pozície. Vytvorenie nových pracovných miest nadnárodnými obchodnými spoločnosťami so sebou prináša nové prvky firemnej kultúry, ktoré ovplyvňujú výrobný proces a zamestnanci sa musia prispôbiť novým trendom. (Sulíková & Strážovská, 2017).

## 2. The aim and methodology

Cieľom tohto príspevku je prezentovať výsledky výskumných aktivít zameraných na zachytenie súčasnej situácie miezd na Slovensku. Čiastkovými cieľmi sú:

- prezentovať súčasné mzdové zvýhodnenie na Slovensku,
- analyzovať dopad vplyvu mzdových zvýhodnení na zamestnanca,
- analyzovať minimálnu mzdu krajín Vyšehradskej štvorky za obdobie 2009-2017,
- identifikovať pozitívne a negatívne dopady globalizácie na vývoj miezd.

V priebehu výskumu boli použité nasledovné vedecké metódy: analýza, syntéza, dedukcia, a komparácia. V súlade so zásadami vedeckej práce štruktúra príspevku je nasledovná: úvod, cieľ a metodika, výsledky, záver a referencie. Na základe Zákonníka práce a odbornej literatúry boli spracované informácie o aktuálnej situácii mzdových zvýhodnení na Slovensku. Na základe štatistických údajov Eurostatu bola spracovaná minimálna mzda krajín V4, ktorej vývoj sme následne graficky porovnali. Zdroje potrebné k vedeckej práci sme čerpali predovšetkým zo zahraničnej odbornej literatúry, slovenskej legislatívy ako aj z tuzemskej odbornej literatúry.

## 3. Results

V trhovej ekonomike je mzda chápaná predovšetkým ako cena práce. Mzda ovplyvňuje výšku nákladov, čo znamená, že vplýva na tvorbu výsledku hospodárenia. Úroveň miezd na Slovensku a dostupnosť lacnej pracovnej sily je jednou z konkurenčných výhod pre zahraničných investorov. Výška plátov závisí najmä od dopytu a ponuky na trhu práce (Fatula, 2018).

### 3.1 Aktuálne mzdové zvýhodnenia na Slovensku

Národná rada SR schválila novelu Zákonníka práce účinnú od 01. mája 2018. Vzhľadom na ustanovené zmeny sa zvýšili príplatky za nočnú prácu, za prácu cez sviatky a víkendy. Zvyšovanie príplatkov bude pokračovať v druhej fáze od 01. mája 2019, s výnimkou príplatku za sviatok. Podľa § 122 ods. 1 zákona č. 311/2001 Z. z. Zákonník práce zamestnanec pracujúci v deň sviatku popri dosiahnutej mzde, získava právny nárok na mzdové zvýhodnenie vo výške 100 % svojho priemerného zárobku. Mzdové zvýhodnenie platí aj v prípade, že deň sviatku nastane v deň nepretržitého odpočinku zamestnanca v týždni. Podľa § 122 ods. 2 zákona č. 311/2001 Z. z. Zákonník práce pri dohode čerpania náhradného voľna vo sviatok, zamestnanec

za hodinu výkonu práce vo sviatok môže čerpať hodinu náhradného voľna. Čerpaním náhradného voľna za prácu vo sviatok stráca nárok na mzdové zvýhodnenie za prácu vo sviatok. Podľa § 123 ods. 1 zákona č. 311/2001 Z. z. Zákonník práce ak ide o zamestnanca vykonávajúceho bezrizikóvú nočnú prácu popri dosiahnutej a vopred dohodnutej mzde, patrí mu mzdové zvýhodnenie vo výške 30 % minimálnej mzdy za každú, v noci odpracovanú hodinu. Pri pravidelnosti vykonávania nočnej bezrizikovej práce, ktorú vyžaduje povaha práce alebo podmienky podniku, možno dohodnúť nižšie mzdové zvýhodnenie, ale aspoň 25 % minimálnej mzdy. V prípade, že ide o zamestnanca vykonávajúceho rizikóvú prácu v noci, prináleží mu mzdové zvýhodnenie za každú odpracovanú hodinu nočnej práce 35 % minimálnej mzdy. Podľa § 122a ods. 1 zákona č. 311/2001 Z. z. Zákonník práce zamestnancovi popri dosiahnutej a vopred dohodnutej mzde prislúcha mzdové zvýhodnenie vo výške 25 % minimálnej mzdy za každú odpracovanú hodinu v sobotu. Na pracoviskách, kde povaha práce alebo podmienky podniku vyžadujú pravidelnú práceschopnosť v sobotu, možno stanoviť nižšiu sumu mzdového zvýhodnenia, najmenej však 20 % minimálnej mzdy. Podľa § 122b ods. 1 zákona č. 311/2001 Z. z. Zákonník práce zamestnanec vykonávajúci prácu v nedeľu získava mzdové zvýhodnenie najmenej vo výške 50 % minimálnej mzdy za každú odpracovanú hodinu, vrátane dosiahnutej a vopred dohodnutej mzdy. Ak povaha práce alebo podmienky na pracovisku vyžadujú pravidelnosť vykonávať prácu v nedeľu, môže byť stanovená nižšia suma mzdového zvýhodnenia, minimálne 45 % minimálnej mzdy.

Pre porovnanie rozdielu mzdového zvýhodnenia za prácu vynaloženú vo sviatok, nočnú prácu a za prácu cez víkend uvádzame prehľadné zhrnutie za uplynulé obdobie v Tabuľke 1.

Table 1: Mzdové zvýhodnenia za vykonanú prácu

|                         |                  | do 30.04.2018 | od 01.05.2018   | od 01.05.2019    |
|-------------------------|------------------|---------------|-----------------|------------------|
| <b>Práca vo sviatok</b> |                  | 50 % PZ       | 100 % PZ        | 100 % PZ         |
| <b>Nočná práca</b>      | Nerizikóvú prácu | 20 % MM       | 30 % (*25 %) MM | 40 % (*35 %) MM  |
|                         | Rizikóvú prácu   | 20 % MM       | 35 % MM         | 50 % MM          |
| <b>Práca v sobotu</b>   |                  | 0 %           | 25 % (*20 %) MM | 50 % (*45 %) MM  |
| <b>Práca v nedeľu</b>   |                  | 0 %           | 50 % (*40 %) MM | 100 % (*90 %) MM |

Source: Vlastné spracovanie na základe údajov zo zákona č. 311/2001 Z. z. Zákonník práce

\* Pracoviská vzhľadom na povahu práce alebo podmienky vyplývajúce z podniku, vykonávajúce prevažne nočnú prácu, prácu v sobotu alebo v nedeľu môžu stanoviť, ak nejde o zamestnanca vykonávajúceho rizikóvú prácu, nižšiu sumu mzdového zvýhodnenia, najmenej však sumu uvedenú v zátvorkách.

Legenda: PZ – priemerný zárobok, MM – minimálna mzda

### 3.2 Pracovný čas pri práci na plný a čiastočný úväzok

Odpracované hodiny väčšiny pracujúcej populácie v rámci celého sveta poklesli v priemere, predovšetkým v najviac rozvinutých krajinách. Pracovný čas preto zostáva predmetom mnohých štúdií. Autor (Messenger, 2010) prezentoval priemerný týždenný pracovný čas zamestnancov pracujúcich na plný a čiastočný úväzok v rámci vybraných členských štátov EÚ. Autor sleduje všeobecný klesajúci trend členských štátov EÚ v priemere týždenný pracovný čas poklesol z 41,5 hodiny v rokoch 1998-1999 na 40,4 hodín v roku 2005. Pokles nastal vzhľadom na právnu úpravu, z dôvodu redukcie v týždennom pracovnom čase. Práca na čiastočný úväzok sa v jednotlivých krajinách EÚ líši, ale najčastejšie je kratšia ako 30 hodín týždenne. Pri pracovnom čase je potrebné brať do úvahy nielen počet odpracovaných hodín, ale aj samotné rozvrhnutie pracovného času (Messenger, 2010). Podľa autorky (Piasna,

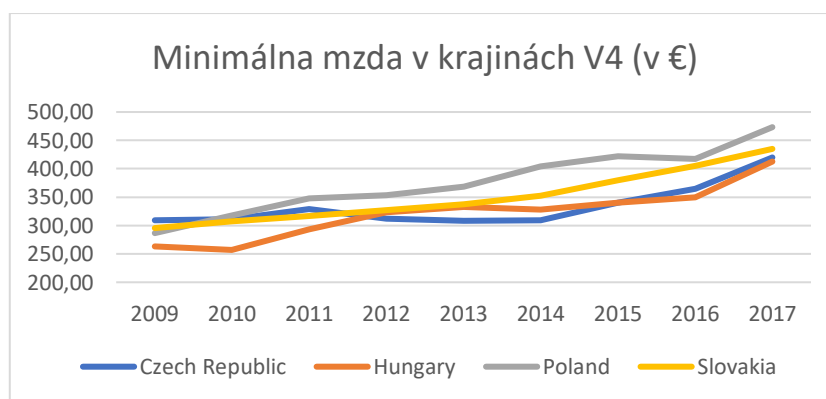
2017) existuje úzky vzťah medzi pracovným časom a intenzitou práce. Zamestnanci pracujúci na plný úväzok, ktorí vykonávajú prácu aj v noci, cez víkend alebo viac ako 10 hodín denne uviedli, že ich práca mala rýchlejšie tempo s prísnejšími termínmi jej vykonania. Naopak práca na čiastočný úväzok bola spojená s nižšou úrovňou intenzity práce. Rozvrhnutie pracovného času považuje mnoho autorov za dôležitú otázku, pretože má významný vplyv na kvalitu práce, ale aj na mentálne a fyzické zdravie zamestnancov (Piasna, 2017; Messenger, 2010; Martin et al., 2012). Ďalší výskum potvrdzuje, že zamestnanci, ktorí majú rozvrhnutý pracovný čas neštandardne, z práce odchádzajú častejšie ako zamestnanci, ktorým bol poskytnutý klasický týždenný pracovný čas (Martin et al, 2012).

### 3.3 Minimálna mzda v rámci krajín Vyšehradskej štvorky

Minimálna mzda je jednou z najdôležitejších otázok v oblasti politiky zamestnanosti. Je vnímaná ako kompromis medzi zamestnaním a rovnosťou príjmov. Odmena za prácu je tak starodávna ako samotná civilizácia (Fabo, 2017). Minimálna mzda súvisí s ekonomikou krajiny, ktorá je súčasťou základného spotrebného koša (potraviny, doprava, oblečenie, bývanie, základné lieky, energia, voda a služby) (Ponce, 2016). Jedným z cieľov minimálnej mzdy je zabezpečenie dôstojného života zamestnancov s nevyhnutnými a základnými potrebami. Vlády berú do úvahy úroveň spotrebiteľských cien pri zmene minimálnej mzdy (Pavelka, 2015). Minimálna mzda je schopná zvýšiť mzdu zamestnancov s nízkou kvalifikáciou na úkor iných výrobných faktorov, ako napríklad – kapitálu alebo vysokokvalifikovaných zamestnancov. Avšak môže viesť aj k nedobrovoľnej nezamestnanosti, a tým k zhoršeniu blahobytu zamestnancov, ktorí stratia prácu (Lee & Saez, 2012). Hlbšiu analýzu minimálnej mzdy a jej účinkov na nízko kvalifikovaných zamestnancov skúmal (Sturn, 2018).

V nasledujúcom grafe (obr. 1) je zobrazený vývoj minimálnej mzdy v krajinách Vyšehradskej štvorky za obdobie 2009 – 2017. Pri stanovení a úprave minimálnej mzdy sa zohľadňuje vývoj spotrebiteľských cien, zamestnanosti, priemerných mesačných miezd v hospodárstve SR a životného minima. Prihliada sa na celkovú ekonomickú a sociálnu situáciu v SR za posledné dva kalendárne roky.

Figure 2: Grafické znázornenie minimálnej mzdy v krajinách v4



Source: Vlastné spracovanie na základe údajov z Eurostatu, 2018

Vývoj minimálnej mzdy vo Vyšehradských krajinách je prepočítaný na národnú jednotku, t. j. euro. Pre lepšie rozlíšenie rozdielov medzi krajinami sme nastavili hranicu peňažnej jednotky od 200 €. Rozdiely medzi krajinami sú zjavné. Minimálna mzda rástla medziročne v každej krajine. Takmer každý rok bola najnižšia minimálna mzda v Maďarsku. Avšak, dôležitý fakt

je, že na konci roku 2017 boli minimálne mzdy v týchto krajinách takmer vyrovnané. Zapríčinené to je najmä legislatívou, ale aj zvýšenou globalizáciou a podporou obchodu medzi týmito krajinami. Krajiny medzi sebou veľmi úzko spolupracujú a podporujú sa v obchodovaní, výskume a technológiách.

Pre vytvorenie vyššie uvedeného grafu sme vychádzali z údajov Eurostatu, ktoré sú zhrnuté v Tabuľke 2. Tabuľka prezentuje konkrétne sumy minimálnej mzdy v krajinách V4 za sledované obdobie. Najdlhší priebeh a tiež najpomalší rast minimálnej mzdy možno pozorovať v Maďarsku. S výnimkou Slovenska sa zníženie minimálnej mzdy v krajinách vyskytlo aspoň v niekoľkých rokoch.

Table 2: Minimálna mzda v krajinách V4 (v €)

| Obdobie | Česká republika | Maďarsko | Poľsko | Slovenská republika |
|---------|-----------------|----------|--------|---------------------|
| 2009    | 309,10          | 263,30   | 286,61 | 295,50              |
| 2010    | 311,39          | 256,99   | 317,58 | 307,70              |
| 2011    | 328,61          | 293,11   | 347,34 | 317,00              |
| 2012    | 312,01          | 323,17   | 353,04 | 327,00              |
| 2013    | 308,30          | 332,37   | 368,87 | 337,70              |
| 2014    | 309,62          | 328,16   | 404,16 | 352,00              |
| 2015    | 340,35          | 340,58   | 422,35 | 380,00              |
| 2016    | 364,90          | 350,09   | 417,02 | 405,00              |
| 2017    | 419,90          | 412,66   | 473,27 | 435,00              |

Source: Vlastné spracovanie na základe údajov z Eurostatu, 2018

Najvyspelejšie krajiny, kde minimálna mzda predstavuje najvyššiu hodnotu sú Luxembursko, Írsko, Holandsko, Belgicko, Nemecko alebo Francúzsko. Krajiny Vyšehradskej štvorky sa nachádzajú takmer na posledných priečkach v rámci štátov EÚ. Konkrétne za Slovenskom sa nachádza už len šesť členských štátov, ktoré sú z dlhodobé hľadiska najmenej vyspelé z pomedzi štátov EÚ.

### 3.4 Vplyv minimálnej mzdy

V súčasnosti približne 90 % krajín vo svete má zákonom stanovenú minimálnu mzdu. Viaceré štúdie naznačujú, že zvýšenie minimálnej mzdy negatívne pôsobí na zamestnanosť, ďalšie, naopak zaznamenali pozitívny dopad. Vo všeobecnosti, účinky minimálnej mzdy na zamestnanosť by mali mať markantný vplyv na mladých ľuďoch, pretože sú menej skúsení a preto je pravdepodobnejšie, že ich minimálna mzda výrazne ovplyvňuje. Podľa autorov (Christl et al., 2018) úroveň minimálnej mzdy môže mať v skutočnosti pozitívny dopad. Hranica minimálnej mzdy je zákonom stanovená a preto je zabezpečená istota pre zamestnancov, ktorí majú nárok na úroveň minimálnej mzdy. Na druhej strane tvrdia, že má aj negatívny dopad, pretože znižuje dopyt po práci a možnosti zamestnania. Na maximalizáciu minimálnych miezd zamestnancov by mali byť minimálne mzdy stanovené tak, aby dopyt po práci bol jednotný. Proces stanovenia minimálnej mzdy je ovplyvnený špeciálnymi záujmovými skupinami, politickými preferenciami ako aj vzájomným vplyvom týchto dvoch faktorov (Lesica, 2018). Podľa autora (Šauer, R., 2018) je problematika minimálnej mzdy skúmaná z makroekonomického hľadiska. Autor použil najmodernejší model DSGE, ktorý formálne opisuje správanie ekonomických faktorov. Tento model zjednodušuje rozdelenie miezd dvomi typmi pracovníkov, ktorých označuje ako kvalifikovaných a nekvalifikovaných.

Nekvalifikovaní zamestnanci dostávajú zákonom stanovenú minimálnu mzdu a kvalifikovaní zarobia mzdu, ktorá je nad týmto minimom.

### 3.5 Vplyv globalizácie na mzdy

Podľa Mitchenera jednou z najzásadnejších otázok pri globálnom raste je otázka vplyvu na mzdy. Dôležitá je otázka ako expanzia ovplyvňuje obchod medzi rozvíjajúcimi sa a rozvinutými krajinami a ako to ovplyvňuje mzdy všeobecne vo svete. Samuelson predpokladá, že mzdy kvalifikovaných pracovníkov sa zvýšia a mzdy nekvalifikovaných sa budú znižovať v rozvinutých krajinách. Je to zapríčinené globalizáciou a teda voľným obchodom medzi krajinami (Mitchener & Yan, 2014). Zamestnanecké vzťahy vďaka globalizácii nemusia byť už iba vnútroštátne ale môžu mať aj medzištátne rozmery. Vznik globálnych podnikov, ktorých produkty sú predávané po celom svete a sústreďujú sa na medzinárodných trhoch si vyžadujú lepší prístup ako je poskytovaný na tradičných trhoch. Nezamestnanosť, poistenie v nezamestnanosti a ochrana zamestnanca môžu ovplyvniť tok zamestnancov, teda prichádzanie a odchádzanie z pracoviska ako aj prerozdelenie miezd (Murtin et al., 2014). Určenie dopadu súčasnej globalizácie na mzdy je komplikovaný, pretože obchod sa stal zložitejším. Vnútropodnikový obchod, outsourcing, offshoring a nadnárodné spoločnosti komplikujú testovanie svojich teoretických predpovedí. Štúdie skúmajúce súčasné obchodné toky sú mimoriadne náročné. Napríklad, pri premýšľaní o vplyve rozšírenia obchodu o mzdovú prirážku v rozvinutých krajinách, výskumní pracovníci musia zohľadňovať klesajúcu silu únie, klesajúcu minimálnu mzdu, zvýšenú mieru imigrácie nekvalifikovaných pracovníkov a výrazné technologické zručnosti zamerané na zmenu (Mitchener & Yan, 2014).

Medzi pozitívne faktory globalizácie, ktoré vplyvajú na mzdy môžeme zaradiť: voľný pohyb zamestnancov, tovaru a služieb, možnosť výberu pracoviska, zvýšenú konkurenciu, rozvoj informačných a komunikačných technológií, dostupnosť zahraničného vzdelávania, prílev zahraničného kapitálu, možnosť spoločných výskumných projektov. Slovensko sa snaží vyrovnávať vyspelejším krajinám aj prostredníctvom každoročného zvyšovania minimálnej mzdy. Negatívne faktory globalizácie, vplyvajúce na mzdy predstavuje: fluktuácia zamestnancov, zmeny v legislatíve a vnútroštátnych právnych predpisoch, nepodporovanie tuzemských výrobcov či odchod skúsených zamestnancov do zahraničia. Môžeme konštatovať, že výhody globalizácie prevyšujú jej negatívne stránky. (Kajanová, 2016)

## 4. Conclusion

Cieľom tohto článku bolo prezentovať novelizované mzdové zvýhodnenia a analyzovať dopad ich vplyvu na zamestnanca. Prezentované mzdové zvýhodnenia Slovenskej republiky vyplývajú z novelizácie Zákonníka práce, s účinnosťou od 1. mája 2018. Predložené mzdové zvýhodnenia sa týkajú vykonanej práce vo sviatok, práce cez víkendy a nočnej práce. Analyzovali sme, aký vplyv majú mzdové zvýhodnenia na zamestnanca. Ďalším čiastkovým cieľom bola analýza minimálnej mzdy v krajinách Vyšehradskej štvorky. Vyexportovali sme najvhodnejšie dáta z databázy Eurostatu, a zistené výsledky sme odprezentovali pomocou grafu, ktorý zobrazuje vývoj týchto miezd. Prostredníctvom vývoja minimálnych miezd Vyšehradskej štvorky sme poukázali na to, že mzdy v rámci V4 sú v súčasnej dobe porovnateľné, pričom nie vždy bolo tomu tak. Pozitívny vývoj je ovplyvnený globalizáciou, predovšetkým zvyšujúcim sa trendom v oblasti spolupráce krajín a rozvojom medzinárodného obchodu. V závere môžeme tvrdiť, že krajiny Vyšehradskej štvorky dosahujú vysoký stupeň rozvoja spolupráce a úroveň globalizácie. Tento fakt, pozitívne vplýva na mzdy, ktoré sú



každým rokom vyrovnanejšie a teda zamestnanci a podniky majú možnosť výberu miesta svojho podnikania.

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## SHARING ECONOMY AS A NEW FORM OF BUSINESS IN GLOBAL ENVIRONMENT

Miriam Garbarova<sup>1,a</sup>, Petra Holla Bachanova<sup>2,b,\*</sup>

<sup>1</sup>University of Zilina, Faculty of Operation and Economics of Transport and Communications,  
Department of Communications, Univerzitna 8215/1, 010 26 Zilina, Slovakia

<sup>2</sup>University of Zilina, Faculty of Operation and Economics of Transport and Communications,  
Department of Communications, Univerzitna 8215/1, 010 26 Zilina, Slovakia

<sup>a</sup>Miriam.Garbarova@fpedas.uniza.sk, <sup>b</sup>Petra.Bachanova@fpedas.uniza.sk

\*Miriam Garbarova

**Abstract.** The paper deals with services of the sharing economy within the Slovak Republic. A sharing economy is a new form of earnings or cost savings that has evolved thanks to the development of information and communication technologies. At present, it is an indispensable part of the economy of each country. The sharing economy has gained a gradient through the years, and admittedly, it has been adapted globally. The European Union supports innovation, competitiveness and the opportunity for new working conditions created by the sharing economy. In the more developed countries, there are many platforms of the sharing economy. This phenomenon is only at the beginning in Slovakia. The identified research problem was to determine the interest in shared services and their use regarding the population of the Slovak Republic. To achieve the aim of the paper, primary research was conducted. The research was aimed to find the interest in the use of shared services in the Slovak Republic. The questionnaire was answered by residents from all regions of the Slovak Republic. Although, the Slovak Republic is a small country, it has the potential of further development of sharing economy services and thus to help people. The necessary information had been drawn from professional publications in electronic form or directly from the websites focused on a sharing economy.

**Keywords:** sharing economy, shared services, platforms, region

**JEL Classification:** F63

### 1. Introduction

In the last couple of years, new technologies like smartphones, GPS, mobile internet or online payment systems gave rise to the innovative business model of peer-to-peer platforms that enable transactions between members of different groups of consumers. (Schwalbe, U., 2018) Marketplace offer digital platforms to connect previously unmatched demand-side and supply-side participants through innovative forms of value creation, delivery and capture. (Taeuscher & Laudien, 2018) These transactions mostly relate to durable consumer goods that often are severely underutilised. These platforms enable different consumers to use the same durable good, like a car or a flat and are thus considered as an integral part of the so-called sharing economy or collaborative consumption. As technological developments have significantly decreased the transaction costs, these business models have scaled up in an unprecedented way and became within a short time most valuable start-ups. (Schwalbe, 2018) To facilitate new organizational arrangements that include market peers who perform services with their owned assets, P2P firms require an extended investigation of how this new

arrangement can be formed and what factors drive market partners (i.e., peer service providers) to participate in this new organizational structure. (Lee et al., 2018)

Community-based platforms (CBPs) are increasingly prevalent in modern society. Inherent disintermediation and informality render these web-based systems especially attractive in the eyes of consumers, while exacerbating old problems and spawning new challenges. (Ertz et al., 2018) The emergence of numerous peer-based business models has empowered individuals across the globe to become micro-entrepreneurs, earning money from their idle property and spare time in recent years. (Lutz & Newlands) With the rising popularity of sharing-based applications such as bicycle and car sharing, the sharing economy has attracted considerable global attention. (Liu & Yang) Undoubtedly, the sharing economy is quickly becoming an important component of the economy, penetrating a growing number of economic activities (such as Airbnb, TaskRabbit, etc.) in both, developing and developed countries. The sharing economy is transforming business operations and models in many profound ways. (Jin et al., 2018) Sharing can help make goods available to many people who would otherwise have no access to them. (Schreiner et al., 2018)

The sharing economy is an economic model in which an individual can borrow and/or rent assets owned by others (Lamberton & Rose, 2012). Hamari et al. (2015) mentioned that the sharing economy is “the peer-to-peer-based activity of obtaining, giving, or sharing the access to goods and services coordinated through community-based online services.” According to Huarng (2018), the sharing economy is also popular because the extra resources can be reused which makes necessities and even luxury goods affordable.

The sharing economy has several different names such as the on-demand economy, gig economy, collaborative consumption, and collaborative economy. (Jin et al., 2018)

As the nature of social exchange in the context of the sharing economy driven mobile markets, the requirement for service quality differs from what it is in traditional online markets. (Cheng et al., 2018) Reputation is often seen as central to the coordination of transactions in sharing economy platforms. (Mikolajewska-Zajac, 2018)

Hence, sharing can be viewed as eco-friendly because it reduces the number of goods and services required, thereby reducing carbon emissions and other negative ecological influences. (Kim et al., 2018)

By European Commission (2016), the term collaborative economy refers to business models where activities are facilitated by collaborative platforms that create an open marketplace for the temporary usage of goods or services often provided by private individuals. The collaborative economy involves three categories of actors:

1. service providers who share assets, resources, time and/or skills — these can be private individuals offering services on an occasional basis (peers) or service providers acting in their professional capacity (professional services providers);
2. users of these services;
3. intermediaries that connect — via an online platform — providers with users and that facilitate transactions between them (collaborative platforms).

Collaborative economy transactions generally do not involve a change of ownership and can be carried out for profit or not-for-profit. (European Commission, 2016)

These platforms have been able to make a valuable asset from consumer goods that can satisfy people. It can be said that the shared economy increases the amount of capital in the economy, even if it does not catch by statistics offices. The result is an expansion of the consumer goods and services market, as well as greater competition on the supply side and the demand side. For consumers, it means greater prosperity and market choice, more innovation, greater product differentiation and therefore better supply-side efficiency. (Chovanculiak, 2015)

The success of collaborative platforms are at times challenging for existing market operators and practices but by enabling individual citizens to offer services, they also promote new employment opportunities, flexible working arrangements and new sources of income. (European Commission, 2016)

There are no precise rules for the functioning of the sharing economy yet. Each state can regulate it according to its criteria. However, the European Commission has issued a recommendation to the Member States. Each country where a sharing economy exists should deal with these key areas: market access requirements, liability regimes, protection of users, self-employed and workers in the collaborative economy, taxation. Given this dynamic and evolving nature, the Commission intends to establish a monitoring framework covering both the evolving regulatory environment and economic and business developments. The monitoring will aim to follow trends on price and quality of services and identify of possible obstacles and problems encountered, in particular when they arise from divergent national regulations and regulatory gapes. (European Commission, 2016)

The European Union supports innovation, competitiveness and the opportunity for new working conditions created by the shared economy. The shared economy is gaining importance, and the various Member States approach it differently. The European Union thus seeks to encourage EU countries to be open to new possibilities. However, they need to be monitored, controlled and directed. (European Commission, 2016)

Based on theoretical knowledge, we have found that the shared economy is a new form of earnings or cost savings that has evolved thanks to the development of information and communication technologies. At present, it is an indispensable part of the economy of each country. In the more developed countries, we can find many platforms of the shared economy. This phenomenon is only at the beginning in Slovakia, but it has already won many fans.

## **2. Methods**

The established research problem is to identify interest in shared services and use of them from the point of view of the population of the Slovak Republic. To achieve the stated aim, primary research was carried out within the Slovak Republic. The target group of respondents were residents living in Slovakia, who know the shared economy and its various platforms. The electronic query was chosen as a data collection method. (A questionnaire in electronic form were sent to respondents via social networks.) Region and gender categorised respondents according to pre-calculated quote. 231 respondents participated in the survey, but only 151 of them have known the shared economy.

### 3. Results and discussion

We found out where the respondents met with the shared economy. Most preferably, 41 % of respondents met with them only in Slovakia, 30 % abroad and only 29 % in Slovakia and also abroad.

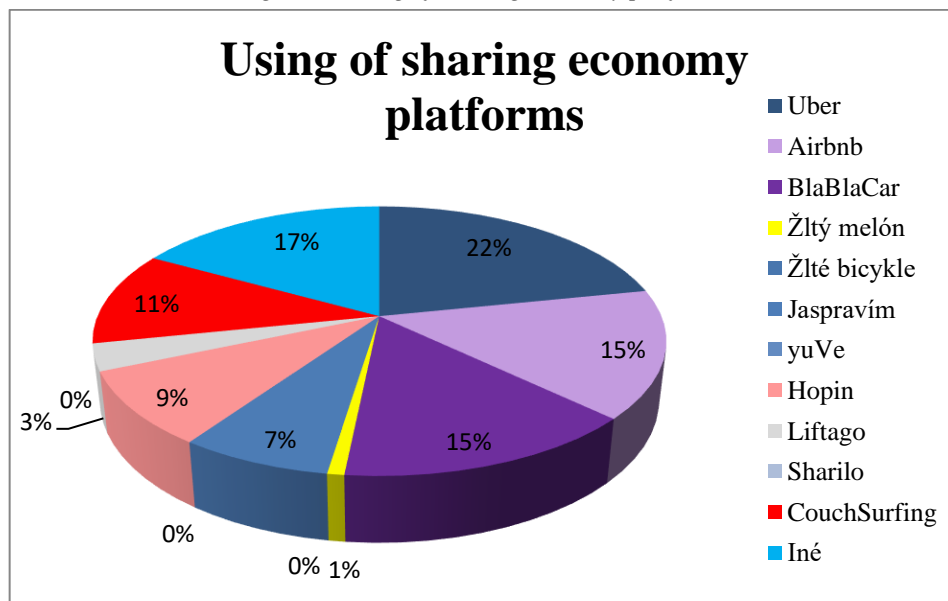
The most famous platform is “Uber”. Up to 17 % of respondents know this platform. Appropriately 15 % have “BlaBlaCar” and “Airbnb”. Least respondents know “Sharilo” platform which represents 1 % of all respondents' answers. Within the other platforms, the respondents know the Czech platform “zonky“ and “rekola“. (Figure 1.)

We found out whether respondents are directly using a shared economy service. 74 % of respondents answered "Yes" and 36 % "No".

In the Nitra Region, up to 88 % of respondents use the shared services. This Region is followed by the Košice Region, where this percentage has slightly decreased to 82 %, and in the Bratislava Region, it was 80 %. In the Žilina Region, only 58 % of respondents use the services of the shared economy. Figure 2 shows responses categorised by regions.

Respondents who are using the services of the sharing economy were asked what specific service they use. Appropriately 0 % use platforms “Žlté bicykle”, “Sharilo” and “yuVe”. Most respondents use “Uber”, counting for 22 %. “Airbnb” and “BlaBlaCar” use 15 % of respondents.

Figure 1. Using of sharing economy platforms



Source: Author

Using platforms relates with satisfaction or dissatisfaction of respondents. Even though the sharing economy is not so popular in Slovakia, respondents, who have used it, rated their personal experience as very good (47 % of the total number of respondents). Only 8 % of respondents were very dissatisfied.

We have identified the reasons for using the services of the sharing economy. 42 % of respondents try to save money through a shared economy. 23 % of respondents use services to obtain cheaper travel costs. Only 7 % of all respondents identified the option "environmental

protection". Other reason was written by 2 % of respondents, who mentioned giving better conditions as a reason.

We also found out what kind of sharing economy service respondents would welcome in Slovakia. Up to 37 % of all respondents would welcome short-term car rental, it is followed by microwork focused on certain skills tutoring with 15 %. On the contrary, only 5 % of respondents would welcome short-term rental of office space service and long-term care of a flat/house (7 %).

Regions categorised the question. In the Banská Bystrica Region, up to 62 % of respondents would welcome a short-term car rental service. It may be caused mainly by the higher unemployment rate, and therefore more people can not afford their car. In that Region, they would also like to rent skis, skates, snowboards or other sports equipment (14 %).

The situation is similar also in other regions where car rental service would be the most welcome. However, the Žilina Region is an exception. Interest in this service in the Žilina Region is only 23 %, which is also consistent with microwork focused on specific tutoring skills. 2 % of respondents also mentioned the option of "sharing knowledge".

In the Košice Region, 19 % of respondents would welcome domestic animals guarding. 9 % would welcome long-term care of a flat/house as well as rent skis, skates, snowboards or other sports equipment.

In the Prešov Region, up to 8 % of respondents would welcome short-term rental of office space. Equally, they would welcome renting motorbikes, quads and scooters. 32 % of respondents would like short-term car rentals.

In the Bratislava Region, up to 17 % of respondents would welcome the service of guarding domestic animals and microwork aimed at specific tutoring skills.

In the Trnava Region, 41 % of respondents would welcome short-term car rentals, followed by a microwork (16 %), guarding domestic animals (13 %) and long-term home care (12 %).

In the Trenčín Region, 30 % of respondents indicated their interest in short-term car rental. 19 % of respondents would be interested in renting skis, skates, snowboards or other sports equipment. 18 % of respondents would welcome a microwork.

In the Nitra Region, 46 % of respondents would welcome short-term car rental, followed by 14 % rental of motorbikes, quadricycles, scooters and rental of sports equipment.

## 4. Conclusion

In Slovakia, there are already quite a lot of platforms, through which the services of the shared economy are implemented. However, compared to other countries, it is still just beginning. Shared economy services are mostly used by young people between the age of 21 and 30, mainly by employees and students. They see the functioning of sharing services abroad or someone these services recommended to them. Their feedback on the use of services is positive, and therefore they return to these platforms and spread them among other people. People aged over 51 and retirees are still untrustworthy to these services. They do not recognise the new opportunities that the market offers. Also, most people in this category do not have modern smartphones or computers, thanks to which they could learn about the platforms and therefore use the services they offer.

Respondents mostly know the shared services operating in Slovakia. In the Žilina Region, respondents know platforms not only from Slovakia but also from abroad. Respondents from the Žilina Region know mainly platforms “Uber” and “BlaBlaCar”. The services of the sharing economy use only 58 % of respondents and 27 % were very dissatisfied with them. The reason for their use is primarily to obtain cheaper fare and saving money. In the Žilina Region, they would welcome a new service that would be based on short-term car rental or on a microwork aimed at specific tutoring skills (language, playing on a musical instrument, crochet, etc.).

Respondents from the Košice Region met with the sharing economy especially in Slovakia, where they also had an opportunity to use various services directly. The inhabitants of this region mostly know the platforms “Uber” and “BlaBlaCar”. Up to 3 % of respondents also recognise other platforms, especially the Czech platforms “Zonky” and “Rekola”. The share of use of sharing economy services amounted to 82 %, the highest in the context of other regions. They use primary “BlaBlaCar” platform, and the respondents are satisfied with the sharing economy services. Saving money is the reason why the platforms are used. Up to 40 % of respondents from this Region would welcome a new service based on short-term car sharing.

In the Prešov Region, respondents met with sharing economy services, especially in Slovakia. They mostly identify “BlaBlaCar” and “Airbnb”. Sharing economy services are used by up to 70 % of respondents, mainly “Uber” and “BlaBlaCar”. Respondents who used the service were satisfied. They use them mainly for saving money and cheaper travel costs. Most respondents would welcome a new service within the sharing economy that would be based on short-term car sharing.

Within the Trenčín Region, respondents met with sharing economy services primarily in Slovakia. “Uber” and “Airbnb” are among the platforms, which are known throughout the world as well as it is also among the inhabitants of Trenčín Region. The platforms are used by 69 % of respondents who are very satisfied with the services. Their reason for using them is mainly to save money and to increase their monthly income. Short-term rental cars would be welcomed by the majority of the Trenčín Region's respondents.

Respondents from the Trnava Region know the different platforms of the sharing economy from Slovakia. They mostly recognise the platform “Uber”. 75 % of them use those services, and they are very satisfied with them. In the case of a new service, respondents would welcome a short-term car rental.

In the Nitra Region, respondents met with sharing economy services, especially in Slovakia. “Airbnb” platform is one of the most popular in this Region, as most respondents know it. It is also one of the most used platforms together with “BlaBlaCar”. In the Nitra Region, respondents are very satisfied with sharing economy services. As a new service, they would welcome short-term car rental.

Respondents from Banská Bystrica Region recognise platforms “BlaBlaCar”, “Žlté bicykle”, “Airbnb”, “Uber” and “Liftago”. So residents of this Region have the most overview of the platforms that currently exist in Slovakia. They are used directly by 72 % of all respondents living in the Banská Bystrica Region, and they are very satisfied with these services. The primary reason for using them is to save money. Within the region, up to 62 % of respondents would welcome a new service based on short-term car sharing.

Even in the Bratislava Region, respondents mainly know Uber, BlaBlaCar, Airbnb, Hopin and Liftago. Respondents have the opportunity to meet with all of these platforms directly in the Bratislava Region. The services of the shared economy use up to 80 % of all respondents



living in this Region, and they are very satisfied with them. The most used platforms are Uber and Airbnb. Most respondents would welcome a new service based on short-term car sharing.

Although the Slovak Republic is a small country, it has the potential to develop the sharing economy service further and thus to help the people. In the future, it could attract more tourists and thus elevate the beauty of our country. We would certainly not recommend that the state or large enterprises be negatively placed on the platforms of the shared economy because they should serve mainly the middle and lower-middle class to increase their monthly income.

### Acknowledgement

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# EMPIRICAL ANALYSIS OF CHINA'S CONNECTIONS WITH SELECTED COUNTRIES IN THE CONTEXT OF GLOBALIZATION AND INTEGRATION

Monika Hadas-Dyduch<sup>1,a,\*</sup>

<sup>1</sup> University of Economics in Katowice

Department of Statistical and Mathematical Method in Economics, 1 Maja 50, 40-287 Poland

<sup>a,\*</sup> monika.dyduch@ue.katowice.pl

**Abstract.** The aim of this paper is to analyze globalization in China in the context of comparative analysis with other countries. The analysis is based on the globalization index, which combines in one number: actual economic flows, economic restrictions, data on information flows, data on personal contact and data on cultural proximity. Trend analysis and long and short period dependencies in globalization are based on the DTW algorithm and wavelet analysis. A discrete wavelet was used for wavelet analysis of the time series studied. In the process of discrete wavelet transformation, the received signal is divided into so-called approximation and detail. Approximation is then subjected to a subsequent division into further approximation and detail, while details are not subject to further divisions. In this way, the signal is presented as the sum of the approximation of the last level and the details from all levels. The study was conducted on a group of 146 countries. In the article, globalization is understood as: a process of interaction and integration among the people, companies, and governments of different nations, a process driven by international trade and investment and aided by information technology. This process has effects on the environment, on culture, on political systems, on economic development and prosperity, and on human physical well-being in societies around the world.

**Keywords:** globalization, integration, similarity, DTW, wavelet.

**JEL Classification:** B4, F59, F6

## 1. Introduction

Globalization “is a process of interaction and integration among the people, companies, and governments of different nations, a process driven by international trade and investment and aided by information technology. This process has effects on the environment, on culture, on political systems, on economic development and prosperity, and on human physical well-being in societies around the world” (Levin Institute, [www.globalization101.org](http://www.globalization101.org)). In other words, globalization is an economic, political and social process that takes on various forms and covers diverse areas, including: finance; markets and strategies, mainly competition; technology, research and development and knowledge; life styles, consumption patterns, and the consequences of the globalization of culture; the rule of law; and the political unification of the world. Following (Clark 2000, Norris 2000; Keohane & Nye 2000), globalization is defined to be the process of creating networks of connections among actors at multi-continental distances, mediated through a variety of flows including that of people, information and ideas, capital,

and goods. Globalization is conceptualized as a process that erodes national boundaries, integrates national economies, cultures, technologies and governance, and produces complex relations of mutual interdependence (Clark, 2000; Norris, 2000; Keohane & Nye, 2000; Hadaś-Dyduch, 2017). Globalization is not new. “For thousands of years, people and, later, corporations have been buying from and selling to each other in lands at great distances, such as through the famed Silk Road across Central Asia that connected China and Europe during the Middle Ages. Likewise, for centuries, people and corporations have invested in enterprises in other countries. In fact, many of the features of the current wave of globalization are similar to those prevailing before the outbreak of the First World War in 1914. But policy and technological developments of the past few decades have spurred increases in cross-border trade, investment, and migration so large that many observers believe the world has entered a qualitatively new phase in its economic development. Since 1950, for example, the volume of world trade has increased by 20 times, and from just 1997 to 1999 flows of foreign investment nearly doubled, from \$468 billion to \$827 billion. Distinguishing this current wave of globalization from earlier ones, author Thomas Friedman has said that today globalization is ‘farther, faster, cheaper, and deeper.’” (Dreher, 2006).

## 2. Empirical

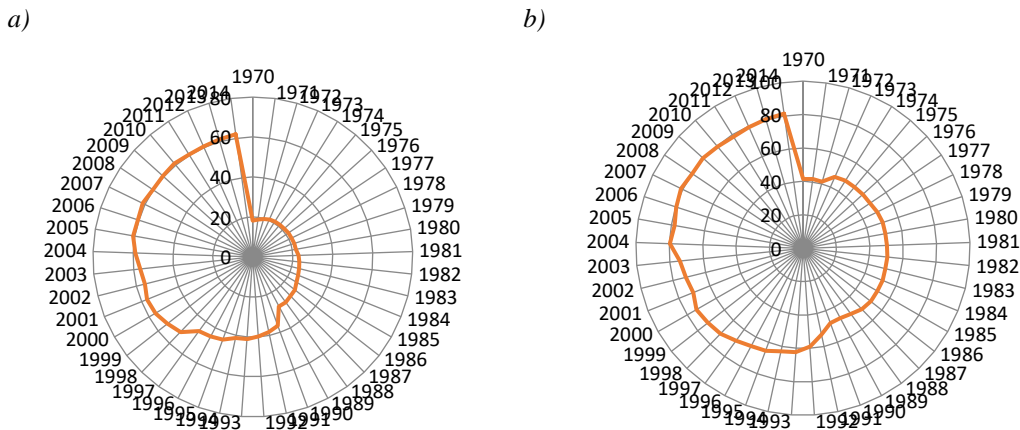
The aim of this paper is to analyze globalization in China in the context of comparative analysis with other countries. The analysis was based on the globalization index reflecting: actual economic flows, economic restrictions, data on information flows, data on personal contact and data on cultural proximity. The aim of the study is to identify states most similar to China in the context of globalization, and to determine whether the similarity is short-term or long-periodic. DTW and discrete wavelet analysis were used as a research tool. Wavelet transformation is a transformation similar to the Fourier transform. Both transformations are based on the use of the scalar product of the examined signal/s (t) and the remaining part, called the "nucleus of transformation." The main difference between these transformations is this nucleus. Wavelet analysis consists of decomposing the signal using wavelets obtained through translation and dilation of the mother wavelet. The Fourier transform as a nucleus uses sinusoidal functions (ie periodic functions representing one frequency). In the case of wavelet transformation, the wavelet is a wavelet - a special function limited by certain requirements that must be met in order for it to be used for so-called multiresolution analysis (Hadaś-Dyduch, Pietrzak & Balcerzak, 2016).

### 2.1. Empirical material

Research in the context of globalization was conducted on 146 countries. 145 countries were compared to China in the context of the pace and intensity of globalization. The research was based on the indicator of globalization, ie. The KOF Globalization Index. “The KOF Globalization Index measures the three main dimensions of globalization: economic, social and political. In addition to three indices measuring these dimensions, we calculate an overall index of globalization and sub-indices referring to: actual economic flows, economic restrictions, data on information flows, data on personal contact, and data on cultural proximity. (...) In constructing the indices of globalization, each of the variables introduced (...) is transformed to an index on a scale of one to one hundred, where one hundred is the maximum value for a specific variable over the 1970-2014 period, and one is the minimum value (...).” (Dreher, 2006). Higher values denote greater globalization. The index of Globalization for China, contains: actual economic flows, economic restrictions, data on information flows, data on

personal contact and data on cultural proximity. In the period 1970-2014 the index grew year on year by 2.83%, while in the period 2000-2014 it grew on average year-on-year by only 0.69%. In the period 1990-2000, meanwhile, the average index grew year on year by 4.4%. The largest increase in the index over the previous year occurred in 1990. At that time, the globalization index with the above-mentioned characteristics increased by 30% compared to 1989.

Figure 1: Index of China (a) and Poland (b) globalization in particular years of the research period.



Source: Own.

## 2.2. Research tool

Research tools are: DTW algorithm and discrete wavelet transform. The DTW algorithm was used to estimate the similarity of states in the context of globalization. Then to indicate the dependency time (ie short and long term relationships), wavelet analysis based on discrete wavelets was used. Wavelet analysis with applications has been widely described, among others, in the following positions: Cohen, Daubechies, Vial, 1993; Hadaś-Dyduch 2015a, 2015b, 2016a, 2016b, 2016c; Shensa, 1992; Wickerhauser, 1994. The dynamic time warping problem is stated as follows. Given two time series X, and Y, of lengths |X| and |Y|, construct a warp path W:

$$W = w_1, w_2, \dots, w_K \quad (1)$$

$$\max(|X|, |Y|) \leq K < |X| + |Y| \quad (2)$$

$$w_k = (i, j), w_{k+1} = (i', j'); i \leq i' \leq i + 1; j \leq j' \leq j + 1 \quad (3)$$

The warp path must start at the beginning of each time series at and finish at the end of both time series at  $w_K = (|X|, |Y|)$ . The optimal warp path is the warp path is the minimum-distance warp path, where the distance of a warp path W is:

$$Dist(W) = \sum_{k=1}^{K-1} Dist(w_{ki}, w_{kj}) \quad (4)$$

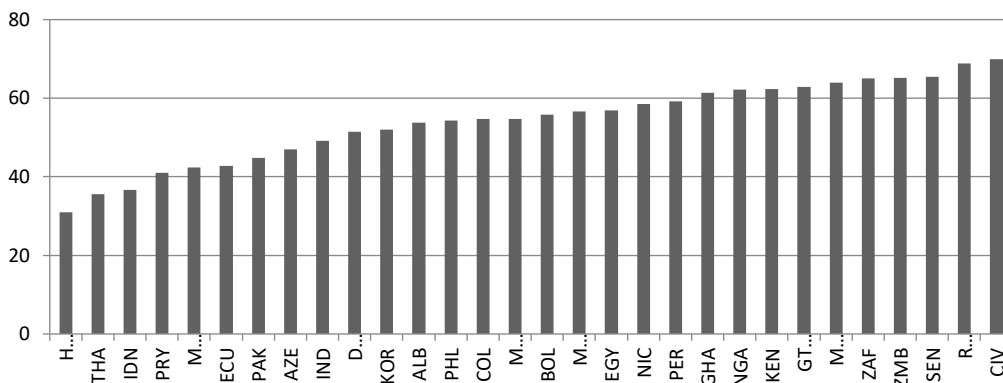
Recurrence:

$$D(i, j) = \text{Dist}(i, j) + \min[D(i - 1, j), D(i, j - 1), D(i - 1, j - 1)]. \quad (5)$$

### 3. Results and Discussion

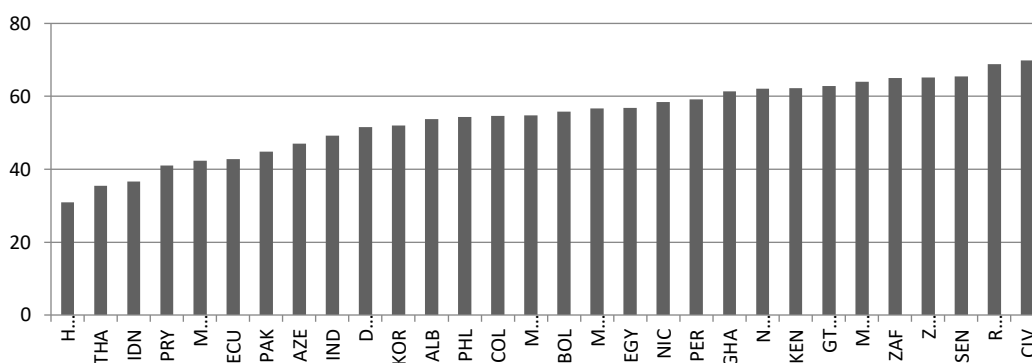
Based on the calculations, the following results were obtained. The countries closest to China in terms of globalization are: Honduras, Thailand, Indonesia, Paraguay, Moldova, Ecuador, Pakistan, Azerbaijan, India, Dominican Republic, the Republic of Korea, Albania, the Philippines, Colombia, and Mauritius. The countries least similar to China in globalization are: Iceland, Qatar, Poland, Panama, Kuwait, Greece, the United Arab Emirates, Equatorial Guinea, Hungary, Portugal, Spain, Italy, New Zealand, Finland, Germany, the United States, Australia, France, Singapore, Norway, Luxembourg, Ireland, Austria, Sweden, Denmark, Switzerland, the United Kingdom, Canada, Belgium, and the Netherlands.

Figure 3: The scale of China's similarity with the least similar countries in terms of globalization



Source: Own elaboration.

Figure 4: China's similarity with most similar countries in terms of globalization.

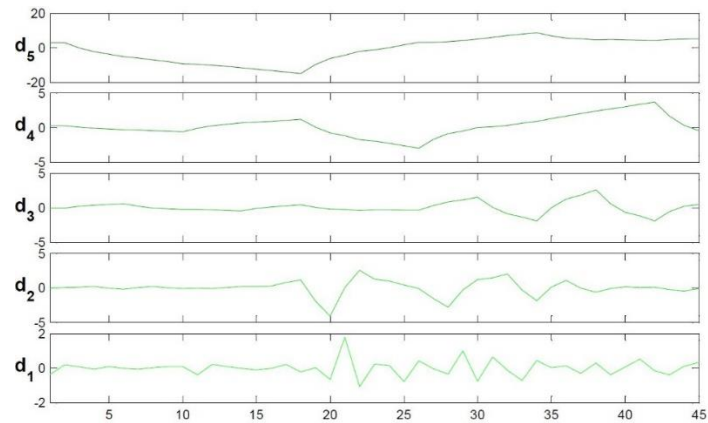


Source: Own elaboration.

The analysis shows that the indicators that shape globalization, that is: actual economic flows, economic restrictions, data on information flows, data on personal contact and data on cultural proximity, reach a level most similar to the Chinese economy in Honduras, and least similar in the Netherlands. To determine what kind of relationship we are dealing with between China and Honduras, a five-level wavelet decomposition was made. The study uses the db2 wavelet. The results of the wavelet decomposition are shown in Figures 5, 6 and 7. It is clear

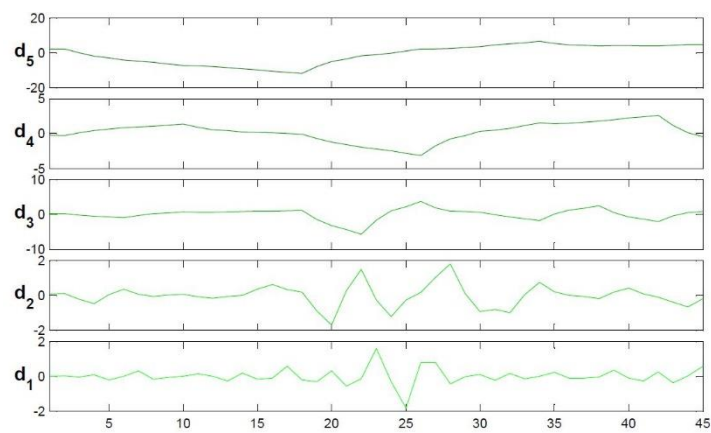
from the wavelet decomposition that states have very similar long-term fluctuations (d5). There are also similar trends around the 5-year trend.

*Figure 5: Results of wavelet decomposition for series, presenting compressed into one number, globalization for China*



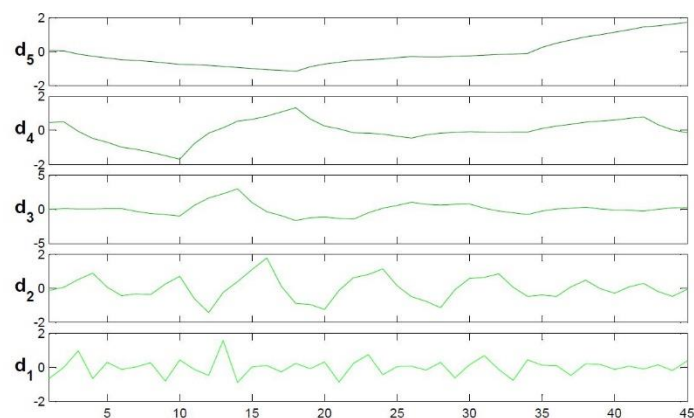
Source: Own elaboration.

*Figure 6: Results of wavelet decomposition for series, presenting compressed into one number, globalization for Honduras.*



Source: Own elaboration.

Figure 7: Results of wavelet decomposition for series, presenting compressed into one number, globalization for Netherland



Source: Own elaboration.

#### 4. Conclusion

The study showed that for each of the 145 countries analyzed in relation to China, the globalization index operates in a different way and is characterized by a different degree of stability. However, despite the great diversity of economic, cultural and capital markets in the world, the closest to the Chinese economy in the context of globalization is Honduras. It should be noted that globalization is an important issue as it is a range of processes that co-organize our shared world. As you know, today's globalization is influenced by many significant factors, including constant scientific and technical progress, international competitiveness and the various economic policies of states. Free access to the Internet and social media, the use of modern technologies, the possibility of freer movement between countries and continents etc. have resulted in globalization becoming something natural, and the pursuit of it justified. However, a lot of questions arise, for example, are we still open to globalization in times of mass migration and spreading terrorism? What should be done with favorable measures such as the IT revolution, and liberalization of capital flows. We are aware, to a greater or lesser extent, that globalization affects the creation of new or the evolution of existing processes, which we are unable to control completely, and which may be starting to show signs of pathology. On the one hand, we get a number of opportunities and benefits, on the other hand, we can suffer losses. The topic of globalization is at present the most up-to-date, so it was approached in the context of China because the Chinese are promoting themselves as the leader in globalization. The Chinese are developing through the use of the noble ideas of economic freedom developed by Western societies and experienced through isolationism, nationalism and communism. They adopt and use only those ideas that make it possible to achieve an economic and political advantage. History teaches us that new empires developed best on the ruins of previous ones. It would appear that we have a similar situation today, although decisive events may be yet to occur. The contemporary Chinese state is a unique creation with a huge territory, an enormous population, and a specific socio-economic system. Thanks to the opening of their own economy to free-floating Western capital, the Chinese have gained access to modern technologies and a proven management culture. It is due to this that their economy has achieved high efficiency and enabled the development of global corporations. This has also happened in an extremely short period of time. The presented glimpse into globalization is not the only way to analyze it. In the context of globalization and problems oscillating around this topic, it is worth to read the articles: (Acemoglu, Egorov &



Sonin, 2017; Borjas, Doran, & Shen, 2018; Bond, Lang 2018; Elsner, Ispording, 2018; Llull 2017; Theoharides, 2018; Wiswall, Zafar, 2017). An interesting way of describing globalization and internationalization is given in (Janiga-Ćmiel, 2017a, 2017b). In further studies, may be applied, the proposed method for the analysis of the relationship between the different regions in the context of a multi-dimensional, taking into account macroeconomic indicators and determine the best extension for a series of related. The study will be used results from earlier studies as well as some interesting methods used so far to the other tests for example Pietrzak & Balcerzak, (2016). Research has shown that globalization is very important, it gives a lot of possibilities.

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# PIRACY IN MARITIME TRANSPORT AND ITS IMPACT ON THE GLOBAL WORLD MARKET

Lukas Hansut<sup>1,a\*</sup>, Andrej David<sup>2,b</sup>

<sup>1</sup>Department of water transport, University of Zilina, Slovakia

<sup>2</sup>Department of water transport, University of Zilina, Slovakia

<sup>a</sup>lukas.hansut@fpedas.uniza.sk, <sup>b</sup>andrej.david@fpedas.uniza.sk

\*Corresponding author

**Abstract:** Nowadays, maritime transport has the biggest share in the transport of cargo in the world. One of its advantages is that it enables to carry a huge volume of cargo for appropriate price for the customers. In maritime transport, there are international main trade routes that link the countries of Asia, Europe and America. During the transport some incidents, such as unpredictable weather conditions, accidents between seagoing vessels, the strikes of employees in maritime ports, local war conflicts or piracy, arise that may influence it negatively. In the world, there are some areas, like the areas of the Caribbean Sea, the Indian Ocean - the Strait of Malacca, the Strait of Bab-el-Mandeb, where the attacks of pirates on seagoing vessels can threaten cargo transport. Nowadays, the pirates are very well organised, a small group of them can hijack a big container vessel or tanker. Their attacks influence the navigation of sea going vessels and transport of cargo very badly, therefore the countries have globalized and have implemented the different measures that could help to reduce them. The Regional Cooperation Agreement on Combating Piracy and Armed Robbery against ships in Asia (ReCAAP) is a multilateral agreement between 14 Asian countries, the USA, Australia and 4 European countries that promote and enhance cooperation against piracy and armed robbery against ships in Asia. The ReCAAP Information Sharing Centre (ReCAAP ISC) was established under the agreement and conducts timely and accurate information sharing on incidents of piracy and sea robbery in the Indian Ocean.

**Keywords:** maritime transport, piracy, international trade

**JEL Classification:** L91 Transportation: General

## 1. Introduction

In the last few years there has been a significant increase in the number of pirate attacks on the ships, not only commercial but also private seagoing vessels. In majority parts of the world, the modern pirates want just to capture shipping cargo, crew property and money to operate the ship. Someli pairates are a special case because they have no interest in these things. They are mainly interested in hijacking a ship and its crew members. Maritime piracy is largely carried out on the major sea routes. Organized pirate groups threaten the lives of seafarers and merchant seafarers from around the world of whom hundreds find pirate captivity every year. In global, all these issues influence negatively on the world trade market.

## 2. Modern piracy

Current maritime pirates are very well trained fighters in fast boats, equipped with satellite phones and GPS devices to detect military ships and track their movements. They are armed

with automatic weapons, anti-tank missiles and grenades. Also, a small group is able to capture the entire tanker and the crew to hold hostage, and thus to collect the high ransom. It presents a threat to the entire business world because around 86% of goods are transported to the world via maritime transport. Tankers with huge amounts of oil have to sail via risk areas before they reach the end consumers. Any attempts (both successful and unsuccessful) to attack these ships disrupt the flow of traffic, increase the cost of insurance for the ships and the freight carried, increase the cost of maritime patrols and companion ships, threatening the crew, and have many other negative impacts. Despite all the efforts by states and international organizations to combat against maritime piracy, attacks on merchant ships are more frequent and successful than ever before. In addition, pirates are more aggressive to the crew than they once were. (Townseley, 2016)

*Figure 1: An attempt to attack the seagoing ship by pirates*



*Source: (Clark, 2015)*

### **3. Current situation**

In recent times, efforts have been made to increase the security of ship passage, particularly in the Gulf of Aden. (Clark, 2015) Unfortunately, this effort is only a temporary means that will not solve the current situation due to the extent of the area of attacks. Another group of criminals at sea are the so-called pirates - terrorists who mostly belong to Al-Kaida or Al-Shabaab organisations. This group of pirates is far more dangerous than the previous group. Their main goal is to destroy or damage the global trading network and thereby cripple the performance of modern economies, causing natural disasters or to destroy strategic business ports. (Gluck, 2015) In 2016, they recorded 191 incidents of piracy and armed robbery on the world's seas. Of this:

- 150 cases of unsuccessful attacks on seagoing vessels,
- 7 cases of hijackings,
- 22 cases of attempted attacks,
- 12 cases of vessels fired upon. (Cyprus, 2017)

Figure 2: Areas of pirate attacks in the world for 2016



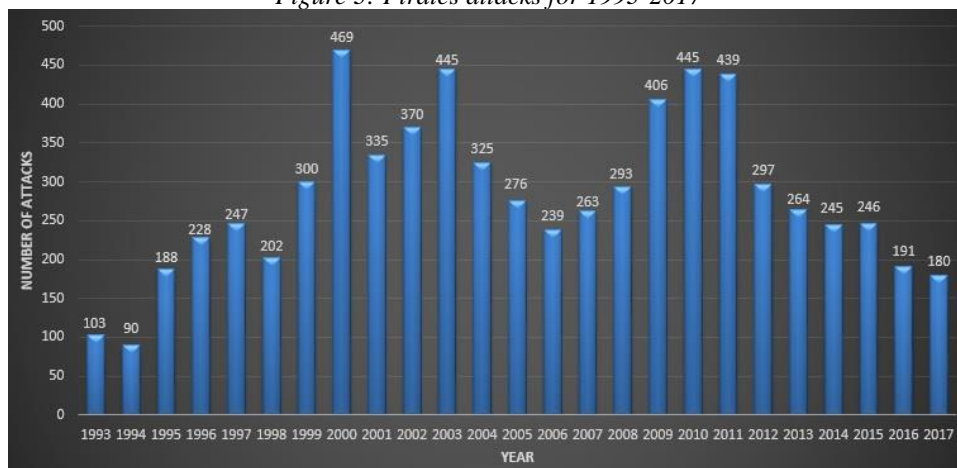
Source: (Cyprus, 2017)

Figure 2 shows parts of the world in which the pirates are located today. It is primarily about areas around the Strait of Malacca, the Gulf of Aden, the Gulf of Guinea and the Caribbean Sea.

According to available statistical data, pirate attacks are less common as before. The biggest attacks were recorded in 2000, 2003, and between 2009 and 2011. In these years there were over 400 attacks per year on maritime vessels. In 2017 there were 180 cases of attacks by Somali pirates. This is a significant decrease compared to previous periods.

Through the least squares method, it is possible to create a prognosis for the next few years from the available statistical data. One of the most important steps to solve the task is the application of the least squares method. This method enables to find a suitable function that accurately models the examined situation. (Tellinghuisen, 2018)

Figure 3: Pirates attacks for 1993-2017

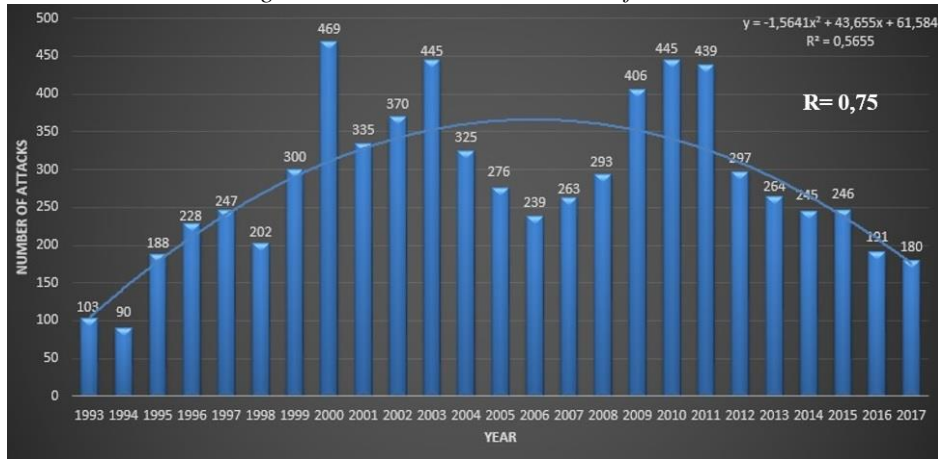


Source: (Cyprus, 2017) edit by authors

We have several options to choose from (exponential, linear, polynomial, power, moving average). However, we only choose one option that best describes the timelines we chose. To facilitate selection, we use the "R<sup>2</sup>" confidence equation. This is the coefficient, which is very important for assessing the degree of dependence. The correlation coefficient is defined as

square root of mentioned coefficient. If the value of this coefficient is closer to the value of "1", so the dependence is higher. (Zimka, 1999)

Figure 4: Trend selection and other features



Source: (Cyprus, 2017) edit by authors

In our case, the polynomial function is used. The correlation coefficient is 0.75, which indicates that the prognosis should be close to the real development. Through the generated equation "y = - 1,5641x<sup>2</sup> + 43,655x + 61,584", we calculate the data for the next years. The figure for 2018 is calculated based on the value x = 26. This number means that it is 26 data from the relevant time series.

$$y_{26} = -1,5641 * 26^2 + 43,655 * 26 + 61,584 \doteq 139 \tag{1}$$

This figure means that in 2018 will be 139 attacks by Somali pirates on seagoing vessels. In this way, we also received additional data for the following periods.

Table 1: Forecast for subsequent periods

| Year              | 2018 | 2019 | 2020 |
|-------------------|------|------|------|
| Number of Attacks | 139  | 100  | 58   |

Source: (Cyprus, 2017) edit by authors

The calculated values point to the fact that in the future, pirate attacks should decrease.

#### 4. Informational system against piracy

The Regional Cooperation Agreement on Combating Piracy and Armed Robbery against Ships in Asia (ReCAAP) is the first regional government-to-government agreement to promote and enhance cooperation against piracy and armed robbery against ships in Asia. The ReCAAP Agreement was launched in November 2006 with 14 Asian Contracting Parties including North, Southeast, and South Asian countries. It has 20 Contracting Parties today, including Europe (Norway, the Netherlands, Denmark, and the United Kingdom), Australia, and the United States. The main target of this Agreement is to enhance regional cooperation through information sharing, capacity building and cooperative arrangements in combating piracy and armed robbery against ships. (Ho, 2009)

##### Pros and cons of ReCAAP Agreement

The advantages of this system include:

## INFORMATION SHARING

Timely and accurate information sharing between ReCAAP ISC, ReCAAP Focal Points, regional authorities, and the maritime community enable timely response and accurate analysis, and promote situation awareness among key stakeholders. This allows incidents to be properly classified and more robustly analysed. Timely as well as accurate reporting and analysis also enables Coastal States to take law enforcement actions, and ship owners as well as ship masters to take risk mitigation measures.

## CAPACITY BUILDING

ReCAAP ISC organizes workshops and meetings aimed at building the capacity of ReCAAP Focal Points to operate effectively within the ReCAAP framework. These activities enhance the capabilities of the ReCAAP Focal Points in timely information sharing, strengthen cooperation among the Focal Points, and foster trust and collaboration between the Focal Points and the shipping community.

## COOPERATIVE ARRANGEMENTS

As an inclusive International Organization, ReCAAP ISC promotes cooperative arrangements with Contracting Parties, governmental agencies, International Organizations, and the maritime community.

To foster collaboration and dialogue between governmental agencies and the shipping community, ReCAAP ISC also organizes forums which bring together diverse stakeholders to discuss issues of common interest.

The disadvantages of this system include:

## CONTRACT PARTIES

Malaysia and Indonesia have not ratified the Agreement and are not part of ReCAAP. As many of the incidents of armed robbery occur within Indonesian and Malaysian waters, information from these two countries would contribute greatly to the fight against piracy and armed robbery. Therefore, it is very important to link these both countries with ReCAAP Agreement.

## OPERATIONAL ROLE

ReCAAP ISC does not have an operational role at present. This is because it receives information on piracy and armed robbery incidents from focal points, which necessarily means a delay in reporting. To improve the timeliness of reports, ReCAAP ISC could consider engaging the shipping industry and encourage ships to report directly to it. On receipt of the reports, ReCAAP could then cue the respective operations centres of its member countries, which have responsibility for deploying patrol ships on the ground. This would improve the timeliness of reports tremendously and would also speed up the response to incidents. (ISC, 2018)

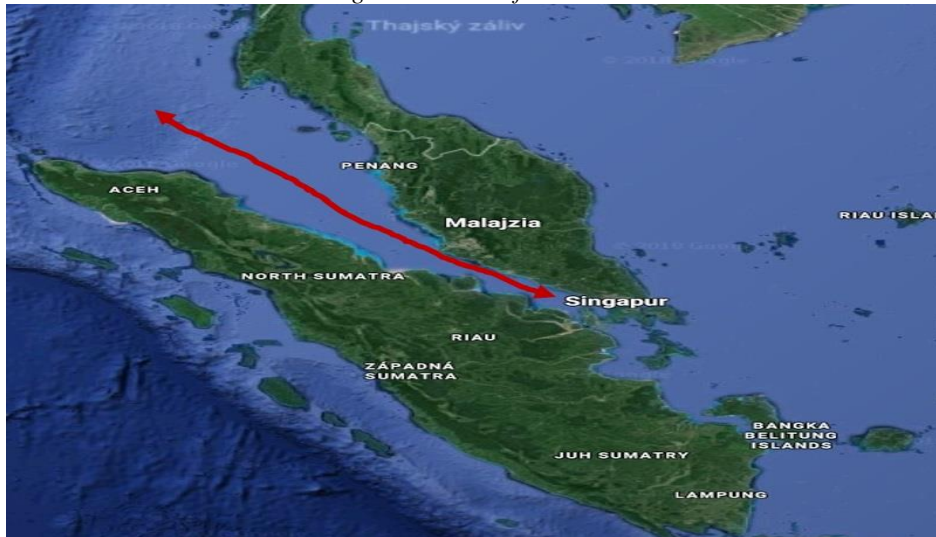
## 5. Piracy areas

**The Strait of Malacca** is located between western Malaysia and the Indonesian island of Sumatra. The strait is 805 kilometers long. One of the most important business routes passes this strait. One of the most important trade routes passes this strait between India and the Pacific Ocean, linking the main Asian economies (India, China, Japan and South Korea). Over 50 000



freight merchant ships pass through this strait every year. They represent a quarter of world trade cargo, including oil, Chinese products and Indonesian coffee. (Safuan et al., 2018)

Figure 5: Strait of Malacca



Source: (Safuan et al., 2018) edit by Authors

The main problem for realization transport by maritime transport through this strait is piracy. However, in recent years the intensity of pirate raids has decreased in this area due to the patrol boats and aircraft deployed by the governments of Indonesia, Malaysia and Singapore. Singapore also asks for the international support in the form of warships owned by the Indian government, but for political reasons, Indonesia and Malaysia disagree. The only thing agreed by all three countries is the small and lightly armed patrols of the Indian Navy operating in the Strait of Malacca since 2006. All ships with more than 500 tons of cargo must have on board safety alert systems. (Jagelcak, 2010) These systems also include ship location devices. There was also activated system which provides the most actual information about areas of attacked ships and form of attack by pirates. This system also includes information as to whether the attempted attack on the ship was successful or not. This system is called the Information Sharing Center (ISC) and is part of the "Fight against Piracy" pact. The main reason why pirates thrive in this area is the fact that there are thousands of small islands and the mouth of several rivers where pirates can safely hide and from where they can effectively overcome the ships. (Valdron, 2016)

**The Gulf of Aden** is located between Yemen and Somalia. This Gulf is linked with the Red Sea through Gulf of Bab-el-Mandab. It is a connection between the Mediterranean Sea and the Arabian Sea. Every year, there are approximately 30,000 freight ships that transport cargo and raw materials to Europe and North America. This bay also has a strategic route for oil transport from the Persian Gulf. (De Gouveia et al., 2018)

Three of the most important ports are located in this area: Aden (Yemen), Zeila (Berbera) and Bosaso (Somalia). Also, in this area, the pirates are situated. The Gulf of Aden is called as "Pirate Avenue" between sailors. The main cause of pirate raids is the unstable, corrupt, and not respected government in Somalia. This means for the country that jurisdiction, legislation or executive is not working. There is total chaos and anarchy in this country. In this area is not possible to rely on coastal patrols. (Gerges, 2002)



**The Gulf of Guinea** is part of the Atlantic Ocean in southwest Africa and is considered to be the geographic center of the Earth because it has zero latitude and longitude. It is one of the largest bays in the world with the area around 1 500 000 kilometre square. The Gulf is named according to the territory on its coast. The West African coast was originally called "Upper Guinea". The West Coast of South Africa was called "Lower Guinea". (Jacobsen, 2017)

An action plan for 2015-2020 was adopted in 2015 stating that the European Union should support the efforts of the region and its coastal states to tackle many problems in the field of maritime safety and the organization of crime. This Action Plan adopted all measures to combat maritime crime, including piracy and armed robbery at sea, illegal fishing, migratory trafficking, trafficking in human beings, drugs and weapons, as well as measures to address their root causes in order to promote long-term security and stability in the region. (Jacobsen, 2017)

**The Caribbean Sea** is the last main area which is currently moderately occupied by pirate raids. It is the part of the Atlantic Ocean lying southeast of the Gulf of Mexico that ranges between the coast of Central and South America. The Caribbean Sea is one of the largest seas in the world with the total area 2 754 000 km<sup>2</sup>. This area is important because of oil extraction and natural gas. An important part here is also fishing. Further, this area is attracted by millions of tourists who want to enjoy the exotic holiday and do not discourage them that this area is often hit by hurricanes, earthquakes or volcano eruptions. (Pennell, 2006)

## 6. Conclusion

In global measure, pirate raids have financial implications for ship-owners, freight forwarders (seller and buyer), insurance companies, but also to end consumers. The states themselves have large cost due to pirate attacks because they have to finance military operations in the Gulf of Aden, the Gulf of Guinea, the Caribbean Sea and the Malaysian Straits, and actively participate in the adoption of different safety measures. Then, the state costs are passed to taxpayers, which means that almost every citizen of the European Union, North America, Asia and other countries involved in international trade and international organizations is ultimately involved in financing this situation.

## Acknowledgment

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# SELF-EVALUATION OF STUDENTS' PROGRESS WITHIN THE ECMT ERASMUS+ IP PROGRAMME DEVELOPING ENTREPRENEURIAL AND COMMUNICATIVE SKILLS

Krystyna Heinz<sup>1,a</sup>, Martina Chylkova<sup>2,b,\*</sup>

<sup>1</sup>Department of Tourism and Leisure Activities, School of Business Administration, Silesian University, Univerzitni nam. 1934/3, 733 40 Karvina, Czech Republic

<sup>2</sup> Department of Tourism and Leisure Activities, School of Business Administration, Silesian University, Univerzitni nam. 1934/3, 733 40 Karvina, Czech Republic

<sup>a</sup>heinzova@opf.slu.cz, <sup>b</sup> chylkova@opf.slu.cz

**Abstract.** One of the most important challenges universities have to face in the time of globalization and glocalization (Voronov, De Clercq & Hinings, 2013) is the process of internationalization to support students to become competitive in the global world. The following article presents a crucial feedback both for the organizers of the Intensive Programme Entrepreneurship and Communication in Multicultural Teams within Erasmus+ who prepared and participated in the second round of the course and for the EU funds providers as the analysed data was collected from students' self-reflective diaries after the intensive course in Technical University in Wildau had been held. The programme Erasmus IP held in Wildau in February and March 2018 involved intensive two weeks of working together both of students and teachers from seven different institutions and different disciplines in order to develop their communication skills while working in multicultural workgroups on start-ups focusing on creativity and motivation (Zhu, Gardner & Chen, 2015). Having finished the course, the participants were delivered a list of eight questions related to their feedback so that the evaluators were able to process valuable information and incorporate it into the next IP preparation for the organizers and advisors (Borjas, Doran, & Shen, 2015) as well as into the online syllabi presenting one part of the project dissemination and other activities related to the project output. The goal of the research is to monitor, compare and evaluate students' progress from project partner universities to conduct an analysis of the acquired data based on information from self.-reflective essays, and above all to recommend improvements for the next round of the IP course in 2019.

**Keywords:** communication, Erasmus+, international business project, self-reflective journals, skills

**JEL Classification:** A12, A23, F16, F66, I20

## 1. Introduction

The development of cooperation and the strategy of the EU in the global world is aimed at the prosperity of the EU citizens, university students including. Therefore, European education projects have to be harmonized with the strategic priorities of the EU supporting students to become competitive (Beresova, 2017).

Students have to master new skills facilitating working in multicultural teams (Bobakova & Chylkova, 2014) and acquire a new approach to international cooperation (Heinz, 2014). Students also have to adapt to quick changes in the European environment (Dale & Robertson, 2009) and develop learning by doing (Saarikoski et al., 2015).

The following article presents a crucial feedback both for the organizers of the Intensive Programme Entrepreneurship and Communication in Multicultural Teams within Erasmus+ who prepared and participated in the second round of the course and for the EU funds providers as the analysed data was collected from students' self-reflective diaries after the intensive course in Technical University in Wildau had been held (Draghici & Ivascu, 2016).

The presented Intensive Programme brings together seven higher education institutions: Karelia University of Applied Sciences, Joensuu (Finland), Université Jean Monnet de Saint-Etienne (France), Technische Hochschule, Wildau (Germany), University of the West of Scotland, Paisley (Scotland), VIVES University College, Kortrijk (Belgium), Politechnika Poznańska, Poznań (Poland), and School of Business Administration in Karvina, Silesian University in Opava (the Czech Republic). The project develops cooperation focusing on Intensive Programmes, preparation, and implementation of common courses related to start-ups, sharing curricula, workshops for teachers, and creating a common communication platform for all the participants of the project (Evans, 2009). The main goal of the project is promotion of business education realized during common English workshops for students developing knowledge and skills in the area of management, marketing, communication, local job opportunities (Duernecker & Vega-Redondo, 2018), etc., using innovative teaching methods like for example case studies (Heinz & Orszulik, 2014), and in this way to improve employability of university graduates (Hunady, Orviska & Pizar, 2016) with the perspective of working as leaders in multicultural teams as well (Lisak, Erez, Sui & Lee, 2016).

## **2. Data gathering methods**

The programme Erasmus+ IP held in Wildau in February and March 2018 involved intensive two weeks of working together both of students and teachers from seven different institutions and different disciplines in order to reflect and develop their communication skills while working in multicultural workgroups (Covington, 2010) and being prepared for working in multicultural settings (Fitzsimmons et al., 2017). At the same time, they received input from teachers and practitioners from various backgrounds, who encouraged them to adopt a wide range of approaches (Heinz & Chylkova, 2016). The project was aimed at providing a hands-on experience over a ten-day period to enable all the participants to develop and reflect on the necessary skills and strategies to achieve effective intercultural communication within a team showing the importance of the team leader's support for the team members (Wu & Parker, 2014) and culture sensitivity (Shapiro et al., 2007), using case studies and games (Robinson, 2011) and to experience the relationship development between the future employer and the staff (Ravlin et al., 2012).

The participants of the course were delivered a list of 8 questions related to their feedback so that the evaluators were able to process valuable information and incorporate it into the next IP preparation as well as into the online syllabi presenting one part of the project dissemination and other activities related to the project output. Students were recommended to write 1,000 words and deliver their works to their coordinators after the IP course had finished.

The respondents were given instructions on how to complete a self-reflective diary and they were asked to follow the fixed structure of the document. The article focuses especially on

answers provided in questions 3, 6, 7 and 8, related to intercultural knowledge (Heizmann et al., 2018), which have been given a lot of attention in students' works (Mladkova, 20016).

1. What has the IP course taught you and how has it changed you as a person, a student, and a potential entrepreneur or an employee?
2. What skills and actions have been strengthened by the IP experience? What areas do you need to work on?
3. Has the IP experience stimulated your personal growth? If you agree, how do you plan to use what you have learned in the future?
4. What new teaching methods have you experienced in entrepreneurial and intrapreneurial approaches and how have they changed during team working?
5. Did you change your entrepreneurial idea? If yes, how? What did you abandon? What was reinforced?
6. How did you interact with other teammates? What was your role in the team? How has it changed during the IP course?
7. Have you improved your language skills and knowledge about various cultures? If you have, what kind of impact will it have on your future career?
8. Which issues related to the IP do you appreciate most? Which ones need improvement?

### **3. Evaluation of students' self-reflective essays**

The following evaluation involves teams of students coming from 4 project partner universities in Germany, the Czech Republic, Belgium, and Finland. Although opinions expressed by students have varied in a number of points, generally all the surveyed students have agreed that the ECMT IP course was a significant contribution to the development of their entrepreneurial knowledge and skills, and especially to professional networking.

#### **3.1 Evaluation of German self-reflective essays**

The German team consisted of 7 students providing, in comparison with the other teams, much more detailed and deeper information written in good English about the issues mentioned in the self-reflecting essay structure and asking themselves numerous questions about achieving team goals, being or not being a proper person for the team, or establishing relationships in the professional environment.

German students have reported that participation in the IP was an enlightenment about themselves showing being on the right track in terms of their university education and plans for the future. Although some issues had been taught at their home university, they acquired better understanding from a different perspective. Students became aware of the fact they could solve difficult tasks, delegate them, and motivate team members to focus on the main goal. Milestones set at the beginning of the course have proved to be crucial and students will definitely use them in their future studies and carriers. Students could understand how communication and work were arranged in the international surroundings and they appreciated the direct feedback from businessmen, lecturers and other more experienced students as a source of valuable remarks which could be implemented into their business areas in the future.

Students generally agree that their participation in the IP has stimulated their personal growth. Students have realized that calm discussion in teams can lead to the required results although team members' opinions are different. At the same time, they are convinced that working together in a team is more successful than working individually. Students analysed team roles in multicultural teams and they have stated that you have to respect everyone, but

there were situations when team members did not fulfil tasks and respect disappeared. They have also learned how to provide negative feedback to team members who did not perform their duties, which required dealing with conflict and finding a suitable way of communication.

Most students' attention has been devoted to communication within a multicultural team. As they emphasize, they were taught how to assess a situation and take the best action to respond to it communicating in English, which for German students was not a challenge. However, it was much more difficult to understand other team members whose level of English was lower, which means that communication skills have been developed significantly. Students also appreciate acquired culture related knowledge.

According to German students' opinions, communication between the teaching staff and teams needs improving, especially changing coaches and providing different recommendations to teams. Students also criticised changes in the schedule, having too little time for choosing a right business idea and fulfilling the milestones, and difficulties with communication through the Claroline platform. The most significant benefit seems to be developing entrepreneurial mindset leading to an idea what kind of job to apply for in the future. The IP course has brought enrichment in many aspects including, above all, making new friends and working in a multicultural team, which seems to be challenging, but at the same time rewarding (Zimmerman, 2010).

### **3.2 Evaluation of Czech self-reflective essays**

The Czech team involved 6 students studying various lines of study. All of them were very excited about the unique IP experience, which was challenging and demanding for them.

Czech students have reported that the most valuable experience was related to working in multicultural teams requiring the ability to accept different opinions being patient and empathetic, as well as being open to people met for the first time. At the same time, it is necessary to concentrate on work and react in stressful moments, which is very important for future careers. Students have also learnt that working with people is different in every new situation and that people should be flexible in looking for new solutions. A big benefit can be seen in the psychological pressure of milestones, which made multicultural teams work in an efficient way and undoubtedly contributed to developing time management skills. Students have also appreciated creative environment in Wildau and noticed a big gap between academic settings in Karvina and Wildau caused by different economic standards.

Team dynamics, and especially team roles, have been devoted the biggest attention of students as this process seemed to very time consuming, having a negative impact on the team results, especially in the area of the overall concept of the project leading to its constant changing. Some roles were overtaken too late before the final pitch, which has been considered a big mistake in a self-reflective essay. However, students have reported that working in a multicultural environment is really useful as it is necessary to work with people of various culture values, coming from different background, and strive for compromises. According to Czech students' opinions, sometimes it is better to take a step back to enable team members to think about alternative ways of teamwork. Czech students have also mentioned difficult moments during team working leading even to frustration caused by the lack of focus and effort of some team members.

In terms of language and culture skills, Czech students have reported that communication within teams was complicated because of various levels of English, which led to silent companions in the team not being able to participate in teamwork in an active way. Students

have complained about the Scottish accent that was difficult to be understood by students of other nationalities. Generally, the IP course has contributed to developing English language skills, as students were able to broaden and activate their business vocabulary and to develop their interactive English skills very often under the pressure. Presentation skills acquired during the IP course needed for the final pitch have also improved as presentations had to be prepared for potential real investors. Czech students have admitted that people of various nationalities have different mentality, which could be more or less attractive for Czechs, but at the same time, they have been aware of the fact that it is not possible to judge nationalities having met only a few representatives.

Generally, the IP course has been evaluated by Czech students in a very positive way as it contributed to the developing of numerous communication, research, team working, developing self-confidence skills, and they think that such a course is a great opportunity to stimulate students' personal growth. Czech students have objected that some workshops have not been scheduled in the adequate way, for example, Failure Management. They would also appreciate more workshops related to financial matters and team building. In negative sides of the course, Czech students have also listed changing coaches, investors who appeared not be real finally, and shortage of time to finalize the project during the second week of the course.

### **3.3 Evaluation of Belgian self-reflective essays**

The Belgian group consisted of 6 students whose opinions are less enthusiastic and more critical than those expressed by other national teams of students.

As far as the personal growth is concerned, majority of Belgian students have stated that the IP course was enriching and changing the ways of seeing entrepreneurship. They have expressed an opinion that the exposure to diverse people and experiences can uncover incorrect assumptions and missing alternatives due to overreliance on home culture background. The IP has also helped to be up to date with common knowledge and progresses at an international level, but at the same time, it has shown that international cooperation may be the source of difficulties, which led to the improvement of numerous skills. However, a Belgian student has expressed his disappointment about the IP stating that the only skill he developed is coping with frustration.

Belgian students have appreciated working together with other cultures and emphasized that it is necessary to take steps leading to minimalizing challenges and maximizing benefits of international team working by taking time to review and reflect and being aware of biases and cross-cultural differences. However, there has also been an opinion about losing valuable time in useless discussions in the team.

Belgian students have shown a very good command of both spoken and written English and communicating in the team was not difficult for them as in case of any language problems, native speakers from Scotland helped with the explanation. The Belgians have developed knowledge about other cultures, especially Czech and Polish ones, because they had never worked together with people of these nationalities.

The Belgian students have appreciated learning how to prepare a pitch as it was one of the most stressful parts of the IP course. Overcoming difficulties connected with it has supported developing their self-confidence. One of the drawbacks mentioned by the students is not being fully informed about the programme during the second week of the IP as well as not having a single coach guiding the team during the whole course. They have also stated that it would be

better to establish a balance between working hard and playing hard as they did not have time enough to get to know all the participants of the IP course.

### **3.4 Evaluation of Finnish self-reflective essays**

The Finnish team involved 6 Finnish and Asian students studying at Karelia University of Applied Sciences.

The Finnish students have stated that they enriched their communication skills when dealing with people with different culture background finding an individual approach to all various personalities. They have identified their strengths and weaknesses, which is very significant for their future careers. Moreover, they have become aware of what skills to improve and work on in the future, which means that the IP course was stimulating for them also in terms of independence.

The Finns have paid a lot of attention to team roles and team dynamics as a long time process as some students were able to understand their team roles only before the end of the IP course, therefore the team members' input was not balanced. The students have noticed numerous misunderstandings in the teamwork, which made cooperation challenging.

The Finnish students have declared that their English is very good. However, they have been able to see their progress especially in terms of practising English, which is important for them if they work in international companies. Students have also appreciated acquiring presentation skills when information is given to a large audience and learning about culture differences.

The Finns have mostly evaluated the IP course in a positive way stating that it had a good organizational structure, provided a lot of creative ideas, and students obtained a lot of support during their teamwork. However, they would appreciate more effective presentations by entrepreneurs and more interaction with the public and more team building activities in the first week of the IP course. Another objection is related to communication between teachers and students, where some misinformation and miscommunication occurred, as well as to communicating via the Claroline platform which should have been used by all the participants of the IP course.

## **4. Results and discussion**

Comparison of respondents' answers expressed in self-reflective essays has indicated a lot of similar, but also a lot of different attitudes caused most probably by various culture background, various expectations, and also by various extent of entrepreneurial and communication experience of the IP participants.

The highest extent of self-reflection has been presented in German works which provided more detailed and deeper information about their feelings asking themselves numerous questions about achieving team goals, considering themselves being or not being a proper person for the team efficiency or contribution to networking in the professional environment.

Belgian students have expressed a lot of criticism related to time management of the IP course. They seemed to be less enthusiastic about the outcomes of the project as they had already worked on similar programmes before. However, they have admitted that the IP course was enriching in terms of changing the ways of seeing entrepreneurship and developing international cooperation.



The Finns have emphasized team dynamics as a long time process and dealt with their roles played within their multicultural teams, analysing the reasons of the lack of balance related to the contribution to team working. The students have also mentioned misunderstandings occurring during cooperation, but the overall evaluation of the IP course is positive as it has provided a lot of creative entrepreneurial ideas.

Czech students in comparison with their German, Belgian and Finnish colleagues were very excited about all aspects of the IP course. The most valuable reported experience was related to working in multicultural teams and developing English language skills as students were able to broaden and activate their business vocabulary and to develop their interactive English skills. The IP course has also contributed to developing self-confidence skills and has stimulated their personal growth.

## 5. Conclusion

Having evaluated responses submitted by Czech, German, Belgian, and Finnish students, it can be stated that the Czech students have made the biggest progress in numerous aspects of the personal growth as they had not had opportunities to participate in similar European programmes before. Finnish, German, and Belgian students had been offered more courses leading to personal development in communicative and intercultural skills when developing similar projects at their home universities.

The project ECMT IP will be continued with the third round of the IP in France and it is expected to be as successful as previous courses as undoubtedly it contributes to students' being competitive in the global labour market.

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## **GLOBAL ENTREPRENEUR - ETHICAL ENTREPRENEUR**

Daniela Hrehova<sup>1,a\*</sup>

<sup>1</sup>Technical university, Vysokoskolska 4, 040 02 Kosice, Slovakia

<sup>a</sup>daniela.hrehova@tuke.sk

**Abstract.** As jobs disappear in the traditional state-owned sector, the key dynamic force in market economies, and more generally in economic development, will be global entrepreneurs. The absence of ethics, or the perception of the low level of ethics in business, was mentioned very frequently as the main barrier to people becoming an entrepreneur. The research involves methodology, aiming to study interpersonal differences in the interests of education in the field of the formation of moral personality and competence of the entrepreneur for a global market. The article explores the importance of moral-based thinking process skill development upon the progress of morals and ethics. The samples contained 799 students (as potential entrepreneurs) of non-economic study fields at Technical university in Košice in Slovakia. The author's questionnaire was administered to all participants. The data were analyzed via t-test, Anova. The findings show that influence of interpersonal differences of respondents in observed area was proven. The outcomes disclosed the efficiency of the education on the progress of student morality and ethics in entrepreneurships. Education with the application of moral based thinking process skills practice can result in the development in students' morality and ethics. Teaching ethics to students can affect their degree of ethical maturity. By handling ethical dilemmas and learning from the ensuing experience and feedback, ethical skills will develop progressively.

**Keywords:** student, skills, ethics, entrepreneurship, global labour market

**JEL Classification:** A12

### **1. Introduction**

Zmenený svet globálneho trhu práce vyžaduje, aby potencionálne pracovné sily premýšľali o svojej budúcej profesionálnej kariére. Svet bez hraníc poukazuje na zvýšenie príležitostí k podnikateľským aktivitám na globálnom trhu (Edelman at al., 2010), čo je vnímané ako bezpečná kariérna cesta (Levenson, 2010). Podnikatelia čelia mnohým výzvam v dnešnom ultrakonkurenčnom globálnom podnikateľskom svete. Žiadne etické problémy v podnikaní sa nezdajú tak významné ako tie, ktoré vytvára rýchla globalizácia (Velasquez, 2000). Podnikatelia zvyčajne žijú so stále prítomnou hrozbou zlyhania podnikania, ktorá vyplýva z obmedzených finančných zdrojov, z agresívnej konkurencie na trhu a kultúrnych rozdielov. Za týchto okolností vznikajú konfliktné situácie a podnikateľ je tak konfrontovaný s určitými etickými dilemami. Pri snahe o ich vyriešenie sa často spolieha na svoj vlastný úsudok a zručnosti, aby určil: "čo je alebo nie je morálne správne" (Robinson at al, 2007). Prakticky tlaky, ktorým čelí podnikateľ, vyzývajú pre etickú bdelosť, čo vedie k stále rastúcemu povedomiu o význame etiky.

## 2. Literature review

Rôzni ekonomickí teoretici priradujú podnikateľovi rôzne primárne úlohy, ako sú rizikové, inovátor, koordinátor, organizátor, špekulant atď. (Kirzner, 1983). Podnikatelia sú opísaní ako „ziskavatelia“ prostredníctvom práce iných, napriek tomu, že sa považujú za pozitívnu hybnú silu v hospodárskom systéme (Hébert & Link, 1988, s. 48). To nevyhnutne neznamená, že sú zobrazení ako osobnosti s vysokými morálnymi normami. Predpokladá sa, že každý jedinec disponuje súborom osobných etických hodnôt, ktoré slúžia ako štandardy pri rozhodovaní a hodnotení pri konfrontovaní s etickými výzvami. (Learned at al., 1989). Maclagan (2003) dospel k záveru, že proces rozpoznávania a riešenia každodenných etických dilém je proces, ktorý sa vyvíja iteračne / oscilačne, vyžaduje okrem kognitívnych zručností aj morálnu predstavivosť a interpersonálne zručnosti. Teal & Carrol (1999) zistili, že podnikatelia vykazujú morálne schopnosti na vyššej úrovni než manažéri strednej úrovne alebo všeobecná populácia. Zdá sa to logické vzhľadom na to, že podnikatelia častejšie musia prevziať zodpovednosť za ťažké rozhodnutia, zvlášť, ak žijú a pracujú v nových kultúrnych kontextoch. Jedným výrazným rozdielom medzi podnikateľom a inými je, že podnikateľské dilemy sa rozširujú na osobné, obchodné, rodinné a iné záležitosti, a tieto sú pravdepodobne premenené do podnikateľských aktivít. V **podnikateľskej sfére** sa v súvislosti s etikou hovorí o podnikateľskej kultúre, o presadzovaní a dodržiavaní **etického správania** a rozhodovania (ktoré by malo ústiť v sociálnu, morálnu a ekologickú zodpovednosť) (Mitchell et al., 2002), či o podnikateľských emóciách (Cardon et al., 2012), o racionalite a spravodlivosti (Stanovich, 2008) a iné. To predstavuje základ morálnych kompetencií. Iba tí, ktorí apelujú na vyššie ideály, morálne hodnoty a potreby vyššieho stupňa možno nazvať transformujúcimi sa etickými vodcami (Yukl, 1990, s. 210). Predpokladá sa, že byť úspešný podnikateľ je želaný výsledok etického správania (Townsend at al., 2010). Preto predmetom záujmu nie je výskum o individuálnych zámeroch podnikania, o záujme a osobných postojoch k podnikaniu na globálnom trhu, ale tiež o kompetencie, predovšetkým tie etické, ktoré sú rozhodujúce pre etické podnikanie (Engle et al., 2010).

## 3. Methodology

Uplatnenie absolventov vysokých škôl na trhu práce sa v súčasnosti spája nielen so schopnosťou nájsť si zamestnanie, ale aj so samozamestnaním. Náročnosť podmienok pre uplatnenie sa na trhu práce naráža o. i. aj na nadobudnuté kompetencie potrebné pre úspešné zaradenie v pracovnom procese, pre formovanie morálnej osobnosti podnikateľa, pre vykonávanie podnikateľských aktivít.

Metódy výskumu: Výskum aspiruje na zisťovanie interpohlavných diferencií v záujme ďalšieho vzdelávania v oblasti formovania osobnosti podnikateľa a jeho morálnych kompetencií uplatniteľných pri podnikateľských aktivitách na globálnom trhu. Údaje sme získavali prostredníctvom dotazníka. Nastavené indikátory v dotazníku umožnili respondentom sa vyjadriť k jednotlivým položkám na škále 1-5 skôr áno – určite áno – neviem – skôr nie – určite nie. Zber dát sme uskutočnili v roku v novembri a decembri 2017. Celková analýza výsledkov k predmetnému výskumu bude završená k 31.12.2018. Momentálne uvádzame iba časť výskumných dát.

Charakteristika súboru: Reprezentatívnu vzorku tvorili študenti tretieho ročníka bakalárskeho štúdia a prvého a druhého ročníka inžinierskeho štúdia 5 fakúlt (Stavebná fakulta, Strojnícka fakulta, Fakulta baníctva, ekológie, riadenia a technológií, Fakulta elektrotechniky a informatiky, Fakulta materiálov, metalurgie a recyklácie) Technickej univerzity v Košiciach M=1078, z toho 771 mužov a 301 žien.

### 3.1 Analýza a interpretácia výsledkov

Hodnotenie interpohlavných diferencií v rámci zisťovania okruhov vzdelávania zameraných na formovanie morálnych zručností osobnosti podnikateľa pre globálny trh ukázalo výrazne štatisticky signifikantné rozdiely takmer vo všetkých sledovaných položkách. Oblasť formovania prosociálneho správania a morálneho cítenia ( $F=17,585$  a  $p=0,00$ ), ženy ( $M=3,75$ ) považujú za oveľa menej potrebnú pre vzdelávanie ako muži ( $M=3,45$ ). Taktiež oblasť učiť sa zvykom, tradíciám inej kultúry a pravidlám etikety vykazuje štatisticky významnú rozdielnosť u oboch skupín ( $F=30,847$  a  $p=0,00$ ). Ženy ( $M=3,75$ ) v oveľa vyššej miere pokladajú za skôr nedôležité venovať pozornosť tomuto okruhu ako muži ( $M=3,44$ ). Ďalšou oblasťou kde sa prejavili veľké interpohlavné rozdiely je oblasť učiť sa identifikácii etického problému v manažérskej /podnikateľskej praxi ( $F=12,276$  a  $p=0,00$ ), ženy ( $M=4,01$ ) v oveľa vyššej miere ako muži ( $M=3,77$ ) pokladajú za menej dôležitú oblasť vzdelávania. Poslednou oblasťou, ktorá vykazuje najvyššie interpohlavné diferencie je oblasť učiť sa morálnemu a právnemu vedomiu, spravodlivosti ( $F=16,525$  a  $p=0,00$ ). Aj tejto oblasti vzdelávania ženy ( $M=4,00$ ) pripisujú väčšiu nedôležitosť ako muži ( $M=3,74$ ).

Zaujímavým zistením je, že aj oblasť získať schopnosť morálneho myslenia zahrňajúce znalosť morálnych noriem, spôsobov uvažovania o morálnych problémoch vykazuje štatisticky signifikantné rozdiely ( $F=11,604$  a  $p=0,01$ ). Ženy ( $M=4,15$ ) v oveľa vyššej miere túto oblasť považujú za dôležitú ako muži ( $M=3,92$ ). V oblasti porozumenia fungovaniu ekonomických a sociálnych vzťahov na medzinárodnej úrovni sa štatistická významnosť diferencie medzi pohlaviami ( $F=9,046$  a  $p=0,003$ ) prejavila oveľa menšou dôležitosťou, ktorú ženy ( $M=3,95$ ) tejto oblasti pripisujú ako muži ( $M=3,75$ ). Podobne sú na tom oblasti „venovať sa otázkam spravodlivosti, ľudských práv, zodpovednosti, etického kódexu, filantropii a i.“ ( $F=8,609$  a  $p=0,03$ ) a budovať schopnosti pre morálne konanie ( $F=8,749$  a  $p=0,03$ ). Taktiež aj tieto okruhy výchovy a vzdelávania považujú ženy za oveľa menej dôležité ako muži. Celkovo sú všetky oblasti vzdelávania zamerané na formovanie morálnej osobnosti podnikateľa pre globálny trh hodnotené ako skôr nedôležité, tak u mužov ako aj žien. U žien je však táto nedôležitosť oveľa vyššia ako u mužov.

Table 1: Interpohlavné diferencie v záujme ďalšieho vzdelávania v oblasti formovania morálnej osobnosti a kompetencií podnikateľa/manažéra pre globálny trh (deskriptívna štatistika + ANOVA)

| Pokladáte za dôležité venovať pozornosť týmto okruhom vzdelávania s cieľom formovať morálnu osobnosť, kompetencie podnikateľa/manažéra pre globálny trh? |       | N    | priemer | S    | Std. Error | Confidence Interval for Mean |             | Minimum | Maximum |
|--|-------|------|---------|------|------------|------------------------------|-------------|---------|---------|
|  |       |      |         |      |            | Lower Bound                  | Upper Bound |         |         |
| Formovanie prosociálneho správania a morálneho cítenia   | Muž   | 771  | 3,45    | 1,06 | ,0380      | 3,379                        | 3,529       | 1,0     | 5,0     |
|  | Žena  | 307  | 3,75    | 0,97 | ,0554      | 3,637                        | 3,855       | 1,0     | 5,0     |
|  | Total | 1078 | 3,54    | 1,04 | ,0317      | 3,475                        | 3,599       | 1,0     | 5,0     |
| Schopnosť morálneho riadenia   | Muž   | 771  | 4,04    | 1,04 | ,0376      | 3,963                        | 4,110       | 1,0     | 5,0     |
|  | Žena  | 307  | 4,15    | 0,92 | ,0524      | 4,050                        | 4,256       | 1,0     | 5,0     |
|  | Total | 1078 | 4,07    | 1,01 | ,0308      | 4,009                        | 4,130       | 1,0     | 5,0     |
|  | Muž   | 771  | 3,98    | 0,99 | ,0355      | 3,915                        | 4,054       | 1,0     | 5,0     |

|   |              |      |      |      |       |       |       |     |     |
|---|--------------|------|------|------|-------|-------|-------|-----|-----|
| Budovať medziľudské vzťahy – asertivita, empatia, dôvera pri riešení konfliktov                           | <i>Žena</i>  | 307  | 4,09 | 0,94 | ,0536 | 3,986 | 4,197 | 1,0 | 5,0 |
|   | <i>Total</i> | 1078 | 4,01 | 0,97 | ,0297 | 3,957 | 4,073 | 1,0 | 5,0 |
| Identifikovanie situácií, v ktorých je obsiahnuté morálne usudzovanie                                     | <i>Muž</i>   | 771  | 4,00 | 1,00 | ,0359 | 3,932 | 4,073 | 1,0 | 5,0 |
|   | <i>Žena</i>  | 307  | 4,11 | 0,97 | ,0555 | 3,998 | 4,217 | 1,0 | 5,0 |
|   | <i>Total</i> | 1078 | 4,03 | 0,99 | ,0302 | 3,973 | 4,092 | 1,0 | 5,0 |
| Porozumieť fungovaniu morálnych, ekonomických a sociálnych vzťahov na medzinárodnej úrovni                | <i>Muž</i>   | 771  | 3,75 | 1,00 | ,0360 | 3,682 | 3,823 | 1,0 | 5,0 |
|   | <i>Žena</i>  | 307  | 3,95 | 0,99 | ,0563 | 3,844 | 4,065 | 1,0 | 5,0 |
|   | <i>Total</i> | 1078 | 3,81 | 1,00 | ,0304 | 3,750 | 3,870 | 1,0 | 5,0 |
| Venovať sa otázkam spravodlivosti, ľudských práv, zodpovednosti, etického kódexu, filantropii a i.        | <i>Muž</i>   | 771  | 3,60 | 1,06 | ,0382 | 3,523 | 3,673 | 1,0 | 5,0 |
|   | <i>Žena</i>  | 307  | 3,81 | 1,06 | ,0605 | 3,689 | 3,927 | 1,0 | 5,0 |
|   | <i>Total</i> | 1078 | 3,66 | 1,06 | ,0324 | 3,594 | 3,721 | 1,0 | 5,0 |
| Pochopiť potrebu—vzdelávania v oblasti morálnych kompetencií  | <i>Muž</i>   | 771  | 3,83 | 1,03 | ,0371 | 3,759 | 3,904 | 1,0 | 5,0 |
|   | <i>Žena</i>  | 307  | 4,03 | 0,99 | ,0567 | 3,921 | 4,144 | 1,0 | 5,0 |
|   | <i>Total</i> | 1078 | 3,89 | 1,02 | ,0312 | 3,828 | 3,950 | 1,0 | 5,0 |
| Získať schopnosť morálneho myslenia zahŕňajúce znalosť noriem, spôsobov uvažovania o morálnych problémoch | <i>Muž</i>   | 771  | 3,92 | 1,01 | ,0363 | 3,850 | 3,992 | 1,0 | 5,0 |
|   | <i>Žena</i>  | 307  | 4,15 | 0,97 | ,0553 | 4,041 | 4,259 | 1,0 | 5,0 |
|   | <i>Total</i> | 1078 | 3,99 | 1,00 | ,0305 | 3,926 | 4,046 | 1,0 | 5,0 |
| Budovať schopnosti pre morálne konanie  | <i>Muž</i>   | 771  | 3,58 | 0,99 | ,0358 | 3,511 | 3,651 | 1,0 | 5,0 |
|   | <i>Žena</i>  | 307  | 3,78 | 0,98 | ,0558 | 3,669 | 3,888 | 1,0 | 5,0 |
|   | <i>Total</i> | 1078 | 3,64 | 0,99 | ,0302 | 3,578 | 3,697 | 1,0 | 5,0 |
| Učiť sa sebaovládaniu a morálnym hodnotám   | <i>Muž</i>   | 771  | 3,91 | 1,06 | ,0381 | 3,837 | 3,987 | 1,0 | 5,0 |
|   | <i>Žena</i>  | 307  | 4,11 | 0,98 | ,0561 | 3,997 | 4,218 | 1,0 | 5,0 |
|   | <i>Total</i> | 1078 | 3,97 | 1,04 | ,0317 | 3,905 | 4,030 | 1,0 | 5,0 |
| Učiť sa zvykom, tradíciám inej kultúry a pravidlám biznis etikety   | <i>Muž</i>   | 771  | 3,34 | 1,10 | ,0398 | 3,264 | 3,421 | 1,0 | 5,0 |
|   | <i>Žena</i>  | 307  | 3,75 | 1,03 | ,0591 | 3,633 | 3,865 | 1,0 | 5,0 |
|   | <i>Total</i> | 1078 | 3,46 | 1,10 | ,0335 | 3,393 | 3,524 | 1,0 | 5,0 |
| Učiť sa identifikácii etického problému v manažérskej /podnikateľskej praxi                               | <i>Muž</i>   | 771  | 3,77 | 1,05 | ,0379 | 3,695 | 3,843 | 1,0 | 5,0 |
|   | <i>Žena</i>  | 307  | 4,01 | 0,98 | ,0559 | 3,903 | 4,123 | 1,0 | 5,0 |
|   | <i>Total</i> | 1078 | 3,84 | 1,04 | ,0316 | 3,777 | 3,901 | 1,0 | 5,0 |
| Učiť sa morálnemu a právnenému vedomiu, spravodlivosti  | <i>Muž</i>   | 771  | 3,73 | 1,03 | ,0372 | 3,652 | 3,798 | 1,0 | 5,0 |
|   | <i>Žena</i>  | 307  | 4,00 | 0,96 | ,0549 | 3,895 | 4,111 | 1,0 | 5,0 |
|   | <i>Total</i> | 1078 | 3,80 | 1,02 | ,0311 | 3,743 | 3,865 | 1,0 | 5,0 |

| <b>Pokladáte za dôležité venovať pozornosť týmto okruhom vzdelávania s cieľom formovať morálnu osobnosť, kompetencie podnikateľa/manažéra</b> | <b>Sum of Squares</b> | <b>df</b> | <b>Mean Square</b> | <b>F</b> | <b>Sig.</b> |
|---|-----------------------|-----------|--------------------|----------|-------------|
|---|-----------------------|-----------|--------------------|----------|-------------|

|  |                |          |         |       |               |             |
|--|----------------|----------|---------|-------|---------------|-------------|
| <b>pre globálny trh?</b>   |                |          |         |       |               |             |
| Identifikovanie situácií, v ktorých je obsiahnuté morálne usudzovanie                              | Between Groups | 2,416    | 1,00    | 2,42  | 2,468         | ,116        |
|  | Within Groups  | 1053,448 | 1076,00 | 0,98  |               |             |
|  | Total          | 1055,864 | 1077,00 |       |               |             |
| Porozumieť fungovaniu morálnych, ekonomických a sociálnych vzťahov na medzinárodnej úrovni         | Between Groups | 8,971    | 1,00    | 8,97  | <b>9,046</b>  | <b>,003</b> |
|  | Within Groups  | 1067,045 | 1076,00 | 0,99  |               |             |
|  | Total          | 1076,016 | 1077,00 |       |               |             |
| Venovať sa otázkam spravodlivosti, ľudských práv, zodpovednosti, etického kódexu, filantropii a i. | Between Groups | 9,673    | 1,00    | 9,67  | <b>8,609</b>  | <b>,003</b> |
|  | Within Groups  | 1209,018 | 1076,00 | 1,12  |               |             |
|  | Total          | 1218,691 | 1077,00 |       |               |             |
| Pochopiť potrebu-vzdelávania sa v oblasti morálnych kompetencií                                    | Between Groups | 8,887    | 1,00    | 8,89  | <b>8,540</b>  | <b>,004</b> |
|  | Within Groups  | 1119,755 | 1076,00 | 1,04  |               |             |
|  | Total          | 1128,642 | 1077,00 |       |               |             |
| Budovať medziľudské vzťahy – asertivita, empatia, dôvera pri riešení konfliktov                    | Between Groups | 11,510   | 1,00    | 11,51 | <b>11,604</b> | <b>,001</b> |
|  | Within Groups  | 1067,281 | 1076,00 | 0,99  |               |             |
|  | Total          | 1078,791 | 1077,00 |       |               |             |
| Budovať schopnosti pre morálne konanie   | Between Groups | 8,559    | 1,00    | 8,56  | <b>8,749</b>  | <b>,003</b> |
|  | Within Groups  | 1052,622 | 1076,00 | 0,98  |               |             |
|  | Total          | 1061,181 | 1077,00 |       |               |             |
| Učiť sa sebaovládaniu a morálnym hodnotám  | Between Groups | 8,408    | 1,00    | 8,41  | <b>7,830</b>  | <b>,005</b> |
|  | Within Groups  | 1155,455 | 1076,00 | 1,07  |               |             |
|  | Total          | 1163,864 | 1077,00 |       |               |             |
| Učiť sa zvykom, tradíciám inej kultúry a pravidlám biznis etikety                                  | Between Groups | 36,331   | 1,00    | 36,33 | <b>30,847</b> | <b>,000</b> |
|  | Within Groups  | 1267,290 | 1076,00 | 1,18  |               |             |
|  | Total          | 1303,622 | 1077,00 |       |               |             |
| Učiť sa identifikácii etického problému v manažérskej /podnikateľskej praxi                        | Between Groups | 13,061   | 1,00    | 13,06 | <b>12,276</b> | <b>,000</b> |
|  | Within Groups  | 1144,853 | 1076,00 | 1,06  |               |             |
|  | Total          | 1157,915 | 1077,00 |       |               |             |
| Učiť sa morálnemu a právnenému vedomiu, spravodlivosti   | Between Groups | 16,997   | 1,00    | 17,00 | <b>16,525</b> | <b>,000</b> |
|  | Within Groups  | 1106,704 | 1076,00 | 1,03  |               |             |
|  | Total          | 1123,700 | 1077,00 |       |               |             |

Source: Autor



## 4. Discussion

Výsledky výskumu ukázali výrazne štatisticky významné rozdiely takmer vo všetkých sledovaných položkách. Poodhalili interpodhlavné diferencie v rámci zisťovania záujmu okruhov vzdelávania zameraných na formovanie morálnych zručností osobnosti podnikateľa. Zaujímavý alebo dôležitý je poznatok, že študenti nevyužívajú možnosti premýšľať o takýchto otázkach, ak naozaj nemusia. To korešponduje s výskumom (Rissane & Löfström, 2014), v ktorom výsledky naznačili, že nie je štatisticky významný vzťah medzi stupňami vysokoškolského štúdia v záujme študentov venovať pozornosť úvahám o etickom správaní a konaní. Prítomnosť zlyhania alebo potenciálne porušenie pravidiel správania však spúšťa morálne uvedomenie (Reynolds, 2006) a záujem o etické otázky. Preto je povzbudzujúce, že študenti dobrovoľne venovali čas obsahovému prehodnoteniu skúmanej problematiky. Zistenia tohto výskumu ďalej odhaľujú, že každý podnikateľ má výrazný pohľad na svet, ktorý je reprezentovaný komplexnou mozaikou etickej cnosti, deontológie, utilitarizmu a meta-etických perspektív. Permutácie sú početné, ale zároveň v rozpore s názorom iných autorov (Robinson at al., 2007), pretože vraj každý pokus o „eticke formovanie“ podnikateľov je zbytočný. Tí identifikovali, že rozhodujúce sú aspekty podnikateľského prostredia, ktoré ovplyvňujú spôsob, akým podnikatelia rozhodujú o tom, čo je eticky vhodné. Patria medzi ne úvahy o kultúrnej rozmanitosti, sloboda konania, podmienky pre podnikanie, osobná energia, existencia etickej citlivosti, vnútorné hodnoty a i. Pri rozhodovaní bez čestného základu môžu byť podnikatelia ovládaní zlozvykmi, ako je chamtivosť alebo sebeckosť. Tým že predstavujú chrbticu národného hospodárstva, preto absolvovanie vzdelávania a odbornej prípravy sa nemože zaoberať bez dôrazu na etické aspekty (Nilsson, 2012) a na všetkých úrovniach vzdelávania (Ondracek et al., 2011). Od vysokej školy sa očakáva „vytvoriť“ spoľahlivých a morálne hodnotových podnikateľov (Jones & Hegarty, 2011). To je v súlade aj s naším cieľom. Ambíciou výsledkov z výskumu bolo nájsť vhodný „kľúč“ ako posilniť etické kompetencie a formovať osobnosť potenciálnych podnikateľov pre úspešnosť ich podnikateľských aktivít. Vo výučbe spoločenskovedných predmetov na vysokých školách technického zamerania vidíme potenciál, ktorý chceme využiť na otvorenie a riešenie otázok skúmanej problematiky. Lans at al. (2008) uvádzajú, že úlohou vytvoriť vzdelávacie prostredie, ktoré sa zameriava na podnikové plánovanie, obchodné zručnosti a manažérske schopnosti, etiku a etické obchodné praktiky (Hollis & Yakhou, 2008, Anggraeni, 2014). Baron a Markman (2000) odhaľujú, že tzv. "patentovanie morálky v podnikaní" nemôže byť oddelené od hľadania maximalizáciu zisku a spoločensky zodpovedného podnikania (Herman & Anggraeni, 2015).

## 5. Conclusion

Morálka v podnikaní sa objavila ako technika na definovanie a riešenie podnikateľských problémov. Je zrejmé, že obchodné rozhodnutia obsahujú obchodné aj etické aspekty. Podnikatelia sa zdajú byť poháňaní štyrmi kľúčovými motívmi, a to cieľová orientácia, pocit osobného vzrušenia, vnútorné presvedčenie, autonómia a externé uznanie úspechu. Univerzitám, ktoré si dávajú za cieľ vzdelávať potenciálnych podnikateľov, by mal okrem posúvaní zabehnutých poučiek a teórií pribudnúť aj ďalší rozmer. Vysvetliť študentom, že podnikanie je „veda“, v ktorej by sa mala aplikovať aj nevyhnutná miera etiky a korektného správania. Empirické zistenia nám umožnili považovať nad nastavením cielenejšej prípravy budúcich absolventov technického zamerania. Pretože etická príprava môže ovplyvňovať procesy myslenia, ktoré sa týkajú morálneho správania. Univerzitné vzdelávanie práve v tejto oblasti, predovšetkým prostredníctvom spoločenskovedných predmetov, je významným krokom.

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# INFLUENCE OF GLOBALIZATION ON WORK RELATIONSHIPS

Darina Chlebikova<sup>1,a,\*</sup>, Pavol Durana<sup>2,b</sup>

<sup>1</sup>University of Zilina, Faculty of Operation and Economics of Transport and Communications,  
Department of Economics, Univerzitna 1, 010 26 Zilina, Slovak republic

<sup>2</sup> University of Zilina, Faculty of Operation and Economics of Transport and Communications,  
Department of Economics, Univerzitna 1, 010 26 Zilina, Slovak republic

<sup>a</sup>darina.chlebikova@fpedas.uniza.sk

<sup>b</sup>pavol.durana@fpedas.uniza.sk

\*Corresponding author

**Abstract.** The paper deals with the influence of globalization on work relationships in the companies in the Slovak republic. The aim of the article is to describe the change in work relationships in Slovak companies and to identify the influence of globalization on this phenomenon. The employees enter in each company into a complicated system of positive and negative, formal and informal work relationships. Formal relationships are governed by the various rules and regulations that apply within a given group, company, nation or worldwide. Informal relationships are the result of mutual contacts and their formation is conditioned by social interests and ideals. Work relationships are influenced by an amount of internal as well as global factors. Internal factors lead to changes in areas such as the characteristics of employees and managers, the style of work, work satisfaction, the communication or the solution of the conflicts. Global factors lead to total change of the approaches to work relationships. On the base of analysing and comparing of the surveys realized in the year 2012 and in the year 2018, the difference in the level of work relationships will be detected. The detected space will be analysed a will generate the possible key global reasons that could cause it and will recommend the next potential manners of development of work relationships in Slovak as well as in the international conditions.

**Keywords:** communication, employees, management, work relationships.

**JEL Classification:** D83, M12, O15.

## 1. Introduction

The relationships between employees at the workplace are always of great importance. The truth of this fact proves everyday practices of the enterprise also many studies concerned to this area. The issue of work relationships discuss Rotemberg (1994) and Ferris et al. (2009). Berman (2002) looked for policies and strategies that affect workplace friendship. Gogolova et al. (2015) complement, that it is employer's effort to present good working environments and conditions and to give a positive image about the company. The meaning of positive work relationships highlight Blatt & Ragins (2007) and Ragins & Dutton (2007). How employees' moods, emotions, and dispositional affect influence critical organizational outcomes such as job performance, decision making, creativity, turnover, prosocial behaviour, teamwork, negotiation, and leadership describe Barsade & Gibson (2007). Lockaby (2006) presents proven practices to build effective relationships at work. On the contrary, ineffective resp. negative

work relationships often lead to conflicts. The conflict is a stretch of two or more incompatible opinions or irreconcilable parties that cannot or do not want to agree. The conflict is valuable information that signals that something is wrong, and it is necessary to solve (Cejthamr & Dedina, 2010). Conflicts in workplaces are dealt with in articles of Pondy (1967) and Horton et al. (2014). Dirks et al. (2009) deliver the ways of repairing relationships within and between enterprises. Kachanakova et al. (2013) note that the principal base of work relationships is formal as well as informal communications. Necessary condition of functioning system of communication is the fact that the employees was informed about everything, what they have to know and they could comment on business matters. That is way we focus our research of work relationships in this paper on work communication. Each enterprise has its own communication environment influenced work relationships and communication channels depend on many factors, for example size of the enterprise. Edwards et al. (2006) and Edwards & Ram (2006) look at work relationships in small enterprises.

## 2. Theoretical background

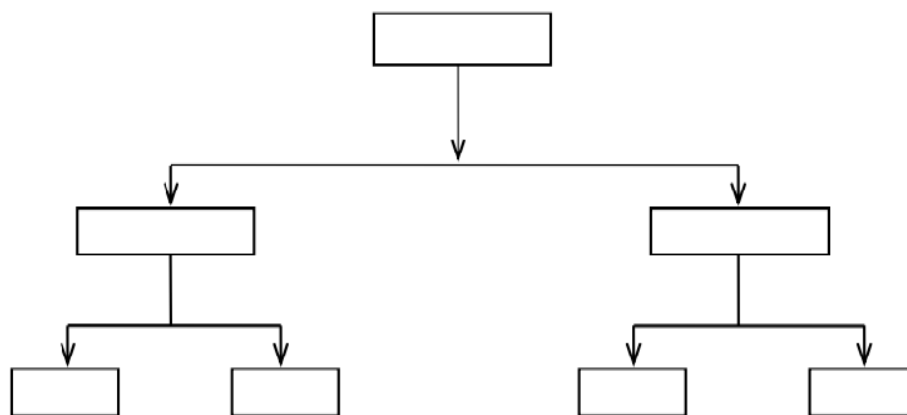
Szarkova (2002) defines that communication in the enterprise is at two basic levels. It is a vertical and horizontal communication. Harausova (2013) complements the third direction of communication, diagonal. In these directions, different types of information, messages, links, and commands are transmitted and received. Communication can be formal and informal in all directions.

### Vertical communication

Vertical relationships exist between leaders and subordinates because they arise and develop on the basis of different work positions (Mills, 2002).

#### *Downward vertical communication*

Figure 1: Downward vertical communication (from top to bottom)



Source: Harausova (2013)

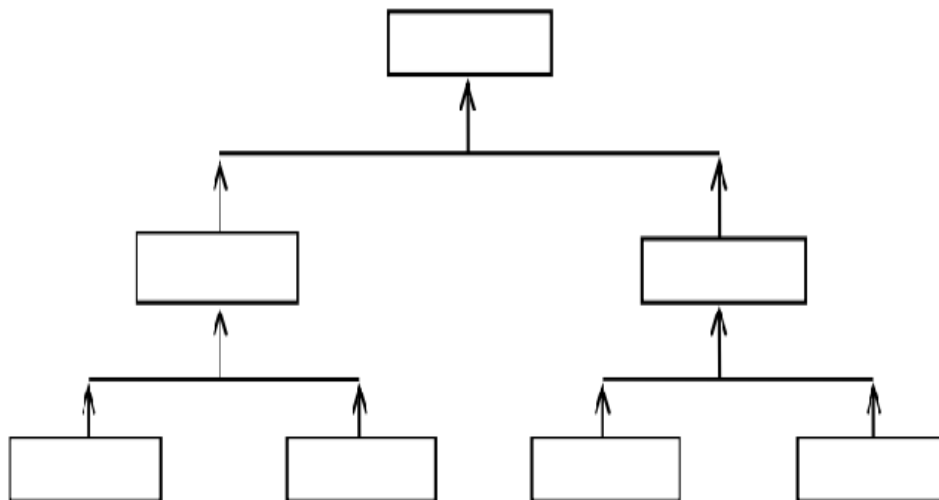
Vertical downward communication is realized the transfer of information from the managers to the employees. For information transfer is primarily used formal written, oral and electronic form of communication. The enterprise has developed several types of downwards communication. The most well-known types of communications are: work commands and instructions that specify, define and guide employee tasks, workbooks, regulations, brochures, work and organizational rules, guidelines that clarify the necessity and way of performing tasks,

connectivity and continuity with other activities of the enterprise and define the responsibilities, powers and responsibilities of the employees, employee-oriented information providers, including newsletters, boards, posters, audiovisual media, magazines, newspapers, bulletins and letters (Harausova, 2013).

### ***Upward vertical communication***

Upward vertical communication refers to information, messages, and links coming from employees to the managers. Every enterprise should strive to ensure effective upward communication, to have feedback on the performance of work tasks, the achievement of the goals, and the problems that arise at the lowest levels of the organizational hierarchy (Harausova, 2013). In the enterprise is possible distinguish these types of communication upwards: links that are responsive to work performance and employee issues, links to positions and opinions of the practices of the enterprise and policies, links that inform about activities and tasks (Harausova, 2013). Upward communication has several advantages: it provides information to the management about whether the employees have accepted proposals of the managers, plans, policies, enables employees to participate actively in the decision-making process, and therefore satisfies their needs to participate in value creation, can appeal to and raise the attention of superiors to the upcoming problems that are so far isolated, provides insights into work improvement, provide the information about employee feelings about the work and work issues (Harausova, 2013).

*Figure 2: Upward vertical communication (from bottom to top)*



*Source: Harausova (2013)*

### **Horizontal communication**

Horizontal communication takes place among the employees of the at the same hierarchical level. Harausova (2013) quoting Donnelly (2002) states that in enterprises, this form of communication is often overlooked and appropriate conditions are not created for it. Harausova (2013) argues that this form of communication in the enterprise is also important because it can fulfil several functions: to solve problems, to provide information, the work of which has been shared by different working teams, to promote the coordination of tasks between departments and teams, to strengthen and increase the morale, to provide means to resolve conflicts.

## **Diagonal communication**

Diagonal communication takes place in the form of interviews, debates, among the employees of different hierarchical levels and functional departments polemics (Veber, 2006). Diagonal communication can be characterized by the following aspects: it includes inter-group relationships (may be unclear), irregular, management delivers new specialists, is a prerequisite for the teamwork. The media of diagonal communication are: conferences, meetings, small group discussions, training sessions, training programs, training sessions, meetings with (external) group representatives, collective negotiation at various levels of the management and the enterprise, daily coordination of tasks among the managers of different departments and project teams (Harausova, 2013).

## **3. Paper objective and methodology**

The aim of the paper is to analyse current situation of work relationships in Slovak enterprises and to compare to the situation in the past, concretely used methods of vertical communication. There were 2 key issues of finding out:

1. percentage proportion of used methods to communicate key information to the employees,
2. percentage proportion of used methods to communicate information from the employees to the management,

The information used in the article was gained from the primary and secondary sources:

- a) primary sources – the survey made by authors. The survey was realized in the year 2018. There were 387 respondents and the aim of survey was to detect the level of work relationships in Slovak enterprises. Minimal sample was defined at level 383 companies by survey calculator. The questions had close form and it was random sample.
- b) secondary sources – the survey made by Kachanakova, Stachova and Stacho in the years 2010 – 2012. The survey sample of enterprises was random. We only used last stage of their survey in year 2012 and there were 340 respondents. The questions had form of an open, close and scale questions. The main target of annual survey was to detect the way of human resources management in Slovak enterprises. The next sources were foreign and domestic literature and articles related to presented issue. Work relationships was the key area of the interest.

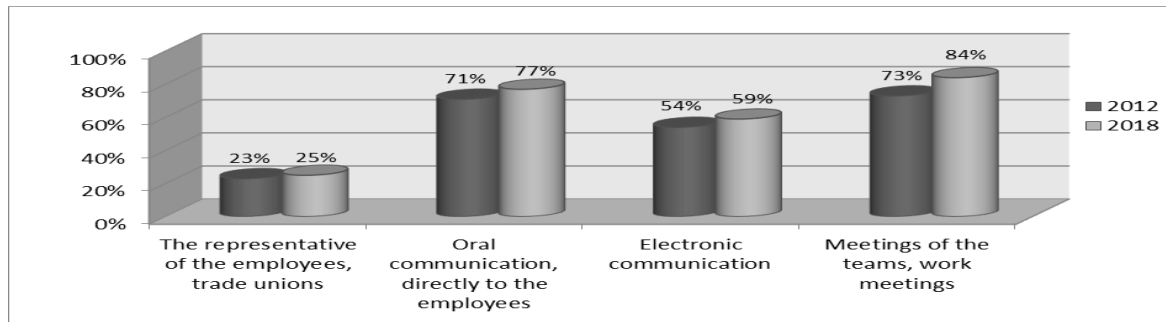
Some else methods that were used too: the analysis of results and gained information from primary and secondary sources, synthesis and the method of deduction, the first as a tool for overall review of level of work relationships in Slovak enterprises and the second in order to support the conclusions, the method of induction when the future development of used methods were discussed.

## **4. Results and discussion**

Firstly, the surveys detected percentage proportion of used methods to communicate key information to the employees. There can be seen positive rising trend in every used method of communication of key information to the employees. The most often used method are oral communication, the communication of the information directly to the employees and sharing information at the meetings of the teams or at the work meetings. It was determined that the value got better as a positive reaction to the factors related to the world trends of human resources management. Almost every enterprise recognizes that indicator of well working business is high-quality level of work relationships and the satisfied employees. In this case, it

concerned the fact that it is necessary accordingly inform the employees about everything they are interested in the enterprise or they are involved. The information has to be communicated to the employees in appropriate way.

Figure 3: The used methods to communicate key information to the employees



Source: Authors on the base of own survey and on the base of survey of Kachanakova et al., 2013.

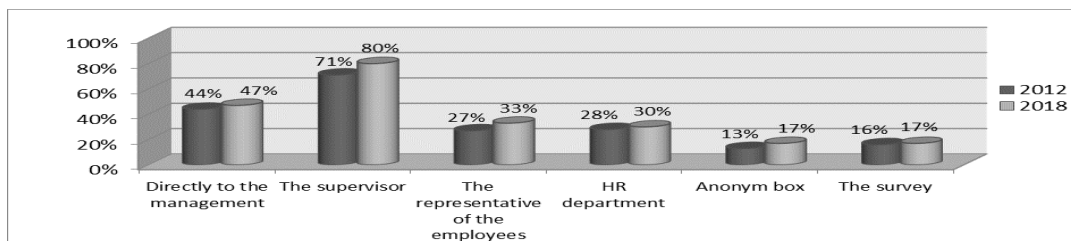
Table 1: The used methods to communicate key information to the employees

| Methods   | Years |      | Difference |
|---|-------|------|------------|
|   | 2012  | 2018 |            |
| The representative of the employees, trade unions | 23 %  | 25 % | + 2 %      |
| Oral communication, directly to the employees     | 71 %  | 77 % | + 6 %      |
| Electronic communication                          | 54 %  | 59 % | + 5 %      |
| Meetings of the teams, work meetings              | 73 %  | 84 % | + 11 %     |

Source: Authors on the base of own survey and on the base of survey of Kachanakova et al., 2013.

Secondly, the surveys detected percentage proportion of used methods to communicate information from the employees to the management. There can be seen positive rising trend in every used method as well as in the previous case. The most often used method of communication of the information from the employees to the management are the communication of the information directly to management or by the representative of the employees. It was determined that the rising value of used method are as a positive reaction to the global approaches to the employees and work relationships. International as well as national enterprises consider the employees a unique resource of prosperity of the business. It is very important to create within the employees the feeling of togetherness with the enterprises, the possibility of fulfilment of own potential and show them that are they proactive and significance part of the enterprises.

Figure 4: The used methods to communicate information from the employees to the management



Source: Authors on the base of own survey and on the base of survey of Kachanakova et al., 2013.



Table 2: The used methods to communicate information from the employees to the management

| Methods                             | Years |      | Difference |
|-------------------------------------|-------|------|------------|
|                                     | 2012  | 2018 |            |
| Directly to the management          | 44 %  | 47 % | + 3 %      |
| The supervisor                      | 71 %  | 80 % | + 9 %      |
| The representative of the employees | 27 %  | 33 % | + 6 %      |
| HR department                       | 28 %  | 30 % | + 2 %      |
| Anonym box                          | 13 %  | 17 % | + 4 %      |
| The survey                          | 16 %  | 17 % | + 1 %      |

Source: Authors on the base of own survey and on the base of survey of Kachanakova et al., 2013.

## 5. Conclusion

Work relationships in the enterprise are of considerable importance and need to be maintained. Well-functioning relationships at the workplace are favourably reflected in the working climate and the satisfaction of individual employees. On the other hand, unfavourable relationships at the workplace affect the whole enterprise and its functioning. The situation of work relationships in Slovak enterprises in year 2018 is at much better level than in year 2012. Slovak enterprises pay bigger attention to downward vertical communication as well as upward. It was growth of proportion of used methods in both forms of vertical communication. It means, it is bigger frequency of the communication from top to bottom but the employees more use the methods for communications with the management. In closest year is assumed continuously growth the proportion of communication, because of both parties recognize that two-ways communication is the best way to create positive work relationships and to stimulate inspirational work environment. Globalization and rapid world transfer of information will lead to more frequent use of electronic communication by the communication of the management to the employees. The positive motivation of the human resources, that can be seen in global trends as co-responsibility and co-decision making, will able to give opportunity the enterprise to increase the use of methods of upward communication. It will guide to the frequent use of oral communication of information by the representatives of the employees or the supervisors to the management.

## Acknowledgment

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# IMPACT OF GLOBALISATION PROCESS ON CIRCULAR ECONOMY

Denisa Janosova<sup>1,a</sup>, Lubica Hulajova<sup>2,b,\*</sup>

<sup>1</sup>Faculty of Mass Media Communication UCM, Namestie J. Herdu 2, Trnava, Slovakia

<sup>2</sup> Faculty of Mass Media Communication UCM, Namestie J. Herdu 2, Trnava, Slovakia

<sup>a</sup>djanosova@azet.sk, <sup>b</sup>lubica.hulajova@ucm.sk

\*djanosova@azet.sk

**Abstract.** The global crisis of civilization manifests itself in all areas of our society. The negative impacts of these global phenomena are manifested as economic and political instability in different countries. One of the sources of such negative impacts of the global crisis are the current economic thinking, and functioning of economic systems in the world economy. The current state of the global crisis of the mankind is linked to the globalisation processes of the world economy whose speed and unlimited impact create destructive effects. Economics provides sufficient guidance and explanation of the economic phenomena in each country as well as guidance how to behave in the globalisation process. However, limitlessly growing demand and rapid economic growth of modern economies have come into conflict with the rules of nature functioning, resulting in polluted environment and declining reserves of natural energies and raw materials. The environmental issues are very complex and the circular economy cannot provide solutions for all of them, however, it affects many areas. The circular economy deals with production, consumption and waste production issues. Through the product life cycle analysis, it examines the production process from the extraction of raw materials to the disposal of a product while considering energy consumption, water consumption and the like, used to manufacture a product. It is a complex view of its life cycle, from the first to the last step. The purpose of the paper is to propose recommendations and draft proposals aimed at improvements in the given area that are based on the analysis of the current state of the circular economy and on the evaluation of the consumers' survey in Slovakia.

**Key words:** Globalisation, Crisis, Circular Economy, Consumers, Cycle, Environment, Energy, Production, Consumption.

**JEL Classification:** M3.

## 1. Introduction: Current state of implementation of circular economy

The circular economy and its application in the regions of Slovakia is one of the solutions to the current ecological crisis. From the point of view of the globalization process, it is necessary to specify to what extent we can influence the rescue of our planet. Globalisation as such is the process of integrating society at a higher level than it was in the earlier stages of the development of the society. The globalisation process is natural, inevitable and to a certain extent expected. Similar shifts appeared also in the past - from the local level to the regional level, and from the regional level to the national level. Such a trend is new for emerging countries, but in developed market economies, a mature democracy and a historically stable self-governmental breakdown, executive public marketing is obvious (Bednarik & Capkovicova, 2016) The globalisation of economic activities that connects production with markets of various countries through trade in goods and services, capital and information flows

and interconnected networks of ownership and management of multinationals is the driving force of globalisation. Through globalization a shift in organization and integration of production and consumption systems from national to global is implemented. Any change, whether positive or not, is a lesson and therefore the source of certain information. Globalisation brings also a great deal of information about the world as well as about ourselves even though it has, of course, its supporters as well as opponents. To sum up its positive aspects, it is definitely the access to a huge amount of information. To name the negatives, these are: the inability of people marked by the previous regime to adapt to the rapid changes and advances in technology, and thus their limited ability to accept all information provided.

Last but not least, it is the youth's immaturity concerning their values that causes that they, with their excellent ability to use modern technologies, are not able to make decisions based on values. This often leads to their illegal activities and their disorientation concerning the real values. However, all this is a part of the development and progress whether we admit it or not.

The current economical model works as a linear model, where raw materials are extracted, used to make products, then products are distributed and utilised, and finally, they end up as waste. The circular economy, unlike the linear economy, perceives waste as a resource, thereby, on the one hand, eliminates or lowers the extraction of natural raw materials and the generation of waste on the other. *„The circular (closed) economy is a scientific model concept of sustainable economic development. Basically, it is a kind of environmentally-friendly economy. The circular economy is characterised by a closed cycle of (closed-loop) flow of material and energy while considering natural and human resources, science and technology.“* (Darnady, 2014). It means more than just recycling; it consists of three parts: the first is the product (eco) design, the second is responsible consumption and only the third is recycling. The most important is the first step – the design of products. Its task is to design and make products that at the end of their life cycle do not generate waste. The fact that products are repairable, reusable and produced from materials that are at the very end of their life cycle recyclable is crucial for this type of economy. On the market, there are products that fulfill the criteria for the so-called circularity design (D4C), and therefore, do not generate waste at the end of their life cycle. And new ones emerge every day.

Some smartphones can be considered as an example of such products. Today, developers focus on exploiting raw materials that do not produce waste at the end of their life cycle, and which can be, after the end of their functionality, further reused. We expect that this trend will be constantly growing in the future as well. In our stores, we can choose from a myriad of products, some of which already meet the strict ecological criteria. And thus, not only the manufacturer but also the consumer plays an important role.

Responsible consumption that means a responsible consumer is an important part of the circular economy. A responsible consumer chooses a product that will serve them as long as possible, i.e. they take all the aspects such as repairability of the product, the length of the guarantee, the after sale service, etc into consideration. These attributes are thoroughly evaluated as a responsible consumer is aware of the fact that s/he is purchasing future waste. Since, the more things we buy the more waste we produce.

The third part of the circular economy is recycling. In case the design was well-developed and the given product has been used for a long time, the waste occurs only after a very long period of time. From a circular economy point of view, it is very important, to track waste incineration, which can be seen as the acquisition of energy. We perceive incineration as a loss of material that we can further exploit. This means de facto wasting natural raw materials that

we have extracted and transported from large distances. From the circular economy point of view, waste is a part of a waste management hierarchy. In case we cannot prevent society from generating waste, we should recycle it. and if not being able to do so, we should try at least to produce energy-efficient products.

The last part of the process is landfilling. According to the closed economy principles, only the processed waste, i.e. separated mixed communal waste or ashes from incinerators, should be further landfilled. (Pena & Cuadrado-Ballestenos, 2019)

To sum up, the goal of a circular economy is to use less resources by exploiting more efficient processes, preventing generation of waste, re-using, repairing, reprocessing and recycling. It focuses primarily on material cycles and uses renewable energy. The durability design ensures that the technical products will last as long as they are needed, are easy to maintain and have a high second hand value. The design for dismantling means that the products and their parts can be repaired, reprocessed and recycled, and then used as a raw material in further manufacturing process

## **2. Role of consumer in circular economy**

The task of marketers is to start and develop interaction with customers based on marketing communication that is simplified to a certain extent by social media. The circular economy helps to change the relationship between a salesman and a customer so far that the customer becomes a raw materials supplier. A similar emphasis on the accuracy and completeness of marketing planning for the city/municipality is also placed on projects funded by the European Union's Structural Funds (non-repayable contributions). The preparation of such project is a highly professional activity; so many municipalities (with the corresponding budget) employ relevant specialists for this activity (if it is necessary, the projects are being developed in a professional external environment) (Bezakova, 2016, Madrak-Grochowska, 2015). The basic task of marketing in a circular economy is considered constantly educating customers, and specifying benefits of products re-launching onto the market. From the globalisation point of view as well, is a circular economy also an opportunity to diversion from the concept of passive consumer and instead reflects a wide range of things people dispose of. In ultimate effect, this will also bring changes from a marketing point of view, as individual marketing schemes will be re-evaluated.

*„ The environmental awareness of consumers, alongside social, psychological and cultural factors, is becoming a major factor in buying behavior.“* (Kitta, 2017; Drucker, 1999; Faggian & McCann, 2009). The application of a circular economy is not only a source of environmental benefits but also a way of achieving economic ones. The role of consumers will play an important role in the transition to the circular economy. With ever greater access to data and social media, consumers will have more information about the impact of products and greater expectations on environmental protection. The World Economic Forum points out that millennials are focusing on the environmental impact of their purchasing decisions. Despite the fact that this group of consumers has been growing up in the harshest economic climate in the last hundred years, Nielsen's online study shows that they are most willing to pay for sustainable offers.

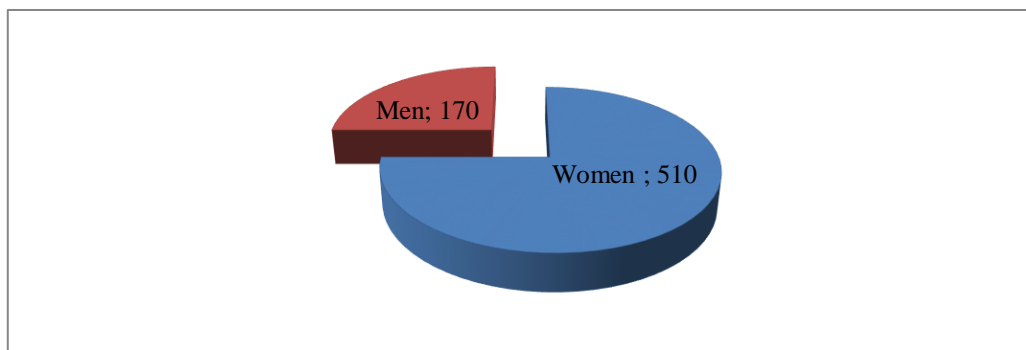
The post-industrial society is overflowing with information and knowledge – in order to acquire and hold economic power, business entities and all individuals have to possess crucial knowledge and relevant, accurate information in the first place (Zauskova & Pitra, 2014, Gamerschlag, 2013). Several authors have researched into the willingness of consumers to pay

a higher price for products having an eco-label compared to products for which such marking is absent. "According to Kaputa, up to 30% of respondents would prefer the eco-labelled wood product to the same unlabelled product." (Kaputa, 2013) This shows a positive direction towards a gradual transition from a linear to a circular economy. Many aspects of the circular economy will be for consumers hidden. However, a visible shift to circularity can only happen if consumers change their behavior and attitudes towards consumerism. The essence of a circular economy is not to ban consumer consumption but to consume otherwise.

### 3. Implementation of market research

The aim of the market research was to determine the level of knowledge of the selected population of the Slovak Republic in relation to sustainable offers and related concepts. Data collection took place on April 30, 2017, on March 30, 2018, on a sample of 680 respondents. Only the initial findings are found in the results.

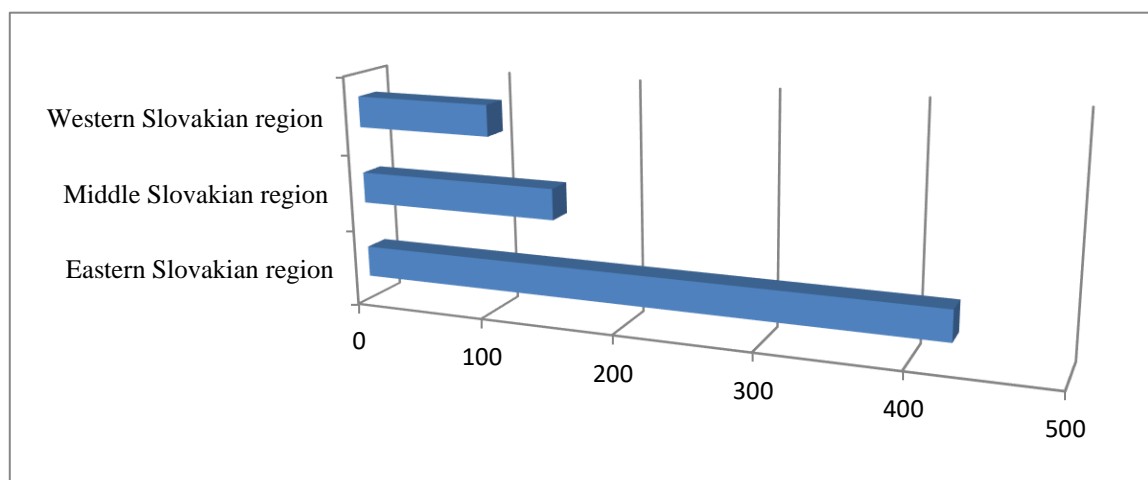
Figure 1: What is your gender?



Source: author

As can be seen from the piechart, in the research participated more women than men. In the numerical version, the proportion of women is 75% and the male / female ratio is 25%. The main reason is that the survey was conducted in organizations with a higher representation of women.

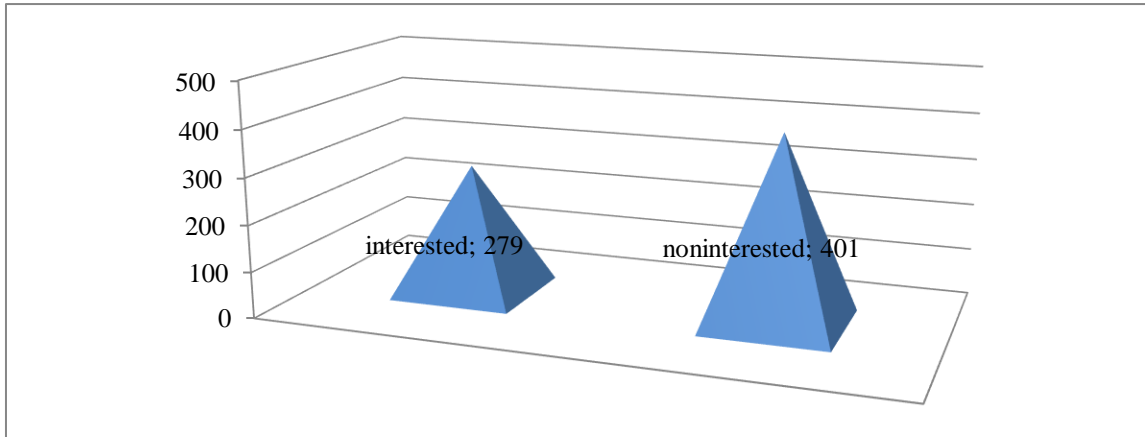
Figure 2: Which region do you live in?



Source: author

The selected sample of respondents was 63% from the West Slovakian region, 22% from the Central Slovakia region and 15% from the Eastern Slovakian region.

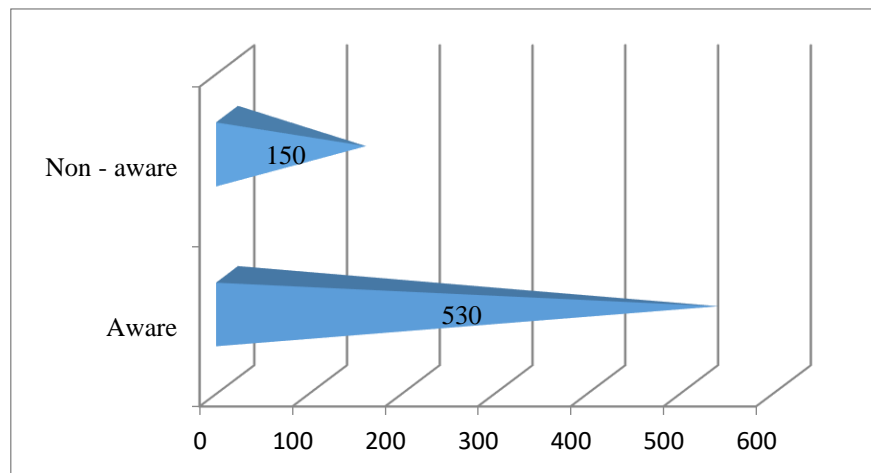
Figure 3: Are you interested in environmental issues?



Source: author

Respondents were to express their relationship to the environment and to add their ratings of interest. After evaluating the results, it can be said that 41% of the respondents have a definite positive relationship to the environment and 59% of respondents do not deal with the issue.

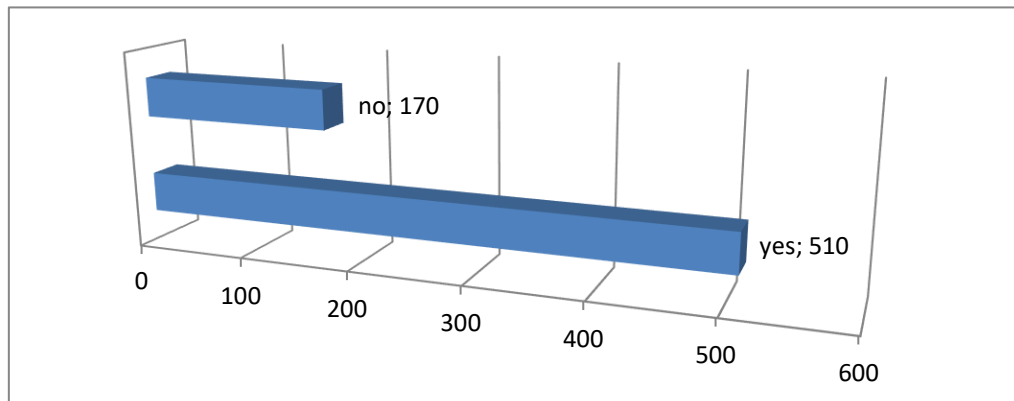
Figure 4: Are you aware of eco-labelling?



Source: author

The aim of this question was to find out whether consumers are following such product eco-labels when making their purchasing decisions. Surprising results have been found here, as up to 78% of respondents said they knew and even followed eco-labelled products. This finding is important because the basic assumption for the gradual introduction of the circular economy into practice is the existence of such an offer on the market.

Figure 5: Do you perceive marketing communication tools as factors influencing demand for eco-products?



Source: author

The respondents expressed their opinion concerning the importance of marketing communication by promoting eco-products. As with other products, customers are aware of the impact of marketing communication on their buying behaviour. Respondents, namely, 75% of the respondents think that marketing communication is a factor influencing the demand for environmentally-friendly products. The opposite view was represented by 25% of the respondents.

#### 4. Conclusion: Summary of market research results

The conducted market research has provided us with many relevant data which constitute an important information basis for the recommendations applicable in Slovak regions because one of the current issues is defining the economic conditions in which the globalisation at the current stage of its development is being implemented in national economies. These findings relate to the Slovaks' relationship to the environment and their knowledge about this issues, in particular, whether their interest in environment plays an important role in their purchases or whether by promotion of sustainable offers they perceive marketing communication as an important factor and to which extent they are influenced by it when selling such offers. It concerns also their experience with the circular economy. The valuable, result-based finding is that, from the point of view of the globalisation process, the application of marketing communication is inevitable when promoting sustainable offers Globalisation is an irreversible process that, in different areas, affects each of us. Someone will be influenced in economic, other in environmental, cultural or political area. Based on the results, it is, therefore, clear that there is room for implementing promotion even in the phase of providing information on offers to the public. Based on the results of the conducted research as well as on the available information related to the examined issues, general recommendations, which can be implemented in the particular regions of Slovakia have been formulated:

- Strengthening the policy framework intended to speed up the promotion of the circular economy in all economic sectors; providing further assistance to local businesses and increasing investment in public research and education systems;
- Stimulating the academic community and schools to support the circular economy; increasing the awareness of consumers and SMEs about the benefits of the circular economy;
- Increasing the recycling rate (including composting) and supporting the use of eco-design in the SME sector, stimulating resource efficiency measures;



- Promoting environmentally-friendly investment; facilitating access to financing; promoting research and development funding among small and medium-sized enterprises.

### Acknowledgement

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## **HUMAN RESOURCES IN SCHOOL EDUCATION: TEACHER'S PROFESSIONALLY DETERMINED BEHAVIOR IN THE GLOBALIZATION ERA**

Jelena Jermolajeva<sup>1,a\*</sup>, Tatiana Bogdanova<sup>2,b</sup> and Svetlana Silchenkova<sup>2,c</sup>

<sup>1</sup>University College of Economics and Culture, Latvia

<sup>2</sup>Smolensk State University, Russia

<sup>a</sup>jjerm@latnet.lv, <sup>b</sup>tanbogdan@mail.ru, <sup>c</sup>sil-sv@mail.ru

\*Corresponding author

**Abstract.** One of the manifestations of the globalization in education is a growing number of international studies, in which different aspects and features of the pedagogical process and its subjects are compared for better understanding of the modern educational situation in local and global context. This article presents the results of the international comparative study on the professionally determined social behavior of teachers. In the international survey carried out in 2017 by Latvian and Russian researchers, the questionnaire “School Teachers’ Professional Identity” based on the six component model of content of the teacher professional identity was used. The sixth component relates to the public representation of the profession, which is manifested in teachers’ social behavior outside of classroom. 437 urban and rural teachers from Latvia and the Smolensk region of Russia participated in the survey. The aim of the article is to analyze and compare the Russian and Latvian data for the professionally determined social behavior of teachers. As a result, conclusions have been drawn about the modern teachers’ after hours behavior, which is connected with public representation of the profession; some of them require attention of teachers, school administration, teacher trainers, and executives of educational departments from municipality committees to national ministries.

**Keywords:** professionally determined social behavior, comparative study, schoolteacher, teacher professional identity.

**JEL Classification:** O00, O15, H75, I00, I20

### **1. Introduction**

In the era of globalization, the ongoing reforms of school education make especially high demands to the qualification, competences, and personal traits of schoolteachers. These are the largest professional community among other human resources occupied in the intellectual sphere: the number of preschool- and schoolteachers in EU is approximately 6 million (European Commission, 2017). Teachers greatly affect the processes and mindsets in society (Goodson, 2014; Cappy, 2016; Radulescu, 2013). In view of the acceleration of social changes, and despite the inevitable generation gap between teachers and students, university and school teachers should not lag behind, but should stay ahead of them in understanding the challenges of globalization in order to help students to enter the new global world (Musselin, 2018; Madden, 2018).

The importance of the teacher personality for the globalizing society caused the researchers’ interest to teacher professional identity (TPI) (Beijaard et al., 2004; Ball, 2003; Raymond, 2018). It forms and evolves in interaction of individual characteristics with the social,

institutional and cultural context (Beijaard et al., 2004; Clandinin & Huber, 2005; Koutouzis & Spyriadou, 2017). In numerous works the connection between TPI and performance in the classroom, and the influence of aforementioned contexts on the formation and development of TPI are analyzed (Olsen, 2016; Radulescu, 2013; Kumar & Parveen, 2013). At the same time not all aspects of the opposite influence have been investigated. There is no empirical pedagogical research on the connection between TPI and the professionally determined social activity of schoolteachers in their after hours time. However, this activity is an integral part of professional self-awareness, and a powerful channel of teacher community’s influence on the society (Jackson, 2018; Aggarwal, 2009; Switala, 2016).

One of the manifestations of the globalization in education is a growing number of international studies, in which different aspects and features of the pedagogical process and its subjects are compared for better understanding of the modern educational situation in local and global context (Robertson & Sorensen, 2018; Symeonidis, 2015; Moreau, 2014). The present paper is one of such studies. In the ongoing research of the group of Latvian and Russian scholars (A. Shpona, M. Vidnere, J. Jermolajeva, T. Bogdanova, S. Silchenkova), the issue of social behavior of teacher is identified as the 6<sup>th</sup> component of TPI (Шпона et al., 2015; Jermolajeva & Bogdanova, 2017, Jermolaeva et al., 2017). The professionally determined social behavior (PDSB) is considered as out-of-service behavior, which corresponds to the philosophy of the profession (the 1<sup>st</sup> component of the TPI model). This behavior implements the social mission of the teaching profession and includes actions and inclinations that make teachers being able to bring the philosophical principles of the profession into life. PDSB includes taking up the mission of educating the society, active involvement in the social life, cooperation with state and non-governmental organizations for the sake of the public good, unselfish professional help to the people who need it, participation in the formulation and solution of social problems having pedagogical aspects, etc. (Шпона et al., 2015).

Schoolteachers of Latvia and the Smolensk region of Russia participated in the study. In both national groups over 20 urban and rural schools were involved; the total number of respondents was 437 (235 Latvian teachers and 202 Russian teachers, see Table 1). The Latvian and Russian samples can be considered as representative since the corresponding sample errors – 6.4% and 6.8% – are allowable for the pilot research (Ядов, 2007).

Table 1: Characteristics of Latvian (LV) and Russian (RU) samples

|                      | Quantity of respondents |     | Age (mean) |      | Work experience, years (mean) |      |
|----------------------|-------------------------|-----|------------|------|-------------------------------|------|
|                      | LV                      | RU  | LV         | RU   | LV                            | RU   |
| <b>Urban schools</b> | 182                     | 96  | 48.4       | 46.7 | 22.8                          | 22.8 |
| <b>Rural schools</b> | 53                      | 106 | 47.9       | 46.8 | 22.2                          | 26.5 |
| <b>All</b>           | 235                     | 202 | 48.2       | 47.0 | 22.7                          | 24.6 |

Source: Own

## 2. Results

To study PDSB, the respondents were asked to evaluate the statements S1 – S10 (Table 2) by the appropriate rating from 1 (strong disagreement) to 6 (complete consent).

Table 2: Items of PDSB

| Item | Statements for evaluation  |
|------|--|
| S1   | The teacher profession is still highly respected in the society  |
| S2   | I participate in socially significant events: elections, local and national holidays, cultural and sport events                  |
| S3   | I support non-governmental organizations and participate in their activities   |
| S4   | The joint efforts of teachers can reduce the negative aspects in social life: aggression, criminality, moral crisis, consumerism |
| S5   | I do not stop being teacher outside of school: I gladly consult people, do not pass by situations that call for my participation |
| S6   | I participate in philanthropic / volunteer work that requires my professional experience   |
| S7   | I try to contribute to public awareness of new ideas and achievements in my professional field                                   |
| S8   | I protect the interests of my profession at various meetings, in public discussions and conversations                            |
| S9   | I use my pedagogical experience to identify social problems and find ways to solve them  |
| S10  | The teacher's duty is to enhance the culture of behavior in the society  |

Source: Own

The obtained data were checked by the Mann-Whitney U criterion. According to it, there is no statistically significant difference between the national samples (not divided in the subgroups) in the average rating for PDSB as a whole, which points to the relevance and universality of the method of studying PDSB.<sup>1</sup> At the same time there are certain distinctions in views of the respondents on teacher's social mission, and strategies for its implementation (Table 3, Fig.1). Besides, the differences between the data of rural and urban subgroups are found out (Tables 4 and 5).

Table 3: Statistical indicators of Latvian (LV) and Russian (RU) samples for items of PDSB

| Item            | Mode |    | Mean value |      | Dispersion |      | Standard deviation |      | Coefficient of variation (CoV, %) |       |
|-----------------|------|----|------------|------|------------|------|--------------------|------|-----------------------------------|-------|
|                 | LV   | RU | LV         | RU   | LV         | RU   | LV                 | RU   | LV                                | RU    |
| S1              | 4    | 2  | 3.26       | 3.16 | 1.81       | 2.34 | 1.35               | 1.53 | 41.27                             | 48.32 |
| S2              | 5    | 5  | 4.81       | 4.48 | 1.32       | 1.81 | 1.15               | 1.35 | 29.83                             | 30.02 |
| S3              | 1    | 3  | 3.18       | 3.09 | 2.86       | 2.47 | 1.69               | 1.57 | 53.26                             | 50.75 |
| S4              | 5    | 5  | 4.03       | 4.03 | 1.80       | 2.26 | 1.34               | 1.50 | 33.28                             | 37.28 |
| S5              | 5    | 5  | 4.27       | 4.65 | 1.72       | 1.60 | 1.31               | 1.27 | 30.71                             | 28.23 |
| S6              | 5    | 3  | 3.76       | 3.26 | 2.59       | 2.68 | 1.61               | 1.64 | 42.76                             | 50.20 |
| S7              | 5    | 3  | 3.67       | 3.54 | 2.29       | 1.99 | 1.51               | 1.41 | 41.21                             | 39.80 |
| S8              | 5    | 4  | 4.52       | 4.19 | 1.44       | 1.86 | 1.20               | 1.36 | 26.54                             | 32.51 |
| S9              | 4    | 5  | 4.20       | 4.26 | 1.61       | 1.62 | 1.27               | 1.27 | 30.25                             | 29.84 |
| S10             | 6    | 6  | 4.88       | 4.97 | 1.19       | 1.19 | 1.09               | 1.09 | 22.33                             | 21.98 |
| PDSB as a whole | 5    | 5  | 4.06       | 3.97 | 2.17       | 2.37 | 1.47               | 1.54 | 36.38                             | 38.81 |

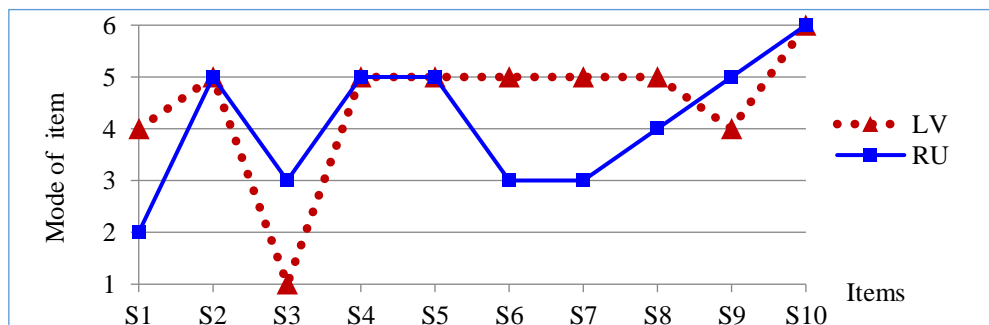
Source: Own

<sup>1</sup> However data similarities (at least partly) might arise from the fact that for half a century Latvia and Russia were parts of the USSR. For a more definite assertion of universality of the method, additional surveys are necessary with participants from other countries.

In general, the data show that Latvian and Russian teachers relatively highly appreciate the social influence and importance of their social behavior outside of school. In the national samples and in each of the 4 subgroups the general mode for PDSB as a whole is 5 (Tables 3–5). However, the PDSB component stands out among other TPI components due to the high dispersion of answers of teachers. It means that not all of them fully realize the social responsibility of the profession or behave in accordance with it in their everyday life; this is a matter of teacher’s personal choice. In every group and subgroup there are several items with the coefficients of variation (CoV) more than 33% (Tables 3–5). In such cases a mode analysis is chosen for the detection of trends as more appropriate than an analysis of the arithmetic means. In general, compared with the Latvians, the PDSB indicators of the mode of the Russian teachers’ answers show their less active social representation of the profession (Table 3, Fig. 1).

For the question on the authority of the teaching profession in society (S1, Table 3), the difference between the arithmetic means in the Latvian and Russian samples is not high (3.26 and 3.16), while the mode of answers noticeably differs: Latvian teachers, in general, are positive (mode 4, “rather agree”), whereas Russian teachers are negative (mode 2, “disagree”). At the same time there are significant differences between the answers of rural and urban teachers (Tables 4 and 5). The urban Latvians do not meet the due public respect for their profession (mode 2, mean 3.22), unlike their rural colleagues, which are more positive in this item (4 and 3.40).

Figure 1: Mode for PDSB items



Source: Own

In Russia the situation is opposite. It is rural teachers who doubt the credibility of the profession (the mode and mean are 2 and 2.92), while the indicators of urban Russians are higher (4 and 3.62). However, in both national samples and four subgroups CoV for S1 are more than 33%, which means that the teachers’ answers reflect their individual perceptions and depend on the variety of individual circumstances, macro-, micro- and meso-social factors. Among them teacher’s personal position and value hierarchy, as well as school administration, municipality, and public attitude towards teachers should be mentioned. No common position supported by majority of teachers is revealed, which indicates indirectly the absence of a state strategy on this question. For a deeper analysis of teachers’ views that could explain the mode differences in the data of two national groups and rural and urban subgroups, additional investigation is necessary.

Table 4: Statistical indicators of urban (URB) un rural (RUR) teachers of Latvian sample for PDSB items

| Item            | Mode |     | Mean value |      | Dispersion |      | Stand.deviation |      | CoV (%) |       |
|-----------------|------|-----|------------|------|------------|------|-----------------|------|---------|-------|
|                 | Urb  | Rur | Urb        | Rur  | Urb        | Rur  | Urb             | Rur  | Urb     | Rur   |
| S1.             | 2    | 4   | 3.22       | 3.40 | 1.77       | 1.97 | 1.33            | 1.41 | 41.27   | 41.38 |
| S2.             | 5    | 6   | 4.78       | 4.92 | 1.35       | 1.19 | 1.16            | 1.09 | 24.35   | 22.12 |
| S3.             | 1    | 3   | 3.08       | 3.49 | 3.10       | 1.95 | 1.76            | 1.40 | 57.15   | 39.98 |
| S4.             | 5    | 4   | 4.03       | 4.06 | 1.82       | 1.79 | 1.35            | 1.34 | 33.47   | 32.94 |
| S5.             | 5    | 5   | 4.30       | 4.15 | 1.56       | 2.28 | 1.25            | 1.51 | 29.03   | 36.41 |
| S6.             | 5    | 4   | 3.69       | 4.00 | 2.53       | 2.77 | 1.59            | 1.66 | 43.06   | 41.60 |
| S7.             | 3    | 5   | 3.60       | 3.92 | 2.35       | 2.03 | 1.53            | 1.43 | 42.65   | 36.33 |
| S8.             | 5    | 5   | 4.47       | 4.70 | 1.44       | 1.41 | 1.20            | 1.19 | 26.90   | 25.25 |
| S9.             | 4    | 5   | 4.12       | 4.47 | 1.61       | 1.56 | 1.27            | 1.25 | 30.79   | 27.95 |
| S10.            | 6    | 6   | 4.93       | 4.70 | 1.06       | 1.60 | 1.03            | 1.26 | 20.90   | 26.92 |
| PDSB as a whole | 5    | 5   | 4.03       | 4.18 | 2.20       | 2.06 | 1.48            | 1.44 | 36.82   | 34.34 |

Source: Own

As for other items with noticeable difference in Latvian and Russian indicators of mode, attention is drawn to the fact that the mission of educating the community (S7) has lost its traditionally high significance in Russian schoolteacher's view: the mode in the national sample is only 3. Losing the mission of educating the society is more evident for the rural teachers than for their urban colleagues (Table 5); the modes are 3 and 4, respectively. This is particularly surprising due to the fact that this mission, taken up by rural teachers of the past, has been highly evaluated in national literary and art, thus having become an integral part of the image of rural teacher in Russia.

The difference between the answers of urban and rural teachers is revealed in the Latvian sample as well (Table 4), but the distribution of rural and urban responses is opposite (the same opposition is noted in the data for Item S1). The Latvian rural teachers highly evaluate their mission of educating the society and much more actively implement it in practice, than city teachers (the modes are 5 and 3, respectively). The Latvian kind of discrepancy between urban and rural teachers' answers on this question seems to be more natural and corresponding to the level of education of the population. It should be noted that in both countries certain decline of the teachers' activity in this field is observed. In opinion of many pedagogues, now they are not the main source of knowledge in the community. This result may seem disappointing, however high CoV in all 4 suggest that the general situation is not unequivocally negative. Modern teachers, as well as educational institutions, independently decide whether and how to educate the community. Further research and analysis is necessary to answer the arising questions; some of them are the following: Whether teacher himself has taken off the duty of educating the society? Whether community does not need teachers since other educational institutions and modern means of communication to obtain knowledge (mass media, internet, and social nets) are available? Whether the community no longer relies on teacher? Whether the state has lost interest in this aspect of teacher's work?<sup>2</sup>

<sup>2</sup> The revealed fact correlates with one of the results of the research "Contemporary teenagers in Moscow and Riga") carried out in 2010-2011 by scientists from Moscow and Riga including the Latvian author of this paper.

Table 5: Statistical indicators of urban (URB) un rural (RUR) teachers of Russian sample for PDSB items

| Item            | Mode |     | Mean value |      | Dispersion |      | Stand.deviation |      | CoV (%) |       |
|-----------------|------|-----|------------|------|------------|------|-----------------|------|---------|-------|
|                 | Urb  | Rur | Urb        | Rur  | Urb        | Rur  | Urb             | Rur  | Urb     | Rur   |
| S1.             | 4    | 2   | 3.62       | 2.92 | 1.78       | 2.47 | 1.34            | 1.57 | 36.88   | 53.74 |
| S2.             | 5    | 5   | 4.26       | 4.60 | 1.63       | 1.82 | 1.28            | 1.35 | 30.01   | 29.32 |
| S3.             | 5    | 3   | 3.52       | 3.13 | 2.32       | 2.53 | 1.52            | 1.59 | 43.35   | 50.83 |
| S4.             | 5    | 5   | 3.95       | 4.14 | 1.77       | 2.39 | 1.33            | 1.55 | 33.69   | 37.32 |
| S5.             | 5    | 5   | 4.52       | 4.75 | 1.34       | 1.58 | 1.16            | 1.26 | 25.64   | 26.51 |
| S6.             | 4    | 3   | 3.05       | 3.40 | 2.26       | 2.95 | 1.50            | 1.72 | 49.27   | 50.54 |
| S7.             | 4    | 3   | 3.66       | 3.52 | 1.81       | 2.18 | 1.34            | 1.48 | 36.80   | 41.92 |
| S8.             | 4    | 4   | 3.93       | 4.32 | 1.85       | 1.65 | 1.36            | 1.28 | 34.65   | 29.72 |
| S9.             | 5    | 4   | 4.24       | 4.39 | 1.59       | 1.53 | 1.26            | 1.24 | 29.73   | 28.24 |
| S10.            | 4    | 6   | 4.74       | 5.14 | 1.11       | 0.94 | 1.05            | 0.97 | 22.19   | 18.87 |
| PDSB as a whole | 5    | 5   | 3.95       | 4.03 | 1.95       | 2.48 | 1.40            | 1.58 | 35.39   | 39.12 |

Source: Own

Significant differences between the Latvian and Russian answers are observed for the questions on the participation of teachers in non-governmental organizations (S3), and charitable foundations and volunteer movement (S6). The Russian respondents (especially rural teachers) seem to be wary of all activities of this kind: Tables 3 and 5 show that the mode for Items S3 and S6 in the general Russian sample and in the rural subgroup is 3, whereas in the urban subgroup it is 5 and 4, respectively. In the Latvian whole sample, as well as in the urban and rural subgroups, the rating of S6 (Tables 3, 4) is relatively high (modes 5, 5, and 4, correspondingly). At the same time the Latvian modes for S3 are even lower than in Russian sample: 1, 1, and 3 (1 means “strongly disagree”). The Latvian urban teachers are the most negative on this question; here CoV reaches a maximum as well (57.15%). Taking into account the average age of teachers (47 in Russia and 48.2 in Latvia), the low rates of teachers of both countries for S3 may be due to the influence of the common Soviet past with its constant state control over every independent initiative. The cautious attitude of the state to non-governmental activities can be noted in the modern Russia as well. As for Latvian teachers, apparently we have to admit that the recent decades of democratic social development in its neoliberal variant has only deepened their distrust of non-governmental organizations. It should be added that respondents’ understanding of the notion “non-governmental organization” is idiosyncratic in both countries. Many teachers relate it to a great variety of structures with very different social goals; at the same time the trade union, in which most of them are members, is not classified into this category.

Compared with other items, CoV for Items S3 and S6 are especially high, which indicates that in both countries only few teachers are really active in this field. Probably, charity is not popular among teachers because of their small salaries, whereas volunteer movement requires more free time, than teachers have. However one can realize that now teacher himself/herself takes or rejects responsibility for others and the duty to give help those who need it. In modern teacher’s opinion, it is no longer a professional duty.

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The survey of more than 3000 students in grades 9–12 had shown that modern secondary school students do not consider the teacher to be one of the main sources of knowledge (Spona & Sobkin, 2011).

The data for other six items of PDSB are better agreed, and the values of mode and arithmetic mean (which are relatively high) reflect the views of the majority of teachers of the corresponding group and subgroup. These are the following items: participation in socially significant events (S2, mode 5 or 6 in all groups and subgroups); assertion of the effectiveness of teachers' efforts in overcoming the negative phenomena in the society (S4, mode 5 or 4); readiness to pedagogical counseling after hours (S5, mode 5); protection the interests of the profession in public (S8, mode 5 or 4); discovering and solving social problems (S9, mode 5 or 4); and belief that to enhance the culture of behavior in the society is the teacher's duty (S10, mode 6 in both national groups).<sup>3</sup>

Table 6: Comparison of subgroups: mode, mean mode, and CoV for PDSB as a whole

| Items<br>Subgroups | Mode |    |    |    |    |    |    |    |    |     | Mean Mode | CV for PDSB<br>as a whole (%) |
|--------------------|------|----|----|----|----|----|----|----|----|-----|-----------|-------------------------------|
|                    | S1   | S2 | S3 | S4 | S5 | S6 | S7 | S8 | S9 | S10 |           |                               |
| LV Urb             | 2    | 5  | 1  | 5  | 5  | 5  | 3  | 5  | 4  | 6   | 4.10      | 36.82                         |
| LV Rur             | 4    | 6  | 3  | 4  | 5  | 4  | 5  | 5  | 5  | 6   | 4.70      | 34.34                         |
| RU Urb             | 4    | 5  | 5  | 5  | 5  | 4  | 4  | 4  | 5  | 4   | 4.50      | 35.39                         |
| RU Rur             | 2    | 5  | 3  | 5  | 5  | 3  | 3  | 4  | 4  | 6   | 4.00      | 39.12                         |

Source: Own

The data demonstrate that on the whole the social representation of the profession shown by Latvian teachers is slightly more active than that of Russian teachers. The comparison of arithmetic means of the modes for the whole set of items, and CoV for PDSB as a whole (Table 6), brings forward the subgroup of the rural teachers of Latvia. They most often participate in socially significant events (S2: mode 6, mean 4.92) and are the most active in discovering and solving social problems (S9, 5 and 4.47). At the same time, paradoxically, they are the most skeptical about the effectiveness of their efforts in overcoming the negative phenomena in the society (S4, mode 4). Probably, this moderate rate is due to the traditionally sober view of reality, which is characteristic for the Latvian rural people.<sup>4</sup> In turn, the Russian data show certain signs of apathy in the subgroup of rural teachers. They are less active in transforming the social environment than their urban colleagues, and less often participate in the work of non-governmental organizations, in charity and volunteer movement.

Due to the great social role of the teacher community in the globalizing world, the theme of the teachers' PDSB requires the attention of teachers, researchers, school administration, teacher trainers, and executives of educational departments from municipality committees to national ministries and international organizations.

<sup>3</sup> S10 has especially high and well-agreed scores. In Latvia, this element of the mission of educating (unlike the dissemination of knowledge) has not lost its priority either in cities or in the countryside (Table 4). At the same time in the Smolensk region only rural teachers consider the promotion of cultural behavior as the first priority: in this subgroup the item S10 is the only one that has mode 6 (Table 5). In the urban Russian subgroup the mode of this item is 4; Russian urbans pay more attention to other social problems (Items S3, S6, S7, S9).

<sup>4</sup> However it should be noted that for Item 4 all CoV are at the limit of admissibility or slightly exceed it.



### 3. Conclusion

For modern teacher, active social behavior after hours is professionally important. In general, teachers from Latvia and Russia relatively highly appreciate the social influence and importance of their behavior outside of school.

In both national groups and subgroups of rural and urban teachers, there is high dispersion of the respondents' answers. This points to the diversity of views on this question, dependent on circumstances of life and work, and the individual hierarchy of values. Not all representatives of the pedagogical communities fully realize the social responsibility of the profession or behave in accordance with it after hours; the corresponding behavior is a matter of personal choice.

The Latvian teachers are slightly more active in the social representation of the profession than the Russian colleagues. The comparison of the urban and rural subgroups shows that Latvian rural teachers are a little ahead of other three subgroups in PDSB manifestation. In turn, there are certain signs of social apathy in the subgroup of Russian rural teachers.

The teacher's duty to promote the high standards of the culture of behavior in the society received the highest and the well-agreed rates in both national samples; as for the disseminating of knowledge in society and forming the scientific worldview, some decrease of activity has been found.

In no group or subgroup common position supported by majority of teachers is revealed on the authority of the profession in the society, which indirectly indicates the absence of a state strategy on this question.

Due to the great social role of the teacher community in the globalizing world, the theme of the teachers' PDSB requires attention of teachers, school administration, teacher trainers, and executives of educational departments from municipality committees to national ministries and international organizations. Research in this field should be continued.

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## **GDPR – RESULT OF GLOBALIZATION?**

Daniela Jezova<sup>1, a, \*</sup>

<sup>1</sup> Comenius University in Bratislava, Law Faculty, Slovakia

<sup>a, \*</sup> daniela.jezova@flaw.uniba.sk

**Abstract.** The adoption of the General Regulation on Personal Data Protection (GDPR) has caused considerable turmoil not only within the European Union but throughout the world. The Regulation has fundamentally changed the view on the protection of personal data and the mandatory entities under this Regulation. It is guided by the principle of personality, unlike the previous principle of territoriality, i.e. its practical application goes beyond the borders of the EU and therefore internationally. The purpose of the regulation is to ensure, among other things, one of the needs of the future digital market, such as the free movement of data and, the secure movement of data. The article will address the issue of the regulation in question, the trend towards digitization, globalization and security. The author discusses several aspects between GDPR and globalization. The focus will be given on global aspects of the GDPR, and finding the answer for the question given in the topic – whether the GDPR can be considered as result of globalization and what influence had the globalization on data protection. International usage of the new data protection rules is not a question, it is a fact. Interesting will be to have a look at the origin and background of this idea.

**Keywords:** globalization, GDPR, European union, international,

**JEL Classification:** K3, K39, K33

### **1. Introduction**

GDPR represents the comprehensive reform of the EU's data protection rules in order to strengthen online privacy rights and boost Europe's digital economy. The reform package includes: Regulation (EU) 2016/679 of the European Parliament and of the Council and Directive (EU) 2016/680 of the European Parliament and of the Council. Reform of personal data protection is fundamental to the creation of a digital single market, which is a priority of the Union and aims liberties associated with the EU single market to expand to the digital world, thereby promoting growth and employment in the EU. Following the Lisbon Strategy<sup>5</sup>, the Strategy Europe 2020<sup>6</sup> has introduced the Digital Agenda for Europe as one of the seven major initiatives, while accepting the key role of the use of information and communication technologies that the EU will succeed in its effort in 2020.

### **2. GDPR and its scope**

Since 25. May 2018 the new rules for data protection in EU applies. "Reform of personal data protection is fundamental to the creation of a digital single market, which is a priority of

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<sup>5</sup> The aim of the Lisbon Strategy was to make the EU "the most competitive and dynamic knowledge-based economy in the world, capable of continuous economic growth with more and better jobs and greater social cohesion."

<sup>6</sup> Europe 2020 - A strategy for securing of a smart, sustainable and inclusive growth (COM (2010) 2020)

the Union and aims liberties associated with the EU single market to expand to the digital world” (Jezova, 2017) General data protection regulation<sup>7</sup> can be called as a significant milestone in the data safety. “This uniform legislation at level of European Union replaces the current divergent national legislation of the Member States of the Union.” (Jezova, 2017) GDPR attracted the attention of the whole world in the area of data protection for the reason that the rules apply to any controller which is dealing with personal data of EU citizens or residents. “Although the GDPR is an European Union Regulation, its territorial scope does not stop at European boundaries. Given a global economy with multinational groups and cross-border data transfer, international aspects have been taken into consideration upon creation of the GDPR.” (Voigt & Bussche, 2017) It means that the registered seat and the territory where are the data proceeded is not the significant factor for determining whether the controller should comply with GDPR rules or not. (Jezova, 2018)

GDPR changes the view on the protected data and the material scope of the protection. Personal data is defined in the Regulation as any information concerning an identified or identifiable natural person - „the data subject“; identifiable natural person is a person who can be identified directly or indirectly, in particular by reference to an identifier such as name, identification number, location data, online identifier, or a reference to one or more elements specific to physical, physiological, genetic, mental, economic, cultural or social identity of that individual. Under this term can be understood, for example, an online identifier such as the IP address of the natural person, localization data. This is an expanding definition of personal data in order to ensure the protection of any identifiability of a natural person. The regulation does not tell us about the entity that identifies a natural person based on the data in question, it is essential that identification is possible. Identification can also be done by combining multiple data, not all data must be necessarily available to the operator. It is necessary to consider whether there are absolute or relative criteria for determining the possible identifiability of a natural person based on data. If we used the absolute criterion to determine the possible identifiability of a natural person (Voigt, 2009), it would mean that it would be data if anyone could associate this data with a particular person. The relative theory is based on the principle of adequacy which means that the sources invested into linking the data with a specific person should be adequate in time, finances, human sources. Also, the current stage of technology development is important to consider. I would prefer to use the relative theory which is also highlighted in recital 26 of GDPR.<sup>8</sup> Personal data that has been pseudonymized and could be attributed to a natural person by the use of additional information should be considered as information about an identifiable natural person. In order to determine whether a natural person is identifiable, all means where there is a reasonable probability that the operator or any other person will use it should be taken into account for example by specific selection, for the direct or indirect identification of the natural person. In order to determine whether it is reasonably probable that the means will be used to identify a natural person, all objective factors such as

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<sup>7</sup> Regulation (EU) 2016/679 of the European parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation), L 119/1

<sup>8</sup> Recital 26 GDPR: To determine whether a natural person is identifiable, account should be taken of all the means reasonably likely to be used, such as singling out, either by the controller or by another person to identify the natural person directly or indirectly. To ascertain whether means are reasonably likely to be used to identify the natural person, account should be taken of all objective factors, such as the costs of and the amount of time required for identification, taking into consideration the available technology at the time of the processing and technological developments.

costs and time for identification with regard to the technology available at the time of processing as well as technological developments should be taken into account. If the obtention of additional information about the person will be able to the operator on the basis of his or her ability, to identify the person without any inappropriate effort, which in order to obtain the additional information will exert there are the personal data protected by the Regulation. The regulation changes the definition of personal data to reflect changes in technology and the way that organizations or firms collect and store information. (Jezova, 2018)

The most important change with respect of the topic of this article is the territorial scope of the GDPR. Article 3<sup>9</sup> and Recital 22<sup>10</sup> of the Regulation clarifies the territorial scope and the Regulation is applied "whether or not the processing itself takes place within the Union". The GDPR applies to companies which have EU "establishments", where personal data are processed "in the context of the activities" of such an establishment (see recital 22). The Court of Justice has already ruled what is meant by establishment within EU. The case *Weltimmo v. NAIH*<sup>11</sup> *Weltimmo*, a company registered in Slovakia, operated a property dealing website concerning Hungarian properties. For that purpose, it processes the personal data of the advertisers. *Weltimmo* did not accept the request for deletion of the personal data and an administrative and court procedure was started in Hungary. *Weltimmo* had a bank account in Hungary, the post was picked up also in Hungary, where it used a delivery address, and the webpages of *Weltimmo* were exclusively in Hungarian language. This company was considered as established under Hungarian law even though it was incorporated in Slovakia. The concept of establishment is very broad and flexible. Based on the *Weltimmo* case a company may be established in the state where it exercises any real and effective activity – even a minimal one – through stable arrangements in the EU. The presence of a single representative may be sufficient. Another famous case is *Google Spain*<sup>12</sup>. Companies which have EU sales offices, which promote or sell advertising or marketing targeting EU residents will likely be subject to the GDPR. Stable arrangements, stability and activity's contribution to the data processing need to be balanced out. This means that the establishment will be always considered individually in connection to a particular case.

The general regulation applies to the activities of a data controller or data processor when goods or services are offered to the data subjects or their persons, behaviour is monitored within

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<sup>9</sup> This Regulation applies to the processing of personal data in the context of a operator's or a brokers establishment in the EU, whether or not the processing takes place in the Union or not.

<sup>10</sup> Any processing of personal data in the context of an operator's or an broker's establishment in the Union should be carried out in accordance with this Regulation, regardless of whether the processing itself takes place in the Union. An establishment means effective and real performance through fixed arrangements. The legal form of such arrangements, whether it is a branch or a subcompany with legal personality, is not a determining factor in this respect.

<sup>11</sup> Case C-230/14 *Weltimmo vs. NAIH*, (2015)

<sup>12</sup> Case C-131/12 *Google Spain SL, Google Inc. V. AEPD, Mario Costeja González*, (2014)

the EU (Art. 3 Paragraph 2<sup>13</sup>, recital 23<sup>14</sup>) proceed by the controller or processor not established in EU. This means that this regulation brings the protection of the personal data of Union citizens and residents, which is binding on companies and operating systems processing EU citizens 'and residents' data, regardless of where they are located and where they have their registered office or place of server. The General Data Protection Regulation extends, upgrades and clarifies the scope of the EU data protection jurisdiction. The term "supply of goods or services" under the various provisions of the Regulation obliges companies outside the EU, providing services to consumers in the EU and processing data of data subjects of the EU. We can use the case of the Court of Justice of the European Union *Pammer and Alpenhof*<sup>15</sup>. In this case the Court was examining whether offering goods and services can be considered as directed to European Union in the context of Regulation Brussels 1 (44/2001/EC) and noted that an intention to target EU customers may be illustrated by: capable of constituting evidence from which it may be concluded that the trader's activity is directed to the Member State of the consumer's domicile, namely the international nature of the activity, mention of itineraries from other Member States for going to the place where the trader is established, use of a language or a currency other than the language or currency generally used in the Member State in which the trader is established with the possibility of making and confirming the reservation in that other language, mention of telephone numbers with an international code, outlay of expenditure on an internet referencing service in order to facilitate access to the trader's site or that of its intermediary by consumers domiciled in other Member States, use of a top-level domain name other than that of the Member State in which the trader is established, and mention of an international clientele composed of customers domiciled in various Member States. Only the accessibility of a website from EU is not sufficient, the company should have the intention to direct the activities to EU data subjects. Offering the goods and services to EU citizens means generally that the companies target consumers in the EU internal market.

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<sup>13</sup> This Regulation applies to the processing of personal data of data subjects who are in the Union by a controller or processor not established in the Union, where the processing activities are related to: (a) the offering -of goods or services, irrespective of whether a payment of the data subject is required, to such data subjects in the Union; or (b) the monitoring of their behaviour as far as their behaviour takes place within the Union.

<sup>14</sup> In order to ensure that natural persons are not deprived of the protection to which they are entitled under this Regulation, the processing of personal data of data subjects who are in the Union by a controller or a processor not established in the Union should be subject to this Regulation where the processing activities are related to offering goods or services to such data subjects irrespective of whether connected to a payment. In order to determine whether such a controller or processor is offering goods or services to data subjects who are in the Union, it should be ascertained whether it is apparent that the controller or processor envisages offering services to data subjects in one or more Member States in the Union. Whereas the mere accessibility of the controller's, processor's or an intermediary's website in the Union, of an email address or of other contact details, or the use of a language generally used in the third country where the controller is established, is insufficient to ascertain such intention, factors such as the use of a language or a currency generally used in one or more Member States with the possibility of ordering goods and services in that other language, or the mentioning of customers or users who are in the Union, may make it apparent that the controller envisages offering goods or services to data subjects in the Union.

<sup>15</sup> Case C-585/08 a C-144/09 joined cases *Peter Pammer vs. Reederei Karl Schlüter GmbH & Co. KG and Hotel Alpenhof and Oliver Heller* (2010), ECR I-12527

The other subject is monitoring the behaviour of EU data subject. According to art. 3 para letter b and recital 24<sup>16</sup> data processing that is related to the monitoring of EU customer's behaviour, as far as their behaviour takes place within the Union, falls within the territorial scope of the Regulation. "Monitoring" includes the tactics of profiling, such as the tracking of individuals online to create profiles, including where this is used to take decisions to analyse/predict personal preferences, behaviours and attitudes. This means that any web tracking will be considered as monitoring, for example cookies or social media plug-ins. Profiling can be done by any other means and forms.

### 3. Globalization of law

The term globalization has different approaches and definitions. "Globalization" is one of the oldest and most recurrent themes in international business (IB) research. (Verbeke, et al., 2018). We can state, that globalization comes from the term globality which signifies a social condition characterized by tight global economic, political, cultural and environmental interconnections and flows that make most of the current existing borders and boundaries irrelevant. The term globalization applies to a set of social processes that appear to transform our present social conditions of conventional nationality into one of globality. (Steger, 2013: 9) A general description of globalization is the movement towards more intense forms of connectivity and integration. Globalization is mostly connected with international relations than with law. Internationalization theory is a process in which a capability is re-used for a purpose and in a context different than its historical purpose and context. (Santangelo & Stucchi, 2018).

The ways of life have significantly changed over the past century (Davidekova et al., 2015) through the emergence of information and communication technology. The Internet that allowed the most accessible "transport" media for informational exchange enabled the globalization to evolve (Bauman, 2000). Globalization brings together people from various countries into one place building one team committed to a common goal and purpose creating an international and multicultural environment (Davidekova & Gregus, 2017). The virtual reality technology that represents interactive virtual environment with the most possible resemblance to physical reality (Davidekova et al., 2017). In the information age there is a greater parallel that can be drawn between the networks in which firms are embedded and the networks in which territorial areas are engaged (Alcacer et al., 2016). The changes that have taken place in the way markets function, the facilitation and the rapidity of communications and the new modes of governance that extend outside the national borders have steered a vivid discussion on globalization and its implications for the state.<sup>17</sup> The globalization has different dimensions and affects our lives in different areas, such as politics, ideology, economics, culture and law. Categorizing things with respect to their similarities and differences is an inherent part of the human condition. It is a basic mechanism that people use to make sense of a messy world

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<sup>16</sup> The processing of personal data of data subjects who are in the Union by a controller or processor not established in the Union should also be subject to this Regulation when it is related to the monitoring of the behaviour of such data subjects in so far as their behaviour takes place within the Union. In order to determine whether a processing activity can be considered to monitor the behaviour of data subjects, it should be ascertained whether natural persons are tracked on the internet including potential subsequent use of personal data processing techniques which consist of profiling a natural person, particularly in order to take decisions concerning her or him or for analysing or predicting her or his personal preferences, behaviours and attitudes

<sup>17</sup> Ladi, S.: Globalization and Europeanization: Analysing change, available [https://www.ibei.org/globalization-and-europeanization-analysing-change\\_20692.pdf](https://www.ibei.org/globalization-and-europeanization-analysing-change_20692.pdf)

and communicate it to others (Reuber et al., 2017). Globalization on law can be seen in international law rules, which becomes part of the national laws of the signatory states. Globalization of law may be defined as the worldwide progression of transnational legal structures and discourses along the dimensions of extensity, intensity, velocity, and impact. (Halliday & Osinsky, 2006) An important problem of law making in a globalizing world is how to deal with diverging national legal cultures. Since the emergence of the nation-state, law making has primarily been a task for the national legislatures. Globalization in law can be more seen in European union law where a different concept than international law is used. The law (regulation) is directly enforceable in the country of the member state no matter if the member state agreed with the regulation or not. Some scholars are referring to the more precise term Europeanization (e.g. Ladrech, 1994). Europeanization is a concept acknowledging the two-way process of policy change between the EU and domestic environments in contrast to terms such as European integration that are describing the one-way impact of the EU upon member-states (Featherstone, 2003). It has been defined as ‘a process by which domestic policy areas become increasingly subject to European policy-making’ (Boerzel, 1999) or as ‘the emergence and the development at the European level of distinct structures of governance’ (Risse et al., 2001). Europeanization emphasis on the interlocking of the ‘domestic’ and the ‘European’ is also bound up with moves to re-describe the political economy of contemporary Europe as a system of multi-level governance (Marks et al., 1996) Also mutual recognition of electronic identification means brings many challenges for Member States of the EU. Meeting these challenges can help to improve and increase in efficiency the delivery of eGovernment services so that citizens can identify and authenticate themselves simply, safely and with sufficient confidence. (Andrasko, 2017).

Some scholars state that European integration might be ‘caused’ by globalization (Wincott, 2000). It could represent the unfolding of globalization in Europe and facilitate further globalization. Globalization could be viewed as ‘causing’ integration fairly directly. Even when it is portrayed as operating through various European actors, this view tends to be structurally deterministic. The space for the ‘selection’ of strategic alternatives is limited. Some social democrats develop a variant of this argument according to which the autonomy lost at the national level can be partially regained by action at a European level, ‘rolling back’ the frontiers of globalization (for an example of this view see Hutton, 1996).

#### **4. Conclusion**

Although the GDPR is an European Regulation, its territorial scope does not stop at European boundaries. Given a global economy with multinational groups and cross-borders data transfer, international aspects have been taken into consideration upon creation of the GDPR. Transnational application shall guarantee comprehensive privacy of individuals and fair competitive conditions on the EU internal market The EU legislator extended the territorial scope of application of European data protection law by introducing the principle of *lex loci solutionis*. (Voigt & Bussche, 2017)

It is obvious that GDPR changed the territorial scope of the application of the Regulation and rules of the European Union. It is for the first time when European Union law can be applied also outside boundaries of the European Union. US companies, Asia companies or any other companies should follow the rules in case they can be considered as established in Eu countries, they monitor the behaviour of EU citizen living inside EU or they sell good or services



intentionally focusing on EU consumer. As mentioned in the article the application is very broad and flexible.

To answer the question in the topic of the article whether GDPR can be considered as a result of globalization we can state yes, it can. The reason for answering the question that way is obvious from the evolution of the world, information technologies and the globalization as itself moving further and smash the boundaries. The information is the first area where this phenomenon appeared due to options on the internet, where already no boundaries applies. With the development of information technologies, we can expect to move this trend into other areas of law, which might be a topic of further discussion. Whether we will move in the line of extending boundaries of law application and what might be the result if also other main actors of international relations will do so.

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# **THE STATE OF HEALTH AS A BARRIER TO ENTRY AND DEPARTURE OF MIGRANTS: THE IMPACT OF GLOBALIZATION**

Anastasia Kamasheva <sup>1,a</sup>, Ramil Yagudin, <sup>1,b,\*</sup> and Timur Gilyazov<sup>2</sup>

<sup>1</sup>Kazan (Volga region) Federal university

<sup>2</sup> Department of national economy

<sup>a</sup>as112@list.ru

\* Kamasheva Anastasia

**Abstract.** Migration is an important social and economic process of globalization for both the host country and the donor country. Recently researchers around the world have been interested in the health of migrants and their medical care. For Russia, this issue is especially relevant in connection with the large number of migrants. At the moment, the issue of medical care for labor migrants is regulated, but the provision of health care services for families of labor migrants is practically not regulated. We analyzed migration policy of different countries regarding migrants and their medical services in order to find out the most suitable strategy for introduction into Russian practice. The current economic situation and the trends of international migration pose a number of problems for Russia related to the realization of the rights of migrants to health and their medical care, as well as the preservation of the level of health of Russian citizens and the prevention of the deterioration of the epidemiological situation. And, what measures the migration policy will take will largely determine the security of the country and the quality of Russian human capital.

**Keywords:** migration, health, health of migrants, medical care, medical insurance.

**JEL Classification:** J6, I1, F5

## **1. Introduction**

Development of any modern society depends on the qualitative characteristics of its human capital and health capital plays an important role. Health of each certain person and public health in general are an essential elements of states' potential. Health is a complex and multidimensional category, demanding an application of interdisciplinary research.

It is obvious that the possible duration of functioning of the human capital depends on the state of health of an individual, and the better is health, the higher are working capacity, labour productivity and return from other components of the human capital. With age the wear of the health capital is accelerated, and larger investments in maintenance of health on the adequate level are needed for the continuation of useful activity. Investments into the health protection system and diagnostic procedures are capable to slow down the wear process considerably. Health promotion, improvement of knowledge and skills of workers, creation of comfortable working and rest conditions positively influence working ability of the person and increase performance. It is worth noting that in case of worsening health of the worker return from all elements of his human capital decreases and quality of his labour force significantly falls.

Health can be characterized as the three-aspect category, including corporal or physical health, spiritual or mental health and social health. It is commonly believed that physical health is a continuous, optimal and harmonious interaction of human organs, reflecting a biological basis of functioning of all live organisms. The term mental health implies the state of nervous system of the person, which allows to realize his/her ability to make decisions, to assess life situations, to work fruitfully, to cope with stresses and to realize own plans (Fakhrudinova et al., 2014). Social health is a condition of wellbeing of the person with himself/herself, in interrelation with the surrounding people and society.

Modern society endures a population explosion, in the last century the population of the Earth rose by several times, and according to the forecasts of the World Bank by 2030 the world population will be more than 8 billion people. The human being, as well as any other biologic species, is prone to certain reproductive strategy, in general there are two: R-strategy implies the birth of a large number of posterity out of which only units survive and K-strategy – the birth of rather small posterity with higher survival rate (Vishnevskiy, 2015).

The mankind, despite the smaller dependence, lives under laws of the nature. Up to the last century it was obvious that not all born children will survive, and prior to the beginning of the 19<sup>th</sup> century the population of the planet grew at a slow pace, the birth and death rates were in a certain balance, which was periodically disrupted by epidemics, crop failures and wars. In the present state of art the mechanism of maintenance of balance changes, and if in Europe this process started long ago and low mortality, high life expectancy go in line with the late marriage age and low birth rate, in Third World countries the problem of baby boom and lack of bith rate planning leads to the demographic explosion on the planet.

Russia is the second largest country in the world by the number of immigrants therefore the health issue of the people arriving to the country is important and urgent. According to the Federal Migration Service in 2013 the number of the foreign citizens living in the Russian Federation exceeded 11 million people. According to several studies, the majority of migrants who arrived to Russia more than 6 months ago don't plan to return home. This fact, in turn, says that migrants' health is an important factor influencing the health of all residents of the country. Russia as the member of the world community, the social state and within human rights is obliged to provide the fundamental right for health to all residents of the country, regardless of their nationality.

Development of any modern society depends on the qualitative characteristics of its human capital, health also plays an important. Health of each certain person and public health in general is an important element of the states' potential (Vishnevskiy, 2015). Health is a complex and multidimensional category, demanding an application of interdisciplinary research.

The state of health of migrants causes fear around the globe and so public organization "Doctors without Borders" addressed to the world community and urged the governments of the world to respect lives and health of migrants and of people who are looking for refuges. In the report of the Organisation for Economic Cooperation and Development (OECD) "A view of society 2014. Social indicators of OECD" the society was urged not to save on health care, because "... the cost cut in the short term can lead to higher expenses in the future therefore the governments have to classify the financing of investment type programs as a priority. It is necessary to avoid that today's cuts in expenditures on health care will lead to the growth of health care needs tomorrow".

## 2. Methodology and research design

The state of health of migrants causes fear in all host countries, however, different countries of the world adhere to different migration policies in respect to entering the country. We will consider migration policies in the different countries of the world in the area of health of migrants and compare them with Russian practices (Table 2).

Before studying the migration policies in the area of health of immigrants we considered the level of public health and compared coefficients of migratory gain in the studied countries (Table 1).

*Table 1: Comparison of indicators in the studied countries*

| Country   | Coefficient of migratory gain | Life expectancy | Infant mortality rate | The rate of population growth |
|-----------|-------------------------------|-----------------|-----------------------|-------------------------------|
| Russia    | 2.1                           | 69.1            | 9.8                   | -0.1                          |
| France    | 0.8                           | 81.7            | 3.4                   | 0.6                           |
| Finland   | 3.3                           | 80.1            | 2.3                   | 0.5                           |
| USA       | 2.2                           | 78.7            | 6.4                   | 0.9                           |
| Canada    | 7.1                           | 81.1            | 4.9                   | 1                             |
| Australia | 10.5                          | 82              | 4.1                   | 1.7                           |

**Source:** Coefficient of a migratory gain in individual countries (2016) *Statistical Yearbook Russia and countries of the world*; Life Expectancy Index (2015) *United Nations Development Programme*; Hug, L., Sharrow, D. and You, D (2017) *Child Mortality Rate*; *World Population Prospects: The 2012 Revision* (2012).

Based on the data we can note that Russia has the lowest indicators of public health among the studied countries and also the negative rate of population growth.

*Table 2: The provision of medical services to migrants in different countries*

| Country | Medical examination of migrants at employment  | Source of funding of healthcare services for migrants   |
|---------|--|---|
| Russia  | When obtaining the permit to work the following documents are necessary: medical insurance policy; the document confirming the absence of drug addiction, HIV and infectious diseases. | Emergency medical service – at the expense of the state; basic diseases – within the medical insurance; those without medical insurance - at their own expense. |
| France  | Before coming to the country or while staying in the center of temporary placement it is necessary to be medically   | The medical care is paid by the employer  |

|           |   |   |
|-----------|---|---|
|           | examined, including clinical supervision, fluorography and inspection to identify infectious diseases |   |
| Finland   | The state medical care of all lawfully living migrants.   | The medical care of migrants is paid at the expense of the state (subsidy), employers (taxes and contributions to social insurance fund). |
| USA       | Medical examination and the certificate on immunization prior to receipt of a visa                    | Medical examination is paid by the migrant  |
| Canada    | Medical examination and the certificate on immunization prior to receipt of a visa                    | Medical examination is paid by the migrant  |
| Australia | Medical examination prior to receipt of a visa  | Medical examination is paid by the migrant  |

*Source: made by authors*

### 3. Results

Considering foreign experience, the French system - Bureau on the international migration in our opinion seems interesting. This government body provides migrants with obligatory medical care and issues work permits to foreign citizens. The bureau on the international migration operates at the expense of employers, who recruit migrants. Employers bear responsibility for migrants' obligatory medical examination before their entry into the country or during their stay in the centers of temporary placement.

In Finland medical services for migrants are paid at the expense of tax revenues and social insurance fund. Moreover, the state subsidizes the municipalities to perform migrants' medical care, so migrants can take advantage of out-patient treatment and hospitalization, dental services are also covered (Fakhrutdinova et al., 2013). The sick pay at a rate of minimum living wage is paid to officially working migrants. In general, in all Scandinavian countries migrants can count on the free medical care.

In our opinion, the United States and Canada have the strictest requirements for the state of health of migrants. So the migrant has to be medically examined in the clinic, accredited by American embassy, in the home country before the appointed interview on a visa. The medical examination is aimed to reveal people with AIDS, tuberculosis, alcoholism, drug addiction and mental disorders, who aren't allowed to enter the country. Also, already in the USA migrants have to provide the certificate on inoculations.

In order to get a visa to Australia it is necessary to attend a medical examination in one of the medical clinics, accredited by the embassy. Inspection by oculist, therapist, delivery of

blood tests and urine, a X-ray are necessary to the migrant. The negative result of medical examination can be received in case of presence of dangerous infectious diseases and health problems, which demand expensive treatment (tuberculosis, a cancer, AIDS, hepatitis B, a cardiac illness). In addition, it should be noted that when applying for the permanent visa to Australia all members of the migrants' family have to meet health requirements even if they don't plan to move to Australia. This includes all children till 18 years and all dependents, regardless of whether they live together with the migrant or not.

In Russia since January 1, 2015 the Federal law of November 24, 2014 No. 357-FZ "On modification of the Federal law "About a legal status of foreign citizens in the Russian Federation" and separate acts of the Russian Federation" according to which in order to obtain the patent for work in the territory of the Russian Federation it is necessary to receive the contract (policy) of voluntary medical insurance or the contract on obtaining paid medical services signed with the medical organization, which operates in the subject of the Russian Federation, where the foreigner intends to work for all term of the patent. Moreover a labour migrant has to provide the documents confirming an absence of drug addiction and infectious diseases, which constitute danger to people around (tuberculosis, hepatitis, sexually transmitted diseases, malaria, diphtheria, viral fevers and etc.), and also the certificate on absence of the disease caused by a human immunodeficiency virus (HIV infection) issued by the medical organizations, which operate in the Russian Federation.

The legislation doesn't provide obligatory medical insurance for spouses and children of migrants that considerably reduces the availability of health care services for them. The study of Agadjanian V. and Zotov N. "Sexual and reproductive risks of female migrants from Central Asia in the context of the HIV epidemic" (Agadjanian & Zotov, 2014) revealed a limited access to health care by migrants in Russia. This fact is supported by other researches, for example, the sociological survey of labour migrants in the Republic of Tatarstan conducted within the scientific project "Social integration of migrants in the context of public safety: sociological aspects" (Muhariamova et al., 2014). According to research no more than 27% of labour migrants have medical insurance. In the case of illness 40% of migrants address the doctor, 48% self-medicate and 12% do nothing.

#### **4. Conclusion**

Currently in Russia social payments to migrants, such as sick pay and maternity-leave provision, aren't provided. Children of migrants in most cases are also deprived of medical care, they don't pass obligatory annual medical examination in schools, which is carried out within obligatory medical insurance as their parents have no money to pay for the health insurance. Thus, children of migrants have no routine inspections by doctors, they don't make necessary tests that in turn significantly increases the risk of morbidity for children and their environment. This already potentially entails a threat to epidemiological safety of the country (Kamasheva et al., 2014).

In order to decrease risks of morbidity of Russian citizens, health of migrants must be protected by the system of medical insurance, and this is not only about labour migrants, but also about members of their families. In turn this demands a change of migration policy and legislation in this area (Kolesnikova et al., 2014). Currently, according to surveys, buying health insurance policies for migrants is very expensive. Thus, the major question is financing of medical insurance of migrants.

The current economic situation and trends of international migration pose a number of problems for Russia in terms of the rights of migrants for health and their medical care and also the preservation of the health state of Russian citizens and prevention of deterioration of the epidemiological situation. The measures undertaken by the migration policy in many respects will define both safety of the country and quality of the human capital of Russia.

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## CRISIS MANAGEMENT AS A TOOL FOR THE CONCEPT OF SOCIALLY RESPONSIBLE BUSINESS IN GLOBALIZING WORLD

Katarina Kampova<sup>1,a</sup>, Katarina Mäkka<sup>2,b,\*</sup> and Katarina Zvarikova<sup>3,c</sup>

<sup>1,2,3</sup>University of Zilina, Univerzitna 8215/1, 010 26 Zilina, Slovakia,

<sup>a</sup>Katarina.Kampova@fbi.uniza.sk, <sup>b</sup>Katarina.Makka@fbi.uniza.sk, <sup>c</sup>Katarina.Zvarikova@  
fpedas.uniza.sk

\*Katarina Mäkka

**Abstract.** Globalization brings many opportunities, but also many risks, which, in many cases, are underestimated if they are not regulated by directives. The development of industrial production, the introduction of new technologies, the use of increasing quantities substances brings with them considerable risks with the possibility of industrial accidents, with international negative effect. The impact of globalization puts increasing emphasis on security, protection of human life and health, the environment. In today's globalized world, the society is aware of these risks and tries to develop progressive tools to address them in a comprehensive unity.

Introducing socially responsible business into the economic sectors contributes to ensuring the environmental, economic and social sustainability of economic growth and contributes to maintaining the competitiveness of society on the global market. In the case of enterprises whose business focus is risky from the point of view of the threat of the population, it provides instructions for managing extraordinary situations by implementing the principles of crisis management.

The objective of the paper is to point out the possibility of using crisis management in the concept of socially responsible business and characterize the risk assessment algorithm, which creates a framework for risk assessment to enterprises that may be a significant source of threat to the population in the event of a special occurrence due to their location near residential areas. The necessity of solving this problem can be documented by examples of accidents that have had an impact on life, health, property or the environment.

**Keywords:** crisis management, globalization, risk assessment, socially responsible business, threat of the population.

**JEL Classification:** D81, H12, H19.

### 1. Introduction

Globalization in the economy is reflected in a decline in the importance of borders between states and an increase in the intensity of trade relations to such an extent that differences between domestic and foreign transactions are lost. The OECD characterizes globalization as a process in which markets and production in different countries become increasingly dependent on the dynamics of commodity trading, services and mobility of capital and technology (Orlov, 2016). This trend is also noted by businesses dealing with hazardous substances. Handling of dangerous substances is addressed at European level by different directives. Among the best-known regulations we can include the Directive of 4 July 2012 on the control of major accident

hazards involving dangerous substances, amending and repealing Council Directive 96/82 / ec, Convention on the transboundary effects of industrial accidents (Holla et al., 2016). Each member country adopts EU regulations and implements them in their national laws or guidelines or develops own guidelines for this area. The underlying area of this legislation is companies that hold a subliminal amount of hazardous substance and do not have specific specified risk minimization procedures (Hofreiter, 2017).

Within this article, we present an approach whereby companies handling hazardous substances can minimize their negative effects through crisis management. In the current period, there is synergy between Socially Responsible Business (SRB) and crisis management, as there is a change in the company's perceptions of profit making, by broadening both profit-driven and social and environmental criteria. The question of profit adequacy comes from the point of view of ethical or social criteria. Appropriate incorporation of the concept of SRB into the strategy and decision-making processes of an organization increases their competitiveness in the global world. Companies must take responsibility for the consequences of their activities and develop effective preventive procedures.

## **2. Socially responsible business**

Globalization occurs directly or indirectly across all aspects of business activity, with various positive or negative impacts. The minimization of globalization negatives can be done through diverse instruments that focus on different causes. One of these instruments, which has a broad effect on various causes and minimizes both negative and globalization, is the concept of socially responsible business (Pasricha et al., 2018). Implementation of this concept into entrepreneurial activities introduces an increasing number of companies from different economic sectors. This trend is very important and important not only for the organizations themselves and their surroundings, but also for the whole society (Kampova et al., 2010). Socially Responsible Business represents the concept of an organization where it is a priority to integrate social interest into its activities (Hudakova et al., 2016, 2018). Of course, the organization has some influence on stakeholders, such as customers, employees, shareholders, subcontractors and the local community, and is heading towards such business.

The modern history of socially responsible business began to be written in the 1950s, when the ideas of responsible business had fully penetrated the professional literature for managers. In 1953, Howard R. Bowen wrote in *Social Responsibilities of the Businessman*, "Corporate Social Responsibility represents a commitment of entrepreneurs to strive for such strategies, to make such decisions or to carry out activities that are desirable in terms of the goals and values of our company." (Bussard, 2005). Bowen generally considered to be the first theoretician of socially responsible business. According to him, socially responsible business is not a sorcerer for all the pains of this world, but it contains an important truth that must lead the activities of entrepreneurs of the future.

In 1960, Keith Davis and Robert Blomström in *Business and its Environment* defined social responsibility as "the commitment of the individual to consider the impact of their decisions and actions on the entire social system. Entrepreneurs apply social responsibility when considering the needs and interests of other people whose business activities may affect. If they do, then they can learn things that are outside the narrowly defined economic and technical interests of their business (Bussard, 2005).

At present, socially responsible business can be characterized as a voluntary initiative of a given company over and above the required activities of the relevant legislation to improve the

quality of life, sustainable development or the integration of social and economic values and parameters into normal corporate practice (Persic et al., 2018). The purpose of this concept is not only to maximize profit but also to focus on environmental, social and community aspects and goals (Hudakova et al., 2014). Responsible business requires a shift from a "profit only" perspective to a view that permits business to see a company in a broader social and environmental system (Campbell, 2018). The company does not work in isolation but is a direct part of the environment in which it is located (Dzhedzhula et al., 2018). There is more and more talk about the responsibility of business entities for their activities and the consequences for their activities (Marco-Fondevila et al., 2018).

Crisis management plays a significant role in preparing for and minimizing the consequences in the event of a negative event caused by the given business entity (Krajnakova et al., 2018). Therefore, crisis management is often understood as one of the elements of sustainable development. As Lovecek states, he argues that the concept of crisis management should be understood as a conscious, coordinated process aimed at preventing, eliminating and eliminating the consequences of, threatening or capable of seriously jeopardizing the security of society, the lives and health of people, their assets and the environment (Lovecek et al., 2016b). According to Simak, crisis management is the specific activity of the management body but it is also perceived as a system of institutions dealing with the analysis of the possibilities of crises in the given system, their causes and possible consequences, and the search for measures and tools to prevent them and to eliminate the negative consequences of their occurrence, from a theoretical point of view, it is logically organized a set of knowledge about possible crisis phenomena, their causes and consequences at the level of society as a whole, state security, economic activity and also principles, methods and measures to deal with them (Lovecek et al., 2010).

The importance and the need for a responsible approach to entrepreneurship is also supported by number of international organizations, EU Member States and the Board of Experts who have co-operated to develop the ISO 26000: 2010 standard. This standard provides procedures and suggestions to incorporate the concept of SRB not only into the business strategy but also into its culture.

### **3. Socially responsible business in enterprises holding hazardous substances**

The implementation of SRB in enterprises holding dangerous substances is more demanding, many times exceeding the scope of these border enterprises of different countries. In general, enterprises working with hazardous substances can be divided into two categories. Companies carrying out the thresholds of the Act on the Prevention of Major Industrial Accidents are undergoing a risk assessment process under this Act. For small enterprises that also contain dangerous substances in sub-threshold quantities, the risk assessment for major accidents is not yet required (Coombs, 2018). However, these smaller enterprises may be the source of a major accident hazard due to their location, for example, near residential areas, which increases the risk for the population. We recommend the concept of SRB to be implemented in these companies, as they do not fall under the scope of Act no. 128/2015 on the prevention of major industrial accidents and the amendment of some laws include, for example, food complexes (dairies, meat-brewers, breweries), sports grounds (swimming pools, ice stadiums), water purifiers, pressure bottles, petrol stations and LPG trays. As a result, we propose an assessment of risk sources that would create a framework for dealing with potential emergencies, and at

the same time would be a partial part of crisis management practices within an organization that implemented the SRB concept.

### 3.1 Procedure for assessing non-classified risk sources

Based on inadequate legislation and a lack of risk assessment methodology for enterprises with subliminal levels of hazardous substance and lack of systematic search for sources of risk, we have proposed a risk assessment process for these enterprises. The main criteria for creating the algorithm were the simplicity and versatility of use for businesses with different types of hazardous substance. In designing the process, emphasis was also placed on the severity of the consequences of the accident so that enterprises that do not pose an increased threat to life and health do not need to carry out a rigorous risk assessment. This risk assessment procedure consists in identifying risk sources, pre-assessment of risk and detailed risk assessment (Lovecek et al., 2016c).

#### 3.1.1 Identifying risk sources

Identifying the source of risk consists of comparing the quantity of dangerous substances present with the specified limit, assessing the distance from the nearest residential area and determining the estimated number of persons in the building at the time of the occurrence of an emergency. For the proposal for a procedure for evaluating unsecured sources of risk, by comparing the limit quantities of the dangerous substance in several methodologies, we have set a reference limit for amount of dangerous substance present in the establishment for which a risk assessment is required. For the design of the procedure, we took over the limit values according to the ARAMIS methodology, which were the authors of the methodology determined mainly by the physical properties of the evaluated substances (Holla et al., 2016). The ARAMIS methodology assumes that if the amount of hazardous substance present in the installation is less than the above-mentioned limits, negligible consequences of accidents are assumed, and the assessment does not have to be continued.

Table 1: Comparison of limit quantities of dangerous substance

| Dangerous substance                        | Comparison of limit quantities of dangerous substance in tonnes |                        |        |                |        |
|--|---|------------------------|--------|----------------|--------|
|  | Act no. 128/2015  | CPR 18E<br>Purple Book | US EPA | IAEA<br>TECDOC | ARAMIS |
| Ammonia [NH <sub>3</sub> ]                 | 50  | 3                      | 4,5    | 3              | 1      |
| Chlorine [Cl <sub>2</sub> ]                | 10  | 0,3                    | 0,3    | 0,3            | 1      |
| Acetylene [C <sub>2</sub> H <sub>2</sub> ] | 5   | 10                     | x      | 10             | 1      |
| LPG  | 50  | 10                     | 4,5    | 10             | 1      |
| Diesel, Petrol                             | 50  | 10                     | x      | 10             | 1      |

Source: Own processing.

An important factor in assessing unclassified risk sources is the location of the facilities under consideration. An unclassified source of risk, for example in a densely populated area, may pose a greater threat to the population than a source of risk falling under category A or B under the Act no. 128/2015 located outside residential areas. Therefore, the distance of an object with a subliminal amount of a dangerous substance from the nearest residential area should be considered when assessing non-assigned sources. The current legislation of the Slovak Republic is not sufficiently distant distances of enterprises with the presence of selected substances from residential areas. For the need for an assessment procedure for unclassified sources of risk of distance determination, we relied on the data in the IAEA-TECDOC

Methodology Guide, which lists the recommended distances of industrial enterprises from the occupied territories (Table 2).

Table 2 Reference values of the distances of industrial enterprises from the inhabited areas

| Dangerous substance                | Industrial activity                | Distance from occupied areas (m) |
|------------------------------------|------------------------------------|----------------------------------|
| Flammable substances or explosives | Petrol pump                        | > 50                             |
|                                    | LPG station                        | > 100                            |
|                                    | Flammable liquid piping            | > 50                             |
|                                    | Storage bottles (25 - 100 kg)      | > 100                            |
| Toxic substances                   | Cooling devices                    | > 100                            |
|                                    | Warehouses for pesticides for sale | > 50                             |

Source: IAEA-TECDOC Method Guide

If the enterprise or the facility is located at a shorter distance than shown in the table, a risk analysis is required. Estimating the presence of persons in the object under consideration can generally be performed as the product of the area and density of the population. The population density for each type of territory is given in Decree No. 198/2015 Coll. As amended (Table 3).

Table 3 Intensity density

| Description of busy area (s)   | Dwelling density (number of persons / ha) |
|--|---|
| Rural settlements (municipalities up to 2000 inhabitants)                                  | 10  |
| Center towns and villages in the countryside (village, town from 2000 to 5000 inhabitants) | 20  |
| Outlying residential area (municipality, town of 5000 to 20 000 inhabitants)               | 30  |
| Cities (from 20,000 to 50,000 inhabitants)   | 60  |
| Central residential part of town (cities over 50 000 inhabitants)                          | 80  |
| Outlying residential area (local areas over 50,000 to 100,000 inhabitants)                 | 90  |
| The central residential area of the city (cities over 100 000 inhabitants)                 | 160                                       |

Source: Decree No. 198/2015 Coll., As amended

When determining the number of persons in the object under consideration, it is necessary to consider whether the object is accessible only to authorized persons (employees) or to the public. In this case, the estimation of the persons present can be determined based on traffic data and experience.

### 3.1.2 Preliminary risk assessment

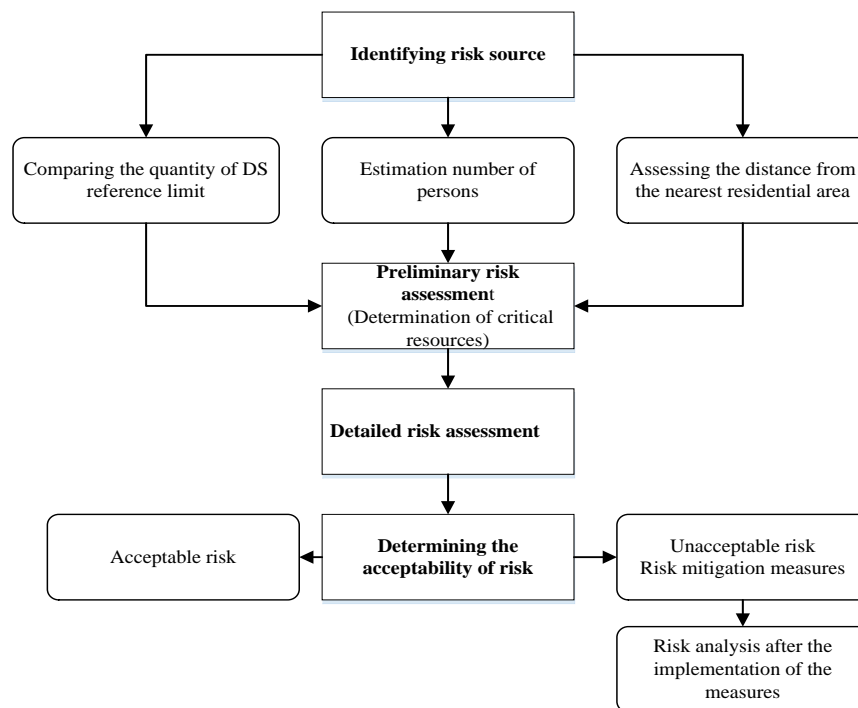
The second step is a preliminary risk assessment that identifies sources of danger. To evaluate the sources of risks, it is suggested to use the more easily applicable index or screening methods, whose results are presented as risk indexes (levels). For worst-case sources, it is recommended to perform detailed analysis using more demanding methods (Rodriguez Espindola et al, 2018). The aim of this approach is to limit the number of detail-rated facilities in the enterprise, to simplify the whole risk analysis and to focus attention on the most serious sources of risk (Lovecek et al, 2016a).

### 3.1.3 Detailed risk assessment

The third step consists of a detailed risk assessment and propose measures that could prevent an extraordinary event for those devices that have been assessed as significant sources of risk. In this step of risk assessment, it is necessary to use a comprehensive methodology for detailed risk assessment. However, due to the technical difficulty in the elaboration of a detailed risk assessment, it is not possible to consider a separate risk assessment by the operators of an unclassified risk source. For this reason, the processor of such a study is also choosing any

adequate methodology for detailed risk assessment. The procedure for the unclassified risk source rating is shown in Figure 1.

Figure 1: Schematic representation of proposed procedure for assessing non-classified risk sources



Source: Own processing.

## 4. Conclusion

In the context of this article we point out the possibility of implementing the concept of SRB using crisis management in the activities of enterprises holding dangerous substances. Emphasis is placed on preventive action as an integral part of crisis management. The company's preparedness for addressing emergencies and preventing them from being preventive and minimizing the impact of crisis situations towards the public and employees is a benefit of implementing the concept of SRB. It should be emphasized that it is better to prevent the occurrence of extraordinary events than to dismantle and restore the original condition. It is preferable not only for safety but also for economic aspects. This can be expressed by a qualified estimate that the funds spent on prevention compared to the funds spent on liquidation are approximately seven times lower.

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# IMPACT OF INTERNATIONALIZATION PROCESS ON SERVICE QUALITY – PERSPECTIVE OF POLISH CARRIERS

Małgorzata Kędzior-Laskowska<sup>1,a,\*</sup>

<sup>1</sup>University of Warmia and Mazury in Olsztyn, Department of Microeconomics, Pl. Cieszyński 1 str.,  
10-720, Olsztyn, Poland

<sup>a</sup>malgorzata.kedzior@uwm.edu.pl

\*Corresponding author

**Abstract.** Adequate quality of products and services is a major determinant of enterprise survival under global competition. In road freight transport quality determining factors are mostly recognized by postulates and user preferences. Usually, research results concern broadly understood safety and timely deliveries. Less attention is paid to service provider's role in creating quality. This paper is focused on quality determinants of road freight transport considering the perspective of carriers. The quality-shaping factors related to internationalization processes are analysed. These factors were subjected to the evaluation of the carriers. The aim of the paper is to identify quality attributes, which should be taken into consideration to develop quality in transport activities on the European market. The information base was provided by qualitative and quantitative methods. The research was conducted based on a questionnaire of 134 interviews with managers (owners), carried out in-person and by phone. These transport companies represented SME sector and mainly with less than 10 employees. In the interpretation of the results, descriptive statistics were used. The study shows that the most important quality determining factor in the field of internationalization is qualified and educated staff. The competition on international transportation markets and international corporations activities are also recognized as significant in creating high quality road freight transport. Furthermore, benchmarking practices and access to EU cabotage markets do not affect quality development in carriers' opinions. The results may confirm low awareness of opportunities that internationalization processes gives.

**Keywords:** globalization, internationalization, service quality, SME, road freight transportation

**JEL Classification:** L6, O18, R41

## 1. Introduction

Globalization has fundamental meaning in international business and is described as increasing (sometimes irreversible) interdependency among countries (Verbeke et al., 2018). The process of internationalization can be defined as less advanced process of globalization. It involves links and mutual interactions between economies and societies (Zorska, 2000). On the other hand, entering an international market, regardless of the degree of a company's involvement, is also included into the definition of globalization (Rymarczyk, 2004; Stefaniak-Kopoboru & Kuczevska, 2016). Lack of homogeneity in defining globalization and its interdependencies with internationalization (Scholte, 2002), does not diminish its positive impact on civilizational and technological development (Jantón-Drozdowska & Majewska, 2016; Cieślík & Michałek, 2017; 2018).

Integrating economies set a new model of international exchange. Globalization and internationalization determine the development of contemporary economies (Pietrucha et al., 2018). They result in changes, among others, in the structure of consumption, shaping new market needs, and accessibility of remote markets. Global cooperation leads to the development in innovation in the micro, meso and macro scale (Hanusch & Pyka, 2006; Madrak-Grochowska, 2015; Pohulak-Żołędowska, 2016; Sachpazidu-Wójcicka, 2017). New spatial order determines in qualitative and quantitative terms the development of systems, including transport ones.

The market of international road cargo transportation has a twofold influence on the functioning of transport companies. Entering new markets (active internationalization) forces them to conduct studies concerning the attributes of service quality. Catering for the needs of international trade requires adjusting the strategy used so far to the requirements of foreign companies, including a different management culture (Surugiu & Surugiu, 2015), formulating objectives, terms of cooperation and monitoring the results (Kovacs, 2017). The activities of foreign operators on a domestic market determines passive internationalization. In such a case, resident transport companies compete for contracts for servicing the needs of national production and international trade. Foreign competition may also increase the need of product diversification (Bowen et al., 2015) and necessity of using special and individual resources (company's unique knowledge resource-bundles) (Verbeke & Kano, 2016). In both cases (active and passive internationalization) the success of transport companies is determined by successful identification of transport-related needs, preferences and postulates of potential clients (Rucińska, 2012). On the other hand, the newest research shows that the positive correlation between company's performance and degree of internationalization is not obvious (Abdi & Aulakh, 2018).

The activities of transport companies are viewed as complementary to the manufacturing industry (Hertz, 1993). The changeability of environment thus sets the conditions of the functioning of road transporters. It is generally accepted that providing services in accordance with the clients' needs sets the quality standards. E. Deming includes among them meeting the market requirements at low costs, whereas J. M. Juran points to usability (Zimon, 2013). On global transportation market the equally important are also users preferences which are described by geographical and cultural variables. They may also differ at individual level (according to e. g. gender, age, cognitive ability) (Falk et al., 2018). In addition, quality development in transport-logistics activity is a condition for company's international involvement (Morash, Droge & Vickery, 1996). The aim of this publication is to define the factors which shape the service quality from the perspective of service provider, with reference to the internationalization process. It is an attempt to answer the question of whether geographical and internationalization may influence the quality of transport.

## 2. Methods

The primary method of data collection was an interview (personal or via phone) conducted on the basis of structured survey questionnaire. The method selection was considered optimal due to mobilization of respondents and the possibility to explain the problems emerging in the course of study. The adopted technique allowed for controlling the correctness and completeness of answers (100% of correct responses). The interpretation of study results was conducted using the measures of changeability and location. The study also included market supply as an innovative approach to quality categories in the discussed sector. It was conducted

in 2013 on a sample of 134 road transport companies whose economic activity was registered in the warminko-mazurskie voivodeship in Poland.

### 3. Results

The aim of the study was to supplement the existing data concerning quality categories in the transport sector. It included the processes of internationalization and identification of six variables which described it, namely:

- competition processes on the domestic market,
- competition processes on foreign markets,
- activity of international companies,
- benchmarking,
- cabotage transport,
- qualified and educated staff.

They were evaluated by respondents on a 6-degree scale (Likert). An even scale, with a so-called forced choice, allowed for elimination of neutral answers. The adopted hypothesis assumed lack of higher reliability of scales with neutral points, in comparison to ones with forced choice (Churchill, 2002). The following evaluation system was used:

- 6 – is of great importance,
- 5 – is of importance,
- 4 – is rather important,
- 3 – is rather unimportant,
- 2 – is of no importance,
- 1 – is completely unimportant.

The respondents were managers and owners of road cargo transport companies, mostly from the sector of micro companies (70%) and owning no more than 5 vehicles (49%). They had many years of professional experience (46% of them started their business activity before 2000), were involved in international cargo transport, with a dominant share of transport to the countries of Western Europe (70%). More than a quarter of respondents also provided services on the eastern markets. The smallest interest of the respondents was demonstrated in the case of markets of southern (15%) and northern Europe (14%).

A high share of micro companies (over 90%) in the structure of Polish road transport companies seems to legitimize the extension of study results over the whole population (with the reservation resulting from choosing only one voivodeship). They are companies which are not rich in capital, and in many cases family businesses. It is possible that conducting the studies on a sample of large transport operators could produce different results.

Table 1 presents the descriptive statistics concerning quality shaping. The average grade at the level of  $\geq 4$  set the determinants – factors relevant to quality shaping. The value of variability factor (V) at the level of  $> 10$  allowed for defining the sample as heterogenous (Panek & Zwierzchowski, 2013).

Table 1: Descriptive statistics of the factors which shape the quality of services in cargo road transport with reference to internationalization of activities.

| Variables                                      | Number | Average | Median (M) | Mode (D) | Mode size | Minimum | Maximum | Range (R) | Standard deviation (SD) | Coefficient of variation (V) (in %) |
|--|--------|---------|------------|----------|-----------|---------|---------|-----------|-------------------------|-------------------------------------|
| Competition processes on the domestic market   | 134    | 4.51    | 5          | 5        | 62        | 2       | 6       | 4         | 1.088189                | 24                                  |
| Competition processes on international markets | 134    | 4.57    | 5          | 5        | 54        | 2       | 6       | 4         | 1.099882                | 24                                  |
| Activity of international companies            | 134    | 4.04    | 4          | 4        | 44        | 1       | 6       | 5         | 1.142913                | 28                                  |
| Benchmarking                                   | 134    | 3.19    | 3          | 3        | 68        | 2       | 5       | 3         | 0.853807                | 26                                  |
| Cabotage transport                             | 134    | 3.88    | 4          | 5        | 42        | 1       | 6       | 5         | 1.280535                | 32                                  |
| Qualified and educated staff                   | 134    | 5.31    | 5          | 6        | 62        | 3       | 6       | 3         | 0.740026                | 13                                  |

Source: (Author's elaboration)

Human resources determine the development of transport companies in qualitative terms. The abilities and competences of transport managers determines the possibility of gaining new markets, expanding the offer and, in consequence, efficient competition for clients. In addition, internationalization creates a chance to cooperate with large transport operators and to access high quality tangible and intangible assets. The variable which was most highly evaluated by respondents was qualified and educated staff, but the opinions varied (V=13%, R=3). A vast majority (97%) declared that the staff had significant influence on the quality of transport services (Table 2). Almost half (46%) evaluated it most highly (D=6), with another 40% defining it as significant towards service quality development. Merely 1.5% of the respondents expressed the opinion that staff was “rather unimportant” in the process of shaping quality, and it was the lowest evaluation of this factor.

Table 2: Qualified and educated staff variable – quantitative table

| Evaluation | K-S d=,28592, p<,01; Lilliefors p<,01 |                  |                         |                                   |                      |                          |
|------------|---------------------------------------|------------------|-------------------------|-----------------------------------|----------------------|--------------------------|
|            | Number                                | Cumulated number | % of relevant responses | Cumulated % of relevant responses | % of the total cases | Cumulated % of the total |
| 3          | 2                                     | 2                | 1.49254                 | 1.4925                            | 1.49254              | 1.49254                  |
| 4          | 16                                    | 18               | 11.94030                | 13.4328                           | 11.94030             | 13.4328                  |
| 5          | 54                                    | 72               | 40.29851                | 53.7313                           | 40.29851             | 53.7313                  |
| 6          | 62                                    | 134              | 46.26866                | 100.0000                          | 46.26866             | 100.0000                 |

Source: (Author's elaboration)

The second most highly evaluated variable were the competition processes on foreign markets. A majority of respondents (40%) considered them to be important in the process of shaping quality (D=5). The sample had to be defined as heterogeneous (V=24%, R=4). On the other hand, a comparable number of respondents evaluated the processes of competition on international markets as factors which are “of great importance” (about 21%) and “rather unimportant” (22%) in the process of service quality development (Table 3). Undoubtedly, the necessity of starting activities on foreign markets means active participation of transport companies in international competition for contracts. Attention must then be paid to the selection of instruments of competition, the way of acquiring contracts, varying standards of providing services, which form the foundations of service quality development on foreign markets.

Table 3: Competition processes on foreign markets variable – quantitative table

| Evaluation | K-S d=,26498, p<,01; Lilliefors p<,01 |                  |                         |                                   |                      |                          |
|------------|---------------------------------------|------------------|-------------------------|-----------------------------------|----------------------|--------------------------|
|            | Number                                | Cumulated number | % of relevant responses | Cumulated % of relevant responses | % of the total cases | Cumulated % Of the total |
| 2          | 2                                     | 2                | 1.49254                 | 1.4925                            | 1.49254              | 1.4925                   |
| 3          | 30                                    | 32               | 22.38806                | 23.8806                           | 22.38806             | 23.8806                  |
| 4          | 20                                    | 52               | 14.92537                | 38.8060                           | 14.92537             | 38.8060                  |
| 5          | 54                                    | 106              | 40.29851                | 79.1045                           | 40.29851             | 79.1045                  |
| 6          | 28                                    | 134              | 20.89552                | 100.0000                          | 20.89552             | 100.0000                 |

Source: (Author's elaboration)

The Polish market of road cargo transport is characterized by high supply fragmentation. A feature of this market is price competition. In the conditions of long-term cooperation, it is important to ensure basic attributes of quality (security and punctuality of delivery). The conditions of gaining customers should be considered difficult and demanding. A majority of respondents confirmed (46%) that competition on the domestic market was important, with a quarter of them defining it as “rather unimportant” in the process of shaping service quality (Table 4). In the evaluation of this factor, similarly to the already described variables, no unanimity was observed among the respondents (V=24%, R=4).

Table 4: Competition processes on the domestic market variable – quantitative table

| Evaluation | K-S d=,30145, p<,01; Lilliefors p<,01 |                  |                         |                                   |                      |                          |
|------------|---------------------------------------|------------------|-------------------------|-----------------------------------|----------------------|--------------------------|
|            | Number                                | Cumulated number | % of relevant responses | Cumulated % of relevant responses | % of the total cases | Cumulated % of the total |
| 2          | 2                                     | 2                | 1.49254                 | 1.4925                            | 1.49254              | 1.4925                   |
| 3          | 34                                    | 36               | 25.37313                | 26.8657                           | 25.37313             | 26.8657                  |
| 4          | 14                                    | 50               | 10.44776                | 37.3134                           | 10.44776             | 37.3134                  |
| 5          | 62                                    | 112              | 46.26866                | 83.5821                           | 46.26866             | 83.5821                  |
| 6          | 22                                    | 134              | 16.41791                | 100.0000                          | 16.41791             | 100.0000                 |

Source: (Author's elaboration)

The last variable classified as a determinant of quality was activity of international companies. It forces actions aimed at adapting to the standards of providing services among micro and small road transporters. In many cases, large entities make use of well-established and efficient strategies of acquiring customers. Their activities determine the functioning of micro and small transporters, forcing qualitative changes. About 66% of respondents declared the activities of international companies as important in shaping quality (Table 5), giving grades from 4 to 6. In data analysis sample heterogeneity was observed (V=28, R=5). A small percentage of respondents (4,5%) defined that influence as “completely unimportant”.

Table 5: Activity of international companies variable – quantitative table

| Evaluation | K-S d=,17094, p<,01; Lilliefors p<,01 |                  |                         |                                   |                      |                          |
|------------|---------------------------------------|------------------|-------------------------|-----------------------------------|----------------------|--------------------------|
|            | Number                                | Cumulated number | % of relevant responses | Cumulated % of relevant responses | % of the total cases | Cumulated % of the total |
| 1          | 6                                     | 6                | 4.47761                 | 4.4776                            | 4.47761              | 4.4776                   |
| 2          | 0                                     | 6                | 0.0000                  | 4.4776                            | 0.00000              | 4.4776                   |
| 3          | 36                                    | 42               | 26.86567                | 31.3433                           | 26.86567             | 31.3433                  |
| 4          | 44                                    | 86               | 32.83582                | 64.1791                           | 32.83582             | 64.1791                  |
| 5          | 36                                    | 122              | 26.86567                | 91.0448                           | 26.86567             | 91.0448                  |
| 6          | 12                                    | 134              | 8.95522                 | 100.0000                          | 8.95522              | 100.0000                 |

Source: (Author's elaboration)

In the opinions of respondents, benchmarking and access to cabotage transport markets were not determinants of quality. It should be emphasized that the respondents were not a

homogeneous sample. Access to cabotage markets was marked by the highest variability (33%), along with relatively low grades (D=5). Similar results were observed in the case of the benchmarking variable (V=26%). Making use of the models of largest competitors and the practices employed by market leaders in one's own business activities creates a chance for qualitative development. Providing services in cabotage transport also facilitates changes, as it forces permanent improvement in the quality on markets which were previously reserved for local transport companies.

#### 4. Conclusion

The study results have shown that the processes of internationalization were of significance in the process of shaping service quality in road cargo transport. The determinant which was most highly evaluated was qualified and educated staff. It was the only endogenous determinant- the decisions regarding development of human capital were up to the transport companies. The remaining ones were of exogenous nature (the processes of competition on a domestic and foreign market, activity of international companies). One can assume with some caution that the highest grades given to the qualified staff variable could serve as the need to improve the quality of managing staff among the respondents.

Due to fragmentation of the road transport sector in Poland, cooperation with other entities most often takes place on the basis of subcontracting of services, both in a given country and abroad. It is a surprising fact that, in the respondents' opinion, benchmarking and cabotage transport did not create an opportunity to improve one's practices and did not facilitate improvement in the quality of services. Access to foreign markets, especially cabotage ones, was anticipated by Polish transport companies. It was more often evaluated from the economic perspective, rather than as an aspect of a company's qualitative development. The study results confirm low awareness of transporters in this respect. On the other hand, a high share of Polish transport companies in the EU transport-related labor seems to contradict that. It has increased from 9% in 2008 to 18% in 2017 (EUROSTAT data). Given the attractive prices and relatively low operation costs in the post-accession period, maintaining strong position in the long term forced companies to adapt to the needs of difficult markets, such as the German and French ones. The respondents also pointed out that foreign markets are much more demanding than the Polish one, and the success on them is determined by the ability to provide services in accordance with the contract signed.

The Author is aware that the obtained results could have been different had the study been conducted in the sector of medium and large companies with greater capital at their disposal. The matter will be subject of another planned study.

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# **IMPACT OF INTERNATIONAL LABOUR MOBILITY ON HUMAN RESOURCE MANAGEMENT IN REGIONS OF RUSSIAN FEDERATION**

Alexandr Kokovikhin <sup>1,a,\*</sup>

<sup>1</sup>Ural State University of Economics, 620014, Ekaterinburg, Russia

<sup>a</sup>kau@usue.ru

\*Corresponding author

**Abstract.** Paper aimed to identify the impact of international labour mobility and labour force ethnic diversity on human resource management in the Russian Federation in the context of political and economic conditions and to propose recommendations which HR practices are effective in making use of diversity by an analysis of the current situation. The theoretical basis of diversity management are the institutional and -resource theory. Methodology research includes publication research, an in-depth analysis of semi-structures interviews with human resource managers and consultants, and observation of aspects that cover practices used in diversity management through human resource management. Interviews identify approaches and human resource practices in companies located in the Sverdlovsk oblast: HR marketing attract foreign workers in the Russian Federation mostly under pressure stemming from minority customers and the diversity market. They are predominantly recruited for blue-collar jobs, held rather lower management positions and provided few promotion opportunities. A study of management practices in organizations of the Sverdlovsk oblast showed absence of conflicts related to socio-cultural differences between citizens of the Russian Federation representing ethnic and religious minorities. At the same time, the study revealed conflicts between managers and foreign employees, as well as between foreign workers and workers who are citizens of the Russian Federation. Besides, managers have not got competencies in diversity management, but they think, that its true important for managing of divers personnel and they ready for learning and using of diversity management.

**Keywords:** diversity management, competency-based management, human resource policy, Russian Federation

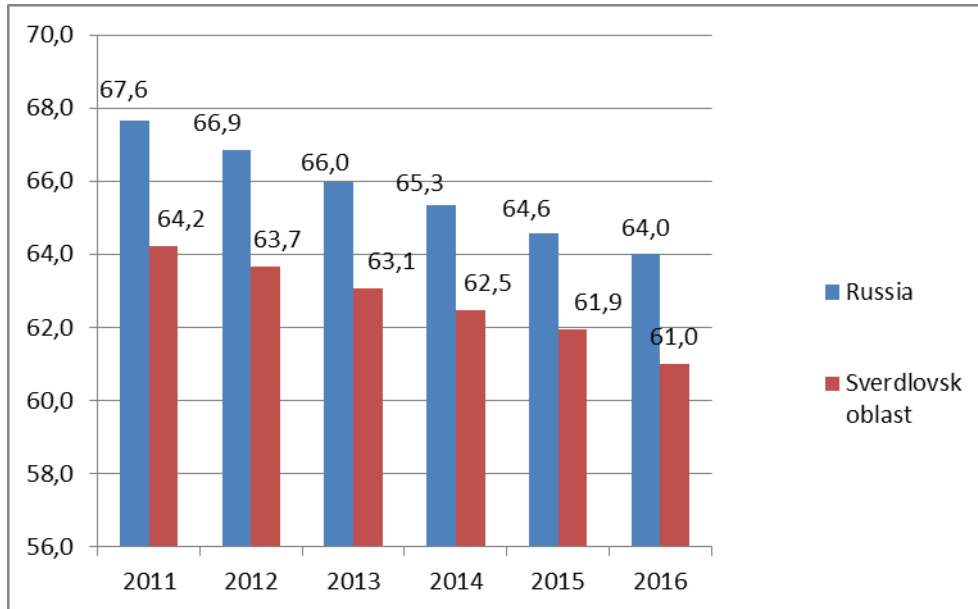
**JEL Classification:** J24, J31, M51

## **1. Introduction**

There are two main causes of grate important of diversity factor in economic development of Russian Federation. Thirst of all, this countries had sustainable growth of an international investment projects from the beginning of XXI century. Second cause- there is the negative trend for decreasing economically active population. For example rate of able-bodied population in total population in Russian Federation and such industrial region as Sverdlovsk oblast (4,5 million citizens) decline from 67,6(64,2)% till 64,0 (61,0)%. Unfortunately, it's long-term trend. On the one hand this can be explained by falling birth rates as a result of negative economic situation in the early nineties. Another reason for reducing economically

active population is low life expectancy and high incidence of disease, also resulting from the negative effects of transitional reforms (Fig. 1).

Figure 1: Rate of able-bodied population in total population, %



Source: Russian Statistic Service of Sverdlovsk Region Annual (2016)  
[http://sverdl.gks.ru/wps/wcm/connect/rosstat\\_ts/sverdl/ru/statistics/sverdlStat/population](http://sverdl.gks.ru/wps/wcm/connect/rosstat_ts/sverdl/ru/statistics/sverdlStat/population)

Main HRM problems connected with ethnic and cultural diversity are the following (Shtihno, 2013):

- a) Differences in religious and cultural traditions;
- b) Foreign employees' poor knowledge of the official language;
- c) Inflexible policies of the companies towards ethnic and cultural diversity.

As a result of these problems potential productivity is not achieved, employee's creativity and innovative activity falls, staff turnover and evasion of performance increases.

The experience of solving these problems in the tradition of American and European management is represented by the concepts of managing social and cultural diversity (diversity management) and intercultural management (cross-cultural management). The research in the theory and practice of social and cultural diversity management held in the Sverdlovsk oblast became the basis for this article. The objective is: taking into account the experience of the European Union countries to determine the prospects for developing practices of social and cultural diversity management in the organizations of the Sverdlovsk oblast which use foreign labour.

The tasks to be solved to achieve this goal are:

- identifying the approaches in socio-cultural diversity management, types of managerial competencies required by employers who face socio-cultural diversity of staff in Russian Federation.

- working out proposals and recommendations for the development of social and cultural diversity management practices in the organizations; culture and values competencies (Coemans et al., 2015) of managers in international investment projects.

## 2. Theoretical framework

The theoretical basis of social and cultural diversity management (diversity management) are the institutional theory, the resource theory (Shen et al., 2009) and the concept of "competence approach» (competency based management) (Deist et al., 2005). Competence-based approach is an approach to the description, assessment and development of the person within which the behaviour of the person is considered to be the manifestation of his competences (Kokovikhin et al., 2016).

Referring to socio-cultural diversity management the competence approach provides methods of evaluation, development, motivation and stimulation of the required competences of employees and managers. Describing the state of research in the field of socio-cultural diversity, it should be noted that the socio-cultural diversity management is a relatively young industry, known little in Russia and in Eastern Europe. Its development is of great interest, because of the current problem for some ethnic groups to integrate in the Russian society and the issues of interaction with labor migrants, foreign partners in the WTO, foreign investors (Kokovikhin et al., 2017). The management of socio-cultural diversity (diversity management) as a separate direction in the personnel management (human resources management) originated in the United States of America and was a reaction to a common situation, when the company's staff consists of employees of different age, nationality, race, religion, etc. It is based on the principle that differences between people should not prevent their joint work (Kalburgi et al., 1995).

"Diversity" may relate to various aspects: gender, age, colour, religion, cultural differences, etc. In this article the focus is on cultural diversity and its specifics connected with employing foreigners and representatives of ethnic and religious minorities. Socio-cultural diversity management is seen by many studies as the key strategic aspect of international companies. For example, in the work of the Canadian scientist of Indian origin K. M. Srinivas it is noted that "one of the key factors for the success and growth of global companies is that they have a global type of thinking, which includes such skills as curiosity, interest, recognition of the complexity and attention to diversity, the search for new opportunities, belief in progress, continuous improvement, long-term perspective and systematic thinking" (Kalburgi et al., 1995). In the work of G. Barkema, John. Baum and W. Mannix the management of socio-cultural diversity is considered as "challenge of the time, the response to which will help companies to cope with diversity in international business, especially if the companies are able to cope with the undesirable consequences of diversity, such as interpersonal conflicts" (Barkema et al., 2002)

P. Das and B. Parker note that there is no single correct or best way to manage socio-cultural diversity. The authors prove the hypothesis that there are internal and external factors which define what approach to managing socio-cultural diversity will be selected by the company, involved in international business (Dass et al., 1999). T. Kochan, K. Bezrukova and others' works describe the results of researches done to identify the effects of using the methods of diversity management (Kochan et al., 2002).

Analyzing the experience of German companies, A. Ziegert notes that "an acute shortage of competencies in the field of intercultural communication is mainly experienced by companies operating internationally" (Zigert, 2008). The role of intercultural competences is considered within a separate concept of management - "intercultural management". Intercultural management issues refer to those organizations that "employ foreign workers, as management needs to take into account their motivation system", and "transnational corporations... which should take into account the cultural specifics of different countries in adapting the management

style practice-d by the company headquarters" (Kumar, 1995). An ability to effectively interact with different cultures is an important criterion for highly qualified specialists and, as a consequence, the success factor in creating innovation, the growth of economic well-being, entering new markets and preserving the existing markets. Based on the above mentioned results of the research in USA R. Florida introduces a new formula for economic growth: " describes it as the so-called "Three T's": Technology, Talent and Tolerance, which contribute to economic development, market attractiveness and competitiveness" (Thomas, 1991).

### 3. Methods

A study of administrative practices in the organizations of the Russian Federation, Kazakhstan and Belorussia experiencing socio-cultural diversity was held in the first half of 2017. The researchers used the methodological approach proposed by Professor Z. Dvořáková (Dvorakova, 2016). The methods included the accumulation of data and information using multiple methods: analysing scientific publications, conducting semi-structured interviews and observation. The data included both historical and present day information about the given social sphere. The reasons for using specified methods are connected with studying the social phenomena: national culture, values, behaviour and HR management practices. Thus, the collection, selection and analysis done by using the methods of interpretation (reveal ideas (meanings) generated in human economic activity, show the sphere for their implementation) provide the basis for achieving visible results and developing recommendations. These methods are used in the in-depth analysis of data obtained from semi-structured interviews with managers and HR specialists to explore approaches and practices in the field of diversity management in the national cultural environment as in the business model.

The object of the research on diversity management practices in the Sverdlovsk oblast were organizations involved in three types of activity that provide employment to more than 80% foreign workers:

- manufacturing – 5 organizations (number of employees over 1000 people);
- construction – 10 organizations (number of employees over 100 people);
- wholesale and retail trade- 12 organizations (number of employees over 200 people);
- other community, social and personal services– 2 organizations (number of employees over 200 people)

The respondents were 46 line managers and HR managers who filled in questionnaires or took part in semi-structured interviews on the questionnaire. The questionnaire aims to identify HR management practices which are used when the staff consists of foreign workers and Russian citizens from ethnic and religious minorities. Besides, it measures managerial competences in the field of diversity management and cross-cultural management, as well as understanding the need to acquire (deepen) these competencies.

*Table 1: Questions for analyzing the diversity management practices in the Russian Federation*

| Number | Questions  |
|--------|--|
| 1.     | Are foreign workers of only one ethnic group or different ethnic groups recruited for unskilled/skilled/highly-skilled jobs? |
| 2.     | Were special social and cultural competences taken into account when deciding to recruit foreign workers?                    |
| 3.     | Are foreign workers' special social and cultural competences considered in your organization's foreign labor management?     |
| 4.     | Were there any cases of conflicts in your organization caused by social and cultural differences of foreign workers?         |

|     |  |
|-----|--|
| 5.  | Does your organization provide unskilled/skilled/highly-skilled jobs to the Russian Federation citizens representing ethnic and religious minorities?  |
| 6.  | Are special social and cultural competences taken into account in the management of the Russian Federation citizens representing ethnic and religious minorities?  |
| 7.  | Were there any cases of conflicts caused by the social and cultural differences of the Russian Federation citizens representing ethnic and religious minorities?   |
| 8.  | What is the most challenging management problem related to staff diversity?<br>What management functions were carried out to solve this problem?   |
| 9.  | Are social and cultural diversity values part of your organization strategy?   |
| 10. | What is the willingness of the heads of departments to take effective decisions which take into account socio-cultural diversity of the staff?   |
| 11. | What experience (competencies) have you received, working with the representatives of another culture?   |
| 12. | Are you familiar with the methods of diversity management and cross-cultural management? What activities did you organize (participated in) to create the competencies and understanding of socio-cultural diversity problems? |
| 13. | Do you consider it necessary to deepen professional knowledge in the field of diversity management and cross-cultural management?  |

*Source: compiled by author.*

#### 4. Results

The study showed prevailing practices of recruiting citizens of Russia coming from ethnic and religious minorities for jobs that require both unskilled and highly skilled labor. 100 % of employers confirmed the use of such practices. None of the respondents mentioned the cases of any conflicts related to socio-cultural differences between the citizens of the Russian Federation.

The results of our study are consistent with the results of a study conducted by the Center for the promotion of ethnic-cultural associations under the Urals state mining University in 2012. The research theme was "The attitude of members of ethnic and cultural public associations to the development of ethno-religious relations in the Sverdlovsk oblast". Of the 388 respondents representing 70 ethnic and cultural associations of the Sverdlovsk oblast, 94% of respondents assessed the level of relations between the representatives of different peoples in the Sverdlovsk oblast as "satisfactory", "good" or "very good" .

Meanwhile, the majority of managers and HR specialists (90%) do not consider it necessary to address the special social and cultural competences in managing employees who are the citizens of the Russian Federation representing ethnic and religious minorities. This result may be explained by insignificant differences in labor and consumer behavior of the Russian Federation citizens representing different ethnic and religious groups.

The situation with foreign workers is radically different: 100% of respondents recruit foreign workers for unskilled jobs, only 30% hire foreign workers for skilled jobs, and none of the respondents confirmed hiring foreign workers for highly skilled jobs. 67% of respondents spoke about past or present conflicts between managers and foreign employees as well as conflicts between foreign workers and nationals of the Russian Federation caused by socio-cultural differences of the foreign workers. This result is also consistent with the research data of the Center for the promotion of ethnic-cultural associations under the Urals state mining University, in which 58% of respondents assessed the impact of the inflow of migrant workers on ethnic and confessional relations as "increasing tension" and "bringing a lot of harm". However, 54% of respondents noted taking into account particular social and cultural competencies when deciding to employ foreign workers. The proportion of foreign workers employed in

construction was 80%, the proportion of those employed in sales was 67%. Foreign workers employed in the utilities and manufacturing industries accounted for less than 50%. All respondents agreed on the necessity of and confirmed the fact of taking into account foreign workers' special social and cultural competences in the organization's management practices.

Among the most serious management challenges related to staff diversity there were organizing internal communications (poor knowledge of the Russian language by foreign workers, lack of work contact with the employees who are the citizens of the Russian Federation), increasing the loyalty of foreign workers. Among the measures being taken there were organizing training of foreign workers in the Russian language and culture (required by the Russian legislation). 6 respondents (15%) proved to be familiar with diversity management methods and cross-cultural management. However, no special events aimed to create competences and understand socio-cultural diversity challenges were held in the organization. The values of socio-cultural diversity were not part of the organization's strategy. All the respondents noted the need to deepen professional knowledge in the field of diversity management and cross-cultural management.

Six respondents, that was competent in diversity management, notes competences are important for managers in organisations with socio-cultural diversity of staff (Tab. 2) Results of this researching shows: competences in nowadays management of diversity are more important for managers and HR specialists (75-100% of respondents), than competences in development of diversity (50-75% of respondents).

Table 2: Culture and values competence of managers in international investment projects

| No | Group of competences                                 | Competences   | Respondents % |
|----|--|---|---------------|
| 1. | Managerial competence                                | - recruitment and selection of staff, taking into account socio-cultural competences;                               | 100           |
|    |  | - controlling and assessing socio-cultural diversity of staff;  | 100           |
|    |  | - motivation and stimulation of socio-cultural competencies.  | 100           |
| 2. | Basic social competence (soft skills)                | - openness and interest in the new  | 50            |
|    |  | - flexibility and respect for other people and other cultures   | 100           |
|    |  | - the ability to adjust themselves to the changing circumstances of another culture                                 | 75            |
|    |  | - the ability to act successfully in a new cultural context   | 75            |
| 3. | Communicative competence                             | - the ability and desire to communicate effectively, taking into account the socio-cultural diversity of the staff. | 100           |
|    |  | - style of communication, taking into account socio-cultural diversity of the staff.                                | 75            |
| 4. | Knowledge of national culture (hard cultural skills) | - knowledge about the national characteristics  | 100           |

Source: compiled by author.

## 5. Discussion and conclusion

Based on the labour legislation, experience of managing socio-cultural diversity in leading multinational companies and research into diversity management practices in the Sverdlovsk

region, we recommend taking the following measures to develop diversity management practices:

- to include the socio-cultural diversity management in the HR policy of the organization;
- to conduct an audit of HR policies and processes to avoid discriminatory conditions;
- to collect and analyse information about the socio-cultural environment in the organization;
- to develop the policies and techniques of diversity management (including them in the planning, recruitment, selection, training and development of the staff, in the performance management, motivation and stimulation, wage and labour relations);
- organize staff training in the issues of social-cultural diversity;
- to increase the involvement of employees representing ethnic-cultural minorities, through special training and organizing intra- network of communications;
- organize the popularization of diversity management practices using informal internal communications.

The desire to respect and to strengthen cultural diversity in the company is motivated not only by ethical but also purely rational considerations, a direct count on success. It comes to those companies who understand that competitive challenge in dynamic global markets requiring constant innovation and creativity, organizational flexibility and adaptive capacity, should better be responded by combining the experience and knowledge of the multinational team. Such a strategy becomes a powerful motivating tool that can greatly facilitate the implementation of the diversity management system in the enterprise. The task of management is to create the framework conditions in which the enterprise could live and work on the principles of respect for human dignity and respect for human rights and recognition of people of a different culture as equal partners. Diversity management requires, on the one hand, to recognize the value of the “diversity” phenomenon and, on the other hand, to be prepared for “cultural transformation”, for creating and strengthening the corporate culture which stimulates the differences.

Among the most serious management challenges related to staff diversity the respondents identified organizing internal communication (foreign workers’ poor knowledge of the Russian language, lack of worker contact with the employees who are the citizens of the Russian Federation), increasing the loyalty of foreign workers. A study of management practices in socially and culturally diverse organizations of the Sverdlovsk oblast revealed the managers’ and specialists’ lack of knowledge in the field of diversity management. At the same time, managers and professionals realize the importance of the problems to be solved using the methods of diversity management, the need to deepen the knowledge in this area and put it into practice.

Further research in the field of diversity management requires the surveys of foreign workers opinions on the management methods. It requires building the models and profiles of socio-cultural competences of managers and specialists as well as in depth studying the specific processes of managing socially and culturally diverse staff.

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## **SOCIAL PROTECTION EXPENDITURE IN THE LIGHT OF THE GRADUAL CHANGES IN THE EUROPEAN LABOUR MARKET**

Magdalena Kotynkova<sup>1,a,\*</sup>

<sup>1</sup>University of Economics Prague, W. Churchill Sq. 4, 130 67 Prague 3, Czech Republic

<sup>a,\*</sup> kotynkov@vse.cz

**Abstract.** During the second half of the 20th century, significant changes in the structure and concept of the welfare state in Europe emerged, mainly due to the changes in labour market. Since the 70s of the last century, European labour market has passed gradual changes. Progressive implementation of labour-saving technologies, information and communication technologies changed economic activity and consequently the character and forms of work. The accompanying phenomenon of these changes in the labour market was growing uncertainty and the level of unemployment. People threatened by the unemployment, especially by the long-term unemployment became dependant on social benefits. Multiple increase in public expenditure in the social sector has emerged and welfare state has found itself in a crisis especially since the 90s of the last century when long-term unemployment has risen significantly. Given the fiscal unsustainability of the current social systems, measures and reforms addressing the fiscal crisis of the welfare state are being introduced. The aim of this paper is to assess the dynamics of current social expenditures of the EU member countries in the light of the changes in the labour market and identify the fiscal trend.

**Keywords:** public expenditures, labour market, welfare state, social reform, unemployment

**JEL Classification:** H53, I39, J20, J39

### **1. Introduction**

Over a hundred years, the welfare state went through several stages, starting from the first insurance company systems, through the "golden era" of the 1960's to the current welfare state crisis. Evolution of the social systems in the individual countries differed to a large extent with respect to the voluntariness, i.e. insurance cover obligation related to various losses. The oldest compulsory insurance concerned occupational accidents and was introduced in several European countries before the end of the 19th century. On the contrary, unemployment insurance was often voluntary and in most cases became compulsory after World War I. Compared to the European countries it must be stressed that liberal countries such as the USA and Canada established and developed the welfare state with a delay of several decades (Bouget, 2003).

Since the past century, the European countries have gone through major social reforms. From the end of the 19<sup>th</sup> century, Europe has been one of the most dynamically developing continents in terms of social risk protection. Step by step the European welfare state started to evolving. The objective of the welfare state and the reason for its establishment was to protect families and individuals against social risks in the society. Traditionally, this concerns adequate income to cover basic needs at the time of sickness, old age, unemployment etc. Besides these traditional social risks, new risks started being discussed in the end of the 70s last century

(hereafter: “the 70s”). The most significant problems appeared to be changes in the labour market and lack of funds to operate all types of the welfare state related with all risks including the unemployment and especially the long term unemployment. (Greve, 1996).

The European social model is a topic to be discussed amongst experts on social and mainly fiscal policy. Most experts agree that given the labour market changes and fiscal crisis of economy it is necessary to change the view of the welfare state in Europe. Discussion over the welfare state phenomenon does not concern its existence, but rather how it should work, it means to what extent, in what arrangement, and how efficient it should be in the long run. All this has an effect on financing and on the fiscal budgets (Schmit, 2011).

## **2. Methodology and data**

The objective of this paper is to assess the dynamics of the current social expenditure of the EU Member States and identify their fiscal trend, including the consideration of budgetary expenditure in selected countries. The assessment of the current fiscal trends requires an analysis of social expenditure in a time series in the individual countries of Europe. In particular, the Eurostat database is used. The main directions influencing the fiscal pressures in the European social police are identified. The paper is mainly centred around the opinions of leading European experts on welfare states, EU strategic documents and Eurostat and ILO statistics (Eurostat, 2018, ILO, 2013).

## **3. Discussion**

It is necessary to identify the main reason affecting requirements of the welfare state. We have taken into our consideration primarily rising unemployment, especially long term unemployment and labour market insecurity. People threatened by the unemployment and job insecurity have become dependant on social benefits and do not adequately contribute to the social system used to finance the benefits. Unemployment, long term unemployment and labour market insecurity have begun to rise due to changes in dependence between economic growth on one hand and volume and quality of workforce on the other hand, since the 70's.

Industrial era dominated in Europe since the second half of the 19th century. However, at the beginning of the 70's the structure of production, character and forms of work started to change with introduction of labour-saving technologies. Relations between economic growth and job creation has weakened. A side effect of increasing labour productivity has become unemployment which has been a commonly discussed problem in the EU countries (Tanzi, V. 2002). The call for a common fight against unemployment was firstly published in 1994 by the European Commission in the document Growth, Competitiveness, Employment – Challenges and Ways Forward for the 21th Century (European Commission, 1994).

Labour-saving technologies weakened job creation. Owing to that, the world of work changed dramatically, free workforce started to pass from the industry to the service sector. Gradually the whole structure of the economy has changed, services are becoming dominant namely both in the share in GDP and in employment. With the time material production stopped being crucial for the economic growth and knowledge and algorithms production together with flows of information and their application started to be more important. This caused a change in the relation between the capital and paid work (Navarro, 1998).

If there had been a relation of mutual dependence between economic growth and volume and quality of workforce since the beginning of industrial era, in the last decades this

interconnection ceases to be significant. The relation between economic growth and labour started to be separated which can be proved with the fact that the economic growth in the last decades of the 20<sup>th</sup> century started to be reached even when the number of vacancies stagnated or increased very slowly (Kantová et al., 2018). The International Labour Organisation states that 1% economic growth encourages increase in new workplaces by 0.3% while the relation keeps weakening (ILO, 2013). The factor of work was becoming marginal in relation to the economic growth of the 70s.

Rapidly applied scientific inventions and findings help labour-saving technologies enter the work process and replace workers which is being reflected in increasing unemployment. The amount of jobseekers has been increasing since the 70s. At that time, the economic theory accepted a conception of so called natural unemployment rate where unemployment was considered being a natural phenomenon.

The conception of the natural unemployment rate supposed the existence of the lowest sustainable unemployment rate in long-term corresponding with a potential product. There is the question of such unemployment rate, which is typical of the economy at a certain stage of development. Milton Friedman by the criticism of Philips curve coming from mutual dependence of unemployment and inflation based on the premise that unemployment can be reduced despite higher inflation<sup>18</sup>, stated that the dependence is true only for a short-term period. In the long term, the Philips curve is stabilised at a level of natural unemployment corresponding with a potential product. Efforts to reduce the natural unemployment rate by means of demand oriented economic policy of the government or the Central Bank will lead to the rise in inflation only (Friedman, 1998). In the course of time it seems that the natural rate of unemployment keeps increasing which might be caused not only by labour-saving technologies, but also by the overall change in the structure and character of work (move from the importance of material production to nonmaterial one. It expels not only low-level skilled workers, but also profession with mid-level skilled which is nowadays visible.

Currently, labour market future is discussed. The trigger of this discourse was the German concept Industry 4.0 (Plattform Industrie 4.0., 2016), which was first introduced in 2011<sup>19</sup> and followed by the concept Work 4.0 (Green Paper Work 4.0, 2016). The term “Industry 4.0” was first introduced by the German Industry-Science Research Alliance in 2011. In 2012 the German Working Group on Industry 4.0 presented a set of recommendations to the German federal government. The Industry 4.0 workgroup members are recognized as the driving force behind Industry 4.0

Industry 4.0 is the vision of increasing digitisation of production. The concept describes how the Internet of Things, Data and Services will change production, logistics and work processes in the future. The changes brought about by networking based on the Internet of Things, Data and Services have a greater impact than for industrial production alone because they affect not only economies, but also the world of work and social life as a whole. Industry

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<sup>18</sup> The Phillips curve represents the relationship between the inflation rate and the unemployment rate. A. W. H. Phillips studied wage inflation and unemployment in the United Kingdom from 1861 to 1957 and found a consistent inverse relationship: when unemployment was high, wages increased slowly; when unemployment was low, wages rose rapidly. Thus, the Phillips curve represents an empirical model describing a historical inverse relationship between unemployment rate and corresponding inflation rate that result within an economy. Stated simply, decreased unemployment (i.e., increased levels of employment) in an economy will correlate with higher rates of inflation.

<sup>19</sup> Industry 4.0 is the vision of increasing digitisation of production. The concept describes how the Internet of Things, Data and Services<sup>19</sup> will change production, logistics and work processes in the future.

4.0 is more a vision than a reality, but it is already prepared to change not only industry, but also word of work. The world of work has been changing from the 70s last century and further changes are expected. The robots are coming and if the forecasts are correct, it can mean the extinction for millions of jobs. Innovations may seem grandiose, but they can also be destructive, rendering entire professions obsolete even as they boost productivity and convenience. If widespread predictions are correct, automation in the workplace is set to increase at an unprecedented rate.

Many areas of manual work are being affected. Robots in factories and warehouses are becoming more mobile, versatile and affordable. It's not just manual labour that's ripe for automation: white-collar jobs are also at risk as software becomes more sophisticated. Data analysis work in areas such as advertising and finance is being outsourced to computers.

One issue that will loom ever larger as the incidence of automation increases, is income and social inequality. Automation is fundamentally the substitution of capital for labour. The problem is that the people who already have the capital are the ones who will benefit most, because they are the ones who will invest in the new automation. In other words, the rich will get richer and the rest will suffer.

#### 4. Results

Unemployment, especially long-term unemployment alongside with population aging are reasons of changing opinions on the role of the state in the field of social policies. It can be shown that trend in the social protection expenditure over time shows their growth (Hessami, 2010).

According to the latest data from Eurostat, the statistical office of the European Union (Eurostat, 2018), the social protection expenditure reached 29% of the GDP in the European Union in the year 2016. Since 2006, these expenditure in the European Union has increased, from 25.6% of GDP in 2006 to 29.0% in 2016.

The EU average continued to mask major disparities between Member States. Traditionally, Europe was led by France with nearly 34% social expenditure in the GDP in the year 2016 and ranks amongst the top ones. Furthermore, Finland, Belgium, Denmark, Netherland, Italy, Austria, Sweden, Germany, Great Britain and Greece currently spend over one fourth of their GDP on social protection expenditure. In contrast, social protection expenditure stood below 20% in GDP in Romania and Latvia, Lithuania and Estonia, Ireland, Malta, Bulgaria and Slovakia, as well as in the Czech Republic. These disparities reflect differences in living standards, but are also indicative of the diversity of national social protection systems and of the economic, labour market, demographic, social and institutional structures specific to each Member State. For more details see table No. 1.

*Table 1 Total social expenditure as a percentage of GDP in the time period 1995 – 2015*

| Country   | 1995 | 2006 | 2008 | 2010 | 2012 | 2014 | 2016 |
|-----------|------|------|------|------|------|------|------|
| EU 27     | .    | .    | 25.9 | 28.6 | 28.7 | 28.6 | .    |
| EU 28     | .    | 25.7 | 25.9 | 28.8 | 28.7 | 28.6 | 29.0 |
| Eurozone  | .    | 26.2 | 26.5 | 29,2 | 29.4 | 29.7 | .    |
| Included: |      |      |      |      |      |      |      |
| Austria   | 28.8 | 27.5 | 27.6 | 29.6 | 29.2 | 29.8 | 29.8 |

|                |      |      |      |      |      |      |      |
|----------------|------|------|------|------|------|------|------|
| Belgium        | 27.3 | 26.6 | 27.7 | 29.4 | 29.6 | 30.2 | 30.3 |
| Bulgaria       | .    | 13.8 | 14.7 | 17.0 | 16.6 | 18.5 | 17.9 |
| Croatia        | .    | .    | 18.6 | 20.8 | 21.1 | 21.6 | 21.7 |
| Czech Republic | 16.7 | 17.6 | 17.9 | 20.0 | 20.4 | 19.7 | 19.0 |
| Denmark        | 31.9 | 28.4 | 28.9 | 32.4 | 32.0 | 32.8 | 32.3 |
| Estonia        | .    | 12.0 | 14.7 | 17.6 | 15.0 | 15.1 | 16.4 |
| Finland        | 31.4 | 25.4 | 25.1 | 29.3 | 30.1 | 31.9 | 31.6 |
| France         | 30.3 | 30.4 | 30.4 | 32.9 | 33.5 | 34.2 | 33.9 |
| Germany        | 28.3 | 27.8 | 27.1 | 29.8 | 28.7 | 29.0 | 29.1 |
| Greece         | 22.3 | 20.6 | 22.8 | 25.9 | 28.0 | 26.0 | 26.4 |
| Hungary        | .    | 21.9 | 22.3 | 22.5 | 21.3 | 19.8 | 20.0 |
| Ireland        | 18.6 | 17.5 | 20.7 | 25.2 | 24.4 | 21.6 | 16.3 |
| Italy          | 24.3 | 25.6 | 26.7 | 28.9 | 29.3 | 29.9 | 29.9 |
| Lithuania      | .    | 13.3 | 15.9 | 19.0 | 16.2 | 15.2 | 15.5 |
| Latvia         | .    | 11.9 | 12.1 | 18.3 | 14.4 | 14.4 | 14.9 |
| Luxembourg     | 20.4 | 20.8 | 21.2 | 22.7 | 22.8 | 22.7 | 22.8 |
| Malta          | 17.5 | 17.8 | 18.1 | 19.3 | 19.1 | 18.2 | 18.5 |
| Netherlands    | 30.6 | 26.5 | 6.4  | 29.7 | 31.0 | 30.9 | 30.2 |
| Poland         | .    | 19.7 | 19.3 | 19.7 | 18.9 | 19.1 | .    |
| Portugal       | 20.4 | 23.7 | 23.4 | 25.8 | 26.4 | 26.9 | 25.7 |
| Slovakia       | 18.5 | 16.0 | 15.7 | 18.2 | 18.0 | 18.5 | 18.2 |
| Slovenia       |      | 22.3 | 21.0 | 24.4 | 24.9 | 23.9 | 23.8 |
| Spain          | 21.6 | 20.0 | 21.4 | 24.6 | 25.5 | 25.4 | 24.6 |
| Sweden         | 33.5 | 28.6 | 27.7 | 28.6 | 29.3 | 29.5 | 29.2 |
| United Kingdom | 27.1 | 25.1 | 25.8 | 29.0 | 29.1 | 27.3 | 28.6 |

\* not available

Source: Eurostat (2018)

Unemployment, especially long-term unemployment alongside with population aging are significant reasons of changing opinions on the role of the state in the field of social policies. However, it can be shown that the importance of the welfare state remains stable: trend in the social protection expenditure over time shows their growth (Izak, 2011).

Eurostat data indicate long-term increase in the social protection expenditure. A rapid increase occurred at the time of the outbreak of the financial crisis between 2008 – 2010 which was accompanied by increasing unemployment. However, a slight increase continued in the following years.

Social security expenditure per capita has been different in EU Member states for a long time (Leibrecht, 2011). In 2016, social protection expenditure per capita in Purchasing Power Standards (hereinafter: “PPS”), which eliminates price level differences between countries,

showed large differences between EU Member States. After Luxembourg, the highest expenditure per capita were recorded in Denmark and Austria. In contrast, the lowest spending per capita were registered in Romania, Bulgaria and Latvia (under 3 thousands PPS).

Although there are common features in the evolution of the welfare state in the individual countries, for example the growing role of the state in social policy, rate of redistribution and provision of social services, there are also many differences between them. The scope of social services differs depending on the economic conditions of the state, traditions, values and historic development (Caminada, 2010).

## 5. Conclusions

The original welfare state was built on a well-functioning labor market, but new social risks emerged, which is unemployment, especially long-term unemployment. It can be said that the industrial era dominated in Europe since the second half of the 19th century ends today. Since the end of the 70s, economic activity and consequently the labour market have been changed by progressive implementation of labour-saving technologies, ICT and algorithms. The character of economic activity was changed and afterward character and forms of work were changed as well. These changes were accompanied by growing uncertainty of labour market and the level of unemployment.

Unemployment and uncertainty of the labour market started to grow at the 70s when labour-saving technologies appeared. These technologies weakened relations between economic growth and job creation. Owing to that, the world of work changed dramatically, free workforce started to pass from the industry to the service sector. Gradually the whole structure of the economy has changed, services are becoming dominant namely both in the share in GDP and in employment. With the time production of material property stopped being crucial for the economic growth, but production of knowledge and algorithms together with flows of information and their application have been becoming the most important

If there had been a relation of mutual dependence between economic growth and volume and quality of workforce typical of the industrial era, in the post-industrial era the interconnection does not go anymore. The factor of work was becoming marginal in relation to the economic growth. The relation between economic growth and labour was separated which can be proved with the fact that the economic growth during the last decades of the 20<sup>th</sup> century started to be reached even when the number of vacancies stagnated or increased very slowly ((Tanzi, 2002).

Europe keeps struggling with the high unemployment and with the problem of sustainability of the welfare state. People threatened by the unemployment become dependant on social benefits and do not adequately contribute to the social system used to finance the benefits. However, unemployment and job insecurities in the labour market have become a part of social and economic reality of Europe together with the increase of disadvantaged groups of population in the labour market. The social policy is one of the policies which is trying to treat families facing social problems with various social benefits and allowances.

The current social policy expenditure in the European countries have been kept at a high level for a long time. In most European countries, in particular the western ones, the expenditure exceeds 25% of the GDP, i.e. more than one-fourth of their economies. However, EU Member States are heterogeneous in terms of social aspects. One of the reasons for the increased EU heterogeneity was the EU expansion to the east (Aidukaite, 2011). An example

can be shown: the rate of social expenditure in France is 34% of GDP, while in Latvia only 15%. Europe diverges in social aspects not only because of the economic development of the individual countries but also as a result of various approaches to the social matters. The EU Member States tend to be divided into groups based on the recognition and practicing of a different social expenditure philosophy and this is one of the reasons why the EU fails to achieve a single direction.

As emphasised by ILO expert, Daniel Vaughan-Whitehead (Vaughan-Whitehead, 2015), the European social model played a key role in shaping up the European society after the war by encouraging inclusive economic growth, high standard of living and decent working conditions. In some of the European countries the key elements of the European social model have been transformed in response to the crisis that began in 2008. As a result of the crisis it has turned out that the current form of the European social model is not sustainable. The European Commission as well as ILO have come to realize that certain elements of the European social model need to be transformed in light of such challenges such as high unemployment and society aging in Europe.

Therefore, it is presently necessary for the European Union to make a decision crucial to keep the European social model which has played a key role in stabilising economies and maintaining social contract.

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# ENTREPRENEURS' LEGAL RESPONSIBILITY FOR HUMAN RIGHTS OBSERVANCE IN GLOBALIZED BUSINESS WORLD

Hana Kovacikova<sup>1,a</sup>, Ondrej Blazo<sup>2,b</sup>,

<sup>1,2</sup> Comenius University, Faculty of Law, Institute of European Law, Slovakia

<sup>a</sup> hana.kovacikova@flaw.uniba.sk, <sup>b</sup> ondrej.blazo@flaw.uniba.sk

**Abstract:** In the current globalised business world, a trade is often used as a tool to export Human Rights Protection concept (or the part of it) even to the countries, which do not recognise them. Comprehensive trade agreements between states or transnational corporations, which are relevant global players at the international business world, always contain some requirements for Human rights, labour rights, rule of law, environmental conditions or poverty alleviation. This approach follows the Universal Declaration of Human Rights (hereinafter only “UDHR”), which (in its Preamble) stipulates, that every individual and every organ of society should promote respect for these rights and freedoms and to secure their universal and effective recognition. Current trends in international law abandoned the classical concept of application of international principles only to governments towards wider concept to governments and companies. In this new trend, transnational company is understood to be an “organ of society” within the meaning of UDHR. Therefore, these parts of Human Rights became globally applicable and open markets require from the market players to observe them. The article deals with the transfer of responsibility for Human Rights observance from the States to private sector upon the globally applicable various United Nations initiatives on responsible business (e.g. UN Principles for Responsible Investment, UNEP Equator Principles, UNHCHR Business and Human Rights, UNODC Anti-corruption or UNCTAD Corporate Responsibility Reporting). The authors will focus on Corporate Social Responsibility Concept, which was to globalised business world introduced by the UN Global Compact initiative and its effect on social-economic consequences of globalisation.

**Keywords:** Human Rights, transfer of responsibility, global business world, United Nations

**JEL Classification:** K2

## 1. Introduction

International organisations, particularly the United Nations (UN), International Labour Organisation (ILO) or Organisation for Economic Co-operation and Development (OECD) and others have made several attempts to regulate international business activity. The key issue is the respect for Human Rights and entrepreneurs' legal responsibility for their observance.

The current situation is, that there isn't any international treaty in force, upon the basis of which it would be exactly stated that entrepreneurs are obliged to protect Human Rights or their liability for their infringement. Arguments in favour of respect for Human Rights are related to the 1948 Universal Declaration of Human Rights which in its Preamble stipulates, that every individual and every organ of society should promote respect for these rights and freedoms and to secure their universal and effective recognition. Entrepreneur, who can have both character of national or transnational company (TNC), is understood to be an “organ of society” within

the meaning of UDHR. This interpretation is supported by the fact, that the reference to TNC as an organ of society was used in UN Norms on the Responsibilities of Transnational Corporations and Others Business Enterprises with Regard to Human Rights while drafting the establishment of international duties of TNCs. Besides that, the Article 59 (1) of the UDHR stipulates that everyone has duties to the community in which alone the free and full development of his personality is possible, which means that the obligation applies both on public or private subjects. Article 30 UDHR then explicitly forbids any State, group or person from any activity or any act aimed at the destruction of any of the rights and freedoms set forth herein.

Another approach to interpretation of UDHR is that this Declaration presents a summary of rights of persons without specifying the obligated ones. By this way of interpretation, Declaration contains rights applicable *erga omnes*. This *erga omnes* effect is, according to McBeth (2008, p. 42), confirmed by the Preamble, which referred, as mentioned above, to their observance by every individual and organ of society.

Therefore, we can conclude, that entrepreneurs are obligated subjects for Human Rights protection.

In this article, we'll analyse legislative effort of United Nations and its effects on Human Rights observance by entrepreneurs in business world.

## **2. Regulatory attempts for developing entrepreneurs' responsibility for respecting the Human Rights**

As we mentioned above, there were several attempts of various international organisations and bodies to regulate the entrepreneurs' responsibility for respecting the Human Rights while providing their business activity. As the extent of this paper is limited, we will focus on the activity of the United Nations. Nevertheless, ILO's Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (1977 as amended), OECD's Guidelines for Multinational Enterprises (1976 as amended) or World Bank Group's IFC Performance Standards on Environmental and Social Sustainability (2012) are other relevant legal sources applicable in CSR concept.

UN has been trying to codify international liability of entrepreneurs for Human Rights infringement from the seventies of twentieth century (i. e. New International Economic Order (1794), Draft of Code of Conduct on Transnational Companies (1990). In 2000, Kofi Annan the UN Secretary-General, activated the initiative Global Compact. This initiative, despite its voluntary character, has had a great impact on transfer the Human Rights protection to business life of entrepreneurs. However, there was a lot of criticism, relating particularly to its lack of precision. The UN then propose the solution in form of Norms on the Responsibilities of Transnational Corporations and Other Business Enterprises with regard to Human Rights (2003), but this project failed, and this document was not adopted by the UN Commission on Human Rights. The only document adopted by the Human Rights Council was Guiding Principles for Business and Human Rights.

### **The UN Global Compact**

The UN Global Compact is an initiative open not only for TNCs, business sector, but either for public sector, academic institutions, NGOs, etc. Its aim is to support companies to take strategic actions to advance broader societal goals and to do business responsibly by aligning their strategies and operations with ten principles, which are derived from the four most

important documents: UDHR (1948), ILO Declaration on Fundamental Principles and Rights at Work (1998), The Rio Declaration on Environment and Development (1992) and UN Convention against Corruption (2003). Global Compact requires from the company to adopt, promote and embrace, within its sphere of influence, a set of core values in the areas of Human Rights, labour standards, environment and anti-corruption.

Human Rights area shall be governed by these principles: (1) *Business should support and respect the protection of internationally proclaimed human rights; and (2) make sure that they are not complicit in human rights abuses.*

Labour standards shall meet principles: (3) *Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; (4) the elimination of all forms of forced and compulsory labour; (5) the effective abolition of child labour; and (6) the elimination of discrimination in respect of employment and occupation.*

Environment follows the principles: (7) *Business should support a precautionary approach to environmental challenges; (8) undertake initiatives to promote greater environmental responsibility; and (9) encourage the development and diffusion of environmentally friendly technologies.*

Principle 10 is related to anti-corruption and stipulates that *business should work against corruption in all its forms, including extortion and bribery.*

Entrepreneur who wish to join this initiative, must (amongst others) include the Global Compact and its principles as an integral part of its business strategy, day-to day activities and in decision-making processes of the managing bodies. He also must promote Global Compact through advocacy, by spreading influence on business partners, clients and the public. The results on implementation of ten Global Compact principles must be regularly reported through the annual report of the corporation. The compliance check is realized upon document "Integrity Measures", which identifies violations such as misuse of the UN and the Global Compact symbols, non-compliance with the reporting conditions and allegations of serious or systematic violations. Given that involvement in the Global Compact is a voluntary initiative, violations do not constitute legal consequences (except for the misapplication of UN symbols), and the "punishment" of the entrepreneur can take only forms of identifying a Global Compact participant as " non-communicating "or" inactive "; or removal of the subject from the list of Global Compact participants.

The benefit is, that Global Compact undoubtedly acts as a counselling and consulting centre for corporate social responsibility (CSR). Janney, Dess, & Forlani have pointed out a different financial market reaction to a company's accession to the Global Compact – except US-based companies, investors have seen it signing up for the Global Compact positively (Janney, Dess, & Forlani 2009, p. 418). By complying with the Global Compact, the entrepreneur avoids sanctions and actions related to Human Rights violations, working conditions or environmental damage, and thus providing guarantee against the risk of loss of earning due to such sanctions and legal proceedings. What's more, by providing active measures in this area, they are rising their chance to succeed in public procurement, especially in European Union, where respecting and promoting of these values belong amongst measurable criteria.

Negative responses of investors may be linked to the fact, that US companies, by signing up for the Global Compact, are required to comply with certain standards (not applied in USA), which will cause additional costs. Mostly European companies have already met these standards and therefore they are spared of incurring of additional costs. Weak point is, that the

legal commitment of Global Compact is low. Except some types of private actions on unfair competition, there isn't any international sanction system. Above mentioned sanction system identified in Integrity Measures has the character of moral one. Low level of sanctions can provoke another threat: participation of malicious entrepreneurs, who abuse their participation on the Global Compact with intent to improve their reputation but without the change of their behaviour. (King, 2001). As a controversial example, the Rio Tinto mining corporation, who was a founding member with an active status, can be mentioned. This company was expelled from investing by the Norwegian Government Pension Fund Global Ethic Committee due to environmental violations.

Another criticism of the Global Compact relates to its lack of precision (for example, it does not specify which particular rights entrepreneurs have to observe and apply).

However, despite voluntary participation and non-existence of effective action undermine the importance of the Global Compact, its significance is to move previous documents to next level by supranational companies being called "to engage in efforts by governments, international organizations and NGOs in projects, which enhance social and economic development" (Murphy, 2005)

### **The UN Norms on the Responsibility of Transnational Corporations and Other Business Enterprises with Regard to Human Rights**

Further UN's attempts to regulate the obligations of entrepreneurs have focused solely on the protection of Human Rights. In 2003 the UN's Sub-Commission on the Promotion and Protection of Human Rights presented document "Norms on the Responsibility of Transnational Corporations and Other Business Enterprises with Regard to Human Rights" (hereinafter only "the UN Standards"). The UN Standards raised a number of contradictions. While some academics, and especially NGOs, welcomed and publicly supported their acceptance, business representatives stood very critical of them. International Organization of Employers (IOE) together with International Chamber of Commerce in their joint view blamed the UN Standards, among other things, that the proposal itself is directed against entrepreneurs and also questions the legal basis of the UN Standards (as they confirmed duties for entrepreneurs, which don't arise from international law) (Cf. p. 21). They pointed out, that the text of provisions of the UN Standards is full of ambiguity, vagueness and misuse of individual provisions, as well as imbalances between states, entrepreneurs and non-governmental organizations and that UN Standards responsibility violates Human Right against private business entities. In fact, the UN Standards impeded the implementation of economic, social and cultural rights by the states to the business sphere (Jonge, 2011). The UN Standards thus transform TNC or other entrepreneurs to some type of social institution in which effort to achieve profit and maximize the wealth of its shareholders are dispensed in favour of such obligations as securing an adequate standard of living for its workers and their families (not a reasonable remuneration for the work).

Another issue is the lack of precision in assessment of the extent to which entrepreneurs have to respond to their subcontractors and how much they shall guarantee that their goods and services are not used by states to violate Human Rights. The UN Standards have even broadened the scope of the duties of TNCs and other business entities beyond the obligations of states, as Preamble refers even to non-binding documents and entrepreneurs are required to comply with Human Rights standards despite the legislation in which they operate (Backer, 2006).

The most problematic institution of the UN Standards become the scope of entrepreneurs' sphere of influence. This concept is not new in the area of Human Rights, as it was used in the

Global Compact. However, the qualitative significance and practical impact of this concept in the context of Global Compact are different. In the case of the Global Compact, it is a recommendation for entrepreneurs to try to push those principles into their sphere of influence, but in the case of UN Standards, it is a legal obligation whose non-compliance would result in damages or other compensation and sanctions. Furthermore, it is questionable how this “sphere of influence” should be precisely defined on a territorial and personal level. The question is, whether the sphere of territorial impact is only territory belonging to the entrepreneur or which he uses for his business activity or the region where he operates, or the whole country in which he operates? From a personal point of view, it is also questionable whether the entrepreneurial sphere of influence is on his business partners whose behaviour can influence the content of the contract concluded or apply to the whole distribution chain? Furthermore, in an entrepreneur belongs to the sphere of influence of another entrepreneur, if such sphere of influence includes all the activities of the entrepreneur or only those concerned with contractual relations with that other entrepreneur?

Other question is the implementation of responsibility of states and the entrepreneurs. The UN Standards do not address this situation, so it is unclear whether these obligations should be applied on case-by-case basis or whether the obligation of entrepreneur is subsidiary in the event of a failure of public authority (for example, economic, social and cultural rights). Furthermore, Alston (2005) points out that the entrepreneur is not a public institution, (as a state whose role should be to guarantee the safety and well-being of its inhabitants) but is an entity which is founded and operating for the purpose of profit-making, and therefore primarily pursues its own interests and hence the state and business subjects is therefore incomparable. Finally, if the obligations of the State and the entrepreneur were comparable, does it mean that the entrepreneur is obliged to perform his duties, even if it threatens and prevents further business, and the State would not have to fulfil some of its obligations under the circumstances? Ruggie (2007) points out that such a range of entrepreneurial obligations would in principle not only limit the manoeuvre of the states, but also not encourage states to further develop the protection of human rights.

These and others were the reasons, why at the end the Commission did not accepted UN Standards and postponed the matter for further consultation.

### **The UN Guiding Principles on Business and Human Rights**

As we mentioned above, in view of controversial responses to UN Standards and their application to the business world, the Special Representative of the Secretary-General on human rights and transnational corporations and other business enterprises (hereinafter “Special Representative”) was instructed to review and report on the issue. In 2008 Special Representative submitted document “Guiding Principles on Business and Human Rights. Implementing the United Nations “Protect, Respect and Remedy” Framework” (hereinafter only “UN Guiding Principles”). The basic principle of the document is the recognition of the existing responsibility of states to respect and protect human rights and fundamental freedoms. Entrepreneurs shall, as a special organ of society, to comply with legislation and respect human rights. The UN Guiding Principles also requires for sufficient and effective remedies.

The basic obligation of states is the protection of Human Rights against violations in the territory of that state and its jurisdiction. The UN Guidelines do not specify whether states should ensure the protection of Human Rights, both extraterritorially or territorially - the Principles allow both possibilities. Particular attention is paid to the protection of Human Rights in conflict areas, where the state cannot provide sufficient protection for human rights alone. In

such situations, counselling is recommended by States in relation to entrepreneurs not to threaten Human Rights by their activities and to prevent access to public support and services to entrepreneurs who have committed gross violations of Human Rights. Furthermore, states shall ensure the effectivity of national judicial mechanisms and alongside ensure non-judicial grievance mechanisms.

In the area of recommendations that have been made to the business sphere, it has come to concretize and narrow the scope of entrepreneurs' responsibility, but at the same time the UN Standards extended the scope of their application to all entrepreneurs regardless of size (not only to the TNCs). The basic rule for entrepreneurs is that they should respect Human Rights, while respecting Human Rights is seen as preventing the violation of Human Rights and responding to the negative consequences for Human Rights in which they are in some way involved. Responsibility for respecting human rights means, from the point of view of the entrepreneur, (1) to prevent or contribute to negative impacts on human rights through its activities and to respond to such consequences if they arise, and (2) the effort to prevent or mitigate human rights impacts directly linked to their activities, products, services, business relationships, even if they did not contribute to such an impact.

This range of action replaces the incomprehensible term of "sphere of influence" and defines in which range of persons and activities the entrepreneur should respect for respect for human rights.

The move forward from the UN Standards to the UN Guiding Principles is obvious. Firstly, UN Guiding Principles switched from the normative rules to the recommendations. Despite of giving up from the setting the explicit obligations for business entities, the link between business accountability and international rules in the UN Guiding Principles is evident. The number of rules that entrepreneurs must comply with has been reduced. However, this does not mean reducing the standard of Human Rights protection but enshrining the protection of human rights at a level which can be more widely considered to be *ius cogens*. Despite the "non-normative" language, the UN Guiding Principles specify the boundaries between state obligations and the responsibility of entrepreneurs and eliminate disparities between them, including the unclear concept of "sphere of influence". It was precisely thanks to this more balanced and flexible approach that the UN Referendum Principles and the Framework "protect, respect and remedy" were adopted relatively positively by governments, supranational entities as well as the business community.

### 3. Conclusion

Despite the several attempts to adopt rules for the business of multinational enterprises, these initiatives cannot be considered as successful. The UN, as well as the OECD and the ILO, were limited to issuing soft law codes. It is paradox that the introduction of binding rules on Human Rights for entrepreneurs are supported by states that themselves are described as Human Rights abusers. The introduction of a universal international legal document, that would regulate entrepreneurs' responsibility for respect for and protection of Human Rights, cannot be, despite the activity of the UN Council for Human Rights, expected in the near future.

The acceptance of soft law and the signing in to above mentioned codes of conduct by entrepreneurs is a social responsibility of these entrepreneurs. On the other hand, it can have legal consequences if the declaration of compliance with these principles becomes part of the contractual instruments, internal regulations and business statutes, as it can raise legitimate expectations of the public and consumers. At the same time, they may be subject to control by financial institutions (whether international, such as the IMF and MBOR, or private banks and

investment funds), who can require the compliance with these principles as a condition for providing loans. This concept then represents a unique business-based way of applying responsibility for adhering to international standards of human rights protection, protection of labour relations and the environment.

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# COMPARISON OF VIEWS ON THE EVALUATION OF PROGRAMMES OF ACTIVE LABOUR MARKET POLICY

Alzbeta Kucharcikova<sup>1,a,\*</sup>

<sup>1</sup>Department of Macro and Microeconomics, Faculty of Management Science and Informatics,  
University of Zilina, Slovakia

<sup>a</sup> alzbeta.kucharcikova@fri.uniza.sk

\*Corresponding author

**Abstract.** The transfer of some economic problems from one country to another is the accompanying feature of globalization processes. On the other hand, globalization makes it easier to find solutions to problems. Such macroeconomic problem is unemployment, despite the recent improvement in unemployment rates in the European Union and Slovakia. Unemployment causes the human capital and the human potential of the country citizens to be insufficiently used. Enterprises and the government can invest in human capital in addition to traditional forms of investment (such as education, job quality and workplace ergonomics, work safety and protection, health fitness) in a way that they are financing various active labour market policy programmes. Active labour market policy is focused on financing and implementing the instruments for preserving a job position or creating a new one. These programmes are more heavily funded by the government and then here is a justified question of the effectiveness of using these public funds. So far, there have not been any accepted, unified rules or methodology in Slovakia or abroad for the evaluation of the effectiveness of the active labour market policy instruments. The aim of this paper is therefore to identify, analyse and compare various approaches and opinions of foreign professionals on how to evaluate the effectiveness of the public funds used to implement the active labour market policy.

**Keywords:** active labour market policy, effectiveness, programmes, instruments, expenditure

**JEL Classification:** J480, M210

## 1. Introduction

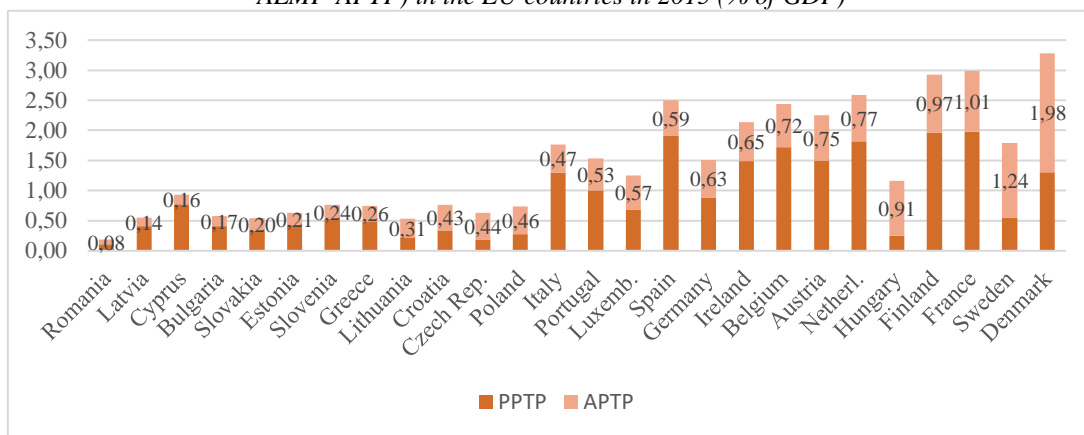
There is often an imbalance between the demand and supply on the labour market, which exhibits as unemployment. Unemployment represents a serious economic problem in many countries. In any case, the higher the unemployment rate in the country, the less the extent to which it is possible to use the human capital of those not having a job for the benefit of economy's development.

## 2. Public expenditure on labour market policy

One of the approaches to the creation of conditions for employment and decreasing of unemployment is the application of the labour market policy within the implementation of the economic policy in the country. The labour market policy is defined as a set of tools that create the conditions for dynamic balance on the labour market, and for effective utilisation of the labour force. The labour market policy has two forms. It is the passive policy (PLMP) and the active labour market policy (ALMP). The passive policy is focused on the ensuring the

compensation in case of loss of income from work, or it is oriented on early retirement. OECD (2015) defines the active labour market policy as active programmes on the labour market that include all social expenditures focused on improving the prospects of recipients of finding an employment activity or increasing their ability to gain income another way. This category includes expenditures on public services of employment and the administration, training, special programmes for the youths transitioning from school to job, support of the unemployed, and providing special programmes for disabled people and so on.

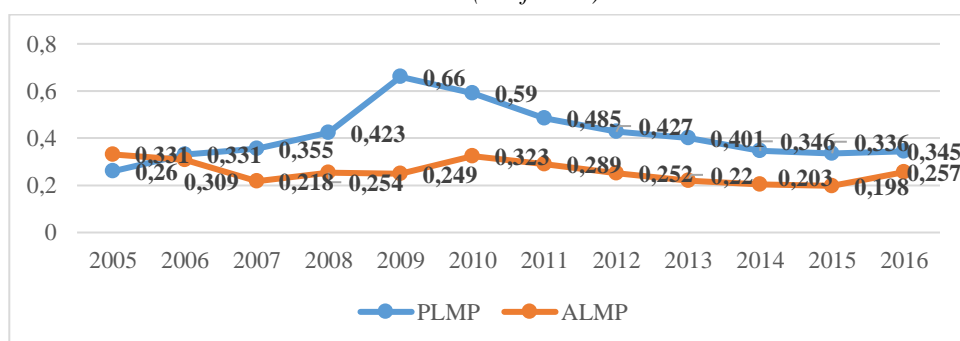
Figure 1: The structure of expenditures on the passive and active labour market policy (PLMP-PPTP, ALMP-APTP) in the EU countries in 2015 (% of GDP)



Source: (EUROSTAT)

Slovakia dedicates a very low volume of funds to the implementation of ALMP in comparison with other countries of the European Union. In 2015 (last year with full data for all EU countries), it was only 0.20% of the GDP, which positioned the SR together with Romania, Bulgaria, Cyprus and Latvia at the end of the ranking (Figure 1). In addition, the expenditures on the passive policy exceed the expenditures on the instruments of active policy, which does not contribute much to the creation of stimulating conditions for generating new job vacancies.

Figure 2: Public expenditure on the passive and active labour market policy (PLMP, ALMP) in Slovakia 2005-2016 (% of GDP)



Source:(EUROSTAT)

In Slovakia, since 2006, spending on PLMP (0.345 % GDP in 2016) has been higher than APTP (0.257 % GDP in 2016) spending, which is not in line with the approach of the most developed countries. The culmination was 2009-2010 in the context of the signs of the economic crisis (Figure 2). Lowest amount of funds in Slovak Republic is invested into the training (0.01 % GDP) program while the highest amount is invested into employment

incentives programs (0.08 % GDP). By contrast, countries with the highest spending on the ALMP, such as Denmark, Sweden or Finland, have the highest funding in training and sheltered and supported employment and rehabilitation.

In any case, however, it is the use of public finances, so it is necessary to focus attention not only on labour market policy programmes but also on how effectively are spending these public funds. The implementation of various ALMP tools absorbs the public expenditures. Institutions of the public sector in the SR are, under the Act n. 523/2004 Coll. on the Budget Rules of the Public Administration as amended, obligated to respect the frugality, effectiveness and efficiency when using the public funds.

Effectiveness is a relation in which the invested in-kind and value inputs are being compared with the achieved in-kind and value effects (Ďurišová et al., 2015). It encompasses the frugality principle, thus the rational use of inputs, and the purposefulness or the social usefulness focused on the degree of satisfying the needs of market's participants, which leads to greater competitiveness (Chodasová & Tekulová, 2015). However, there have not been unified rules (or unified methodology) accepted yet in Slovakia in the field of evaluation of effectiveness of individual active labour market policy's instruments.

The aim of this paper is therefore to identify and compare various approaches and opinions of foreign professionals on how to evaluate the effectiveness of the funds invested within the implementation of programmes of active labour market policy.

### **3. Foreign studies of the evaluation of ALMP programmes**

There are various approaches to the evaluation of effectiveness of the instruments of ALMP. The *macroeconomic approach* uses the methods for finding out whether the ALMP measures lower the unemployment. Thus, the impact on all participants of the labour market is being evaluated (Eleftherios & Zervoyianni, 2018). The *microeconomic approach* lies in the evaluation of effects of ALMP's instruments on the individual (Bonoli & Liechi, 2018). The *economic effectiveness* of expenditures on ALMP programmes is calculated as the ratio of the total costs and the total number of net employed participants, and thus it represents unit costs on one net employed person. Some programmes then can have a considerable net efficiency affecting the employment, but regarding the high costs they do not belong to the economically most effective ones (Dar & Tzannatos, 1999).

Numerous authors conducted various studies directly in the conditions of practice where they tried to apply some of the methods for the evaluation of the selected ALMP instruments. First studies dedicated to the effect or success rate of the active labour market policy programmes were elaborated in the 1990s.

Within the OECD countries, Fay (1996) conducted interviews with employees and employers, and he was observing the participants of the labour market after the end of an ALMP programme. The successfulness of the ALMP programmes was proved mainly among women. It was the case of unmarried mothers and the receivers of social allowance. The author found out that there are only a few programmes that are focused on the aid for young people. A little hint of programmes' success was noted among the adult men. However, in general, it is difficult to deal with the issues of a high number of the unemployed. There are programmes that are focused on larger groups of people, but the capability to help a higher number of the

unemployed is limited in the given time when using the active measures on the labour market. Partly, this is caused by decreasing revenues of big programmes, and partly it is the effect of the labour market disruption. On the other hand, there are many right-targeted small programmes on the labour market, but these are too costly. Fay suggests that in the future, it will be necessary to pay attention to seeking alternative funds for financing the ALMP in case of costly programmes, and it is needed to monitor their costs and benefits.

The effects of ALMP programmes in the European countries was evaluated also by Kluge & Schmidt (2002). They came to the conclusions that there is a high variety of these effects. Educational programmes have a significant influence on employment, and this applies in the long term as well. Motivational programmes of the private sector were evaluated as positive, however, the direct support of the employment programmes in the public sector seems to be insignificant. The programmes of employment services proved to be an effective instrument for lowering the unemployment. They also belong among the least expensive ones among other measures of ALMP. An interesting fact is that the services such as the aid in job seeking or the consulting services are suitable mainly for qualified persons, however, they bring weaker results for the applicants with lower education. In case of the programmes for the youths, positive effects are being observed for some instances, but there are countries experiencing negative effects here. When it comes to the programmes for the people with disabilities, hardly any study implies the evidence of their effects. It seems that they do not have positive and significant impact on the employment rate of the disabled unemployed.

According to Calmfors & Johansson (2004) the programmes lead to many effects in the field of employment, labour productivity, work skills and performance, remuneration, taxes, and so on. However, there is only little empiric evidence. Negative effects occur, for instance, in case of long-term unemployment or by long duration of the individual programmes. Therefore, it is important to combine individual programmes or ALMP instruments.

Card et al. (2010) consider the educational programmes and supportive stimuli for the private sector as those with the significant positive impacts on the employment rate in the long term. Direct programmes of employment in the public sector show rather negative impacts, and they should be limited. In case of the youths, they are a specific group which deserves a particular attention. In the end, it is stated that there is a necessity to improve the quality and methodology of the data studied.

Card & Mas (2016) were looking for the answers to three questions: which types of programmes work the best, on what terms, and who are they suitable for. The programmes offering the help in job seeking differed depending on whether it was the case of education or they were the programmes of employment in the public sector. The programmes helping with the job seeking have rather short-term effects. Educational programmes have lower short-term effects, in some cases the effects are even negative, but they have significant effects in the middle term and long term of 2-3 years. Employment programmes in the public sector have negligible or even negative impacts in all terms. ALMP has more considerable impacts during the period of low economic growth and higher unemployment. The programmes for the youths and for the elderly have lower positive impacts.

In Sweden, the relationship between ALMP and unemployment, as well as the functionality of ALMP was studied by Calmfors et al. (2002). Sweden has put a lot of funds into ALMP since the 1990s. However, the studies did not prove a clear positive impact on the employment.

But, the programmes pushed the level of the average wage up. In 2015, Sweden used 1.24% of its GDP on ALMP which put it at the second place among the EU countries.

Estonian professionals Leetmaa et al. (2003) were comparing the employment rate in their country between those participating in ALMP programmes and those not participating in them. They found out that those participating in the programmes had 12% higher probability of finding a job than those not participating in ALMP programmes. The most successful programme was the start-up one, followed by the subsidies for employers, and by education. Among women, the success rate of programmes was higher than among men.

Betcherman et al. (2004) in their study point out the positive effect of employment services and of the educational programme on the employment rate in the developing and transforming OECD countries. They consider these instruments to be the most effective ones in relation to the incurred costs. The subsidies, programmes for the youths, and the reskilling mostly do not have a positive impact on the employment rate. Public works serve rather as a safety net. The support of independent business has positive impacts in case of the unemployed with higher level of education. The programmes bring better results in the period when the economy grows. The governments should invest into programmes that are effective, therefore it is important to carefully evaluate them while monitoring what works well abroad.

The effects of ALMP programmes in Denmark were studied by Christensen (2010). Denmark is at the leading position among EU countries in the financing of ALMP at present. In 2015, they used 1.98 % of their GDP on ALMP, while the expenditures of ALMP exceeded the expenditures of passive labour market policy (1.30 %). The author compared the employment rate of the participants in ALMP with those not participating in ALMP activities. The participation in the private educational activities had more significant impact than in public education. One of the reasons for this result is the nature of private practical training, which prepared the participants better than other types of training. The findings also showed that, in the long term, the positive effect of private educational activities decreases. All programmes do not work equally well, thus it is needed to implement a better mechanism for their targeting.

#### **4. Comparison of the identified studies about evaluation of ALMP programmes**

In other foreign countries, there were many researches and studies performed in which the programmes of ALMP were evaluated. The studies' authors used various methods for data processing and several methods for assessing the effects of ALMP instruments. These were assessed from various perspectives. Some studies were monitoring the effectiveness and efficiency, other were focused on the usefulness and impacts on the employment, unemployment, probability of finding a job, on wages, productivity and so on. The monitored impacts on the employment, or unemployment, differed depending on particular instruments and particular levels of measurement.

It seems that the programmes with positive impacts on the labour market are mostly the programmes of education and unemployment services (Betcherman et al., 2004). Educational programmes are also characterised by rather long-term effects (Card et al., 2015; Kluge & Schmidt, 2002) and they are considered to be the most effective ones (Betcherman et al., 2004). The ALMP programmes are more successful by younger participants and by participants with

higher education (graduate programmes are highly effective). Also, Card et al. (2010) and Fay (1996) claim that a specific attention needs to be paid to young people. On the other hand, Betcherman et al. (2004) state that the programmes for the youths mostly do not have positive effects on the employment, but this does not apply for the unemployed with higher level of education. A higher success rate was identified among women (Fay, 1996). The same evidence was found by Leetmaa et al. (2003). According to Card et al. (2010), Leetmaa et al. (2003), and Christensen (2010), the educational programmes and supportive stimuli or the start-up impulses for the private sector are considered as the programmes with a positive impact on the unemployment.

Activation works have low effectiveness, they are considered to be a safety net, and they do not improve the chances of being employed (Betcherman et al., 2004). The employment programmes in the public sector have negligible effects (Card & Mas, 2016). Other results do not have unequivocal conclusions. Some studies claim that the short-term programmes are more effective. According to Calmfors & Johansson (2004), the programmes lasting too long and the programmes for long-term unemployed have rather negative effects.

The effectiveness of ALMP instruments within the course of the economic cycle was studied by Betcherman et al. (2004) who claim that the instruments of active employment policy bring better results when the economy is experiencing the growth. However, according to Boon and van Ours (2004), together with the economic growth and strong demand for the labour force, there are also the increasing main barriers for the employment regarding the accessibility and suitability of the human capital. The job positions are not filled because an enterprise is not able to find a suitable candidate. There is also an increasing risk of providing a support for a job seeker who would be able to find a job even without it. The active policy is more effective if it is focused on the elimination of the barriers affecting the employment on the supply side of the labour market (Boone & van Ours, 2004).

Several of authors emphasise that it is needed to monitor the effectiveness (Betcherman et al., 2004; Fay, 1996). But, the combination of instruments is important (Calmfors & Johansson, 2004; Fay, 1996), for example, in terms of the duration of effects and the number of participants as well (Fay, 1996). The authors in many studies, in connection to the monitoring of the cost side of ALMP instruments, it is stated that there is a problem with the database, which complicates the evaluation of ALMP instruments, comparison of the results obtained, implementation, and gaining the feedback.

## **5. Conclusion**

After comparing the identified studies, it can be stated that there is no unified methodology established for evaluation of ALMP instruments or for the measurement of their effectiveness. It is only up to the decision of the professionals themselves, which methods and approaches they choose and what aspects they look at while assessing the selected ALMP instruments. Another problem is that the results of studies and their suggestions for changes are not obligatory for the institutions dealing with the designing and implementation of ALMP measures in the individual countries. They are rather inspirational, and it is only up to the politicians and the staff responsible, to what extent they are interested in implementing the recommendations resulting from the studies conducted. The budget of the active labour market policy is limited and the effective use of public funds is a requirement entrenched in the Act on

Budget Rules of the Public Administration. For this reason, it is necessary to implement a unified methodology for evaluation of the ALMP instruments' effectiveness.

However, it is necessary to state that the success and effectiveness of APTP programmes also depends on the access and quality of work of public administration employees (Tokarčíková et al., 2015), used supporting information systems (Duracik et al., 2017), the economic situation and corporate culture of the enterprise (Kampf et al., 2017), the interest of the unemployed themselves to find work (Hitka et al., 2014), from their contacts, for example on social networks, quality and level of education (Safrankova & Sikyr, 2016) and the like. Examining the impact of these factors is a question of future research in the conditions of labour offices and Slovak enterprises.

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# GLOBAL TRENDS IN MARKETING COMMUNICATION OF THE BRANDS APPLYING THE PRINCIPLES OF CIRCULAR ECONOMY

Alena Kusa<sup>1,a</sup>, Igor Piatrov<sup>2,b,\*</sup>

<sup>1</sup> The Faculty of Mass Media Communication, University of Ss. Cyril and Methodius in Trnava,  
Nám J. Herdu 2, 917 01 Trnava, Slovakia

<sup>2</sup> The Faculty of Mass Media Communication, University of Ss. Cyril and Methodius in Trnava,  
Nám J. Herdu 2, 917 01 Trnava, Slovakia

<sup>a</sup>alena.kusa@ucm.sk, <sup>b</sup>ipiatrov@gmail.com

\*Corresponding author

**Abstract.** Modern society is getting more and more aware of their social responsibility and their real impact on the state of the environment or the planet itself. When we speak about how to enhance social awareness, one may be sure that these changes occur in all the market spheres, either from the viewpoint of consumers or businesses. Consumers are becoming more interested in the product origin or its environmental friendliness in the process of production or use as well as in product disposal after consumption. Global brands are playing a key role when positively influencing consumer behaviour for the benefit of long-term sustainability. By their attitude to the environment, producers are able to transfer such positive behaviour to their consumers and thus contribute to the challenge the whole society is currently facing – protection of natural resources and maintenance of sustainability. Various brands have already understood their corporate responsibility and are willing to educate their consumers accordingly. The given paper is going to deal with global brands which are responsible enough to apply the principles of circular economy. The core part of the paper consists of the analysis of communication principles of these brands with the purpose of identifying global trends in marketing communication while applying the principles of circular economy.

**Keywords:** circular economy, global trends, global brands, sustainability, environment

**JEL Classification:** M30, M31

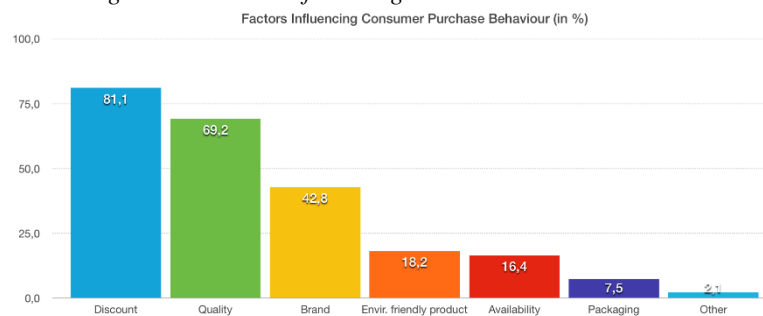
## 1. Introduction

There is no doubt that the current state of the whole human society can not be seen as acceptable when it comes to our attitude to the Earth, the environment or natural resources. Consumerism is on a constant growth with its drawbacks reflecting on the world and the environment we live in. Modern industry is having negative impact on the environment and experts have had to solve out how to harmonise evolution with the nature (Zauskova & Grib, 2015). To help to avoid imminent danger, new regulations and directives have been enacted with the purpose of reducing the negative impact as much as possible and ensure sustainable development of our planet. As a result, all those restrictions have a direct influence on us as end users or consumers. Their implementation can be seen as a logical reaction to unacceptable or rapidly deteriorating conditions within a certain area. As an example we may state the enactment of the plastic bag ban having entered into force in Slovakia at the beginning of 2018

and forcing the businesses to charge consumers for using plastic bags. In brief, the use of plastic bags representing an enormous burden for the whole environment had become so alarming that the government felt the urgent need to deal with this issue on a political level. The society is able to perceive preliminary restrictions as an ideal solution how to prevent negative downturn in the field of environmental behaviour and influence it positively and in due time. These activities, however, require cooperation through all the spheres of the society starting from the state administration through businesses (entrepreneurs) up to all end users.

Environmental awareness of consumers is a key factor defining the quality of the environment, e.g. to what extent they are responsible for the state of the environment, their consumer behaviour, purchase decision, whether they select to buy more environmentally friendly products or not and last but not least, recycling and product waste disposal. It is obvious that environmental awareness of consumers varies considerably in Europe. Let's take the example of plastic bags. While one inhabitant of Denmark uses only four plastic bags a year, the Slovak uses 466 with the European average amounting up to 200 bags per inhabitant per year (Lacena, 2017). It is understandable that environmental awareness of consumers shall be enhanced and as the surveys demonstrate, with the younger generation to be properly targeted as these seem to be more aware than the elderly. (Severo et al., 2017), (The Hartman Group, 2017). The fact that younger generations pay attention to an environmental factor in course of purchase could also be confirmed by the survey to have been carried out at the beginning of 2018. The survey showed that the environmental factor was essential in purchase and came fourth right after the brand. The survey was carried out on a sample of consumers to have been pre-selected by psychographic features and falling within the Generations Z and Y.

Figure 1: Factors Influencing Consumer Purchase Behaviour



Source: Own elaboration, 2018

Environmental awareness of consumers, however, differs considerably from their real behaviour. It is important to note that businesses play a key role when influencing the state of the environment as well as consumers' purchase decisions. The majority of the above mentioned legislation and restrictions have an indirect impact on the consumer segment, through an intermediary represented by a producer or a seller. Even the plastic bag ban represents a by-law relating directly to an end user but implemented through an intermediary – a seller who is obliged to charge a customer. Therefore businesses are playing a key role when positively influencing consumer behaviour for the benefit of sustainable development.

Consumers prefer those brands they like and identify with (Graa & Abdelhak, 2016). Brands form consumer behaviour and by contrast, consumer behaviour is formed by brands. We can say there is a certain relationship between brands and consumers, a proper interaction transferring brand behaviour over to consumers. Consequently, brands are becoming trend setters and opinion makers directly enhancing environmental behaviour. A lot of brands are

aware of their responsibility when it comes to influencing consumer behaviour or the state of the environment and therefore they have started to implement various processes in order to promote sustainable development of the whole planet, e.g. so-called *circular economy*.

The paper is trying to define basic principles of circular economy and focus on the implementation of a theoretic concept by analysing marketing communication of those brands which have embraced its principles and have started communicating benefits of their environmentally friendly products towards consumer segments. The main purpose of the analysis is to determine common and generally applicable features of communication of environmentally friendly products.

## **2. Circular economy**

### **2.1 Theoretical basis in the field of circular economy**

One of the possibilities how to maintain sustainable development and enhance environmental awareness of consumers is to implement processes of circular economy into production and business practice (Strakova et al., 2017). The term of circular economy has become a household name of the modern economy. Adaptation of its principles into business practice is set to improve informability and interest in unused environmental as well as economic potential in the production industry (Lieder et al., 2017). Even though there are various definitions of circular economy, the simplest and the most understandable one is the definition by Ellen MacArthur Foundation (hereinafter referred to as „EMF“) stating that „circular economy is restorative and regenerative by design (EMF, 2018).“ Webster has given the definition a broader application by saying that „a circular economy is one that is restorative by design, and which aims to keep products, components and materials at their highest utility and value, at all times“ (Webster, 2015).

Circular economy and its closed-loop is contrary to the current linear economic model which is based upon a straightforward, non-repetitive process from acquisition of raw materials through production up to consumption, a so-called „exploit-produce-dispose of“ model. Circular economy transforms the linear process into a cyclic one the last stage of which is not product consumption, but carries on with recycling, further processing and repetitive introduction into another stage of consumption (Kirchherr, et al. 2017). When taking into account growing consumerism of the society and the current state of the environment, we may assume that the linear model is not set to function either from the economic, ecological or social (Zaušková et al., 2015) as well as long-term perspective (D'Amato, 2017).

### **2.2 Circular economy and marketing communication**

As we have already mentioned in the introduction, improving the state of the environment requires cooperation of various spheres of the society, which also applies to implementation and application of the principles of circular economy. The change from the linear model to a circular one requires cooperation from consumers, designers, material experts through developers, businesses, investors up to the third sector, scholars and politicians (Jurišová, 2017). Once we focus on businesses themselves, implementing the principles of circular economy is one thing, but proper communication and promotion of products and services to consumers is another one. Proper communication is set to enhance environmental habits of consumers and thus contribute to improvement of the whole environment we live in.

The clothing industry represents a field of business where the principles of circular economy have become a household name (Poliačiková, 2017). The industry employs hundreds of millions of people, generates high earnings and has global influence. Fashion brands are often designed in one country, manufactured in another one and sold worldwide. „Fast Fashion“ can be seen as the most negative trend of this industry – the society has started perceiving fashion as single-use, which has resulted in a constantly growing demand for garments. By the results of the EMF study, the clothing industry will have increased its negative impact by 2050. By that year, consumption of non-renewable resources (the oil for production of synthetic fibres, growth fertilizers for cotton...) will have increased to 300m of tons from 98m in 2015, the carbon budget of the clothing industry will have increased from 2% to 28% by 2050 and by that time, 22m of tons of microfibres will have been disposed of in the oceans (EMF, 2017).

Still there are a lot of brands in the clothing industry which have understood their considerable impact on the environment and have started to implement the principles of circular economy in their business operations.

Nike is one of those brands promoting sustainability since the beginning of the 21<sup>st</sup> century. Since that time, the brand has acquired an important position among fashion brands promoting sustainability and implementing a complex communication strategy of long-term sustainability into its marketing policies. Nike places emphasis on information campaigns. They mainly use straightforward and clear messages promoting resources to have been used in a product manufacturing process. Visual communication either explicitly, i.e. by words explains that „our products are load of rubbish“ or implicitly presents the use of plastic in the product manufacturing processes. Nike communication activities have gone even further as they have launched their own microsite (sustainability.nike.com). It represents a rather transparent way of communication as the company tends to publish the detailed information on the topic, e.g. why they are persuaded about the need to enhance the environmental sustainability, through the opinions of the company CEO, detailed description of their innovations up to regular promotion of complex reports on their sustainability efforts and activities.

Figure 2: Nike sustainability communication



Source: Own elaboration, sustainability.nike.com, images.google.com, 2018

Adidas represents another global brand to have implemented the principles of circular economy into their processes. The brand became interested in the issue of environmental sustainability at the beginning of the century when they completed their first Sustainability Report in 2001, which has been published on a yearly basis since then. In comparison with the previous brand, they are less comprehensive in communication as the topic of sustainability has been posted „only“ as a subcategory on their company website. In contrast to the previous manufacturer, visual communication is mainly based on a visual concept and lacks explicit wording. Even though the company started to promote the topic back in 2001, the largest awareness was only built around 2015 when they announced cooperation with the environmental organisation Parley for the Oceans (Adidas Group, 2018) with the most successful communication activity arising out of this cooperation in June 2018. The company made use of social networking websites in order to communicate the new line of shoes Parley for the Oceans. Consequently, twelve charity marathons and running events were held in six key cities worldwide.

Figure 3: Adidas Parley digital banner

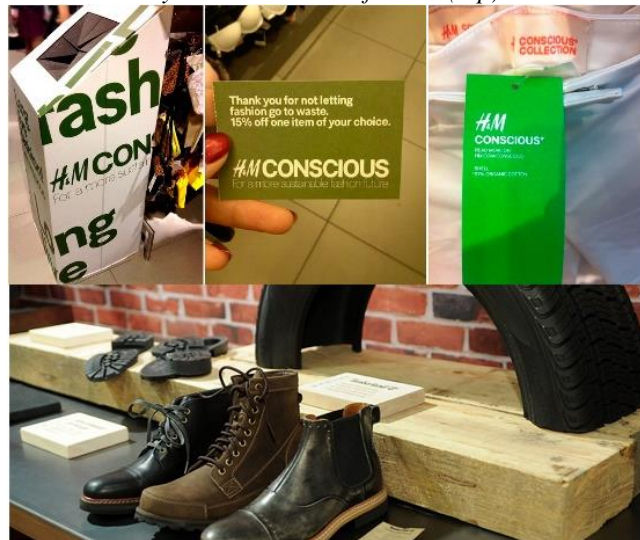


Source: *sweatshop.com*, 2018

It is obvious that the clothing industry and its brands are more inventive when it comes to attitudes and communication. They are setting the trends and inspiration for other brands. Let's name the clothing manufacturer Hennes & Mauritz or H&M. The brand has become a leader in sustainability and environmental awareness. Their communication is similar to Nike as they do not only run their own microsite dealing in detail with the topic of sustainability, but they also focus on actively engaging their consumers into the processes of circular economy and reward them. Timberland is another global brand using a rather interesting communication activity showing the resources to have been used in shoe production. The brand initiated cooperation with Omni Uniter, a tire manufacturer and distributor. Recycled tires are used for production of rubber soles of their shoes. This mutually beneficial cooperation is not only communicated in their visual strategy, but the emphasis is also placed on in-store communication as they show their customers what the soles of the shoes are made of.



Figure 3: Sustainability communication of H&M (top) and Timberland (bottom)



Source: Own elaboration, images.google.com, 2018

In relation to the best communication practices of those brands implementing the principles of circular economy, we may draw certain generally applicable and inspiring observations. These key points should help other brands considering switching to or already applying the principles of circular economy to promote this beneficial strategy in a more effective way. On the other hand, proper communication helps to enhance consumer awareness of the issue and finally can help to make a global change towards sustainable development.

1. **To be sincere.** Authenticity in the current modern marketing is of high importance. As far as the topic of the environmental protection is concerned, its role is even much more significant. Pretending to be actively contributing to the environmental protection and yet acting contrary to such beliefs would possibly threaten the market position of the brand.
2. **To speak about it.** Acting honestly means speaking about it in the smallest details. Publishing all the important steps to have been implemented in the field of sustainability, innovations, changes, results, annual assessments, etc. Through tangible results the company may demonstrate and prove its honesty and success. Communicating activities without the results is nothing else but empty words for consumers.
3. **To give communication a human face, not only a popular one.** Even though the brands would not be personal, in the last years we got used to the brands having faces of opinion makers, influencers or celebrities endorsing a particular product. Environmental protection has become a serious topic and therefore should not only be discussed by „influencers“ as they primarily promote what they are paid for. It is highly recommended for such activities to be commented on by the people who have a serious interest in applying these policies in real life. If the high-level executives or brand managers do so, the brand may succeed in leading a highly persuasive dialogue.
4. **To use potential of all the communication channels.** It is awesome if we can use full potential of digital communication channels. In this type of the environment, brands are able to engage mainly the young generation of consumers, which is particularly important, as its members are able to influence even the older generations (Majerová et al., 2013). However, one should not forget that the online world is saturated with

information, so consumers are not able to embrace it all or do so only partially. Therefore it is crucial not to exclude offline communication, e.g. in-store, as it may act synergetic and generate memories of communication elements a consumer had seen online before. When selecting a communication style, one should bear in mind that only clear communication can express an idea and transfer it to large consumer groups while joining visual with content.

5. **To engage all the society.** As we have already mentioned, applying and implementing the principles of circular economy requires cooperation of various spheres of the society. Engaging the whole society is a fundamental element of the brand communication strategy focusing on sustainable development. When it comes to the activities of circular economy, we should not only engage other brands whose waste can be treated and converted into new products, but also the consumers themselves. A consumer can do much more than just buy an environmentally friendly product, e.g. provide his/her own products for recycling and further re-use.

### 3. Conclusion

The issue of sustainability and environmental awareness towards our planet and its resources have come on the top of all the social topics. Long-term consumerism based upon the principles of linear economy should lead our planet to devastation. Therefore it is necessary for all the spheres of the society from individuals through multinationals and global institutions to joint their efforts and mutually improve economy and environmental behaviour. Consequently, global businesses and brands as opinion makers have become leaders of this policy which are globally and positively influencing consumer behaviour for the benefit of sustainable development. As global brands set trends for consumers, they have to be able to communicate and promote properly the benefits of environmental awareness as not only consumers can change the brands but also vice versa.

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## **SOCIO-ECONOMIC INTEGRATION OF IMMIGRANTS INTO EUROPEAN SOCIETY (STUDY OF ETHNIC MINORITIES OF GREAT BRITAIN)**

Victor B. Kuvaldin<sup>1,a</sup>, Natalia I. Moysa<sup>2,b</sup>,

<sup>1</sup>Moscow School of Economics, Lomonosov Moscow State University, Leninskiye Gory 1/61, Russia

<sup>2</sup>Moscow School of Economics, Lomonosov Moscow State University, Leninskiye Gory 1/61, Russia

<sup>a</sup>kuvaldin@mse-msu.ru, <sup>b</sup>moysa@mse-msu.ru

**Abstract.** Economic globalization in today's world opens a new stage of internationalized economy. We can witness it in new global markets of capital, production, service, labor, as well as in new planetary control and management structures. Global economy grows from integration process at very different levels – from households to transnational corporations. Most developed countries form the core of the global economy. How long would they dominate over others in the new era of globalization? The answer is unclear. In the last 50 years, emerging countries show significant progress. Nowadays we face another important challenge of globalization – economic migration, caused by huge difference in wellbeing. In comparison to very high dynamics of capital, goods and services in the process of globalization the dynamics of integrated labor force is rather modest. What is the reason behind that? People are not adjusted to new socio-economic reality automatically; migration is a complex social phenomenon. From this point, the experience of Great Britain in incorporating immigrants from very different origins is quite meaningful. The study is based on official statistics and recent reports of Equality and Human Rights Commission, covering the important issues of integration of non-white ethnic immigrants into the framework of European society.

**Keywords:** globalization, immigration, ethnic minorities

**JEL Classification:** F6, F22, J7, J15

### **1. Introduction. Socio-economic impact of globalization.**

Economic globalization in today's world opens a new stage of internationalized economy, creating global markets of capital, goods, services, labor force, as well as new planetary regulation and management structures. In the last 50 years emerging countries show significant economic progress. They are catching up with the developed ones. Once started as Westernization, globalization becomes a universal project, opening the way for redistribution of social wealth on a global scale.

Here we deal with the fundamental paradox of globalization in recent decades. It was a Western project in which the United States played a major role. But it gave its best results in East Asia, especially in China, which is now seen as the main competitor of the United States. This paradox reflects in the socio-economic sphere. In the United States, as in many other Western countries, the incomes of many categories of workers have been virtually frozen. At the same time, China has turned from a very poor place into a country with a decent level of

well-being (Westmore, 2018). 500 – 600 million people came out of poverty and extreme poverty into the ranks of the "middle class", it's a phenomenal achievement.

Such a significant shift of incomes of hundreds of millions of employees determines global political consequences. Moreover, Western world comes out with tremendous changes, completely unthinkable a few years ago: Brexit, the election of Donald Trump as the 45th President of the United States, the rise of right and left populist parties in European politics.

These perturbations caused a serious turmoil in world markets. Everything is in flux: finance, trade, labor migration, well-established systems of international cooperation. It is difficult to say when new equilibrium systems will be elaborated and what they will be. Despite the significant reduction in the gap in the standard and quality of life between developed and developing countries, it is still unacceptably large. Therefore, many are trying to quickly improve their lives by changing their country of residence.

## **2. Economic migration as a logical consequence of globalization**

One of the most important challenges of globalization is economic migration. The movement of people from poor countries to the rich ones is a simple economic process but its effects are multiple and complex. Not everybody wants to wait until positive changes come to their homeland. Many decide to emigrate. Both labor and humanitarian migration are key challenges, especially for Europe. (Noja & Son, 2016)

In comparison to very high dynamics of capital, goods and services in the process of globalization, the dynamics of integrated labor force is rather modest. What is the reason behind that? First of all developed countries are not very happy with migrants flows going to their shores. (Lipsmeyer, Philips, & Whitter, 2017) At their turn immigrants cannot adjust to new socio-economic reality quickly. They need time and enormous efforts to rebuild their lives in radically different environment.

Analysis of the formation and dynamics of macro-regional and global labor markets presents particular challenges. It is important to re-think our understanding of the migratory process, to understand new forms of mobility and incorporation, particularly the emergence of transnational communities, multiple identities and multi-layered citizenship. (Castles, 2002)

Transition from mono-ethnic to multi-ethnic, multireligious community is very complicated. There are more than 200 million immigrants in the modern world. Now there has been major shift in global directionality of migration, with the transformation of Europe from a global source region of emigrants and settlers into a global migration magnet. (Czaika & Haas, 2014) (Lipsmeyer & Zhu, 2011) By hook or by crook, they are trying to move from developing to developed countries. Most of them fail to do so, they still settle in the developing world, moving from one country to another.

Certain minority makes its way to Europe and North America. And here begins the most difficult and interesting: the process of mutual adaptation of migrants and the host country. It becomes especially difficult and painful when integration in a new place is overburdened by fundamental cultural and civilizational differences. Despite much hardship it often shows good results.

### 3. Economic integration of ethnic minorities of Great Britain

From this point of view the experience of Great Britain in incorporating immigrants of very different origins is quite meaningful. Historically, Britain has received several waves of immigrants of diverse descent, mostly from former British colonies. Unlike Germany or France, due to the relatively lower demand of the British economy for the inflow of labor resources from abroad, the United Kingdom has directly recruited only a small number of immigrants.

In the late 1990s unemployment in the country fell to a record low level in the last 20 years (about 4%), which stimulates the influx of migrants. Immigration policy restricted immigration flows from mid 1980s. However, the restrictive policy has not been always successful. Most of non-white people legally arrive to the UK with the reason of employment or family reunification.

As it accounted by the latest British Census of 2011, the largest ethnic group was the White group (86.0% of the population), followed by Asian (7.5%), Black (3.3%), Mixed ethnicity (2.2%) and the Other ethnic group (1.0%) (Ethnicity facts and figures, 2018)

The alienation of the majority of immigrants to the European socio-cultural model, coupled with the objective difficulty of integration into a foreign cultural context, leads to the closure of a significant part of immigrants within their diasporas. It's obvious that employment outside an ethnic group gives much better opportunities for successful integration.

The labor market position of ethnic minorities in the UK is investigated in several studies. The research on ethnic minorities has focused on the documentation of the disadvantage of ethnic minorities. It is mainly explained by the lack of relevant schooling and experience and unexplainable factors, which are partly referred to discrimination practices. (Zorlu, 2001) (Kesler & Safi, 2018) But it seems very important to note some positive changes in incorporation of the immigrants into economic life of the British society, which are steadily taking place, reinforced by state policies and special programs. (Goodman & Baldi, 2015) (Goodman, 2012)

It is true, that in general members of ethnic minority groups are more frequently unemployed and they earn less than natives with similar socio-economic and individual characteristics. People from the Asian and Black groups made up a higher share of the 'never worked and long-term unemployed' group (at 17.5% and 6.2% respectively) than their share of the general population (7.5% and 3.3% respectively). But at the same time 15.4% of people from the Indian ethnic group were in higher managerial and professional occupations (the highest socio-economic group). (Ethnicity facts and figures, 2018). Due to the high level of education income of British Indians exceed the average income of the UK population.

All ethnic minority groups are now, on average, significantly more likely to go to university than their White British counterparts. Amongst the cohort who sat their GCSEs in 2008, the difference in participation rates is at least 5 percentage points in all cases, with some very large differences indeed (Department for Business, Innovations and Skills., 2015).

The research show that the UK poverty rate is twice as high for Black and Minority Ethnic (BME) groups as for white groups. There are a number of drivers for it: higher unemployment, higher rates of economic inactivity, lower pay, geographic location, migration status, and educational attainment (Weekes-Bernard, 29th Sep 2017).

The newest and most interesting statistical study on the economic inequality of migrants in the UK is a study by the University of Essex. (The Ethnicity Pay Gap, 2017) This is the only

source that records the ethnic origin of workers. Comparisons were drawn between the largest ethnic groups: Indian, Pakistani, Bangladeshi, Black African, Black Caribbean and Chinese and White British people. The analysis was largely based on a statistical predictive model which collated pay data in the period 2002-2014. The research studies men and women's performance separately.

The mean hourly pay of ethnic groups varied considerably. Gaps also varied depending on whether the person was born in the UK or abroad.

The White British men tended to outperform ethnic minorities in terms of pay – but there are some exceptions. All Indian and Chinese men and British-born Black African men had similar earnings to White British men. However, all other groups earned noticeably less. (The Ethnicity Pay Gap, 2017)

At the same time the payment difference for women is more complex. Ethnic minority women generally earned more than White British women, moreover, all Indian, all Chinese, British-born Black Caribbean and British-born Black African women experiencing notable pay advantages. Only two groups had a clear pay disadvantage: these were Pakistani and Bangladeshi immigrant women. However British-born Pakistani and Bangladeshi women experienced no such disadvantage! (The Ethnicity Pay Gap, 2017)

The statistical analysis of drivers of ethnic pay gaps reveals some common patterns across ethnic groups, as well as some differences. Part of the pay gaps experienced by Bangladeshi and Pakistani people (both men and women) can be explained because they are more likely to be found in low-paid occupations. Another explanation deals with concentration of Bangladeshis in several areas of London and Birmingham. Due to the relatively high birth rate, the employment rate of Bangladeshi women remains relatively low. Currently, 65 % of households of Bangladeshis are below the poverty line.

Since the adoption of the comprehensive Equality act in 2010 aimed at eliminating any discrimination based on race, ethnicity, gender, religion, several commissions have been established to monitor its implementation.

Generally speaking we can say that the process of integration of ethnic minorities in British society in the field of employment is quite successful. This is especially evident in the example of immigrant children born in Britain who are paid much better than their parents.

#### **4. Conclusion**

International migration is a people's response to global inequality. Today's globalization is not about spreading Internet hot spots or increasing selling power of TNC. It's about equalization of life opportunities. Both national states and global institutions have to create and pursue integrative social models to help all people to be happier and more productive. (Fukuyama, 2006) British society demonstrates good practice of integration policies, though there is much more work to do.

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# **WORK FORCE DIVERSITY AND DIVERSITY MANAGEMENT IN THE SLOVAK REPUBLIC IN GLOBALIZATION ERA**

Drahoslav Lancaric<sup>1,a\*</sup>, Radovan Savov<sup>1,b</sup>, and Jana Kozakova<sup>1,c</sup>

<sup>1</sup>Department of Management, Faculty of Economics and Management, Slovak University of  
agriculture, Nitra, Slovakia

<sup>a</sup>lancaric.drahoslav@gmail.com, <sup>b</sup>radovan.savov@uniag.sk, <sup>c</sup>jana.kozakova@uniag.sk

**Abstract.** With increasing internationalization of business, diversity management has emerged as an important issue, even in traditionally non-diversified companies. Our research seeks to examine the effect of size, work position of respondent, share of the foreign capital in the ownership structure of the organization and the economy sector the organization operates in on the implementation of diversity management. An empirical survey was carried out that examined the state of the implementation of diversity management in the Slovak Republic. Using parametric statistical methods (ANOVA, linear regression) as well as its non-parametric alternatives (Kruskal-Wallis test), the research survey revealed that the evaluated factors significantly influenced the attitudes of respondents towards the diversity management implementation.

The respondents working in large business organizations generally perceive the diversity management concept more positively when compared with respondents working in smaller organizations. The respondents working in business organizations where the share of foreign capital in the ownership structure exceeds 80% are more positively inclined towards the implementation of diversity management. The managers and team leaders do perceive the DM more positively when compared to respondents who are not managing a team.

We recommend domestic business organizations and SMEs to focus on the diversity issues, especially on supporting the diversified work teams. This can preferably be done by diversity training, using formalized HRM procedures and mentoring initiatives. Diversity management is not solely a domain of subsidiaries and large business organizations. The organizations are able to benefit from diversity management regardless of their size and country of origin.

**Keywords:** work force diversity, diversity management, Slovakia, globalization

**JEL Classification:** M10, M12, M19

## **1. Introduction**

V multikultúrnych krajinách, je problematika diverzity pracovnej sily mimoriadne riešenou témou už pomerne dlhý čas. V stredoeurópskych krajinách (SR, CZ, POL a HU) ide, naopak, o tému riešenú pomerne zriedkavo. Krajiny V4 sú charakteristické svojou homogenitou najmä v oblasti etnického a náboženského zázemia. Vo viacerých oblastiach spoločenského života sa napríklad zhodne vyznačujú dominanciou maskulínnych prístupov, čo sa premieta aj do oblasti HR manažmentu. Pracovné trhy v týchto krajinách ale v posledných desaťročiach prechádzajú zásadnými zmenami.

Pred rokom 1989 bola ekonomika v Slovenskej republike centrálné plánovaná, vyznačovala sa nulovou nezamestnanosťou a konkurencia na trhu práce prakticky neexistovala. Nevznikala

preto potreba investícií do ľudského kapitálu a nebolo teda ani potrebné uplatňovanie konceptu manažmentu diverzity, následkom čoho manažéri s touto problematikou neboli oboznámení. Prístup k inováciám v oblasti manažmentu ľudských zdrojov bol celkovo značne obmedzený a ak nejaké informácie boli sprostredkované, tak spravidla v rámci ideologickej propagandy. Situácia začala výrazne napredovať až po celospoločenských zmenách v roku 1989. Zrušenie systému centrálného plánovania so sebou prinieslo viaceré príležitosti a následná privatizácia umožnila rýchlu zmenu vlastníctva pôvodne štátnych podnikov a prílev prvých priamych zahraničných investícií. Takýchto transfer kapitálu býva spravidla sprevádzaný tiež transferom technológií a znalostí. Na Slovensku sa uvedený „vedomostný prienik“ prejavil rozšírením strategicky orientovaného plánovania do viacerých podnikových oblastí.

Prílev priamych zahraničných investícií zvýšil tiež potenciál mobility pracovnej sily, následkom čoho vo veľkých spoločnostiach na Slovensku narástol počet manuálnych pracovníkov z Rumunka, Ukrajiny a štátov bývalej Juhoslávie. Riadiace pozície v pobočkách zahraničných spoločností na druhej strane spravidla obsadili manažéri z ich materských krajín. Manažment diverzity pracovnej sily sa tak stal aj na Slovensku aktuálnou témou.

Článok si kladie za cieľ posúdiť vplyv vybraných faktorov na manažment diverzity pracovnej sily v podmienkach podnikateľských subjektoch na Slovensku. Kľúčové je predovšetkým hodnotenie právnej formy podnikania, veľkosti subjektu, doby od založenia podniku, sektoru, v kt. pôsobí a podielu zahraničného kapitálu vo vlastníckej štruktúre.

## 2. Diversity of the workforce

V literatúre existuje na pojem diverzita viaceré pohľadov. Podľa Hubbarda (Hubbard, 2004) existuje prirodzená diverzita, kedy sa ľudia navzájom líšia napr. vekom, pohlavím, rasou, duševnými a telesnými schopnosťami. Risberg & Soderberg (2008) definujú diverzitu ako zmes rozdielov, podobností a vzťahov existujúcich medzi jednotlivými zložkami spoločnosti. Na diverzitu je možné nazerať aj z hľadiska určitých kritérií a dimenzií. V takomto ponímaní je možné rozlišovať medzi primárnou a sekundárnou diverzitou (Hubbard, 2004; Sűß & Kleiner, 2008). Podľa Bedrnovej & Nového (2007) k primárnym zdrojom diverzity patria vek, pohlavie, rasa, telesné a duševné schopnosti a vierovyznanie. Medzi sekundárne zdroje sú zaradované najmä charakteristiky socio-ekonomického statusu, vzdelanie, vierovyznanie a pod. (Sweetman, 2004). Niektorí autori spomínajú aj ďalšie charakteristiky, napr. pracovné skúsenosti, spôsob komunikácie a spôsob výkonu práce (Bedrnová & Nový, 2007; Eger et al., 2009). Primárne zdroje diverzity sa zmeniť nedajú, zatiaľ čo sekundárne sú ovplyvniteľné.

Význam jednotlivých zdrojov diverzity je do značnej miery determinovaný vplyvom prostredia (kultúrneho, sociálneho a demografického), v ktorom organizácia funguje (Durska, 2009). Aby bola organizácia schopná diverzitu pracovnej sily úspešne riadiť, je potrebné identifikovať jej základné dimenzie (Thomas, 2006). Identifikovanie kľúčových dimenzií diverzity pracovnej sily umožňuje organizácii prijať a aplikovať programy a stratégie v tejto oblasti, ktorých úspešná implementácia môže viesť k vytvoreniu komparatívnej výhody (Thomas, 2010). Skúmanie vplyvu diverzity na podnik je komplexnou problematikou, ktorú je možné skúmať z viacerých hľadísk. Dokázaný je napríklad vplyv kultúrnej diverzity na využívanie sofistikovanejších foriem exportu v dlhodobom horizonte (Fan et al., 2018), pozitívny vplyv diverzity členov riadiacich orgánov spoločností na efektivitu korporátnych investícií (Harijoto et al., 2018), celkový priebeh procesu prijímania strategických rozhodnutí (Elbanna, 2018), alebo zvýšenie kreativity a inovatívnosti v podnikovom prostredí (Glaveanu & Taillard, 2018). Zdrojov diverzity je niekoľko, odborná verejnosť sa však venuje



predovšetkým diverzite pohlaví a postaveniu žien na pracovnom trhu (Stier et al., 2018), vekovej diverzite (Sluiter, 2006; van Soest & Zaidi, 2015) a etnickej diverzite (Janssens & Zanoni, 2014; Churchill & Smith, 2017), pričom okrem skúmania jednotlivých aspektov diverzity je rozšírená pozornosť venovaná aj praktickej implementácii diverzitných prístupov v riadení ľudských zdrojov (Trong et al., 2018).

### 3. Benefits of implementing diversity management for the enterprise

Náklady a výnosy súvisiace s diverzitou či diskrimináciou je veľmi ťažko kvantifikovať. Dajú sa však aspoň pomenovať predpokladané výnosy či náklady implementácie manažmentu diverzity pre implementujúcu organizáciu. Okrem pozitívneho efektu vo vzťahu k zamestnancom patriacim do ohrozenej skupiny, či skupín, určitá forma pozitívnej externality vzniká aj vo vzťahu k pracovníkom, ktorí do ohrozenej skupiny nepatria. Z existencie korektného vzťahu medzi zamestnávateľom a pracovníkom z ohrozenej skupiny získava „neohrozený pracovník“ dobrý pocit, že je súčasťou podniku, ktorý nediskriminuje a akékoľvek pozitíva vo vzťahu k zamestnancov z ohrozených skupín sa častokrát týkajú aj zvyšných zamestnancov. Ak prijmeme predpoklad že existuje vzťah medzi výsledkami podniku a nepeňažnými formami motivácie, tak túto pozitívnu externalitu (zároveň nepeňažný motivačný faktor) môžeme chápať ako predpoklad lepších výsledkov podniku.

Využitiu vlastností niektorých osôb patriacich do ohrozených skupín môže byť zamedzené tým, že ľahšie rozpoznateľný znak – faktor diskriminácie (rasa, vek, pohlavie) zabráni otestovať ťažšie rozpoznateľnú, zamestnávateľom možno vyhľadávanú vlastnosť. Je možné predpokladať, že osoba patriaca k ohrozenej skupine (najmä ak si je vedomá príslušnosti k takejto skupine), má vysokú motiváciu k dobrým pracovným výkonom v prípade poskytnutia možnosti zamestnať sa (Košta, 2010). Za päť všeobecne najvýznamnejších prínosov manažmentu rozmanitosti sa považuje:

- posilnenie kultúrnych hodnôt vo vnútri organizácie,
- zlepšenie reputácie a imidžu firmy,
- zvýšenie možnosti prilákania a udržania vysoko talentovaných ľudí,
- zlepšenie motivácie a výkonnosti zamestnancov,
- zlepšenie miery kreativity a inovačného potenciálu zamestnancov (Keil, 2007).

### 4. Data and methodology

Zber údajov mal dve etapy. Prvá bola realizovaná v rokoch 2012 až 2014, druhá v rokoch 2015 až 2016. V oboch etapách bolo ako metóda zberu údajov použité výberové zisťovanie, ako nástroj na zber údajov bol použitý dotazník, ktorého konštruktívna validita bola overená faktorovou analýzou a reliabilita bola overená pomocou výpočtu Krombachovej alfy. Položky boli škálované, pri ich konštrukcii bola použitá sedem stupňová Likertova škála (od 1 do 7), pričom hodnota 1 zodpovedala absolútnemu nesúhlasu respondenta s tvrdením uvedeným v položke, hodnota 4 vyjadrovala jeho neutrálny postoj a hodnota 7 zodpovedala jeho absolútnemu súhlasu. Vzhľadom na škálu teda vyššie dosiahnuté priemerné skóre v danej položke znamená vyššiu mieru súhlasu respondentov s tvrdením uvedeným v tej-ktorej položke dotazníka. Okrem spomínaných 25-tich položiek dotazník obsahoval aj triediace položky, ktorých úlohou bolo zistiť veľkosť podnikateľského subjektu vyjadrenú počtom zamestnancov; podiel zahraničného kapitálu v jeho vlastnickej štruktúre; sektor národného hospodárstva, v ktorom spoločnosť pôsobí a pracovnú pozíciu respondenta, ktorý dotazník vyplňal/a. Dotazník bol čiastočne distribuovaný osobne (čo výraznou mierou prispelo k vysokej miere

návratnosti) a čiastočne elektronicky. V prvej etape sa do výskumu zapojilo 200 respondentov (každý jeden respondent zodpovedá jednému podnikateľskému subjektu), v druhej etape sa do výskumu zapojilo ďalších 404 respondentov, spolu teda 604 podnikateľských subjektov.

Table 1: Operacionalizácia premenných

| Premenná                                  | Operacionalizácia   | Spôsob merania   |
|---|---|--|
| Veľkosť organizácie (SIZE)                | Koľko zamestnancov má spoločnosť, v ktorej pracujete?   | 1 - menej ako 10; 2 - 11 až 50; 3 - 51 až 250; 4 - 251 a viac  |
| Podiel zahraničného kapitálu (FOR_CAP)    | Aký je podiel zahraničného kapitálu vo vlastnickej štruktúre spoločnosti, v ktorej pracujete? | 1 - 0%; 2 - 1%-20%; 3 - 21%-40%; 4 - 41%-60%; 5 - 61%-80%; 6 - 81% a viac                                      |
| Sektor národného hospodárstva (SECTOR)    | V ktorom sektore národného hospodárstva pôsobí spoločnosť, v ktorej pracujete?                | 1 - primárny; 2 - sekundárny, 3 - terciárny (služby); 4 - kvartérny (školsstvo, zdravotníctvo, verejná správa) |
| Pracovná pozícia (WORK_P)                 | Aká je Vaša pracovná pozícia?   | 1 - manažér; 2 - nemanadžér  |
| Inklúzia a spravodlivosť (IC_JUST)        | Položky 1 - 12  | Likertova škála 1 -7: 1 - úplný nesúhlas, 4 - neutrálny postoj; 7 - úplný súhlas                               |
| Implementácia manažmentu diverzity (IMPL) | Položky 13 - 18   | Likertova škála 1 -7: 1 - úplný nesúhlas, 4 - neutrálny postoj; 7 - úplný súhlas                               |
| Benefity manažmentu diverzity (BEN)       | Položky 19 - 25   | Likertova škála 1 -7: 1 - úplný nesúhlas, 4 - neutrálny postoj; 7 - úplný súhlas                               |

Source: vlastné spracovanie

Na overenie reliability meracieho nástroja sme použili Cronbachovu alfu. Hodnota vyššia ako 0,7 indikuje dostatočnú reliabilitu. Na overenie konštruktivej validity sme použili faktorovú analýzu s verimaxovou rotáciou faktorov. Na prvostupňovú analýzu boli použité parametrické ako aj neparametrické metódy (ANOVA, Mann-Whitneyho test, Kruskal-Wallisov test). Na výpočet korelácie sme použili Pearsonov korelačný koeficient a Kendalovo tau. Na overenie vplyvu premenných na skúmané oblasti manažmentu diverzity (inklúzia a spravodlivosť (IC\_JUST), implementácia (IMPL) a benefity (BEN)) bola použitá lineárna regresia. Premennú IC\_JUST sme vypočítali ako priemerné skóre za položky 1-12 pre každú organizáciu, premenná IMPL bola vypočítaná ako priemerné skóre za položky 13-18 a premenná BEN ako priemerné skóre za položky 19-25. Zápis regresných rovníc:

$$IC_{JUST} = \beta_0 + \beta_1 SIZE + \beta_2 FOR_{CAP} + \beta_3 SEC + \beta_4 WORK_P + \varepsilon_0 \quad (1)$$

$$IMPL = \beta_0 + \beta_1 SIZE + \beta_2 FOR_{CAP} + \beta_3 SEC + \beta_4 WORK_P + \varepsilon_0 \quad (2)$$

$$BEN = \beta_0 + \beta_1 SIZE + \beta_2 FOR_{CAP} + \beta_3 SEC + \beta_4 WORK_P + \varepsilon_0 \quad (3)$$

- H1:** Manažment diverzity pracovnej sily v organizácii je ovplyvňovaný jej veľkosťou (vyjadrenou počtom zamestnancov).
- H2:** Na manažment diverzity pracovnej sily v organizácii vplyva podiel zahraničného kapitálu vo vlastnickej štruktúre organizácie.
- H3:** Existuje rozdiel v spôsobe aplikácie manažmentu diverzity pracovnej sily v organizácii v závislosti od sektora národného hospodárstva, v ktorom organizácia pôsobí.
- H4:** Manažéri vnímajú manažment diverzity v organizácii rozdielne v porovnaní so zamestnancami na nemanadžerskej pracovnej pozícii.

## 5. Results

Pomocou lineárnej regresnej analýzy sme skúmali vplyv štyroch nezávislých premenných, ktorými boli veľkosť organizácie vyjadrenej počtom zamestnancov (NUM\_E), pracovná pozícia respondenta (WORK\_P), podiel zahraničného kapitálu vo vlastnickej štruktúre organizácie (FOR\_CAP) a sektor národného hospodárstva, v ktorom organizácia pôsobí (SEC) na manažment diverzity.

Manažment diverzity pracovnej sily sme kvantifikovali pomocou troch premenných, ktoré sme skonštruovali ako aritmetický priemer dosiahnutý v konkrétnych položkách jednotlivých častiach dotazníka. Boli nimi oblasť inklúzie a spravodlivosti (IC\_JUST; priemer za položky

1-12), oblasť implementácie (IMPL; priemer za položky 13-18) a oblasť vnímaných benefítov manažmentu diverzity (BEN; priemer za položky 19-25). Matematický zápis jednotlivých modelov je súčasťou metodiky predkladanej práce v podkapitole 2.

### Oblasť inklúzie a spravodlivosti

Ako prvej sme sa venovali oblasti inklúzie a spravodlivosti. Model vysvetľuje niečo nad 13% celkového rozptylu, preto je potrebné jeho výsledky interpretovať opatrne, s najväčšou pravdepodobnosťou doň neboli zahrnuté niektoré dôležité premenné. Tie však neboli zisťované, takže súčasťou modelu sú iba tie premenné, ktoré sme merali. Toto obmedzenie platí aj pre zvyšné dva modely.

Na základe výsledkov regresnej analýzy (tabuľka 2) konštatujeme, že na oblasť inklúzie a spravodlivosti majú vplyv podiel zahraničného kapitálu (FOR\_CAP) a pracovná pozícia respondenta (WORK\_P). S prihliadnutím na spôsob kódovania premenných je možné tvrdiť, že s rastúcim podielom zahraničného kapitálu je vnímanie oblasti inklúzie a spravodlivosti zaobchádzania so zamestnancami bez ohľadu na ich pohlavie, vek, či etnikum pozitívnejšie. Zároveň je možné tvrdiť, že manažéri vnímajú túto oblasť pozitívnejšie ako nemanadžéri

Table 2: Výsledky regresnej analýzy – oblasť inklúzie a spravodlivosti (IC\_JUST)

| Model      | Neštandardizované koeficienty |           | Štandardizované koeficienty | t      | p hodnota |
|------------|-------------------------------|-----------|-----------------------------|--------|-----------|
|            | B                             | Št, chyba | Beta                        |        |           |
| (Constant) | 5,824                         | 0,185     |                             | 31,431 | 0,000     |
| NUM_E      | 0,046                         | 0,037     | 0,058                       | 1,260  | 0,208     |
| WORK_P     | -0,397                        | 0,068     | -0,230                      | -5,824 | 0,000**   |
| FOR_CAP    | 0,038                         | 0,019     | 0,089                       | 1,951  | 0,050*    |
| SEC        | 0,057                         | 0,043     | 0,052                       | 1,310  | 0,191     |

Source: (vlastné spracovanie)

Pozn: \*=štatisticky významný rozdiel; \*\*=vysoko štatisticky významný rozdiel

### Oblasť implementácie manažmentu diverzity

V porovnaní s oblasťou inklúzie a spravodlivosti bola v prípade oblasti implementácie manažmentu diverzity spoľahlivosť lineárneho modelu o čosi vyššia. Model vysvetľoval takmer 18% rozptylu.

V oblasti vnímania implementácie manažmentu diverzity regresná analýza potvrdila vplyv pracovnej pozície respondenta (WORK\_P). Výsledky potvrdzujú, že respondenti pracujúci na manažérskych pozíciách a respondenti, ktorí na manažérskych pozíciách nepracujú vnímajú mieru implementácie manažmentu diverzity v organizácii, v ktorej sú zamestnaní rozdielne (tabuľka 3). Qpäť platí, že postoje manažérov k implementácii manažmentu diverzity sú pozitívnejšie ako je to v prípade nemanadžérov.

Table 3: Výsledky regresnej analýzy – oblasť implementácie manažmentu diverzity (IMPL)

| Model      | Neštandardizované koeficienty |           | Štandardizované koeficienty | t      | p hodnota |
|------------|-------------------------------|-----------|-----------------------------|--------|-----------|
|            | B                             | Št, chyba | Beta                        |        |           |
| (Constant) | 5,622                         | 0,259     |                             | 21,735 | 0,000     |
| NUM_E      | 0,014                         | 0,051     | 0,013                       | 0,270  | 0,787     |
| WORK_P     | -0,522                        | 0,095     | -0,219                      | -5,490 | 0,000**   |
| FOR_CAP    | 0,001                         | 0,027     | 0,002                       | 0,042  | 0,967     |
| SEC        | 0,021                         | 0,060     | 0,014                       | 0,354  | 0,724     |

Source: (vlastné spracovanie)

Pozn: \*=štatisticky významný rozdiel; \*\*=vysoko štatisticky významný rozdiel

## Oblasť vnímania benefitov manažmentu diverzity

V oblasti vnímania benefitov manažmentu diverzity lineárny model vysvetľoval viac ako 14% celkového rozptylu. Regresný model potvrdil, že na vnímanie benefitov manažmentu diverzity vplyva pracovná pozícia respondenta a podiel zahraničného kapitálu (tabuľka 4). Vplyv veľkosti organizácie ani sektora národného hospodárstva sa nepotvrdil. Podobne ako v prípade oblasti inklúzie a spravodlivosti je možné tvrdiť, že s rastúcim podielom zahraničného kapitálu je vnímanie benefitov manažmentu diverzity pozitívnejšie. Zároveň je možné tvrdiť (čo zároveň potvrdzuje výsledky ANOVY), že manažéri v implementácii manažmentu diverzity viacej benefitov ako nemanadžéri.

Table 4: Výsledky regresnej analýzy – oblasť vnímania benefitov manažmentu diverzity (BEN)

| Model      | Neštandardizované koeficienty |           | Štandardizované koeficienty | t      | p hodnota |
|------------|-------------------------------|-----------|-----------------------------|--------|-----------|
|            | B                             | Št, chyba | Beta                        |        |           |
| (Constant) | 5,381                         | 0,266     |                             | 20,226 | 0,000     |
| NUM_E      | 0,027                         | 0,053     | 0,024                       | 0,506  | 0,613     |
| WORK_P     | -0,359                        | 0,098     | -0,148                      | -3,671 | 0,000**   |
| FOR_CAP    | 0,046                         | 0,028     | 0,076                       | 1,634  | 0,043*    |
| SEC        | 0,090                         | 0,062     | 0,059                       | 1,455  | 0,146     |

Source: (vlastné spracovanie)

Pozn: \*=štatisticky významný rozdiel; \*\*=vysoko štatisticky významný rozdiel

## 6. Conclusion

Na základe výsledkov regresnej analýzy možno platnosť hypotéz posúdiť nasledovne: H1 zamietame, H2 nezamietame, H3 zamietame a H4 nezamietame. Výsledky získané výskumom by sa teda dali zhrnúť do nasledujúcich bodov:

- Politiku diverzity majú jasne definovanú najmä podniky s väčším počtom zamestnancov, čo súvisí najmä s vyššou mierou formalizácie dokumentov vo väčších organizáciách (jednoducho povedané, viacej vecí sa dáva na papier), napriek tomu sa štatisticky významný vplyv veľkosti organizácie na jednotlivé oblasti manažmentu diverzity nepotvrdil.
- Názory respondentov na spravodlivosť zaobchádzania so zamestnancami bez ohľadu na ich vek či pohlavie (resp. na spravodlivosť zaobchádzania vo všeobecnosti) sa rôznia v závislosti od ich pracovnej pozície. Manažéri vnímajú situáciu pozitívnejšie ako radoví zamestnanci.
- Ochota zamestnávať uchádzačov o prácu z iných etník je vlastná najmä spoločnostiam s vyšším podielom zahraničného kapitálu.
- Vnímanie benefitov plynúcich z implementácie manažmentu diverzity je pomerne univerzálne, jedinými faktormi, ktoré spôsobili rozdiely boli pracovná pozícia respondenta a podiel zahraničného kapitálu vo vlastníckej štruktúre organizácie.

Vo všeobecnosti možno konštatovať, že niektoré výsledky sú v súlade s očakávaniami vyplývajúcimi z doterajších skúseností, iné naopak očakávaniam nezodpovedajú. To, že politiku diverzity majú definovanú najmä väčšie podniky možno považovať za prirodzené, pretože vyšší počet zamestnancov automaticky vytvára predpoklad existencie diverzifikovaných zamestnaneckých skupín (diverzifikovaných či už na základe veku, pohlavia, či etnického pôvodu). Ich existencia potom, samozrejme, vytvára určitý tlak, aby sa manažment touto skutočnosťou zaoberal.

Ďalším faktorom, ktorý, podľa nášho názoru, v tejto súvislosti zohráva dôležitú úlohu, je podiel zahraničného kapitálu. Najmä ak pochádza z regiónu, ktorý sa problematikou diverzity a jej riadenia zaoberá (napr. USA, či Nemecko). Spolu s kapitálom spravidla do spoločnosti prichádza aj know-how, ktorý v sebe častokrát integruje okrem procesuálnej stránky aj stránku hodnotovú. Preto nie je prekvapivé, že ochotu zamestnávať uchádzačov o prácu z iných etník deklarovali najmä respondenti z takýchto podnikov. Čo však prekvapivé je, je skutočnosť, že ochotu prispôbovať obsah pracovnej náplne deklarovali najmä zamestnanci podnikov z nižším počtom zamestnancov.

Názory na spravodlivosť zaobchádzania so zamestnancami sa u manažérov a radových zamestnancov rôzni. Je do istej miery prirodzené, že radový zamestnanec je nespokojný, resp. že manažér má tendenciu hodnotiť svoju prácu kladne. Napriek tomu však existujú objektívne skutočnosti, ktoré dávajú za pravdu skôr zamestnancom. Jednou z nich je pomerne časté obchádzanie zákonníka práce. Ešte lepšie viditeľnou je existencia výrazného rozdielu v mzde mužov a žien, pracujúcich na podobnej pozícii (v niektorých vekových kategóriách tento rozdiel prekračuje 30%). Ďalším argumentom je pomer mužov a žien na manažérskych pozíciách (2:1 v prospech mužov, pričom kvalifikačná úroveň je u žien v priemere paradoxne lepšia). Okrem pohlavia sa takpovediac „dvojaký meter“ prejavuje aj v oblasti veku uchádzačov o zamestnanie. Najpočetnejšou skupinou nezamestnaných sú čerství absolventi, ktorí majú vďaka nedostatku tak potrebnej a vyžadovanej praxe minimum príležitostí získať zamestnanie. Problematickou vekovou kategóriou je aj kategória 55 rokov a viac. U nich nie je spravidla problémom nedostatok praxe, ale (s trochou ironie) jej nadbytok.

Čo sa týka implementácie manažmentu diverzity, myslíme si, že na Slovensku neexistuje v tejto oblasti jednoznačný líder a mnoho spoločností sa obmedzuje iba na dôsledné dodržiavanie tzv. antidiskriminačného zákona (365/2004 Z.z.), čo nie je síce málo, ale o plnohodnotnom riadení diverzity sa hovoriť nedá.

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## PRECARIOUS WORK OF MIGRANTS IN GLOBAL CITIES.

### AN EMPIRICAL INVESTIGATION

George Lăzăroiu<sup>1,a\*</sup>, Luminița Ionescu,<sup>2,b</sup> Alexandra Dana Meilă,<sup>3,c</sup>  
Adrian Bogdan Curteanu,<sup>4,d</sup> and Alexandru Bogdan<sup>5,e</sup>

<sup>1</sup>Faculty of Socio-Human Sciences, Spiru Haret University,  
Ion Ghica Street 13, Bucharest 030045, Romania

<sup>2</sup>Faculty of Economic Sciences, Spiru Haret University,  
Ion Ghica Street 13, Bucharest 030045, Romania

<sup>3</sup>Faculty of Urban Planning, The Ion Mincu University  
of Architecture and Urbanism, Academiei Street 18–20, Bucharest 010014, Romania

<sup>4</sup>Faculty of Theoretical and Applied Economics, Bucharest University of Economic Studies,  
Piața Romană 6, Bucharest 010374, Romania

<sup>5</sup>Faculty of Theoretical and Applied Economics, Bucharest University of Economic Studies,  
Piața Romană 6, Bucharest 010374, Romania

<sup>a</sup>phd\_lazaroiu@yahoo.com, <sup>b</sup>lionescu.mfc@spiruharet.ro, <sup>c</sup>m\_alexandra11@yahoo.com,

<sup>d</sup>adrian.bogdan.curteanu@gmail.com, <sup>e</sup>alexandru.bogdan@gmail.com

\*Corresponding author

**Abstract.** Using data from ADP, Ardent Partners, Bureau of Labor Statistics, Intuit and Emergent Research (Gig), ONS, Recode, and Resolution Foundation, we performed analyses and made estimates regarding changes in employees and self-employment, the total number of employees interested in freelancing or self-employment (by country), the number of employees by job sector, and top contingent workforce management challenges. Empirical and secondary data (e.g. Jordan et al., 2017) are used to support the claim that work precariousity includes individuals undergoing low-wage labor, joblessness, underemployment, a workforce progressively encompassing migrant employees in numerous global cities. Work precarious migrants in such places are likely to inhabit the urban outskirts that still preserve some availability to job chances. Third sector entities are frequently instrumental in backing work precarious migrants, i.e. individuals who generally fail to be within the established government policy social protection guarantees of professional security as a result of fluctuating legal statuses or ones that impede their admittance to safety nets applicable for immigrants who comply with duration of stay limits. The spatial relationship between the companies and precarious work migrants may considerably deteriorate further. Locational routines and resolutions by third sector entities are determined by characteristics incompatible with the location of contingent migrants and domestic precarious citizens, if the particularized regions point toward precarious work migrants.

**Keywords:** work, precarious, migrant, global, city

**JEL Classification:** E24, J21, J54, J64

## 1. Introduction

Precarious migrants' standards and arrangements may become interwoven with links of reliance and constraint that may invade their unstable lives and operate to replicate power-laden and abusive connections of partaking. Sharing endeavors for precarious migrants are frequently embedded in, or emerge as, disproportionate social relations (Acosta Price, 2017; Nica et al., 2017, A, B, C; Popescu et al., 2017; Shaefer et al., 2017) that function to curtail acceptable results for distinct migrants. The experiences of irregular migrants and asylum seekers in the wake of visa-overstaying or asylum rejection rapidly become survival-oriented. Lacking the right to labor, or state supplies, such migrants may acquire indispensable backing via unofficial networks, often of a partaking and exchangeable kind where food and lodging are supplied to counterbalance either an unequivocal or unconditional expectation of return. Offering asylum seekers the right to labor may cut down their vulnerability to forced labor. A coherence of supplying and acquiring in moral economies of confined families and networks brings about transactional work and connections. Precarious transactional labor is originated in spatially and temporally impermanent sharing relationships. (Waite & Lewis, 2017)

## 2. Literature review

The presumptive post-welfare urban place is characterized by a dispute between constancy with prior welfare arrangements, as opposed to a far-reaching discontinuity whereby recent, more disciplinary measures dominate. The limits of the questionable post-welfare urban place can be marked by a labeled and neglected constituency. There is a variegated transitional function for third sector entities: robust in counterbalancing and serving temporarily for a deficient economy (Androniceanu & Popescu, 2017; Gavurova et al., 2017; Plevny, 2017), but somewhat deficient in calling into question or contesting the oppressive state in aid of their clients. It is relevant to ignore the labor market to comprehend the complexities of social reproduction among insecure individuals, in addition to identifying relevant cohesions in backing systems that disaffirm a sweeping gap with prior arrangements. (DeVerteuil, 2017) Migrants think of a detailed plan regarding temporary employment and traverse various jobs and locations attempting to enhance their precarious lives. Particular categories of migrants persist confined in impermanent jobs, but others succeed in progressing occupationally, advance characteristics of their lives besides labor, and undertake new migration. In opposition to prevailing grounds of migrants' labor market integration, migrant impermanent employees put into service their transnational demise capacity to drop unsatisfactory jobs and challenge employers' inferences concerning their disposal to earn a living under substandard conditions. (Alberti, 2014)

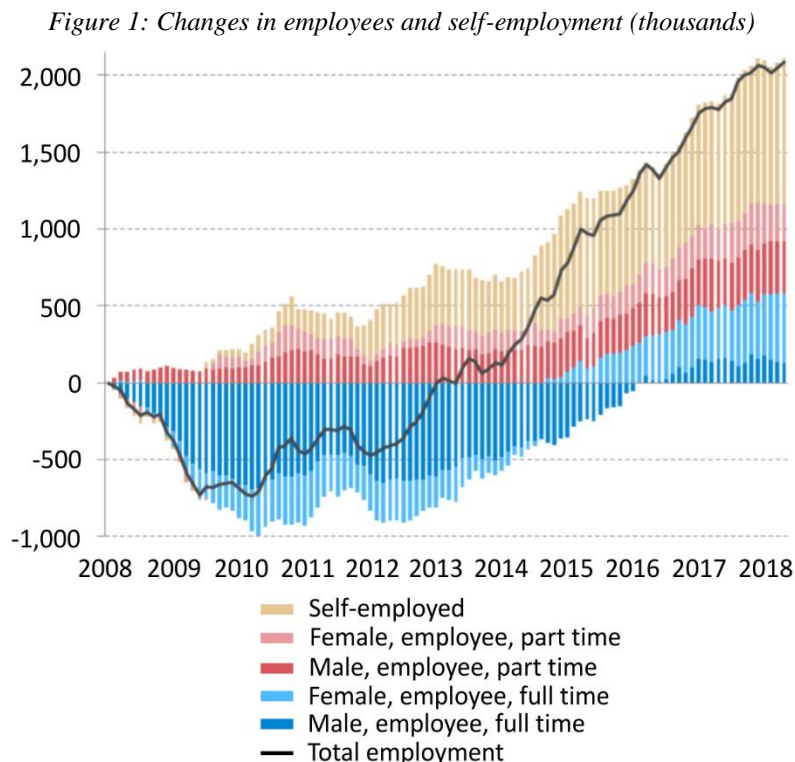
## 3. Methodology

Using data from ADP, Ardent Partners, Bureau of Labor Statistics, Intuit and Emergent Research (Gig), ONS, Recode, and Resolution Foundation, we performed analyses and made estimates regarding changes in employees and self-employment, the total number of employees interested in freelancing or self-employment (by country), the number of employees by job sector, and top contingent workforce management challenges.



## 4. Results and Discussion

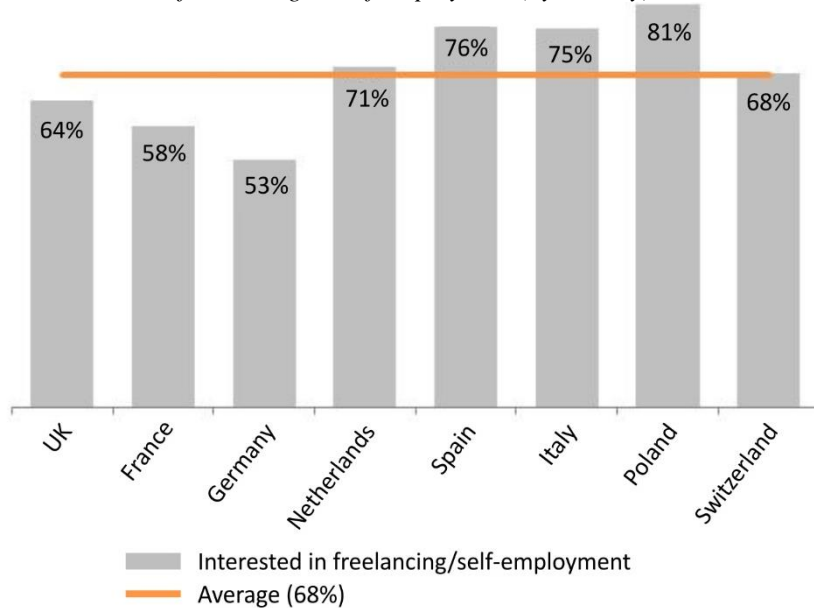
Work precarious includes individuals undergoing low-wage labor, joblessness, underemployment, a workforce progressively encompassing migrant employees in numerous global cities. Work precarious migrants in such places are likely to inhabit the urban outskirts that still preserve some availability to job chances. Third sector entities are frequently instrumental in backing work precarious migrants, i.e. individuals who generally fail to be within the established government policy social protection guarantees of professional security (Campbell et al., 2017; Havu, 2017; Nica, 2017; Mengoli et al., 2017) as a result of fluctuating legal statuses or ones that impede their admittance to safety nets applicable for immigrants who comply with duration of stay limits. The spatial relationship between the companies and precarious work migrants may considerably deteriorate further. Inertial and compacted layouts of the third sector are gradually inoperative with a more marginalized residential model for precarious individuals, because urban regions become refurbished and therefore too costly in which to dwell. Locational routines and resolutions by third sector entities are determined by characteristics incompatible with the location of contingent migrants and domestic precarious citizens, if the particularized regions point toward precarious work migrants. (Jordan et al., 2017) Quantifiable capitalism does not play on the entirety of the worker’s practice, but separates the subject and the life wholeness, and apportions only precise aspects of it. (Trimikliniotis et al., 2016) (Figures 1–4)



*Sources: Resolution Foundation analysis; ONS; and our 2018 estimates.*

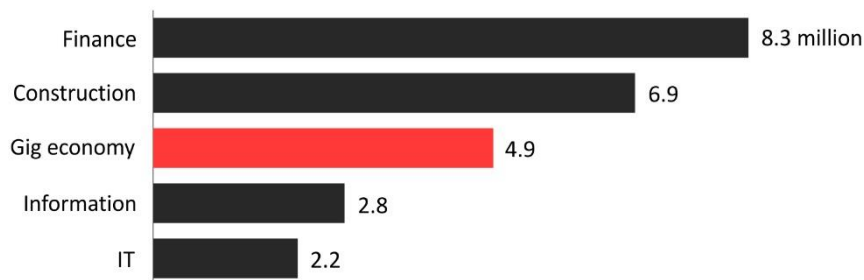
*Note: Total includes unpaid family workers and those on government employment and training schemes.*

Figure 2: Total number of employees interested in freelancing or self-employment (by country)



Sources: ADP; and our 2018 estimates.

Figure 3 The number of employees by job sector



Sources: Recode; Bureau of Labor Statistics; Intuit and Emergent Research (Gig); and our 2018 estimates.

Figure 4: Top contingent workforce management challenges



Sources: Ardent Partners. Our survey among 2,200 individuals conducted August 2017.

## 5. Conclusions

Precarious labor is not territory-restricted, as the unstable worker operates in a variety of settings, with performance that cannot be evaluated and recompensed in conformity with the system of wage labor assessment. The practical knowledge of precarious workers cannot be integrated in the consolidated subjectivity (Machan, 2017; Mihaylova, 2017) with regard to the social adjustment of standard employment. Precarious labor functions as a conglomeration of practices unevenly disposed, misused, and maintained in the structure of quantifiable capitalism (Cennamo, 2018; Elsbach & Stigliani, 2018; Jiang & Lavaysse, 2018; Robinson, 2018; Emran, Greene & Shilpi, 2018), without being a coalesced subjectivity or precariat. The unsteady regime of labor adjustment reunifies the operational subject and capitalizes on particular components of the ordinary existence on an individual ground. (Trimikliniotis et al., 2016)

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## **AUTOMATION, GLOBAL LABOR MARKET, AND OUTPUT: DO PRODUCTIVITY- IMPROVING TECHNOLOGIES RAISE OVERALL WORK DEMAND?**

Ionel Mohîrță<sup>1,a</sup>, Octav Neguriță,<sup>2,b\*</sup> Gheorghe Grecu<sup>3,c</sup>,  
Oana Cătălina Dumitrescu<sup>4,d</sup> and Andreea Drugău-Constantin<sup>5,e</sup>

<sup>1</sup>Faculty of Communication and International Relations, Danubius University,  
The Galați Avenue 3, Galați 800654, Romania

<sup>2</sup>Faculty of Law Sciences and Economic Sciences, Spiru Haret University,  
Unirii Street 32–34, Constanța 900532, Romania

<sup>3</sup>Faculty of Law Sciences and Economic Sciences, Spiru Haret University,  
Unirii Street 32–34, Constanța 900532, Romania

<sup>4</sup>Faculty of Management, Bucharest University of Economic Studies,  
Piața Romană 6, Bucharest 010374, Romania

<sup>5</sup>Faculty of Administration and Public Management, Bucharest University of Economic Studies,  
Piața Romană 6, Bucharest 010374, Romania

<sup>a</sup>mohirta@tanatopsihologie.ro, <sup>b</sup>octav.negurita@spiruharet.ro, <sup>c</sup>gheorghe.grecu@spiruharet.ro,  
<sup>d</sup>catalina.dumitrescu26@yahoo.com, <sup>e</sup>andreadrugau@gmail.com

\*Corresponding author

**Abstract.** We follow recent research (e.g. Spencer, 2018) showing that, enabled by technology, employment platforms have enabled capitalist employers to subcontract labor at decreased expense than if they carried it out internally. Work has been organized that circumvents current labor regulations and social protections. Using the data from CaixaBank Research (based on data from Innosight and David Deming), Current Population Survey, Federal Reserve Bank of St. Louis, GSV Advisors, U.S. Labor Department, and The Wall Street Journal, we performed analyses and made estimates regarding job trends (routine vs. non-routine, cognitive vs. manual), U.S. venture-capital and growth investments in education (capital flows, \$bn, and number of transactions), U.S. productivity and jobs (1955–2018), and the trend in the tasks demanded for U.S. jobs (change compared with 1980, %). Empirical and secondary data are employed to support the claim that capitalist employers, by filling positions beyond the bounds and without any official employment contract, are likely to neglect their moral duties towards personnel. The likelihood of their growth may in addition disintegrate the quality of labor open to employees. The cutting-edge technology has been coupled with substandard labor market practices. The pursuit of a more considerate work setting that reinforces lengthy free time while furthering more substantially rewarding work necessitates alterations in partnership that transfer power to employees over the utilization of technology.

**Keywords:** automation, labor, market, productivity, technology

**JEL Classification:** E24, J21, J54, J64

## 1. Introduction

The employment of technology to establish an unnecessary workforce with less work labor privileges has been effective for individuals owning platform firms to the detriment of persons they employ, i.e. prolonged hours of labor without subsidies such as sick leave, paid holiday, and minimum wages. Labor in the gig economy is likely to weaken the challenging rights of workers. Technology has been utilized within workplaces to systematize supervising and boost labor. In work, employees grapple with having their undertakings registered and evaluated by technology on a systematic ground. With more cutting-edge surveillance technology calibrated to be improved that can be put on by and embedded into employees (Mengoli et al., 2017; Mihaylova, 2017; Nica et al., 2017, A, B, C; Otrusínová, 2016), labor will be effortlessly tracked and heaped on. Technology is regulated by the principles of production and the configurations it takes require the ownership connections in which it is positioned. The asymmetrical ownership of production circumscribes technology and confines its employment both for diminishing work time and for intensifying the quality of labor. (Spencer, 2018)

## 2. Literature review

High-proficient, problematic-to-automate jobs progressively necessitate social skills. Expertise in human cooperation is chiefly contingent on implicit knowledge. Jobs that demand superior degrees of analytical and mathematical inference but inferior degrees of social relations (Machan, 2017; Popescu et al., 2017; Profiroiu & Nastacă, 2016) have progressed quite insufficiently. Computers are unsatisfactory in replicating human cooperation, as inspecting the minds of individuals and responding represents an unconscious process. Workplace human cooperation entails team production: employees challenge each other's strengths and readjust responsibly to dynamic contexts. Such nonroutine cooperation is integral to the human ascendancy over technology. (Deming, 2017) The labor division may further automation as it singles out standard tasks and stimulates worker modularity. The effect of automation on urban employment may jeopardize expansion, which is broadly determined by hiring opportunity. (Frank et al., 2018) The automation capacity is inferior in jobs that necessitate programming, introducing, instructing or persuading individuals, whereas the risk of automation is superior in jobs with a significant proportion of tasks that are connected with exchanging data. (Arntz et al., 2017)

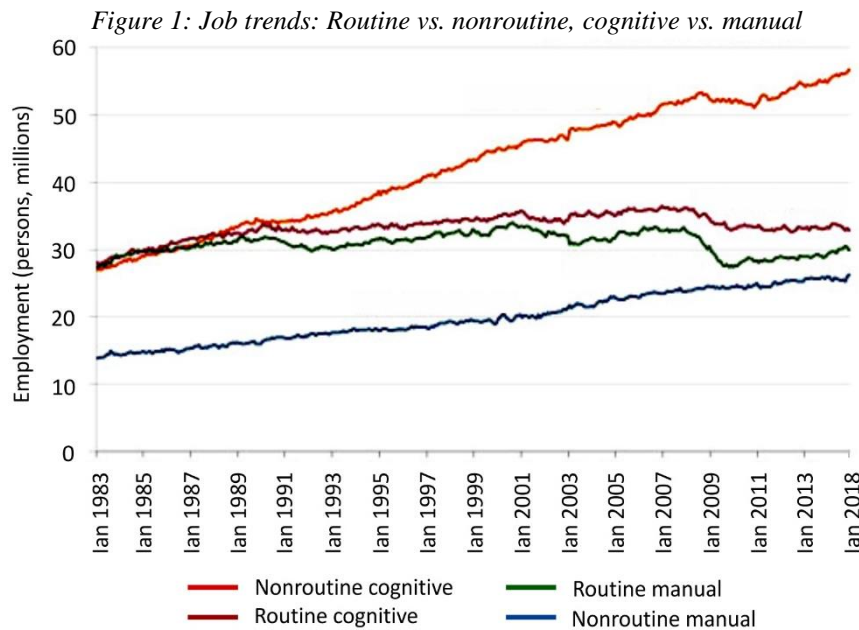
## 3. Methodology

Using data from CaixaBank Research (based on data from Innosight and David Deming), Current Population Survey, Federal Reserve Bank of St. Louis, GSV Advisors, U.S. Labor Department, and The Wall Street Journal, we performed analyses and made estimates regarding job trends (routine vs. nonroutine, cognitive vs. manual), U.S. venture-capital and growth investments in education (capital flows, \$bn, and number of transactions), U.S. productivity and jobs (1955–2018), and the trend in the tasks demanded for U.S. jobs (change compared with 1980, %).

## 4. Results and discussion

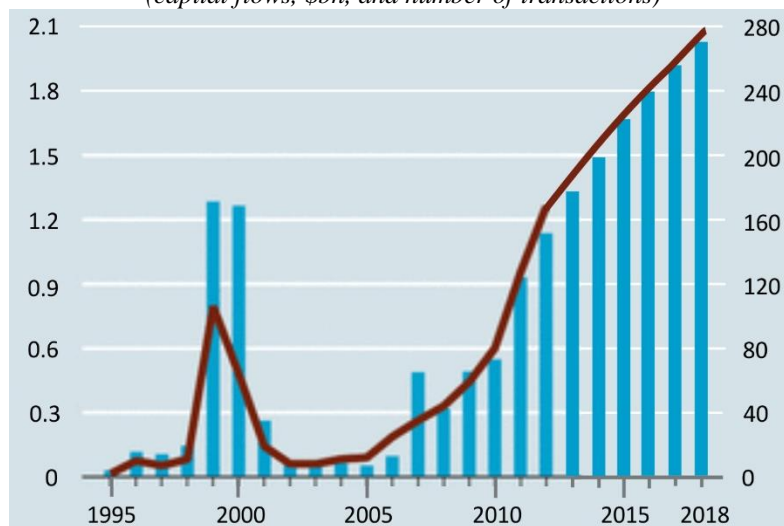
Enabled by technology, employment platforms have enabled capitalist employers to subcontract labor at decreased expense than if they carried it out internally. Work has been organized that circumvents current labor regulations and social protections. Capitalist

employers, by filling positions beyond the bounds and without any official employment contract, are likely to neglect their moral duties towards personnel. The likelihood of their growth may in addition disintegrate the quality of labor open to employees. The cutting-edge technology has been coupled with substandard labor market practices. The pursuit of a more considerate work setting that reinforces lengthy free time while furthering more substantially rewarding work (Acosta Price, 2017; Havu, 2017; Klierova & Kutik, 2017; Nica, 2017) necessitates alterations in partnership that transfer power to employees over the utilization of technology. (Spencer, 2018) (Figures 1–4)



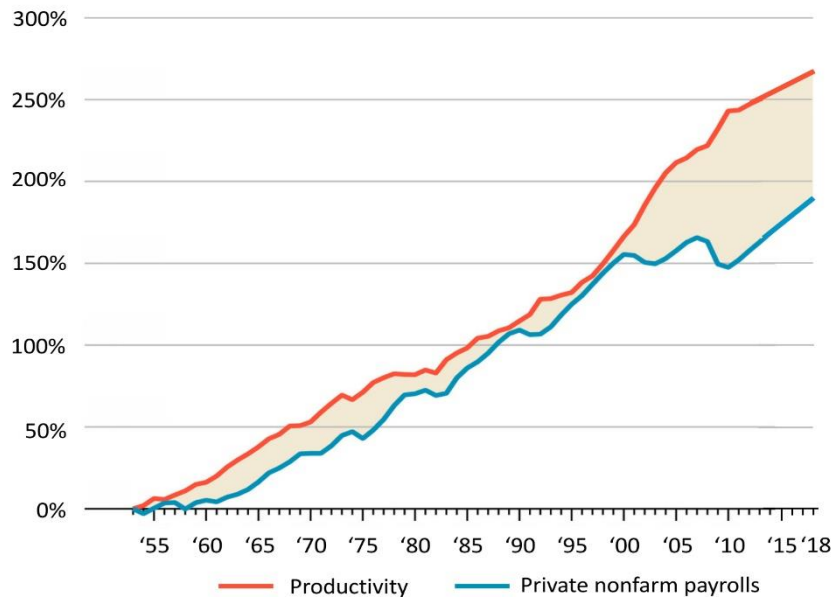
Sources: Current Population Survey; Federal Reserve Bank of St. Louis; and our estimates.

*Figure 2: U.S. venture-capital and growth investments in education (capital flows, \$bn, and number of transactions)*



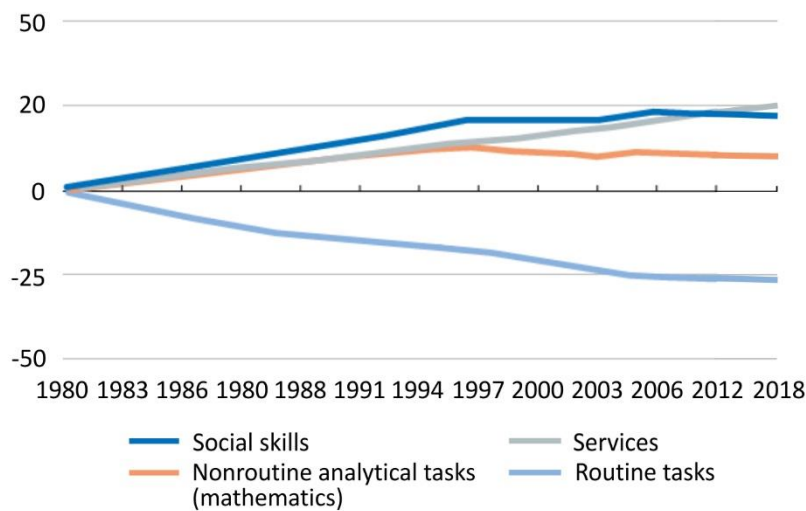
Sources: GSV Advisors; and our estimates.

Figure 3: U.S. productivity and jobs (1955–2018)



Sources: U.S. Labor Department; The Wall Street Journal; and our estimates.

Figure 4: The trend in the tasks demanded for U.S. jobs (change compared with 1980, %)



Sources: CaixaBank Research, based on data from Innosight and David Deming; and our estimates.

## 5. Conclusions

If society aims to exploit technology in the interest of a reduced amount of, and superior, labor (Cennamo, 2018; Elsbach & Stigliani, 2018; Jiang & Lavaysse, 2018; Robinson, 2018; Emran et al., 2018; Hémet & Malgouyres, 2018), it should take up democracy in employment and increase ownership rights concerning production to employees. Improving the representation and influence of workers is instrumental in guaranteeing that technology is mobilized for unselfish objectives (Campbell et al., 2017; Shaefer et al., 2017), and not misused on incessant consumerism and production that serves the capital owners without regard for the other individuals composing the society. Technological advancements may generate more labor for workforce to perform. The cutting-edge digital technologies are being employed to lead to



more replaceable, precarious and overworked individuals. Their subsequent large-scale implementation put at risk more employees to even more unsatisfactorily quality labor. The tendency towards the adoption of technology for being cost-effective indicates that employees cannot be certain of technology to diminish the burden of labor and to improve its qualitative content. (Spencer, 2018)

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## **GLOBAL EMPLOYMENT PRECARIOUSNESS: THE PREDOMINANCE OF LOW-PAID JOBS ENTAILING FLEXIBLE WORKING CONTRACTS AND RELATED REGULATORY CHALLENGES**

Iulian Negulescu<sup>1,a</sup>, Iulia Grecu,<sup>2,b</sup> Octav Neguriță,<sup>3,c\*</sup>

Maria Sponte (Pistalu),<sup>4,d</sup> and Andreea Drugău-Constantin<sup>5,e</sup>

<sup>1</sup>Faculty of Communication and International Relations, Danubius University,  
The Galați Avenue 3, Galați 800654, Romania

<sup>2</sup>Faculty of Law Sciences and Economic Sciences, Spiru Haret University,  
Unirii Street 32–34, Constanța 900532, Romania

<sup>3</sup>Faculty of Law Sciences and Economic Sciences, Spiru Haret University,  
Unirii Street 32–34, Constanța 900532, Romania

<sup>4</sup>Faculty of Administration and Public Management, Bucharest University of Economic Studies,  
Piața Romană 6, Bucharest 010374, Romania

<sup>5</sup>Faculty of Administration and Public Management, Bucharest University of Economic Studies,  
Piața Romană 6, Bucharest 010374, Romania

<sup>a</sup>iuliannegulescu@yahoo.com, <sup>b</sup>iulia.grecu@spiruharet.ro, <sup>c</sup>octav.negurita@spiruharet.ro,  
<sup>d</sup>maria.sponte@yahoo.com, <sup>e</sup>andreadrugau@gmail.com

\*Corresponding author

**Abstract.** This article reviews first-rate recent literature (e.g. Hardy, 2017), and supplements it with a theoretically-based empirical research. Using data from ADP, Deloitte University Press, and The Wall Street Journal, we performed analysis and made estimates regarding the number of US employees interested in complete flexibility (by age), the percentage of the U.S. workforce that is not employed directly by the company where they work, and companies usage of contingent workers over the next 3–5 years, and clarified that competitive accumulation and the perpetual pursuit of profits, determinants that are positioned deep in the arrangements of capitalism, render labor precarious. The extremely dynamic social construction of capitalism is reproduced in the steady reconstitution of capital encompassing the organizational setup and disintegration of companies, their merger and crumbling in addition to their internal restructuring and dismissal. A particular aspect of capitalist underlying forces is the formulation of novel spatiality. The capacity of capital to move may allow it to establish gradually precarious types of work. In developed capitalist economies, the streamlining and transfer of manufacturing has taken dissimilar configurations and followed various rhythms. Individuals on provisional and casual contracts do not have divergent interests from people in permanent and unionized jobs. In periods of prosperity, temporary contracts are less precarious because bargaining capacity boosts and employment is more unproblematic to find.

**Keywords:** employment, precariousness, flexible, contract, low-paid

**JEL Classification:** E24; J21; J54; J64

## 1. Introduction

Precurity is the outcome of various regulatory arrangements in relation to the institutional design of comparative capitalisms. Dispute between capitals and the mechanism of accumulation define and restructure the working class and the character of labor. The agency of employees and their opposition, compliance or docility are decisive in backing wages, labor conditions and employment security in the framework of the inconsistencies of capital. Migrant workers frequently participate in the most unsatisfactorily employment as regards labor conditions, remuneration and job security, are a recognizable factor in capitalism both as a replacement unit of work and as a mechanism of increasing the rate of mistreatment (Campbell et al., 2017; Mihaylova, 2017; Nica et al., 2017, A, B, C; Plevný, 2017), are not nonresistant casualties of capital and they can be categorized according to the fields they work in. Neoliberal capitalism is an intensive offensive by capital to curtail the earnings that a certain generation of employees could defend. Individuals on provisional and casual contracts have not got divergent interests from people in permanent and unionized jobs. In periods of prosperity, temporary contracts are less precarious because bargaining capacity boosts and employment is more unproblematic to find. The current phase of recession and austerity shows clearly how, no matter the contract, no employment is protected. (Hardy, 2017)

## 2. Literature review

Household level employment status is problematic when all individuals in a household operational in the labor market are either in work on a temporary or labor hire contract, or are jobless. A significant proportion of the low-income individuals is threatened by an insecure labor market position. (Beer et al., 2016) The insecurity prevailing in total jobs is notably defined by particular sectors, with better inputs to impermanence than those associated with them as regards their impact in full-scale employment. (García et al., 2017) Old employees comprised in precarious employment aim to be superannuated later than individuals who are hired in more long-standing and regular jobs. Absence of training in addition to unsatisfactory health conditions is related to early retirement. (Livanos & Nuñez, 2017) The dissimilarities among economies are connected with various labor market arrangements (Mengoli et al., 2017; Nica, 2017; Popescu et al., 2017): adult instruction has a more coherent constructive consequence on accessing and persisting in non-precarious hiring in more adjustable employment systems than in more inflexible insider–outsider countries. (Vono de Vilhena et al., 2016) The expansion of precarious employment makes employees at risk in complying with employer exigencies with the intention of preserving their jobs, and it destabilizes numerous established types of resistance. Workers in precarious employment establish boundaries on how intense they will perform and the extent to which they will self-misuse, resisting employment insecurity (their operational conduct may influence their access to employment). Precarious employment weakens the capacity for cohesion and shared undertakings among workers. Individuals in precarious employment participate in more job searches, set off their own instruction, operate via heterogeneous agencies to gain work, or become self-employed. (Lewchuk & Dassinger, 2016) Throughout welfare regimes, domestic employees have a superior likelihood of performing in precarious employment contexts in contrast to other sectors. There is a significant vulnerability of the formal domestic labor sector even in economies with definite regulations concerning such work. (Jokela, 2018)

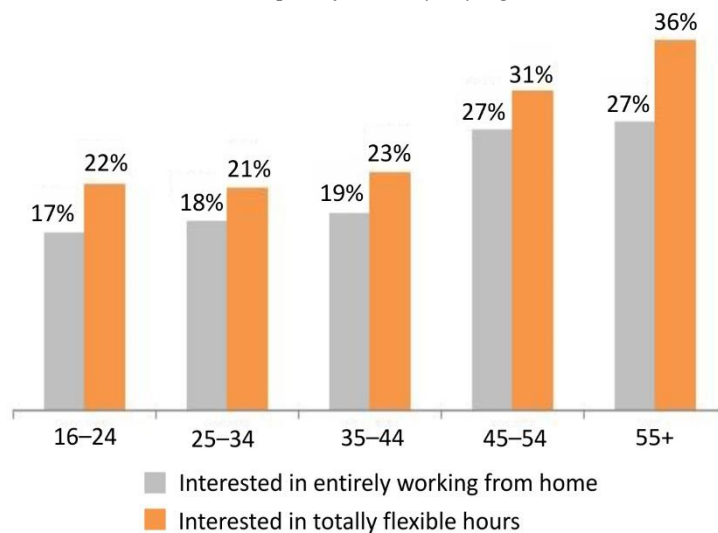
### 3. Methodology

Using data from ADP, Deloitte University Press, and The Wall Street Journal, we performed analyses and made estimates regarding the number of US employees interested in complete flexibility (by age), the percentage of the U.S. workforce that is not employed directly by the company where they work, and companies' usage of contingent workers over the next 3–5 years.

### 4. Results and Discussion

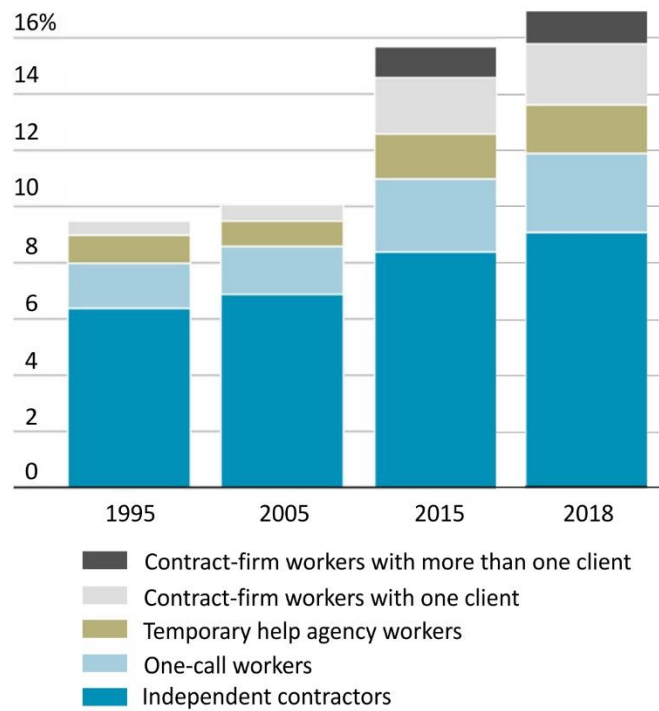
Competitive accumulation and the perpetual pursuit of profits, determinants that are positioned deep in the arrangements of capitalism, render labor precarious. The extremely dynamic social construction of capitalism is reproduced in the steady reconstitution of capital encompassing the organizational setup and disintegration of companies (Acosta Price, 2017; Androniceanu & Popescu, 2017; Havu, 2017), their merger and crumbling in addition to their internal restructuring and dismissal. A particular aspect of capitalist underlying forces is the formulation of novel spatialities. The capacity of capital to move may allow it to establish gradually precarious types of work. In developed capitalist economies, the streamlining and transfer of manufacturing has taken dissimilar configurations and followed various rhythms. Three structural features that have a straightforward relevance on the precariousness of employment are the vigor of the arrangement and the recurrent setting up of groundbreaking spatialities, its pervasive predisposition to impasse, and the expanding commercialization of the public sphere under neoliberalism. (Hardy, 2017) (Figures 1–3)

Figure 1: The number of US employees interested in complete flexibility (by age)



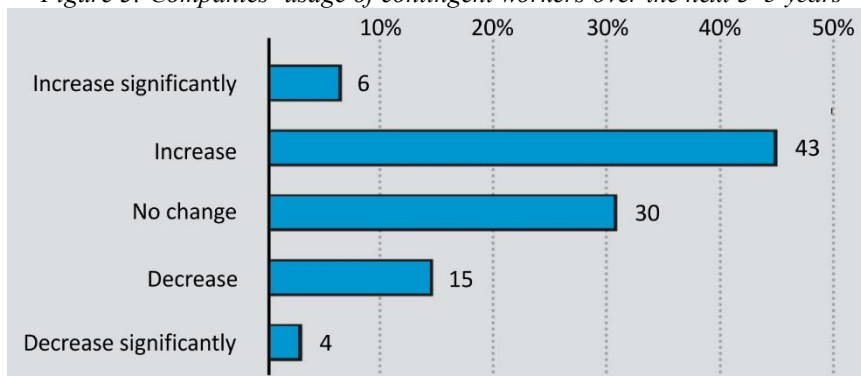
Sources: ADP. Our survey among 1,800 individuals conducted May–June 2017.

Figure 2: The percentage of the U.S. workforce that is not employed directly by the company where they work



Sources: Lawrence Katz (Harvard University) and Alan Krueger (Princeton University); The Wall Street Journal; and our estimates.

Figure 3: Companies' usage of contingent workers over the next 3–5 years



Sources: Deloitte University Press; and our 2018 estimates.  
 Note: Percentages may not equal 100% due to rounding.

## 5. Conclusions

Labor may have been declined in the sites from which productive capital relocated (Robinson, 2018; Emran et al., 2018; Hémet & Malgouyres, 2018), but new working classes have been brought into being and fortified in chosen locations of last investments. There is a dualistic gap between public and private sector hiring, employment, for the former, being unaffected to the patterns and instabilities of capitalism. The precarity of public sector employees has escalated as a result of the austerity measures. Regarding pensions, workers should pay more, toil longer and obtain less, despite the fact that public sector hiring has been susceptible to large cuts in employment and wage reductions. A series of labor market reforms have cut down labor rights and job security (Gavurova et al., 2017; Machan, 2017; Shaefer et al., 2017), furthering non-standard and precarious work. Eliminating the function of the state in replicating work and

bolstering the bringing forth of surplus value may be incompatible with enhancing competitive and cutting-edge capital. (Hardy, 2017)

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# GLOBALIZATION AND ECONOMY PROTECTION IN THE U.S. TRADE POLICY DEVELOPMENT

Pavel Neumann<sup>1, a\*</sup>

<sup>1</sup>University of Economics, Prague, W. Churchill sq. 4, 130 67 Prague 3, Czech Republic

<sup>a</sup>neumann@vse.cz

\*Corresponding author

**Abstract.** Using the comparative method, the article analyses the U.S. trade policy and economy protection in different globalization periods. Globalization is a crucial process that forms world economy. Within it, as already mentioned A. Smith, trade represents the cornerstone of international economic relations. In the individual states, the trade role always depends on their economic level and integration into the world economy, which also determinate the character of the trade policy in different periods. The USA can be an illustrative example of that policy formation as well as of the change of its character under globalization. During the U.S. economy initial phase, for specific reasons (infant industry) its external protection was rather strong. Later in 19<sup>th</sup> century, the paradigm of independent economic development was formed, optimised under significant custom protection. The approach was mostly kept until 1930s and justified by the U.S. large internal market, relative self-sufficiency, non-developed globalization or world economic crises prevention. After World War II the USA were hit by a huge globalization drive, and their economy gradually opened. Undoubtedly the USA benefited from their position strengthening during the War as well as from globalization development. However recently, President Trump has started to criticise globalization and the U.S. trade liberalization using the protective ideas of the fathers-founders (thought applied under different conditions) as his new economic policy argument. In contrast, economic theory and practical experience show the advantage of the free trade for the USA even in the top globalization phase.

**Keywords:** globalization, trade policy, the USA.

**JEL Classification:** F13, F62, N41.

## 1. Introduction

Globalizace je dlouhodobě klíčovým rysem světové ekonomiky, jenž urychluje pohyb zboží a služeb prostřednictvím obchodních toků; dále pak zvyšuje intenzitu pohybu investic a pracovníků (Oman, 2012). Propojení jednotlivých zemí, regionů a trhů se primárně dělo právě obchodní činností. Proto lze klást určitý start globalizace dokonce do doby klasiků anglické politické ekonomie (např. Morrison, 2012), kteří nepřímou zdůraznili úlohu svobodného obchodu jako zásadního globalizačního faktoru.

Stěžejní klasické dílo „Bohatství národů“ (Smith, 2016) v jistém smyslu předznamenává rozvoj globalizace. Ta je de facto alternativním vyjádřením formy klasické mezinárodní dělby práce (Weber, 2008), v níž přerůstá dělba národní, když se rozšiřuje lokální obchod do celosvětové podoby. Globalizace je tak především globalizací tržního prostoru k dosahování ekonomické efektivity, umožněné existencí liberálního trhu zboží. Volný obchod integruje

území a později státy do globálního celku, v němž potom roste národní a světové bohatství. Vznikne-li ochrana národních ekonomik před volným přílivem zboží, může to být z řady důvodů, v zásadě však odporuje liberálnímu schématu a je tak antiglobalizačním prvkem.

Příspěvek usiluje s pomocí komparativní metody analyzovat historický vývoj americké obchodní politiky. Zkoumá v souvislosti s hospodářskými specifiky země důvody, relevanci a změny obchodní ochrany USA ve vztahu k různým fázím vývoje globalizace. Zvláštní pozornost je věnována zlomovým obdobím obchodní politiky (zejména současnosti) a jejich interpretaci.

## 2. The U.S. trade policy in the context of globalization

### 2.1 Vývoj americké obchodní politiky a jeho interpretace

Jestliže je úloha a směr obchodní politiky země zpravidla vázána na stádium jejího ekonomického vývoje, platí tato teze i v podmínkách Spojených států amerických.

Výchozí hospodářská situace USA na sklonku 18. století byla specifická, čemuž odpovídaly i státní hospodářské funkce země. Je sice od počátku patrný vliv liberálních idejí A. Smitha zacílených k zachování volného trhu. Avšak nerozvinutost ekonomiky a její zranitelná pozice ve vnějších ekonomických vztazích si vynucovaly jak vnitřní podporu nezralého průmyslu, tak i jeho vnější ochranu. Obchodní politika v souladu s teorií „infant industry“ sledovala proto výraznou protekci. Cla po r. 1790 činila až 50 % (Gardner, 2017).

Postupně sice ve vnitřní hospodářské politice převládl liberalismus a minimalizace státních zásahů, nicméně navenek zůstávala značná regulace zahraničního obchodu, považovaná za nezbytnou vzhledem k nezralé ekonomice. Ve vztahu ke globalizaci odpovídala obchodní politika nejranějšímu globalizačnímu období charakteristickému méně otevřenými ekonomikami. Restriktivní obchodní politika nebyla proto v USA, tak jako v řadě dalších zemí, v bezprostředním rozporu se stupněm existující globalizace.

Celní politika však nedoznala výrazných změn ani ve fázích ekonomického dozrávání USA. Průměrné celní sazby dosahovaly, i přes určité výkyvy, v závěru 19. století i více než 50 procent (Navrátil, 1977, s. 106). Politika byla ovlivněna přetrvávajícím míněním administrativ, jež se přikláněly k ochraně domácího průmyslu údajně zajišťující prosperitu a obávaly se negativních důsledků uvolnění obchodu (Lincoln, 1953).

Argumentace pro celní ochranu má však více vrstev, resp. důvodů. Nešlo pouze o zájmy nezralého průmyslu, ale i o fiskální příjem<sup>20</sup>. Za druhé, závažnost obchodní ochrany postupně sice klesala s rostoucím tempem ekonomického růstu, resp. konkurenční schopností, zahraniční obchod nebyl však pro zemi v této době tak významný (Gebelhoff, 2016). USA tak podporovaly jako zdroj hospodářské expanze spíše rozvoj obchodu uvnitř Unie. Proto vznikl velmi široký národní trh, který vykazoval i značnou vnitřní soběstačnost vzhledem k potřebám země. Takto se od závěru 19. století formovalo také určité paradigma nezávislého ekonomického vývoje daného právě silou domácího trhu, resp. potvrzovalo se i definitivní vyvázání se ze závislosti na Evropě, či Británii (Tajovský, 2014). Proto funguje celní ochrana dále spíše jako podpora optimalizace národního ekonomického prostředí.

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<sup>20</sup> Daň z příjmů byla zavedena až v r. 1913.

Za třetí, ochrana se stala jistou součástí již zmíněné tradiční republikánské ideologie. Prezident Lincoln a jeho následovníci nemohli vstřebet klasickou teorii absolutních a komparativních výhod a nevnímali při relativní uzavřenosti USA přínosy jejího přeshraničního působení (Pearson, 2017). Přestože někteří republikáni a jejich ideologové dodnes vyzdvihují ekonomické ochranářství jako příčinu prosperity Spojených států v letech 1865-1900 (Buchanan, 2016), kritici naopak hovoří o růstu navzdory clům (Griswold, 2017). Tehdejší protekcionismus v USA byl tedy determinován řadou specifických ekonomicko-politických okolností a sám o sobě nebyl určujícím zdrojem ekonomického úspěchu. Tím spíše není protekcionistická zkušenost mechanicky přenosná do jiného období (viz dále).

V období konce 19. století tedy ekonomika USA přispívala k rozvoji první vlny globalizace jen omezeně a do liberálního prostředí mezinárodních ekonomických vztahů se zapojovala spíše selektivně. Vliv globalizace na Spojené státy sice zesiloval, trvala však jejich relativně značná obchodní ochrana, jež však nebránila domácímu rozvoji.

Po r. 1920 USA na tuto politiku dále navázaly; celní zatížení po přechodném uvolnění před první světovou válkou opět vzrostlo jako ochrana zemědělců i průmyslové výroby. Vrcholem bylo přijetí Smooth-Hawleyova celního zákona v r. 1930. Jestliže dosavadní silná obchodní ochrana nebránila hospodářskému rozmachu Spojených států, její vystupňování v čase Velké Deprese definitivně odhalilo destruktivní povahu extrémního ochranářství. Protekcionistická politika podnětená zejména z USA v podstatě pozastavila proces globalizace.

Mezinárodně neakceptovatelná ekonomická situace, praktická paralýza světového hospodářského systému, vedly nakonec ke zmírnění obchodní ochrany USA v r. 1934. V jejich politice dochází ke zlomu, jímž Spojené státy nastoupily cestu postupné liberalizace svého obchodu. Změna ovšem vycházela i z jiné pozice této země po druhé světové válce a z nové poválečné fáze globalizace.

Nové podmínky po r. 1945 reflektovaly ekonomickou a politickou dominanci USA, jež vedla k většímu akcentu na vnější ekonomické vztahy. K tomu přispěla jednak negativní zkušenost z obchodně-ekonomické izolace ve 30. letech, dále pak nový stupeň globalizace a jemu odpovídající míra propojenosti zemí ve světové ekonomice. Narušení těchto vazeb by již mohlo negativně zasáhnout i Spojené státy, které se stávaly postupně na světovém ekonomickém prostředí mnohem více závislé. Má-li v globalizaci efektivně fungovat ekonomika národních států (včetně USA), nemůže být v rozporu s globalizací trhů. Národní výroba musí vzhledem ke svému charakteru a tlaku konkurence expandovat regionálně i globálně a maximalizovat podíl na trhu (Jiránková, 2009, s. 48) Musí být proto odbourány i překážky bránící této tendenci, tj. protekcionismus.

Spojené státy proto podpořily liberalizaci světového obchodu na mnohostranném základě: vznikla Všeobecná dohoda o clech a obchodu (GATT), později Světová obchodní organizace (WTO). Průměrná americká cla poklesla z úrovně 48 % před 2. světovou válkou na 25 % od r. 1948 na základě jednání GATT (Irwin & Bown, 2015). Další jednání GATT/WTO vedla k poklesu cel na úroveň okolo 4 %. Tento přístup k mezinárodnímu obchodu byl v souladu s americkou hospodářskou politikou podpory celkové poptávky a plné zaměstnanosti. Nová politika rovněž souzněla s globalizační vlnou, která se definitivně rozvinula po r. 1960 a vyvrcholila v 90. letech „odpojením“ výroby od konkrétní země (Baldwin, 2014). Uvolnění obchodu a jeho intenzifikace se staly velmi žádoucí. Při nárůstu závislosti na vnějším prostředí se stabilita ekonomiky USA nadále nutně odvíjela od situace na globálních trzích. Konkurenceschopné americké ekonomice liberalizace přinášela zpočátku nesporná pozitiva

v růstu exportu a rozšíření trhů. Globalizační trend sice znamenal, s rozvojem dalších zemí, i větší zranitelnost, nicméně celkově výrazně přispěl k příznivému vývoji Spojených států.

## 2.2 Současná fáze globalizace a obchodní politika USA

Globalizace, která vstoupila v šedesátých letech do své druhé vlny, přinesla v delším období spíše příznivý vývoj světové ekonomiky. Na sklonku 20. století pak dospěla, zejména vlivem technologických změn, do své třetí vlny (Baldwin, 2017). Následné období je však posuzované negativně, někdy i jako obrat globalizačního trendu (Chandy & Seidel, 2016), který bývá ztotožňován zvláště s finanční krizí v letech 2008-2009. Tato situace se promítla i do zpomalení liberalizace a tempa růstu světového obchodu (Neumann, 2016).

Již dřívější empirické výzkumy potvrdily silné antiglobalizační nálady veřejnosti ve vazbě na rozvoj mezinárodního obchodu (Hiscox, 2006). Nárůst nepříznivých ekonomických a také sociálních jevů (např. dlouhodobá stagnace důchodů v USA, viz např. Stiglitz, 2016; Piketty & Saez, 2013) vyvolaly nejen negativní reakce, ale i změnu přístupů státních administrativ. Kritické postoje ke globalizaci se zvláště výrazně odrazily právě do obchodní politiky současného amerického prezidenta.

D. Trump ve formulaci své politiky usiluje o zlepšení pozice národních výrobců, potažmo ekonomiky Spojených států ve světě („Make America Great Again“). Receptem k tomu se stala, v kontextu kritiky globalizace, široce proklamovaná ochrana domácích producentů. Tu má zabezpečit obchodní reforma, jež ustanoví pro USA „spravedlivé“ obchodní relace zabraňující nadměrnému přílivu dováženého zboží od „neférově“ jednajících konkurentů.

Po prezidentově rozsáhlé verbální kampani přistoupila jeho administrativa v první polovině roku 2018 k zavedení výrazných ochranných cel, především na dovoz klíčových komodit (ocel ve výši 25 %, hliník 10 %), jež se dotkla hlavních obchodních partnerů USA. Ačkoliv lze připustit existenci předchozí nevyvážené celní ochrany, např. ve prospěch EU, zdůvodnění nových cel ohrožením národní bezpečnosti se jeví jako značně účelové. Mezi odborníky převažuje názor, že zavedení cel je kontraproduktivním opatřením, které nepřinese Spojeným státům očekávaný zisk, ale naopak povede k ekonomickým ztrátám (viz IGM Forum, 2018).

Stížnost na nespravedlivý obchod, která byla ze strany Trumpa využita k okamžitým sankcím vůči partnerům, byla tedy silovou akcí, přičemž byla pominuta role obchodního jednání, stěžejní zásady stávajícího multilaterálního systému WTO. Razance sankcí a následná odpověď partnerů USA může vyústit do rozsáhlé obchodní války, která naruší dosavadní systém mnohostranné liberalizace, vůči jehož pravidlům se prezident často vymezuje.

Akce americké administrativy lze tedy chápat jako snahu jednostrannými kroky obhájit „národní“ charakter ekonomického prostředí. Při tom se stává politika protekce vhodným a snadno aplikovatelným nástrojem potírání nepohodlné konkurence. Poslední praktické kroky obchodní politiky USA (červenec 2018) mají současně výrazně protiglobalizační náboj. Přestože Spojené státy postupně doplňovaly svoje obchodní přístupy bilateralismem (Cihelková & Hnát, 2005), souhlasily po r. 1945 s podporou multilaterálního liberalizovaného obchodu a jednaly tak v souladu se vrcholícími globalizačními trendy. V současnosti však de facto revidují svoje postoje, či dokonce již konkrétní dohody, se závažnými důsledky pro mezinárodní obchodní prostředí a další vývoj globalizace.

### 3. Conclusion

Mezinárodní obchod lze považovat za historický základ globalizace a jádro vytváření mezinárodních ekonomických vztahů. Současně s rozvojem těchto vztahů, v závislosti na postupu globalizace, stupni ekonomického vývoje země a stavu jejího hospodářství, státy tvoří systém své obchodní politiky. Jeho jádrem je regulace vnějších obchodních relací, resp. větší či menší ochrana národní ekonomiky.

Liberální ekonomie soudí, že prosperita ekonomiky je přímo úměrně spojena s její vysokou otevřeností (Griswold, 2017). Tato teze je částečně vyvrácena, jak ukázal předchozí text, příkladem USA, které se navzdory své relativně vysoké vyspělosti ještě na počátku 20. století silně chránily cly. To lze považovat za jisté specifikum země, která v závislosti na vnitřních podmínkách (velikost, soběstačnost, široký národní trh) pomocí vyšší celní ochrany usilovala o vybudování a optimalizaci relativně nezávislého ekonomického systému.

Vlivné ideje celní protekce byly původně relevantní v podání otců-zakladatelů USA (merkantilistická politika podpory nezralého průmyslu). Celní ochrana se posléze nicméně změnila i v jistý ideologický koncept přijímaný zpočátku zejména republikány a tradovaný od dob A. Lincolna. Ochranařství bylo akceptovatelné i vzhledem k nízkému stupni globalizace a nižšímu stupni rozvoje mezinárodních ekonomických vztahů.

Původní ochranařský koncept, ještě zesílený v době Velké Deprese, se však vlivem destruktivních ekonomických dopadů musel změnit. Zejména po skončení druhé světové války politicko-ekonomická převaha umožnila USA dosáhnout exportního a tak i ekonomického úspěchu, čerpajícího hlavně z volného obchodu, resp. využití systému multilaterální liberalizace GATT/WTO. Benefity akceptované obchodní liberalizace se při dominantní konkurenční pozici země staly oproti původnímu ochranařství zřetelné a nezpochybnitelné, také vzhledem k rostoucí závislosti Spojených států na vnějším ekonomickém prostředí a rostoucímu stupni globalizace světové ekonomiky.

Stávající politika D. Trumpa v reakci na krizové projevy globalizace usiluje o zásadní změnu obchodně politických relací ve světě, konkrétně mezi USA a jejich obchodními partnery. Jejím základem je přesvědčení, že větší obchodní ochrana povede ke zlepšení pozice Spojených států, resp. ji jednoznačně navrátí do pozice světové velmoci v oblasti produkce a exportu.

Lze souhlasit, že Spojené státy trpí v obchodu některými praktikami svých konkurentů (jistá nevyváženost cel, podhodnocené kurzy importérů do USA, krádeže duševního vlastnictví atd.), avšak jednorázové silové akce nepředstavují řešení tohoto problému. Hrozí destruovat stávající systém budování volného obchodu zformovaný na bázi celosvětového konsensu a představující relevantní uspořádání na současném stupni globalizace.

Na druhé straně lze poukázat na irelevantní argumentaci současné administrativy, která se odvolává právě na situaci rozkvětu americké ekonomiky za její vysoké ochrany v 19. století (viz Buchanan, 2016). Podobné argumenty jsou však zcela zavádějící a ahistorické: neodpovídají vnitřní situaci Spojených států ani jejich postavení ve vysoce globalizovaném světovém prostředí. Zvýšená ochrana neposunuje USA k větší konkurenceschopnosti, nezvyší pravděpodobně jejich ekonomický výkon ani zaměstnanost.

Jestliže po zavedení cel na klíčové komodity, ocel a hliník, doufá Trump ve zvýšení jejich domácí výroby, její masová revitalizace je nepravděpodobná v důsledku v průměru vyšších nákladů proti zahraniční konkurenci. Rozšíření výroby je proto možné pouze pod ochrannými křídly cel. Potom ovšem dražší ocel a hliník bez levnější zahraniční alternativy zdraží další americké průmyslové výrobky a povede k jejich nekonkurenceschopnosti na světových trzích.

Nelze zde tedy použít, v minulosti zčásti oprávněné, merkantilistické závěry o ochraně nezralého průmyslu, jenž je třeba chránit. Některé americké průmyslové obory, což se týká právě uvedené výroby kovů, naopak překročily stádium zralosti. Výhodiskem pro ně proto není „celní resuscitace“, ale zásadní strukturální změna. Touto cestou se malá část těchto výroby vydala; jedná se o menší modernizované, často automatizované podniky. Udržení zastaralých velkoprovozů, které slibuje prezident, je naopak v delší perspektivě nereálné.

Shrňme tedy, že nejen globalizace, ale i americká obchodní politika dospěla opět do bodu svého zlomu. Nemůžeme sice vyloučit, v souladu s dosavadní nepředvídatelností prezidentových kroků, změnu jeho postoje v celní politice, kterou on sám chápe jako „obchod“ (deal) se svými partnery. Lze proto zvažovat, do jaké míry představuje globalizace již systém fixních pravidel, v němž však přesto mohou nastat určité změny (Stiglitz, 2017). Bude-li ovšem výrazně ochránářská politika i nadále Spojenými státy prosazována a na druhé straně opětována, může znamenat nástup aktuální obchodní války. I když podle analýz zřejmě nezpůsobí podobný pokles směny jako ve 30. letech (Ghemawat, 2017), bude narušením stávajícího světového ekonomického systému vedeným z antiglobalizačních pozic. V tomto smyslu lze hodnotit možný posun americké obchodní politiky jako značně problematický.

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# DYNAMIC MODELLING OF MIGRATION FLOWS IN UKRAINE IN THE CONTEXT OF GLOBALIZATION

Alina Novik<sup>1,a,\*</sup>, Iryna Lukianenko<sup>2,b</sup>

<sup>1</sup>National University of Kyiv-Mohyla Academy, Faculty of Economics, Department of Finance, 2  
Skovorody Str., Kyiv 04070, Ukraine

<sup>2</sup>National University of Kyiv-Mohyla Academy, Faculty of Economics, Department of Finance, 2  
Skovorody Str., Kyiv 04070, Ukraine

<sup>a</sup>novikaj@ukma.edu.ua, <sup>b</sup>iryna.lukianenko@ukma.edu.ua

\*Corresponding author

**Abstract.** Due to the processes of globalization in the world, there is an increase in the population's inclination to migrate abroad. At the same time, there is the insufficient number of scientific work on this subject using mathematical tools, which promotes the need for in-depth study and search of new ways of regulating the problem of external migration in Ukraine and in the world. Solving the objectives of the proposed study is a contribution to the study of the problems of large migratory flows and problems arising from their ineffective regulation, and it also corresponds to the world and national priorities of science development. Based on the theories of migration, previously obtained results and new data, the new dynamic process simulation model of external migration flows in Ukraine will be created. The main factors, impact of which on the regulation of mobility in Ukraine will be evaluated not only qualitatively but also quantitatively are: the ratio of wages in Ukraine and recipient countries, differences in the level of GDP per capita, the possibility of purchase (rental) housing, differences in the level of marginal propensity to consume, etc. Based on the created simulation model, a scenario analysis is carried out and the main problems of the current regulation of migration flow existing in Ukraine are identified.

**Keywords:** migration, dynamic modelling, globalization, economic development

**JEL Classification:** F22, F63, F66, O15.

## 1. Introduction

Migration processes have become one of the biggest challenges of the XXI century. Voluntary and forced migration was accompanied by human development throughout its existence but nowadays the volume of migration reached the largest scale. It is obvious that intensity of migration will grow, which requires new approaches to research. Current situation requires assessment, forecasting and searching new ways for the implementation of proper management of migration processes in the world and in Ukraine particularly.

The dynamics of the Ukrainian migration processes and their development prospects play an important role in regulating of macroeconomic stabilization, reducing of social tension and discovering the measures for possible negative social-economic processes in the long and medium term. Accordingly, the system research of functional and development features of migration become more topical. The search of adequate mathematical tools for complex nonlinear dynamic relationships evaluation and identifying the opportunities of labor mobility



as an important social-economic subsystem in Employment regulation in Ukraine is crucial for job creation, preventing the unemployment, improving the competitiveness and investment attractiveness by strengthening of human capital on regional and state level, which is extremely important during crisis period, which characterizing not only by economical but also by political instability (Steinberg, 2017).

Migration Policy in Ukraine remains unregulated and ineffective. Ukrainian society labor migration appears in negative light because of the social and demographic consequences. While European Union and developed countries are struggling with regulation of the amount of immigrants, Ukraine faces the reverse problems of “brain drain” and loosing working age population. According to multiple researches, the main reason for leaving is the higher level of salaries in the nearest countries, such as Poland, Romania, Hungary, Czech Republic, and Slovakia . The working age population of these countries often travels further to the west - Germany, France, Great Britain. These countries manage to maintain economic growth, including through the workforce from neighboring countries outside the EU, and a large part of the labor migrants comes from Ukraine. The tendency of the last years shows that the amount of Ukrainian students who migrate abroad increased, which means that the most productive population is leaving the country, which leads to the slowdown of the reforms and potential economic growth (Commander et al., 2013).

According to the forecast of State Statistic Committee, in the coming years, migration processes in Ukraine will intensify due to the high demand for skilled labor, and in a few decades, the staff shortage in Ukraine will threaten the economic security of the state. However, due to the insufficient level of economic growth, the lack of skilled workers is not critical.

## 2. Body of paper

For four years from 2013 to 2017 the number of economically active population aged 15 to 70 years in Ukraine decreased from almost 21 million to 18 million. During the same period, the number of employees fell by 2 million, and the self-employed by 2,5 million people. In general, the economically active part of the population does not reach 50%. According to expert estimates, today up to 5 million Ukrainian are working abroad. More workers go abroad to Poland, the Czech Republic, and Hungary. In terms of globalization and raise of opportunities it is also important to measure occupational mobility, which became topical recently. It is important factor to take into consideration when it comes to the decision which destination to choose (Robinson, 2018). In addition, firms in the countries of destination also tend to hire more skilled workers, which become much more important in economies where ideas drive technological progress. When the home-grown talent pool is insufficient, the ability to attract high-skilled migrants is crucial for improving the quality of a country’s workforce and its innovative capacity (Delogu et al., 2018).

The International Organization of Migration assesses the possible potential increase in the number of international labor migrants in the short term by 41%. Among potential labor migrants, almost half are between the ages of 18 and 29. It is among these young people that the number of long-term labor migrants decided not to return to Ukraine, almost twice as much as among people aged 45 to 65 years. An additional risk for the Ukrainian labor market is an increase in the number of students studying abroad.

Different parts of the literature have focused on income or wealth mobility, wage mobility, educational mobility, mobility in terms of social class. As a consequence of this diversity, the measurement of mobility is an intellectual problem that has been addressed from many different standpoints. (Cowell & Flachaire, 2018). There are several theories according to which the

reasons to migrate are described by sociological, economic and geographical factors. Today the most popular theory of migration among both domestic and foreign scholars is a neoclassical macro economic theory, according to which labor migration caused by geographical difference between supply and demand for labor. And this explanation applies to international and internal migration. H. Chen determines the last one as a copy or duplicate of international migration (Chen, 2012). According to this concept, the countries (regions) with excess labor observed low wages, while regions with insufficient workforce characterized by high wages. Wages serves as the main factor pushing in the regions of origin of migrants and the main factor of attraction in the regions of arrival. As a result of migration reduced labor supply and wage increases in capital in poor countries, while rich countries to capital there are conflicting processes. (Parey et al., 2017). Under the provisions of neoclassical macroeconomics, eliminating the pay gap leads to the end of the movement of labor between countries (regions). This argument does not work, because migration, like any other social processes, characterized by inertia and occurs even after disappearing of the reasons that caused it (Davis, 1988). Investment flows moving in the opposite direction of flow of migrant workers, in particular from countries rich in capital to the poor. A factor that attracts investments have increased, by international standards, the rate of capital gains in poor countries. Movement of capital also includes human capital, i.e. the movement of highly skilled workers from the rich to the poor countries to the capital, hoping to get high profits from their skills in human capital in poor surroundings (Kolesnikova et al., 2017).

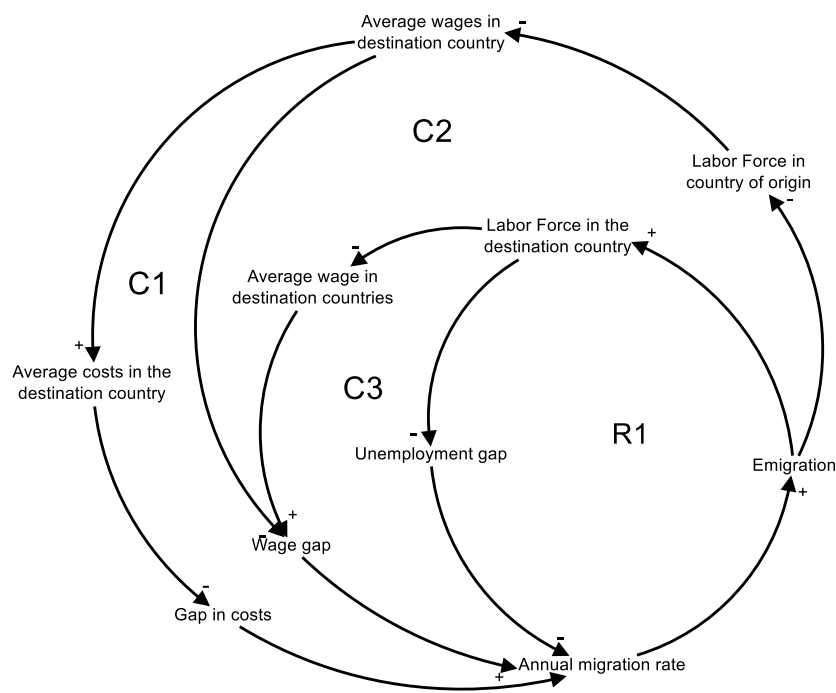
Among other factors influencing the decision to migrate, it was shown that the well-being of migrants correlates negatively to the increase in GDP in their home countries (Akay et al., 2017). The average immigrant from a middle-income or poor country increases their wage by a factor of two to three upon migration. This wage gain is small relative to the underlying gap in GDP per worker. It means that switching countries accounts for 40% of cross-country income differences, while human capital accounts for 60% (Hendricks et al., 2018).

### 3. Methodology

**System dynamics.** For labor market analysis the system dynamics method was chosen as one, which allows do describe quite simple the complex systems over time, depending on the structure elements and the interaction between them. For the modeling purpose and for simplification the data about Ukrainian-Poland migration was taken. The main purpose of the model was to show how do people make decisions about migration, and what are the main factors which drive the high migration rate. According to the data, the main factor for changing the place of living is higher salary in the destination country. Among the other factors are higher standards of living, lower level of corruption, and lower level of unemployment. The main concept lays in the using of reference wages, unemployment rate and cost ratio in Ukraine and Poland (Foroni et al., 2018). As a result of the modeling, the scenario analysis was conducted, which showed that the best way of keeping human capital in Ukraine is increasing the wage for works and creating new workplaces for reducing unemployment inside the country (Lull, 2018).

**The variables which are used in the study:** the information about the amount of emigration per year, immigration per year, the rates of emigration of Ukrainians to Poland, unemployment rates, cost of living, age of migrants, wages in both countries, level of shadow wages, education of migrants (also with division of emigrants and immigrants), the amount of remittances, the channels of remittances, the amount of average wage in the countries of emigration and immigration.

Figure 1. Causal-Loop Diagram of Migration Flows



Source: built by authors on the basis of economic theory

There are 4 feedback loops in the model, C1-C3 are counteracting, and R1 is a reinforcing feedback loop. The main idea of the model is illustrated on the figure 1. The higher emigration in the country lowers labor force in country of origin, which makes people to move and increase the labor force in the destination country. As a result, the average wage in destination country will decrease based on the economic theory, and at the same time due to a lower pressure on the labor market in the country of origin, the wage gap will be lowered, which will lead in the future to slowing down the rate of emigration, and the economies of two countries will tend to equilibrate.

The main problems of high emigration among Ukrainians, which were identified, are low wages, low standards of living, high unemployment rate, high marginal propensity to consume, and big part of shadowed wage. For changing the situation, based on previous research, the first thing which should be done by government is to increase wage, make it 'white'. The increase in wage may become a reason for lowering the out-migration rate and will increase the return flow to a country of origin (Lessem, 2018). and increase standards of living in the country, which start to implement in life with new reform in medicine in the country, to support the creation and functioning of small and medium-sized business, which will lower the unemployment in the country.

#### 4. Conclusion

This paper is an output of the science project on modelling migration for obtaining a PhD degree. An analysis of the results shows that the main issue in the high level of emigration are low wages level in Ukraine, high unemployment rate, and low standards of living. The stabilization of migration flows is crucial for improving economic security and stability, and should be considered as one of the main points of regulation of the labor market. Based on the

model, in context of globalization migration is a positive issue, as it helps to reduce the pressure on the labor market in the country of origin, provides destination countries with qualified or needed workers, and helps to stimulate economic growth of both countries.

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# PAID ANNUAL LEAVE AS A FACTOR OF DIFFERENTIATION OF WORKING CONDITIONS IN THE GLOBAL SCALE

Izabela Ostoj<sup>1, a, \*</sup>

<sup>1</sup>Faculty of Economics, University of Economics in Katowice, Poland

<sup>a</sup>izabela.ostoj@ue.katowice.pl

\*Corresponding author

**Abstract.** Paid leave is one of the means to regulate working time hours. These regulations are usually set at a country level, however, the fundamental standards in this extent are outlined by International Labor Organization. In the EU countries, working hours are also a subject to a respective directive. Together with working day, working week length and the number of paid public holidays, paid leave is of great significance when estimating the working time potential in every economy or costs of employing a full-time worker. In the globalization era, it may be one of the drivers of decision about localization for entrepreneurial undertakings. For the employees paid annual leave constitutes an important element to keep a work-life balance. This paper aims to investigate the differences between mean lengths of paid annual leave among countries and regions of the world, including the dependency on years of tenure, and also the identification of the regions with minimal and maximal paid annual leave. Additionally, expected changes in this area as well as problems connected to compliance with laws and regulations will be addressed. The author attempts to prove the paper about the dependence of paid leave length on institutional, including informal, factors. The arguments supporting this thesis were based on thorough data analysis and information provided by international organizations, in particular World Bank and International Labor Organization, as well as recent literature.

**Keywords:** paid annual leave, labor legislation, labor standards.

**JEL Classification:** J800, F660

## 1. Introduction

The category of paid annual leave (PAL) is one of the elements of working time regulation, yet it comes under scientific scrutiny relatively rarely. Although basic standards in this field are developed by ILO, countries vary significantly in terms of PAL. Apart from the length of the working day and week as well as the number of paid public holidays (PPH), the length of annual leave is essential to determine the potential of working time in every economy and the costs of hiring a full-time employee. Under globalization, this may be one of the factors determining business location. From the employees' point of view, the length of PAL is an important element in maintaining work-life balance. The article aims to examine the differences in the PAL length between countries and regions in average terms and depending on tenure, as well as to identify the groups of countries and regions where paid annual leave is relatively longest and shortest. The anticipated directions of changes in the area of PAL regulation and the problems related to compliance with applicable laws will also be discussed. Based on the critical analysis of data and information from international organizations, in particular the World Bank and the International Labor Organization, and existing reference literature, the article provides

arguments confirming the thesis that the length of PAL depends on systemic factors. To show the differences in PAL on a global scale, descriptive statistics were used.

## **2. The significance of paid annual leave – literature review**

PAL related issues are relatively rarely analyzed, which may come as a surprise, since the relevant legal provisions constitute important regulations of working time, alongside the length of the working day and week as well as the number of paid public holidays. The degree of compliance with existing regulations is also important. While the length of the working day and week varies negligibly between countries, the length of PAL and its actual use may reveal significant differences. The literature on PAL deals mainly with entitlements, PAL use and the importance of PAL for employees (Skinner & Pocock, 2013; Wooden & Warren, 2008; Bloom, 2015). From a historical perspective, the introduction of annual leave as one of the standard working conditions undoubtedly manifested progress in relations between employer and employee, improving the symmetry of those relations and creating opportunities for employee participation in progress, prosperity and improved quality of jobs. While the immediate manifestation of increased labor productivity was a growing average pay, the introduction and extension of PAL were its other aspects.

ILO first regulated the issues related to paid annual leave in Holidays with Pay Convention No. 52 in 1936 – the minimum leave length was set at 6 working days. The current revised Convention No. 132 as of 1970 imposes on the countries that have ratified it the obligation to apply paid annual leave of not less than 3 working weeks for one working year, including two weeks of uninterrupted leave (Articles 3 and 8). The convention was ratified by 37 countries (ILO, Normlex). The Directive 2003/88/EC (Article 7) establishing a minimum PAL length at 4 working weeks (Eur-Lex) is also applicable to the EU countries.

Nowadays the importance of PAL is considered in the context of the impact on the balance between professional life and private/family life, employees' long-term health, as well as reduction in sickness related absenteeism (Skinner & Pocock, 2013; Block et al., 2013; Allen et al., 2014; Lindahl et al., 2015; Oswald et al., 2015). The growing importance of PAL is also evidenced by the results of research showing employee preferences regarding the extension of paid leave in relation to pay increases, which were conducted in Australia (Skinner & Pocock, 2013). However, studies focusing on individual countries and their domestic determinants dominate this research area, comparative analyses are less frequent, although studies reveal that significant differences exist even between highly developed countries (e.g. Block et al., 2013; Bargain et al., 2014). In the global economy, sources of differences in the PAL length remain an important research problem.

Another problem concerns PAL entitlements, which in principle are granted to employees hired based on an employment contract, while they do not embrace civil law contracts or self-employment (Fakih, 2018). Therefore, in economies with an extensive informal employment sector and a significant proportion of non-standard forms of employment, PAL regulations are of less importance as they affect a smaller proportion of the labor resource. The demands of global competition and the popularity of flexible forms of employment contribute to this situation.

Numerous studies also look into the reasons why employees choose not to take advantage of their PAL entitlement. The main reasons include the desire to accumulate leave days and excessive workload (Skinner & Pocock, 2013). The former may be important especially in the

case of relatively short holidays. The latter is usually associated with the dominant work culture. They may both coexist.

### 3. Methods

In pursuit of the research goals addressed in this article, the author reviewed the World Bank's data included in the Doing Business (service sector) database for 2018, covering four groups – according to work tenure (1 year, 5 years, 10 years) and the mean value of these three values. The basic descriptive statistics were used for general characteristics. Then, based on the data, countries were selected in which the PAL length is the shortest and the longest in three groups and by an average value. The next part is an attempt at the data systematization and evaluation in terms of geographic location and selected system characteristics. Finally, conclusions were formulated.

### 4. Results

The PAL length varies between countries both by tenure and the mean of the three tenure values. Table 1 shows basic descriptive statistics of the PAL length for 200 countries around the world. Somalia was excluded from the calculations (and further analysis) due to poor credibility of the data.

*Table 1: Descriptive statistics on the length of paid annual leave (working days, 2018)*

| Tenure                             | Min. | Max. | Arithmetic mean | Median | Standard deviation |
|------------------------------------|------|------|-----------------|--------|--------------------|
| 1 year                             | 0    | 30   | 17.3            | 18     | 6.98               |
| 5 years                            | 0    | 31   | 18.9            | 20     | 6.62               |
| 10 years                           | 0    | 32   | 19.5            | 20     | 6.75               |
| Average (1, 5, 10 years of tenure) | 0    | 30.3 | 18.4            | 20     | 6.57               |

*Source: author's calculation based on Doing Business, World Bank.*

The calculations show that: 1) the maximum length of annual leave in the world for the three analyzed tenure values is slightly different, 2) the arithmetic mean, as expected, increases, but it grows more dynamically when tenure increases from 1 year to 5 years, 3) the median is relatively high, which means that in half of the world's countries PAL is longer than 20 days, 4) standard deviation shows that the length of annual leave after 1 year of work deviates from the mean the most – by approx. 7 days, but in other results standard deviation is similar, it is more than 1 working week, which can be considered significant.

The PAL length for the shortest tenure of 1 year was analyzed as the first one. Apart from the extreme case of countries where there is no statutory PAL length (USA and several small countries such as: Gambia, Marshall Islands, Mikronesia, Palau, and Tonga), the shortest length of paid annual leave is 5 days. This applies to China and the Philippines (5 days) and Liberia (5.5 days). A 6-day annual leave after one-year tenure, is granted to employees in Mexico, Nigeria and Thailand. In China, the Philippines, and Thailand, it is not extended after 5 years in employment, as is the case of Nigeria. In Mexico, after 5 years of work, it is extended to 14 days, and in Liberia to 22 days. These countries demonstrate a completely different approach to determining the PAL length. Especially in the three above-mentioned Asian countries, short leave is perceived as appropriate. This also applies to tenure of min. 10 years, the Philippines still only grants five days of PAL, Thailand – 6 days (so does Nigeria), in China annual leave extends to 10 days. However, if we take the average PAL length calculated as the arithmetic



mean of the three dimensions of PAL length based on tenure, the Philippines has the shortest PAL – 5 days, Nigeria and Thailand - 6 days, China - 6.7 days. As can be seen, the countries with the shortest PAL length in different perspectives include three Asian countries. In these countries, short paid annual leave can be attributed to “the culture of long working time”, which is strong especially in the Southeast Asian countries. A similar phenomenon also occurs in the USA, where hard work ethic is a driver for promotion and social recognition (Messenger & Ray, 2013). Short annual leave in medium terms also concerns Canada, Samoa, Trinidad and Tobago (10 days), Singapore (10.7 days) Costa Rica and Ecuador, Guyana, Indonesia, Lesotho, Mexico (12 days), El Salvador (11 days), Jamaica (11.7). Thus, the regular occurrence of short leave in the Southeast Asian countries is confirmed. It is not only about the shortest annual leave on a global scale, shorter than ILO recommended, but also about the relatively longest leave in the region –New Zealand grants 20 days of PAL (regardless of tenure), which is the length close to the minimum recommended by ILO. The situation in Latin American countries is slightly different. Most countries have relatively long leaves, while in Mexico and Central America, Costa Rica and Jamaica, PAL is shorter, which should be treated as an exception. In Africa, Nigeria is also an exception in terms of how short PAL is. According to the working time researchers, employers expect significant commitment to work from employees in the Middle East and North African countries (Messenger & Ray, 2013), but this is not manifested in the PAL length, which is relatively long in these countries, which will be discussed below.

The next part of the article presents the countries where PAL is the longest. The longest universal PAL (apart from the special entitlements of certain occupational groups) is 32 days in Congo and 31 days in France (after 10 years in tenure). The longest PAL after 1 year of work is 30 days and is granted in such countries as: Bahrain, Djibouti, Finland, France, Guiana, Kiribati, Kuwait, Libya, Maldives, Nicaragua, Togo, and Yemen. As can be seen, they are located in different regions of the world, but as many as 5 of them are Middle Eastern and North African countries, whose markets are strongly regulated, and the state is the dominant employer. After 5 years of work, only Mozambique joins this group of countries, and after 10 years – Bolivia and Egypt. Notably, the countries that have adopted the principle of long annual leave apply it from the first year of work, but a few countries join this group, increasing PAL duration in proportion to longer tenure. As for the arithmetic mean, the longest PAL is granted in France – 30.3 days.

As mentioned above, the USA is the only highly developed economy important in the world which has not introduced PAL. In practice, the number of days of annual leave is left as part of a compensation package negotiated between employer and employee. The average entitlement for workers in the USA is 9-10 days (Ray & Schmitt, 2007; Llewellyn Consulting, 2016). The United States is dominated by the conviction that weakly regulated markets for goods and labor are more effective. The country is, however, immersed in a nationwide debate on the weakness of the employee's position in this respect, compared with other highly developed countries, especially in Europe (Altonji & Usui, 2007; Ray & Schmitt, 2008; Gereffi, 2014). The situation is similar in Canada, where PAL lasts 10 days, regardless of tenure. It is different in the EU countries, but also in many other European countries where the employer's advantage in employer-employee relations is assumed and the need to legally protect the employee's interests is, therefore, recognized. Australia, on the other hand, follows Western Europe in the area of labor market regulations, adopting the length of PAL at 20 days, regardless of tenure (Block et al., 2013).

To a certain extent, the PAL length can be compensated by the number of paid public holidays (PPH). In countries where PAL does not exist or is very short the situation varies. In

the USA, there are no statutory PPH, but employers usually grant leave on public holidays, 6 days a year on average (Llewellyn Consulting, 2016, p. 10), while no information is available on other countries where PAL does not apply. In China, the Philippines and Liberia, the number of PPH is about 11 days (depending on the year and on how public holidays coinciding with Saturdays or Sundays are treated), so to a certain degree they complement short paid annual leave. The countries with the largest number of PPH include Cambodia and Iran (27 days) (ILO, Conditions ...). After taking them into account, these countries have the longest paid leave in the world (Cambodia - 45, with one year of tenure, Iran - 51, regardless of tenure). In practice, the number of days off, both PAL and PPH, may vary between countries depending on the economic sector and relevant national regulations. In addition, some countries grant additional leave for specific purposes, for example for civic duty or for moving house in Spain (Ray & Schmitt, 2007). They enable employees to fulfill their basic needs without the use of PAL for this purpose, but they also raise labor costs. The examples provided show that the differences in PPH between countries are significant and should be accounted for in the total burden of costs generated by non-working days incurred by employers.

## 5. Future of PAL

In view of the universality of PAL, this solution will certainly remain one of the basic regulations of working time also in the future. However, it is worth looking at the anticipated directions of change. One is related to the discussion initiated in 2014 on the idea of PAL extension to 35 days in the EU countries that extended the retirement age to 67 years of age or more. It would act as a form of compensation and create conditions for supporting employees' health in the countries where people have to work longer (Brzostek, 2016). The controversy in this case concerned the fact that the cost of the solution would be transferred upon employers and that the share of employees hired based on civil law contracts would increase, which attracted extensive criticism.

Trade unions may also initiate change concerning PAL. One example may be the All-Poland Alliance of Trade Unions proposal for the extension of annual leave from 26 to 32 days announced in 2016, which, however, was not acted on by the government. At the same time, there are countries in the world that adopt PAL for the first time or extend it. In 2018, Kiribati introduced statutory PAL for the first time and made it 30 days long, regardless of tenure. In the same year Taiwan extended PAL by one day. These examples illustrate the efforts to extend PAL. There are also cases where reforms aimed at shortening PAL were recently implemented, for example, Puerto Rico in 2018, when the PAL length decreased from 15 to 12 days (with tenure of 5 years and more) and to 9 days for the first year of work (World Bank, 2018). However, this is a US dependent territory. Despite this trend, it seems that tendencies to extend PAL are stronger on a global scale.

Nevertheless, certain threats to employee rights, including PAL entitlement, related to the development of a gig economy are emerging. It has already been mentioned above that employees working based on civil law contracts or self-employed do not have PAL entitlement. The advancements in modern technologies, especially digital business platforms, systematically increase the share of gig work, i.e. work consisting in carrying out separate tasks, which can be accessed both by independent service providers and buyers through specially designed communication platforms and applications, coordinating business activities in a given business model, e.g. Uber, Foodora (Minter, 2017; Stewart & Stanford, 2017). This model ensures that the supply of services is effectively matched to the demand for them and, in consequence, leads

to reduced operating costs. Within this model, services are usually performed by self-employed or contracted employees, dependent on one client and his terms, while at the same time deprived of basic employee rights, including PAL (Stanford, 2017; Kinderman, 2017). Therefore, there is a risk of the segmentation of the labor market into employees fully benefiting from employee rights, including PAL, and service providers engaged in precarious activities, deprived of these rights. Thus, the development of the gig economy poses new challenges in the area of labor market regulation.

## 6. Conclusion

Although ILO introduced PAL related standards, as demonstrated above, many countries do not comply with them and differences in the length of PAL between countries remain significant, as shown by, inter alia, descriptive statistics. Different countries adopt different rules for determining the PAL length. In some countries, paid annual leave is very short and does not correlate with tenure, while in others it grows with tenure. These differences can be partially explained by cultural factors and preferred value systems, especially work ethics. In particular, this concerns relatively short PAL in Southeast Asian countries regardless of tenure and the lack of statutory PAL in the USA. Unregulated PAL as an element of working conditions negotiable between employer and employee, as it is in the USA, attracts increasing criticism.

Relatively long PAL is typical of North African and Middle Eastern countries, which can be associated with the generally highly regulated labor market and the important role of the state as an employer. Long paid annual leave can be also attributed to the nature of industrial relations and the position of trade unions, which is evident in European countries. At the same time, it is difficult to make explicit generalizations in this sphere and they should be formulated with great caution, since there are usually exceptions to the rule. The analysis of the PAL length also requires the inclusion of PPH, which may change the perception of employee rights and labor costs incurred by employers.

In terms of PAL related changes, one can expect, on the one hand, a tendency towards longer PAL, on the other hand, however, the threat of an increase in the share of employees not covered by this type of entitlements is real. The expectation of PAL extension emerges mainly in European countries and in Australia. As shown above, PAL length is also reduced in individual cases. The future significance of PAL regulations may be affected by the implications of modern technology uses (especially communication platforms), reducing the traditional forms of employment and increasing the share of those who are self-employed or work under civil law contracts, but for one client only, performing gig work. The growth of this segment of the labor market poses a real threat that the number of PAL entitled employees will fall without granting them full privileges of the entrepreneur. The gig economy creates a potential area and a challenge for regulations developed by ILO.

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## INTERNATIONAL LAW AND GLOBALIZATION

Irina G. Paliy<sup>1,a</sup>, Helen L. Pavlova<sup>2,b</sup>,

<sup>1</sup> Rostov State University of Economics (RSUE), Faculty of trade, Head of the Department of  
Philosophy and Cultural Studies, Russia.

<sup>2</sup> Rostov State University of Economics (RSUE), Faculty of trade, Associate Professor of the  
Department of Philosophy and Cultural Studies, Russia.

<sup>a</sup>palir@list.ru, <sup>b</sup>pavlova@philosophical.ru

\*Corresponding author

**Abstract.** The modern world is firmly connected with the phenomenon of globalization. In fact, globalization means a new stage in the historical development of society, where the economic, political and cultural interaction of the countries of the modern world is becoming more intense and profound. Obviously, this new stage of our human history must be extremely complex and with internal contradictions. It is no coincidence that the current state of globalization is a combination of the independent development of individual states and societies, on the one hand, and the inevitable integration processes between them, on the other. International law is one of the most important factors for ensuring the stability of the modern existence of mankind. The article examines the phenomenon of international law through the prism of socio-economic and political-cultural interactions. The authors are convinced that as a result of all these processes today is emerge a global system of international legal regulation that is a condition for the normal functioning and development of the international community. In a whole international law is gradually becoming the basis of the global law mechanisms to promote the solution of the global human problems which every day are becoming more and more acute.

**Keywords:** crisis, international law, modern society, globalization, marginalization, destructivism

**JEL Classification:** D83, F02, I18

### 1. Introduction

Actually globalization means a new stage in the society's historic development where economic, political and cultural interaction of the modern world countries is becoming more and more intensive and deep. The economic relation system is still a foundation of the social life. (McMahon, 2013)

Namely, the production internationalization process is more and more manifests itself in the economic sphere. This process is a main condition for globalization with equal rights for partnership at the first place. But in reality this partnership is far from norm, because it turns into the power of transatlantic corporations and world financial centers. This makes both experts and population in different countries treat globalization processes ambiguously and sometimes very negatively. (Zimovets, 2016; Burke-White, 2015)

It means that globalization processes have not finished and possibly we are in the very beginning of the mankind's way entering the epoch of the actual world history. Evidently this new stage of our human history is to be extremely complicated and with inner contradictions. Not accidentally current state of globalization is a combination of independent development of separate states and societies, on the one hand, and inevitable integration processes among them, on the other. (Sizemskaya, 2018; Ellickson, 2016)

Meanwhile, the current globalization stage is going under the world system crisis that extremely strengthens and complicates the existing contradictions. In this connection, many theorists believe that these contradictions can be removed gradually only due to the modern international law norms application whose role in the context of the current problems is increasing. (Ranganathan, 2016)

## 2. Methodology

Theoretical interpretation of understanding of problem of international law in the context of globalization requires an integrated approach.

A big number of social processes, which modern science calls "globalization", poses a number of problems not only for researchers and theoretics, but politicians and experts of all kinds as well. The researchers are paying more and more attention to the processes connected with globalization and international meetings of the leaders of different countries often have globalization issues in their agenda.

If one understands the methodology as a kind of "key" necessary for an adequate discovery, not for hacking the "door" - of a problem, then the importance and necessity of creating and building a clear methodological complex within the framework of the existing problem of globalization becomes evident.

We realize that the given subject isn't completely settled by the present research. Consideration of its various sides demands partnership of experts of various profiles, efforts of the subsequent researchers in its further profound disclosing.

The method of temporal analysis and the method of personalistic and ideal-typical reconstruction, a tool that is adequate to the author's interpretation of social self-organization in the era of globalization as a process of constituting the temporal and ethical dominance of individuals and collectivities that formalize the integrity of the cultural epoch, will become the immediate, applied methodological basis.

## 3. Results

### **The problem of interaction between international and domestic law - the brinks of the problem**

A peculiar feature of the modern international law is that it functions under interacting with interstate law. And, vice versa, regular functioning of the law systems inside the states depends on their links with the international law.

For example, Kochetov E.G. thinks, that it is today, that globalization creates conditions for a deep international and interstate interaction, with globalization processes not only creating but inevitably developing the interaction between internal and external activity, between internal and external policy in modern societies. (Kochetov, 1999)

Let us note that today objective conditions are necessary to develop modern legal states where the role of participatory type political management is growing. The latter means that it is necessary for a large number of active citizens to take part in the political process, because complex modern problems turn out to be possible to solve only with consolidated efforts of the whole progressive society with international law tools application.

International law is one of the most important factors to provide stability of the modern mankind existence. (Heaton & Hunt, 2016)

We speak about the need to develop a constructive dialogue and to search for the ways to overcome the accumulated contradictions under the escalating local conflicts and common problems. In this situation, for example, Ralko suggests that international legal mechanisms, which are supposed to coordinate the subjects' activities and search for the compromise while making decisions are the most preferable. (Ralko, 2009)

### **International and State Law Today: Incorporation and Constitutionalization**

According to Russian thinkers in reality the incorporating process is taking place where the existing norms of the international law while preserving their status have a great impact on the creation of the new norms of the domestic law. And peculiar feature of this process turn out to be a kind of “penetration” of the international law into the national law structures. In this connection the most indicative are the human rights that constitute the core of the constitutions. The laws to realize the international norms are being adopted.

For example, the Russian laws on international treaties, on international economic affairs of the Russian Federation subjects, the law on the continental shelf, on exclusive economic zone are among them. Having ratified the Convention for the Protection of Human Rights and Fundamental Freedoms Russia recognized without a special agreement jurisdiction of the European Court of Human Rights to interpret and apply the Convention, i.e. took a commitment to follow the European standards to protect the human right. But unfortunately, we have to admit that the violation of that very right is a reason of numerous complaints to the European Court of Human Rights. It means it is necessary to put the Russian and international law in accordance.

International law growing influence on national law generated the trend to constitutionalize the international law. More and more constitutions contain the international law provisions and are called to insure its application. Moreover many of them give priority to the international law norms. (Gray, 2018; Stanley, 2008)

However, national law systems application on the international level inevitably causes a number of problems connected with differences in the national political mentality. In this connection K. Knop notes that domestic interpretation of the international law is not the same in all places and in this interaction the law is neither fully international nor fully national, but a hybrid expressing their relations. (Knop, 2000)

The problem is to curb the differences of the national systems within certain borders, i.e. to keep them within the frames of the international level with the acceptable level of these changes among countries. It means, in particular, that the rules of the international law norms interpretation, while applying such norms, are to be taken into consideration. As international law norms are becoming enforceable after being recognized by the sovereign state the interpretation process is always to be connected the constitution provisions or in the connection with different legal acts of the countries having international relations. (Gray, 2018)



The norms initiated by the international law occupy the special position in the legal system of the country, because while operating within this system they should not lose the link with the international law. For example, Tiunov O.I. notes that having entered the Russian national law system due to the incorporation, they do not lose international law quality, i.e. remain a part of the international law system. (Tiunov, 1999)

In modern world different countries under different conditions of political and legal cultures have quite a lot legal values clear to the majority people regardless their nationality and religion. This conditions the resemblance of numerous legal tendencies of different branches of law in different countries. (Pavlova & Paliy, 2017)

Application of these provisions at the international level allows to provide international order and stability. For example, struggle with drug business, drug traffic, struggle with terrorism and extremism, etc., are those current world problems to be solved with application of relevant provisions of the international law. And in this sense globalization in the legal system can be quite positive.

### **Interaction of international and domestic law in real life: issues of judicial practice**

All these issues are gaining practical significance and court practice testifies it. For example, according to the main law of Germany the approving treaty Parliament Act has two objectives: authorizes the final ratification of the treaty and incorporation of the treaty provisions into domestic law. (Muellerson, 2001)

Thus, the court is entitled to interpret freely the norms of the internal law created in accordance with the treaty and concerning private legal relations among individuals and legal entities. Nevertheless such freedom should not to contradict the rules of the international law interpretation. In this connection The European Court of Human Rights and the European Commission of Human Rights warns about possible interpretation of norms only in accordance with the international law norms. The main goal in this relation is to ensure stability and survival rate of higher social organization (namely the European Union), despite the inevitable conflict of the internal interests. Interdependence turns out to be the basis of social organization and can be considered as a main factor for the modern world development. (Habermas & Fukuyama, 2012)

In this connection the participation of all subjects of the international relations is a real necessity to perfect law under modern globalization.

Unity of the world society and strong state interdependence make it necessary to have their social and political, political and legal systems compatible and be able interact with each other and with global system in a whole and its parts. The problem is solved in the process of interaction international law and internal law. To provide the unity of the international society different states are to subordinate to their established order. To provide such situation demands the recognition of the international law priority both in foreign and domestic policy. Not accidentally the UN International Court of Justice believes that the principle of the international law is its obvious priority over the domestic law. That is why the number of norms devoted to the external policy of the state, its goals and principles is growing in the constitutional law. Moreover, the laws on different aspects of the states' foreign affairs are being adopted. Like notes S. Murphy in his article, M. Albright at her speech in the Law School of Washington University noted that global financial crisis makes us not only to focus our attention on norms regulating international trade but on the norms implementing economic regulation and economic management as well. It should be emphasized, continued Albright, that insufficient

commitment to the superiority of law in the key countries made a great contribution to the ongoing crisis. (Murphy, 1999).

#### **4. Discussion**

It is necessary to pay tribute to the fact that quite a lot of researchers in the very beginning of this century foresaw the essence of the pre-crisis state of the modern society. Yet in 2004 George Soros wrote a book “The Bubble of American Supremacy”, where he mentions that modern globalization sacrifices public goods for profit and increases the gap between the rich and the poor both inside the country and among countries. (Soros, 2004)

Especially the countries at the periphery of the global capitalist system are at the most disadvantageous position. Besides the globalization promoted the mass culture boom and spread it in the countries of the Northern Africa, the Pacific Region, and the Middle East. This process provoked a response from the part of the extremist movements in the Arab-Islam world. (Huntington, 1997)

It is interesting that even before the 9th September 2001, Samuel Huntington predicted the explosion of the fundamentalist movements, noting that it would be the way to cope with the lost of identity for the Arab-Islam civilization.

Professor Lawrence Klein, the Nobel Prize winner in Economics proposes further ways for the globalization development. He considers that to have efficient globalization it is necessary, first of all, to follow international behavior norms, to have the information accessible and transparent, and to remove all forms of corruption. (Klein, 1970)

It fully applies to modern Russia; the only difference is that it will be necessary to make great efforts to restore national industry.

The discussion nature of our work is related to the specifics of its object, object and purpose and is determined by the nature of its tasks. The work is aimed at systematization, deepening and refining of modern philosophical knowledge about the essence of social self-organization in modern Russia in the conditions of globalization.

#### **5. Conclusion**

Taking into account social and economic crisis in the whole world it should be mentioned that is the reason why the trend to legal regulation globalization is so vividly manifested. In the frame of legal regulation global system, the active interaction of national legal systems with each other, with regional systems and general international law will be going. (Scirica, 2015)

Current crisis is the end of the former destructive globalization and emergence of new possibilities for the society. (Benatar, 2017; Shoemaker, 2016) It is impossible to stop globalization; it will start to develop gradually turning the world economy formation into united commodity, capital, labour force and knowledge market.

In a whole international law is gradually becoming the basis of the global law mechanisms to promote the solution of the global human problems which every day are becoming more and more acute.

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## SERVICE-FOCUSED CHARACTER OF THE SHARING ECONOMY: PLATFORM COOPERATIVISM, NON-STANDARD LABOR, AND FLEXIBLE WORKING ARRANGEMENTS

Gheorghe H. Popescu<sup>1,a\*</sup>, Armenia Androniceanu,<sup>2,b</sup> Dana Raluca Elena Mitea<sup>3,c</sup>,  
Florin Cristian Ciurlău<sup>4,d</sup>, and Jean-Vasile Andrei<sup>5,e</sup>

<sup>1</sup>Faculty of Banking and Finance, Dimitrie Cantemir Christian University,  
Splaiul Unirii 176, Bucharest 030134, Romania

<sup>2</sup>Faculty of Administration and Public Management, Bucharest University of Economic Studies,  
Piața Romană 6, Bucharest 010374, Romania

<sup>3</sup>Faculty of Management, Bucharest University of Economic Studies,  
Piața Romană 6, Bucharest 010374, Romania

<sup>4</sup>Faculty of Banking and Finance, Dimitrie Cantemir Christian University,  
Splaiul Unirii 176, Bucharest 030134, Romania

<sup>5</sup>Faculty of Economic Sciences, Petroleum-Gas University, București Bvd. 39,  
Ploiești 100680, Romania

<sup>a</sup>gheorghe.h.popescu@gmail.com, <sup>b</sup>armenia.androniceanu@man.ase.ro, <sup>c</sup>dana.mitea@gmail.com,  
<sup>d</sup>cristianciurlau@yahoo.com, <sup>e</sup>andrei\_jeanvasile@yahoo.com

\*Corresponding author

**Abstract.** This article reviews recent literature (e.g. Kumar et al., 2018) concerning the service-focused character of the global sharing economy. Using data from BLS, Brookings Analysis of Census Bureau, Moody's data, U.S. Census Bureau, and U.S. Department of Labor, we performed analyses and made estimates regarding share of workers in each type of alternative work arrangement, the percentage of all U.S. workers who are either self-employed or hold multiple jobs, non-employer business growth by industry (2003–2018), and non-employer firms and employment (U.S.). Empirical and secondary data are used to support the claim that the sharing economy deals with the short-run rental of a certain service. As a result of the service-focused character of the sharing economy, service suppliers should provide first-rate service quality as they have a direct communication with the customers. Such suppliers in the sharing economy are not accountable for any marketing proposals as this is regulated by the service enabler. In the sharing economy, agents employ digital technologies to convert their capital or labor assets into cash by proposing them to their peers as short-run rental units. The sharing economy facilitates value transfer by adequately harmonizing time and money: it is time saving for customers via availability, brings about monetary value for service suppliers who provide their assets, and offers both time and money for service facilitators.

**Keywords:** service, sharing, economy, platform, non-standard

**JEL Classification:** E24; J21; J54; J64

### 1. Introduction

Service suppliers provide an attentive and constructive attitude throughout their collaboration with the customer aiming to obtain a positive rating. Individuals associate with

the sharing economy as service suppliers to increase their unsatisfactory remuneration or casual jobs, or as a temporary solution between the latter. In the sharing economy, agents employ digital technologies to convert their capital or labor assets into cash by proposing them to their peers as short-run rental units. Service facilitators are instrumental in the operation of the platform. This action is carried out by deciding on service suppliers, harmonizing demand with supply, and handling the payment requested (Campbell et al., 2017; Machan, 2017; Nica et al., 2017, A, B, C) while offering the remuneration to the service supplier. In the sharing economy, the demand is infrequent, and thus it is a difficult task for the service supplier, as there may be allocation discontinuities. The crowdsourcing character of the sharing economy maintains the firm assets to a bottom while in concert making it effortlessly to replicate. (Kumar et al., 2018)

## **2. Literature review**

Access-based services catalyze new-fashioned and expedient processes via which outputs are relocated and transacted. In the sharing economy, firms should grasp what jobs customers aim to accomplish and draw up their value proposition encompassing them. The sharing economy is contingent on acquiring and recycling products to use inactive capacity. (Kathan et al., 2016) The decreasing of transaction expenses furthered by Internet-based platforms enables the transfer of products and services between individuals that would not under other conditions have been realizable due to the steep expenditures of required inspecting, approaching, and contracting. (Henten & Windekilde, 2016) The sharing economy is optimal for investigating the progress of imbalance in circuits, somewhat as numerous of such exchange sites concretely aim to disintegrate established relationships of power. Effective sharing economy proposals require the creation of circumstances for substantial amounts of matches to take place (Belas et al., 2017; Grcic Fabic et al., 2016; Mihaylova, 2017; Nica, 2017; Popescu et al., 2017), thus attaining sound transactional networks. The incidence of categorizing routines may weaken the links of transactions and bring about frustrations in carrying out trades. (Schor et al., 2016) The sharing economy is swiftly adopting social technologies that are fundamentally interfering with how individuals assimilate goods and services, enjoying the appealing topic of giving out, the responsiveness originating from its decentralized character, distinctive customized offerings, and price value. (Richard & Cleveland, 2016)

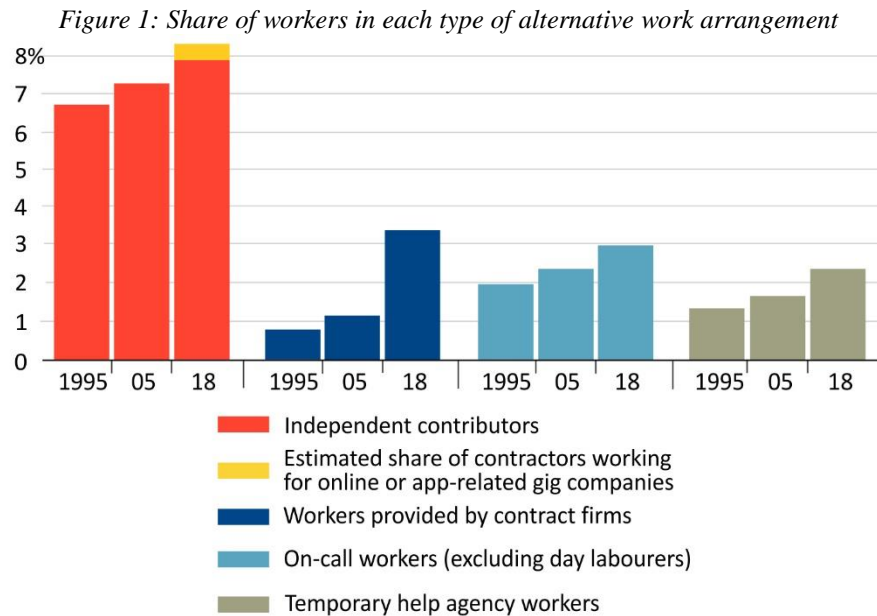
## **3. Methodology**

Using data from BLS, Brookings Analysis of Census Bureau, Moody's data, U.S. Census Bureau, and U.S. Department of Labor, we performed analyses and made estimates regarding share of workers in each type of alternative work arrangement, the percentage of all U.S. workers who are either self-employed or hold multiple jobs, nonemployer business growth by industry (2003–2018), and nonemployer firms and employment (U.S.).

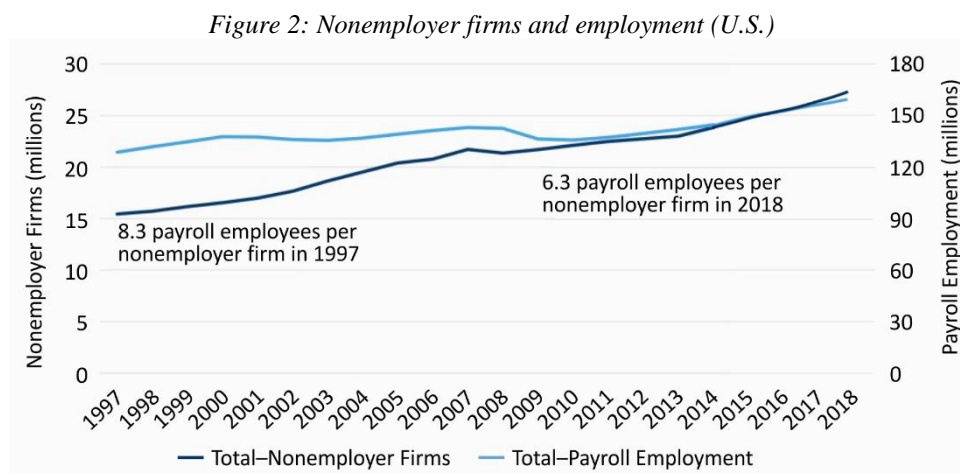
## **4. Results and discussion**

The sharing economy deals with the short-run rental of a certain service. As a result of the service-focused character of the sharing economy, service suppliers should provide first-rate service quality (Acosta Price, 2017; Mengoli et al., 2017) as they have a direct communication with the customers. Such suppliers in the sharing economy are not accountable for any marketing proposals as this is regulated by the service enabler. Three agents establish a platform-based B2B connection: service facilitators, service suppliers, and customers. The

latter can be businesses (B2B) or persons (B2C). The robustness of the synergy between the service supplier and the customer regulates the sustainable effectiveness of the service facilitator. The long-run ascendancy of the sharing economy from the service facilitator’s side depends on the coordinated acquisition, preservation, and win-back of cost-effective service suppliers and customers. (Kumar et al., 2018) (Figures 1–4)

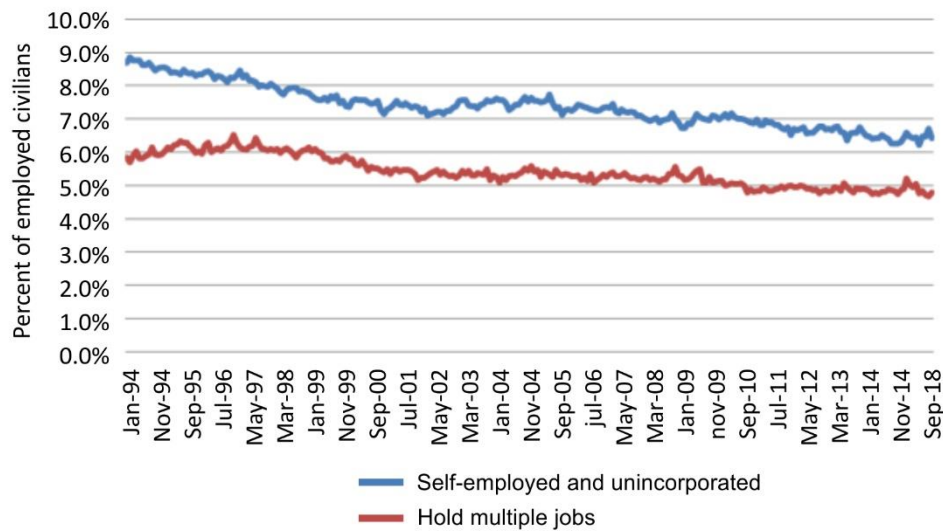


Sources: U.S. Department of Labor; and our estimates.



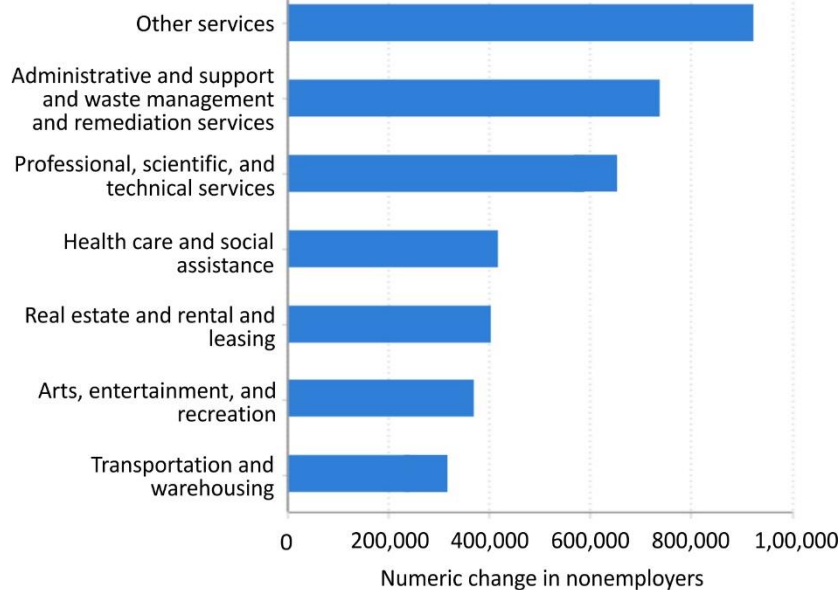
Sources: Brookings Analysis of Census Bureau; Moody’s data; and our estimates.

Figure 3: The percentage of all U.S. workers who are either self-employed or hold multiple jobs



Sources: BLS; and our estimates.

Figure 4: Nonemployer business growth, by industry (2003–2018)



Sources: U.S. Census Bureau; and our 2018 estimates.

## 5. Conclusions

The sharing economy facilitates value transfer by adequately harmonizing time and money: it is time saving for customers via availability, brings about monetary value for service suppliers who provide their assets, and offers both time and money for service facilitators. These features are a consequence of furthering a setting without the commitment to massively invest in business constituents (Cennamo, 2018; Elsbach & Stigliani, 2018; Jiang & Lavaysse, 2018; Robinson, 2018), e.g. human resources or capital assets. Service suppliers do not own any insurance to secure their assets or themselves. Nearly all customers in the sharing economy who manifest switching conduct are price sensitive (Androniceanu & Popescu, 2017; Havu, 2017; Shaefer et al., 2017), but service facilitators may offset price sensitivity by providing



customized services. (Kumar et al., 2018) Numerous participants conceive the sharing economy as an unsettling cutting edge that may remodel market economies. The purposeful, interactive processes via which niche and regime agents strive to position activate an accord around, and influence the advancement of, the sharing economy. (Martin, 2016)

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# IMPACT OF GLOBAL CHANGES ON THE USE OF MODERN TECHNOLOGIES TO ENSURE THE STATE SECURITY

Katerina Prihodova<sup>1,a</sup>, Miloslav Hub<sup>2,b,\*</sup>

<sup>1</sup>Faculty of Economics and Administration, University of Pardubice, Studentska 84, 532 10  
Pardubice, Czech Republic

<sup>2</sup> Faculty of Economics and Administration, University of Pardubice, Studentska 84, 532 10  
Pardubice, Czech Republic

<sup>a</sup>st30351@student.upce.cz, <sup>b</sup>miloslav.hub@upce.cz

\*Corresponding author

**Abstract.** State security has the important role of maintaining a stable and secure environment in the society. Using modern technologies, known like establishing concept of the smart city, increase public security. The concept of the smart city is one of principle of sustainable development. It means a city, which for their own organization use modern technologies for increasing the life quality and doing government that is more effective. Due to current global changes, there are significant changes to state security. Problems can be found with restrictions and law, but government wants to react on actual security trends. In addition, financial part of this concept can be problem for little cities, which want to react on the new trend also, but their funding is not enough for establishing the new technologies. The paper maps the most important world trends in modern technologies using; related to this kind of security. The aim of the paper is to evaluate the use of modern technologies for security in the public sector taking into account current global change and their future prediction. Part of the article is a case study on public security focused on the use of biometrics at the airports and suggestions to improve identified deficiencies because increasing the safety of airport procedures, using biometric systems, is a key solution for the future.

**Keywords:** global changes; state security; authentication; biometrics

**JEL Classification:** F52, K22

## 1. Introduction

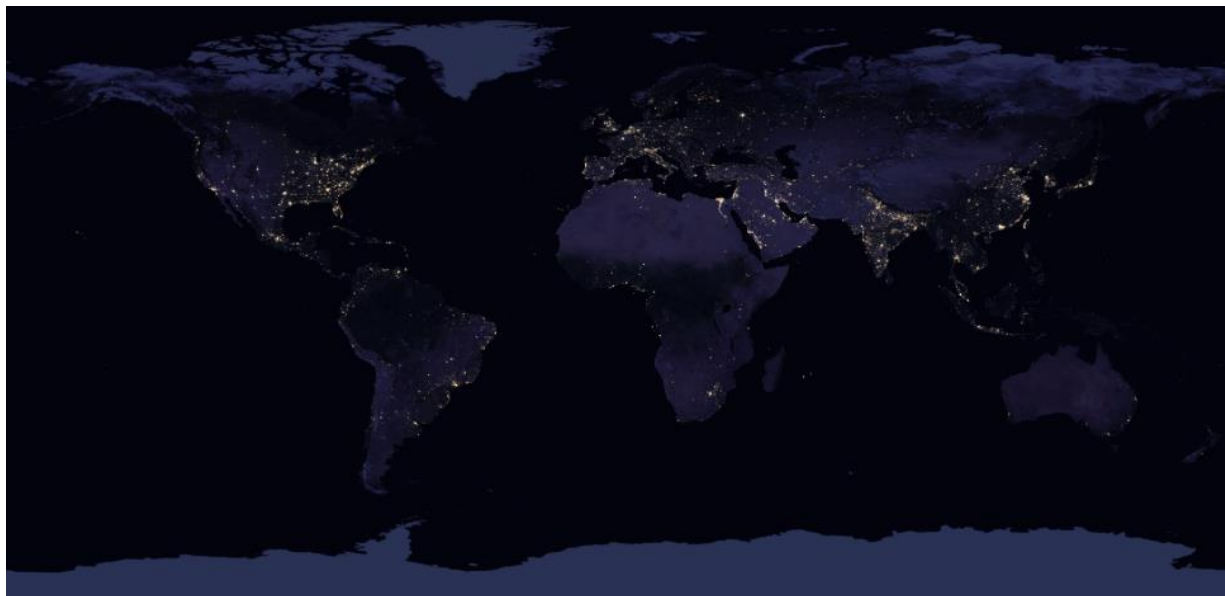
*"Globalization is a spontaneous, uncontrolled process of ever more intense integration of the world's countries into a single economic system."* According to the source: (Mezricky, 2006) This is one of many definitions that can be found, some very different. Globalization can also be defined as a great force that extends, deepens and accelerates global connectivity in all aspects of contemporary social life. (Naim, 2009) Others define globalization as, *"one of the major political achievements of the late XXth century, having as movement forces the steadily falling costs of communication and transport, transformation into producers and consumers of billions of people in the world, and the tendency of adopting the principles of market economy all over the world. But despite the low costs of communication and access to information, nothing would have happened without a globalization of economic liberalism that took place in the last 30 years."* by source: (Bonciu & Baicu, 2010).

Global threat security is the threat of globalization. The signs of global hazards are the possibility of rapid expansion almost anywhere in the world, thus affecting the entire population and endangering the stability of global systems not only the Czech Republic (Fuka, 2011). If we want to preserve the security of global systems, threats need to be preventively eliminated. Prevention of global threats requires the reinforcement of science, research, security services, work with information. (Gabal, 2006; Aswani et al., 2018; Franzi 2018)

The main security issues of today's world can be seen through the night map of the world created by the National Aeronautics and Space Administration in 2016. The night maps can be used to estimate not only the energy consumption of individual areas, but also the different living standards, economic strength, health threats, migration potential. (Gabal, 2006; National Aeronautics and Space Administration, 2017)

The areas with the greatest luminescence are North America, Europe, China and India, the opposite is Africa with South America. Differences between these areas are constantly increasing.

*Figure 1: Night Lights Map*



*Source: (National Aeronautics and Space Administration)*

Security threats can be divided into larger categories (Helbing, 2013; Cagirkan, 2016):

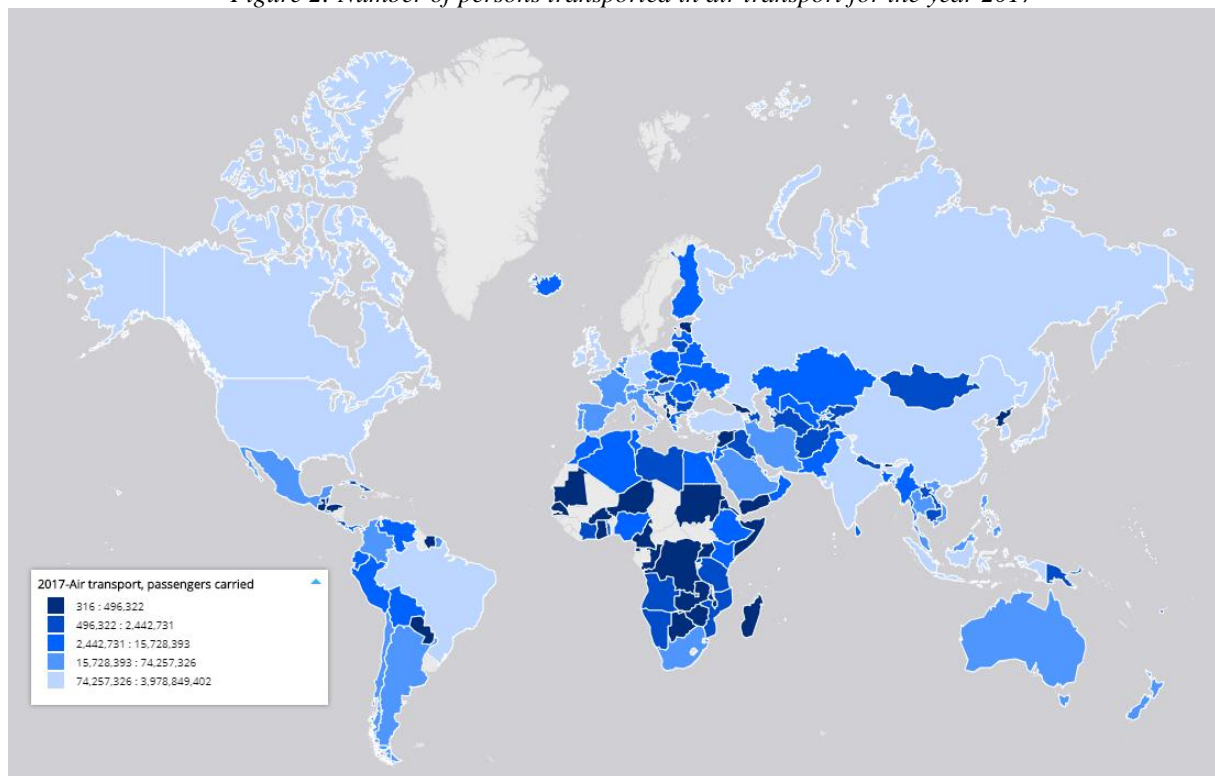
- environmental risks - Climate change, air pollution is associated with the expansion of the "light section".
- geopolitical risks - the risks of terrorism, organized crime, weapons of mass destruction are on the brink of light and dark areas.
- societal risk - the "darkest areas" are the biggest problems of water security, chronic diseases, infectious diseases, demographic challenges, migration.

## **2. Case study – utilization biometric systems on the airports**

The article contains case study that deals with security at airports by using biometrics. Case study are focused on the area of the European Union.

The problem of terrorism is very noticeable today. Following the September 11, 2001, terrorist attack on the Twins Tower in New York, biometric systems have expanded in many countries at airport controls (Sujatha & Chilambuchelvan, 2018; Baldaccini, 2008; Bačca et al., 2007). Globalization has also contributed to the expansion of biometric systems in security checks at airports. Globalization is linked to the ever-increasing speed and extent of human mobility in international air transport. Figure 2 shows the numbers of passengers in air transport for 2017. In total, 3.1 billion passengers were transported in 2016 (The World Bank, 2018). Reliable identification through biometric systems is necessary due to security risk. Biometric systems make border controls easier and faster.

Figure 2: Number of persons transported in air transport for the year 2017



Source: (World Bank)

Biometric systems use their unique physical features or behaviour to identify and people. Behavioural characteristics are inappropriate for biometric systems that provide controls at airports. Anatomical - physiological features include (Teh et al., 2013):

- Iris
- Eyes retina
- Face
- The shape of the outer ear
- Fingerprints, palmprint
- Finger and hand geometry
- Topography (layout and shape) lived on the wrist
- Dimensions and weights of the human body
- DNA

Biometric characteristics that are suitable for human identification have the following characteristics (Friedman et al., 2017):

- uniqueness: the same property must not appear in two people at the same time
- universality: the property must be measurable in as many people as possible
- persistence: property must not change over time
- measurability: properties must be measurable by the same technical equipment
- user acceptance: The property must be easily and comfortably measurable

In 2002, the International Civil Aviation Organization assessed the fingerprint, face, iris and hand geometry identification as four biometric features meeting the requirements for biometric identification in machine-readable travel documents. The factors that compare each method are: error rate, template size, and transaction times. (Technology assessment, 2002)

*Table 1: Four viable biometric technologies compared*

| Characteristic                | Facial  | Fingerprint                                       | Iris                                 | Hand                                  |
|-------------------------------|---|---|--------------------------------------|---------------------------------------|
| False nonmatch rate           | 3.3-70%   | 0.2-36%   | 1.9-6%                               | 0-5%                                  |
| False match rate              | 0.3-5%  | 0-8%  | Less than 1%                         | 0-2.2%                                |
| User acceptance issues        | Potential for privacy misuse                              | Associated with law enforcement; hygiene concerns | User resistance; usage difficulty    | Hygiene concerns                      |
| Enrolment time                | About 3minutes  | About 3.5minutes                                  | About 2.25minutes                    | About 1minutes                        |
| Transaction time              | 10 seconds  | 9-19 seconds                                      | 12 seconds                           | 6-10 seconds                          |
| Template size                 | 84-1300 bytes   | 250-1000 bytes                                    | 512 bytes                            | 9 bytes                               |
| Number of major vendors       | 2   | 25+   | 1                                    | 1                                     |
| Cost of device                | Moderate  | Low   | High                                 | Moderate                              |
| Factors affecting performance | Lighting, orientation of face, or sunglasses              | Dirty, dry, or worn fingertips                    | Poor eyesight, glare, or reflections | Hand injuries, arthritis, or swelling |
| Demonstrated vulnerability    | Notebook computer with digital photo or false photographs | Artificial fingers or reactivated latent prints   | High – resolution picture of iris    | None                                  |
| Variability with age          | Affected by aging   | Stable  | Stable                               | Stable                                |
| Commercially available        | 1990s   | 1970s   | 1997                                 | 1970s                                 |

Source: (Technology assessment)

### 3. European Union

In 2015, over 50 million non-EU nationals visited the European Union. Cross-border travel has grown in recent years, and the growth of cross-border travel is expected to continue. At the same time, the unprecedented migratory flow is problem to the EU. (Orav & D’Alfonso, 2018) It is therefore increasingly difficult to oversee the external borders of the Schengen area. This is why FRONTEX was created in 2004. Other important factors for the establishment of the Agency were the problem of different legislation and practices of individual Member States in

border protection. FRONTEX contributes to the harmonization of border controls throughout the European Union. (Scipioni, 2018; Bigo, 2014)

Part of the legal harmonization of border controls was Council Regulation (EU) No 2252/2004 on standards for security and biometrics in passports and travel documents issued by Member States. The biometric face element had to be in newly issued travel documents since September 2006. Two fingerprints, as the second biometric element, have been in travel documents since March 2008.

With biometric passports with uniform biometric features, automated border controls can be performed at European airports. ABC will facilitate travel while maintaining the safety of border controls at airports.

The first automatic border controls using biometric features in Europe were introduced at Amsterdam Schiphol Airport. The Schiphol Travel Pass biometric system worked with fingerprints.

Nowadays, biometric gates are used at most major European airports (Germany, the Czech Republic, Portugal, Spain, the United Kingdom, Norway and others) at border controls. ABC uses biometric data stored in the passport chip. The biometric gateway obtains information from the travel document chip and authenticates. Biometric gates can be used by a citizen of the European Union or Switzerland, who holds a biometric passport, is over 18 years of age and is traveling outside the Schengen area. (Blanco-Gonzalo, et al., 2018; Morosan, 2016)

#### **4. New approach at airports outside the European Union**

Dubai city is a city that is associated with superlatives, the tallest buildings, the most expensive projects. Dubai International Airport also uses the safest biometric characteristics. It uses e-gate, an identification system based on the face and the iris for border checks. Passenger identification will take 1-2 seconds. (Morosan, 2016) They also test the "smart tunnel" in 2018 that will allow travellers to complete immigration checks in just 15 seconds, while passing through a virtual aquarium where the cameras are installed. (Business Traveller Asia Pacific, 2017)

At the Ben Gurion International Airport in Israel, 21 automatic control kiosks were installed. It was an automatic passport control to increase the speed of passenger clearance while maintaining safety. These biometric systems work with hand geometry, measure the size and shape of a human hand, and are compared to templates stored in the system. If it matches, the identity of the person can be confirmed in less than one second. (Boussadia, 2009).

US airports also use biometric passport control systems. Biometrics is also used for non-national citizens. When applying for an ESTA or a visa, the applicant must give fingerprints of all 10 fingers and a face photo. At US airports, information is then used for automatic control.

#### **5. Conclusion**

Increasing the safety of airport procedures using biometric systems is a solution for the future. Developments vary from country to country, mainly due to legal constraints, but governments are quick to respond to security risks. Because of globalization, security is becoming increasingly common in some areas to unify processes. The European Union also unifies legislation. Unification has led to a wide spreading of biometric gates combined with a European biometric passport, the lack of use of biometric gates by third-country nationals,

handicapped persons and young children. Another question for the future is whether to use biometric systems, where iris-based identification is made, systems are safer but more expensive. This solution would also require a European Union legislation, and a reference iris template would have to be stored in travel documents.

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# LABOUR MARKET RESPONSE TO GLOBALIZATION IN SELECTED COUNTRIES OF THE EUROPEAN UNION

Paulina Radzik<sup>1,a,\*</sup>, Maria Balcerowicz-Szkutnik<sup>2,b</sup>

<sup>1,2</sup>Department of Labour Market Forecasting and Analysis, University of Economics in Katowice,  
1 Maja 50, 40-287 Katowice, Poland

<sup>a</sup> paulina.radzik@edu.uekat.pl, <sup>b</sup> maria.balcerowicz-szkutnik@ue.katowice.pl

\*Corresponding author

**Abstract.** The article discusses globalization and its impact on labour markets in two European countries – Poland and Spain. Technological progress, caused by a dynamically changing reality, generates new expectations for potential employees. It is debatable, if the level of education is a determining factor. The quality of education and its adjustment to contemporary requirements of the market becomes vital to the reduction of unemployment. The aim of this article is to present labour market situation in the selected countries, taking into account the level of education and the influence of globalization. Statistical methods were used to analyze this phenomenon. The moving average calculations have been conducted to assess the overall development trend and the average rate of change was determined based on individual chain base dynamics indexes. Data concerning the employment and unemployment rates according to the level of education and sex from Eurostat and national statistical institutes (the Central Statistics Office and Instituto Nacional de Estadística) was used in the study. The initial data verification let us observe an opposite trend in Poland and Spain in relation to both ratios. The results of the analysis will allow us to verify the hypothesis that nowadays, women are more tailored to the needs of labour market and that level of education influences the unemployment rate. Globalization gives many possibilities, but also poses serious threats. The way countries deal with its impact on the labour market determines citizens' quality of life and the level of socio-demographic development.

**Keywords:** labour market, globalization, Poland, Spain

**JEL Classification:** F66, J7, J16, J21, I24

## 1. Introduction

The problems of the labour market in the European Union are currently an extremely topical subject. Each of the Member States is facing different types of difficulties, the most frequently mentioned being the mismatching between education and the requirements of employers (Hamann & Bertels, 2018). What is more, as a result of continuous technological progress, entire societies are currently facing many difficulties: economic, social and environmental (Breza et al., 2018). A serious threat in this area is the phenomenon of unemployment. It is often necessary to take measures aimed at stopping the increase in the number of people without work and counteracting its negative effects (Clark et al., 2018). The condition of the labour market is influenced by many factors. One of them is the impact of globalisation, which brings many opportunities, but in some respects may also be a significant threat (Bolle, 2008).

Globalisation and, above all, its effects are currently being analysed by scientists from various scientific disciplines. It is worth defining this term, which according to Krynski means "the disappearance of borders and geographical barriers to the movement of goods, services, capital, investment, technology, information, the deepening of interstate interdependence, the acceleration of global interactions, the breadth and depth of trade and financial links between companies and economies" (Kryński, 2004). This description gives a broad view of the phenomenon of globalisation, which undoubtedly affects the economy, politics, culture and society as a whole. It is worth noting that the impact of globalisation on the labour market can be both positive and positive and negative. The way in which individual countries cope with the impact of globalisation on the labour market determines the quality of life of citizens and the level of socio-demographic development (Fernandez-Albertos et al., 2013).

Nowadays, companies that want to be competitive on the market are often forced to pursue an active policy and to reduce costs as much as possible, and thus to layoffs. Changes in the labour market are often one of the effects of globalisation (Duernecker & Vega-Redondo, 2018). The accompanying technological progress reduces the demand for many professions. At present, high labour costs and huge competition on the domestic and international market have increased this effect. The work of many people has been replaced by the work of machines and computers. More and more often one hears bold statements that the current level of the world economy can be maintained by about 20% of an efficient and talented population. The labour force in today's world is perceived as a cost that should be reduced as much as possible. Therefore, today we observe many negative tendencies, which generate problems not only in the economic, but also in the social dimension. Both on a local and global scale (Broner & Ventura, 2016).

Early retirement is a trend today. On the one hand, it is necessary to make positions available to young people, but we must be aware that this is a kind of a waste of labour resources (Seweryński & Wojtyła, 2002). On the other hand, a group of people entering the labour market and at the same time entering adulthood often finds it very difficult to get a job. For this reason, debt, addictions and many other problems encountered by individuals and households lead to the impoverishment of society on a wider scale (Andonov et al., 2018). Undoubtedly, in the context of the subject under discussion, attention should be paid to the transnational nature of the problem of labour market instability and to the growing impact of globalisation on the economies of individual countries (Acemoglu et al., 2018).

### **1.1 Labour market in Poland and Spain**

Many researchers observe the constantly changing labour market in countries belonging to the European Union (Chorągwicka, 2006). The article lists two of them - Poland and Spain. Taking up the issue of the impact of globalisation on the labour market, it is impossible to ignore the two countries distinguished. The choice of Spain is dictated by the fact that this country has been struggling for years with, among others, the problem of unemployment, noticeable regionalisation which affects the cohesion of the state and unfavourable demographic situation. It is worth noting that Spain is very diverse, both in terms of culture, tradition and economic situation. Each region is at the same time an autonomous community of the so-called *Comunidades Autónomas*, which has a high degree of independence. (Chorągwicka 2006) As a result of this heterogeneity, the country is very attractive to tourists, but it is also extremely difficult to try to unify the principles of introducing reforms (Garcia-Ramon & Ortiz, 2000).

The Spanish first encountered the problem of unemployment between 1975 and 1985. At that time the unemployment rate was over 21% and became a serious problem for the

government (Hamann & Kelly 2003). The changes in the political system led to the loss of many jobs. After 1985 there was a significant increase in GDP and market development, but unemployment remained at a very high level. Another serious economic crisis in the country took place between 1992 and 1994. And although it lasted for a short time, its consequences were enormous. The level of unemployment at that time was over 24%. Spain entered the 21st century with many problems in the labour market (Etchemendy, 2004). Although the situation has sometimes improved, until now Spain is at the forefront on the list of countries with the highest level of unemployment in the European Union. At the beginning of 2018, the unemployment rate was 16.1% (Eurostat). What is alarming is the fact that a significant part of the unemployed is young people. At this point it is worth quoting the words of Valentin Bote from the Spanish employment agency: "This is a paradox, the country has 5 million unemployed, but there are tensions in the labour market because we do not have the skilled workers that employers are looking for. These words perfectly reflect the problem that the Spanish are currently facing. Samuel Pimentel, the Spanish headhunter, again observes that "this country is in dire need of technology professionals, but there are no facilities in Spain to educate them, this country invests too little in new technologies".

The second country - Poland, which has been a member of the European Union since 2004, also faces many economic and social problems. Although recent years have shown that Poland is a significant partner and competitor on the European market, its economic problems, including those directly related to the labour market, can still be noticed. The quality of life is improving, which results in a statistical increase in the average life expectancy of men and women. In addition, the relatively small number of births contributes to an ageing population. Lack of substitutability of generations together with rising life expectancy may in the future cause a significant deterioration in the quality of life, both for retired older people and young people of working age (Holman & Rafferty, 2018). This is why governments in many countries are looking for effective ways to motivate families to have more children. The very popular 2+1 model - two parents plus one child, does not improve the demographic situation. The "Family 500+" programme, introduced in 2017, is to be a recipe for the unfavourable demographic situation in Poland. It is supposed to help families with more than one child. 500 PLN is granted for every second and subsequent child in a family. We will see in a few years time whether or not this programme will prove effective.

The situation on the labour market in Poland is slightly more favourable in comparison to Spain. According to Eurostat, at the beginning of 2018, the unemployment rate was 6.8%. It is believed that people looking for a job find it. Moreover, there is still a shortage of workers in the lowest positions requiring the lowest quantification. However, employers have to face the problem of a labour shortage at various levels. According to Hays Poland experts, the five most frequently sought-after specializations in 2018 include the following: programmer, cyber-security specialist, business analyst, R&D engineer and IT specialist for automation.

These specialisations clearly indicate that the world is moving towards automation. Education in one of these professions seems to be a guarantee of future employment. Is higher education really a chance to get a job quickly and get a satisfactory salary? Many may have doubts because often it is not the very fact of having a diploma that makes it easier to start on the labour market, but the quality and field of study completed (Jarecki, 2010).

### **1.1.1 Globalisation and the labour market**

Nowadays, many companies easily move their headquarters to more attractive places, both in terms of location and attracting employees. The countries where new production facilities and companies are set up benefit the most. Opening up new jobs creates interesting perspectives for citizens and encourages them to stay in a given place or move to a place where they will

find a well-paid, interesting, perhaps dream job. (Broner & Ventura, 2016). Blurring borders is one of the effects of globalisation. This is particularly beneficial for young people, who today are often ready to take the decision to move to a completely new, often very distant place to take up employment. Therefore, in recent years, the concept of 'brain drain' has been developed, which directly refers to a situation in which a well-educated part of the society goes abroad their hometown or further, beyond the borders of their home country, in search of a better job (Labanauskas, 2014).

On the other hand, another effect of globalisation is the ever-increasing level of competition. Companies that want to stay on the market are often forced to pursue an active policy and reduce costs as much as possible, and consequently to reduce employment. Therefore, the direct effect of globalisation is a change in the structure of the labour market visible on many levels. The accompanying technological progress reduces the demand for many occupations and professions. At present, high labour costs and huge competition on the domestic and international market have increased this effect (Wren & Rehm, 2014).

An inefficient education system may result in a situation in which, despite the high level of unemployment, it will be difficult to find a worker for a given position. Inadequate education in relation to the demand for workers may contribute to the formation of long-term unemployment. As a result, it may lead to abandoning the search for employment and the willingness to learn. This is particularly evident in countries where studies are not free and involve a number of sacrifices. Lack of perspectives even after obtaining a university diploma results in a reluctance to study. The consequence is the emergence of a group called *ninis* - young people who do not work and do not study. They often live with their parents and are supported by them. Premature resignation from education and lack of any aspirations lead to countless problems, which sooner or later they will have to face (Simmons et al., 2014).

## 2. Methods

The aim of the article is to determine the directions of changes taking place on the Polish and Spanish labour markets in relation to the level of education. The analysis was made with the use of statistical methods, i.e. by determining the general development trend of the unemployment rate among people aged 25-64 according to the level of education in Poland and Spain using the 3-period moving average method. Additionally, the average rate of changes in employment level was determined on the basis of individual dynamics indices with a chain basis. The data used comes from Eurostat and national statistical institutes. When commencing the study of the unemployment rate depending on the level of education, one should first indicate the levels of education. In this study, they have been adopted from Eurostat. There are three main groups:

1. ISCED 0-2: early childhood education, primary education and lower secondary education,
2. ISCED 3-4: upper secondary education, post-secondary non-tertiary education,
3. ISCED 5-8: short-cycle tertiary education, bachelor's or equivalent level, master's or equivalent level, doctoral or equivalent level

According to the above-mentioned levels, the unemployment rate in Poland and Spain from 2006 to 2017 was determined. (*Table 1 and Table 2*)

Table 1: Unemployment rate in Poland by education level

| <b>POLAND</b>    | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|------------------|------|------|------|------|------|------|------|------|------|------|------|------|
| Levels ISCED 0-2 | 21,5 | 15,5 | 11,5 | 13,9 | 16,1 | 16,8 | 17,8 | 19,3 | 18,0 | 15,5 | 13,0 | 11,0 |
| Levels ISCED 3-4 | 12,7 | 8,7  | 6,3  | 7,2  | 8,9  | 8,7  | 9,3  | 9,7  | 8,6  | 7,2  | 5,8  | 4,7  |
| Levels ISCED 5-8 | 5,0  | 3,8  | 3,1  | 3,6  | 4,2  | 4,4  | 4,9  | 5,0  | 4,1  | 3,5  | 3,0  | 2,2  |

Source: (Eurostat)

Since 2006, the unemployment rate in each of these groups has fluctuated both upward and downward. Since 2013 it has been steadily falling to reach the lowest level in nearly 10 years in 2017. In the group of people with the highest education, the unemployment rate was 2.2%. This result may serve as a basis for claiming that people with a high level of education can easily operate on the labour market and find satisfactory employment.

Table 2: Unemployment rate in Spain by educational level

| <b>SPAIN</b>     | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|------------------|------|------|------|------|------|------|------|------|------|------|------|------|
| Levels ISCED 0-2 | 9,0  | 9,0  | 13,2 | 21,8 | 24,5 | 26,2 | 31,1 | 32,7 | 31,4 | 28,9 | 26,1 | 23,4 |
| Levels ISCED 3-4 | 6,7  | 6,9  | 9,2  | 15,0 | 17,2 | 19,0 | 21,5 | 23,2 | 21,6 | 19,2 | 17,0 | 15,1 |
| Levels ISCED 5-8 | 5,4  | 4,8  | 5,8  | 8,9  | 10,4 | 11,5 | 13,9 | 14,9 | 13,8 | 12,4 | 10,9 | 9,3  |

Source: (Eurostat)

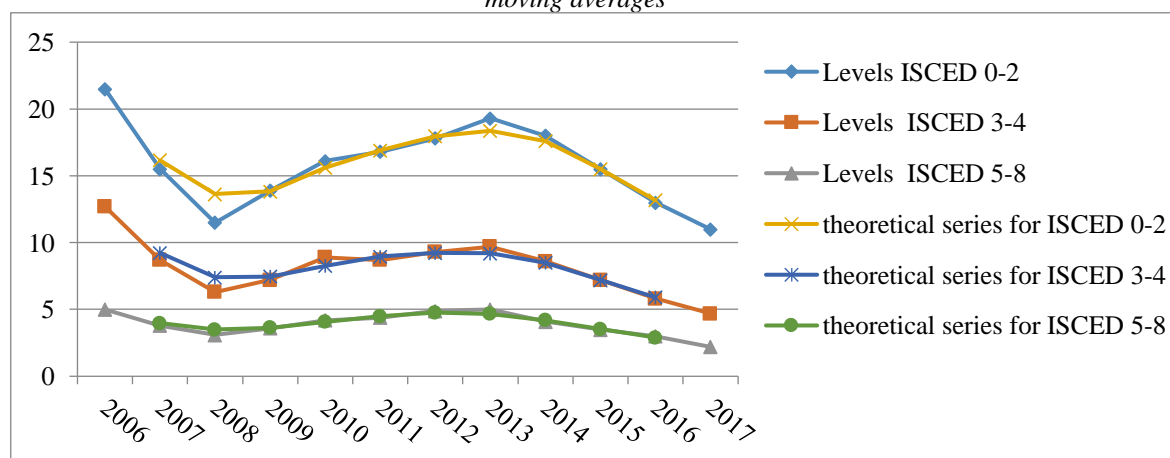
The situation on the labour market in Spain seems to be completely different than in Poland. The analysis of the unemployment rate since 2006 indicates that from year to year the given indicator is growing regardless of the level of education of the citizens. The highest unemployment rate was observed each year among people with the lowest education. In the study period, the most difficult year for the Spanish market turned out to be 2013. After this period, the situation started to slightly improve. However, unemployment at the level of 23.4% among people from the ISCED 0-2 group is still alarming. Similarly to the situation on the Polish labour market, also in Spain among people with the highest level of education, the unemployment rate is the lowest - 9.3%.

Analysing the unemployment rate in Poland and Spain, depending on the level of education, the 3-period moving averages method was used and thus theoretical series were determined. The results are presented in the graphs below. (Graph 1 and Graph 2)

Eq. 1

$$y_t = (y_{t-1} + y_t + y_{t+1})/3 \quad (1)$$

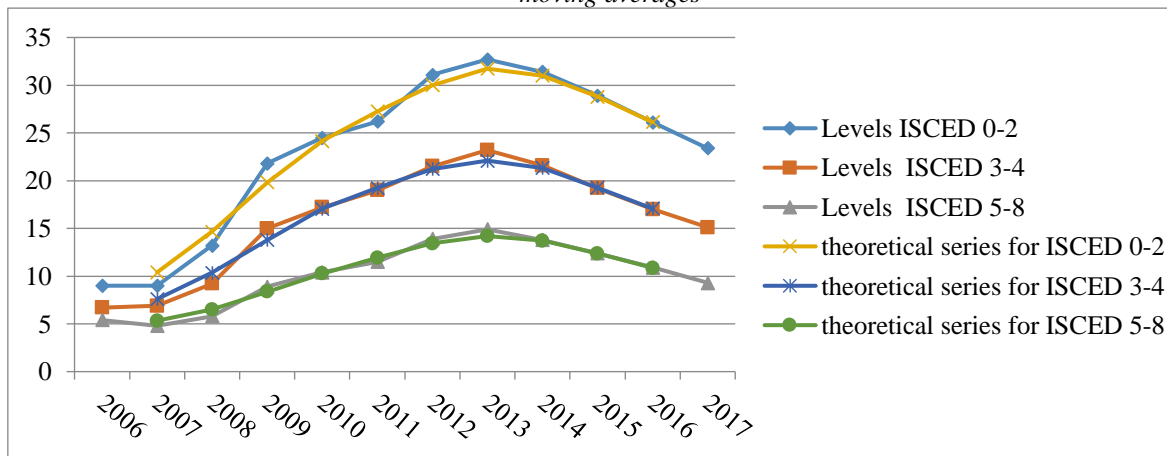
Figure 1: The unemployment rate among people aged 25-64 by the level of education in Poland and 3-period moving averages



Source: Own elaboration based on Eurostat

The 3-period moving averages allow to smooth out a number of data and eliminate large increases or decreases in value. The data presented in the graph shows that the greatest fluctuations in the unemployment rate occurred among people with the lowest level of education. The level of unemployment rate in the ISCED 5-8 group has changed very little over the given period of 10 years.

Figure 1: The unemployment rate among people aged 25-64 by the level of education in Spain and 3-period moving averages



Source: Own elaboration based on Eurostat

On the graph above, referring to the situation in Spain, a different trend than in Poland can be observed. Since 2006, the unemployment rate at each level has been gradually increasing. Also in this country, the changes in the level of unemployment are the least different from the determined 3-period moving average.

Based on the data presented regularly in Eurostat on employment by educational level, the average rate of change was determined on the basis of individual dynamic indices on a chain basis. The selected period is short because it covers the years 2013-2017. This is due to the fact that in the initially selected period of 10 years the fluctuations in the level of employment are large in each of the distinguished levels of education and in each of the countries, both for men and women.

Table 4: Average rate of change

| Average rate of change | Levels ISCED 0-2 | Levels ISCED 3-4 | Levels ISCED 5-8 |
|------------------------|------------------|------------------|------------------|
| Spain - women          | 28%              | 21%              | 27%              |
| Spain - men            | 29%              | 29%              | 27%              |
| Poland - women         | 27%              | 27%              | 26%              |
| Poland - men           | 27%              | 27%              | 26%              |

Source: Own elaboration

The values indicate that in the period of five years selected for the study, the employment growth in both countries was similar. Both women and men experienced an increase in employment regardless of their level of education. It would be a mistake to say that one gender performs better in the labour market than another. Only in the group of people with a level of education included in ISCED 3-4 in Spain can we see a difference in employment growth. Among men, the average rate of change was 29%, and among women as much as 8% less.

### 3. Conclusion

To sum up, the subject discussed is extremely important, because the situation on the labour market has a direct impact on the quality of life of all citizens. The high rate of unemployment in Spain, and especially among young people, has been a serious problem for years. According to the Instituto Nacional de Estadística, Spain has the highest youth unemployment rate in Europe (19-25), and according to an OECD study, every fourth Spanish aged 15-29 does not study or work. Undoubtedly, the country needs a thorough reform of education, which would also take into account the vocational education system. Difficulties in providing the right amount of skilled labour are clearly hindering the development of the Spanish economy. The impact of globalisation is indisputable, as the visible progress towards automation leads to the development of new expectations of employers towards workers.

In the years 2006-2017 an opposite trend of changes in the unemployment rate in Poland and Spain is observed. In each of the surveyed groups distinguished depending on the level of education in Poland, a decrease in the unemployment rate was observed. The situation was different in Spain. On the other hand, when analysing the level of employment, it can be noticed that in the last 5 years in both countries the level of employment among both women and men has increased.

The results obtained may suggest that the situation on the labour market in Poland and Spain is improving significantly. However, it does not change the fact that it is necessary to focus on the way, quality and direction of education of young people. In addition, the developing trend and slogan Lifelong Learning may become a recipe for a dynamically changing situation on the labour market (Guile et al., 2015). The need for lifelong learning will ensure that older workers, similarly to the younger ones, will be able to live up to the growing expectations in the age of globalization (Acemoglu et al., 2018).

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# INTERNATIONAL MIGRATION IN CONTEXT OF ITS INFLUENCE ON DEMOGRAPHIC DEVELOPMENT IN THE SLOVAK REPUBLIC

Eva Rievajova<sup>1,a,\*</sup>, Andrej Privara<sup>2,b</sup>,

<sup>1</sup>University of Economics in Bratislava, Slovakia

<sup>2</sup>University of Economics in Bratislava, Slovakia

<sup>a</sup>email: eva.rievajova@euba.sk, <sup>b</sup>email:andy.privara@gmail.com

**Abstract.** The theme of international migration is not a new one in economic research. Despite this it is a highly topical theme in the long term and it is especially because of the enormous increase of migration flows in the last two decades. In this contribution we focus primarily on the investigation of the influences of migration on the demographic development in the Slovak Republic. Within the review literature we concentrate on those migration models which orientate themselves towards the investigation of motives and influences of migration. Subsequently we focus on an analysis of migrant structure in the Slovak Republic according to selected criteria that are age, level of education completed, regional views and migration reasons. On the basis of the processed data of the Statistical Office of the Slovak Republic, this contribution provides information, not only about the number of immigrants into Slovakia, but also it collects emigrant data on particular states in the world. We point out the possible impacts of migration on the awaited demographic development in the Slovak Republic. The prognoses of demographic development of Slovakia refer to serious problems such as the ageing of population. Its extent will depend on a broad range of factors including migration, fertility and mortality. In the conclusion we indicate more proposals for measures from the state side by means of which, it would be possible to contribute to a reduction of negative impacts of migration on Slovakia.

**Keywords:** international migration, demographic development, Slovak Republic

**JEL Classification:** J 21, J 64

## 1. Introduction

The issue of international migration has an important place in economic research, particularly due to the enormous increase in migration flows over the past two decades. Individuals and groups leave their country of origin mainly for political, economic and social reasons. Their main motivation is to improve their current lives and to raise their living standards (Gorinas & Pytlikova, 2017). In today's societies, there are many immigrants coming from different nations and their integration into the host country is one of the most difficult problems in many economies.

In our contribution, we will primarily focus on examining the effects of migration on demographic development in the Slovak Republic. In the literature review, we will introduce the most important authors of the research field and their different approaches to the international migration, we will analyze their theories and models. The results of the contribution will focus on the analysis of the structure of immigrants and emigrants within the Slovak Republic in 2002 and 2016 according to the selected criteria, such as the age,

educational attained and reasons for relocation. We will find out the countries where the inhabitants of the Slovak Republic emigrate. Finally, we will examine the effects of migration on the demographic development of the Slovak Republic. In the conclusion of our paper we will outline the proposals of measures to reduce the negative effects of international migration on the demographic situation in Slovakia.

## 2. Literature review

Scientific literature dealing with the international migration puts great emphasis on exploring the main motives of migration. One of the most important motives of migration is the vision of a better future that stems from long-term dissatisfaction with its past life (Bonjour & Chauvin, 2018). We can say that there are currently many theories dealing with the motivation of migrants, but none of them is complex.

Given the limited scope of our contribution, we will focus only on the most important modern theories of migration, including the dual labor market theory, the theory of world systems, the theory of networks and the theory of migration systems.

The dual labor market theory refers to two sectors in the economy, under which there is the primary and secondary labour market. Piore was the most prominent representative of this theoretical approach (Piore, 1979). The Primary labour market employs a highly qualified labour force and the secondary labour market employs lower skilled labour force. Based on this division, the primary sector's preference with higher wages by the domestic population is explained. The gap in the secondary labour market is then filled by lower-skilled migrants willing to work for lower wages. According to Piore, immigration is not caused by push factors in countries of origin (low wages, high unemployment), but it is caused by pull factors in the target countries (demand for work).

The theory of world systems states that international migration is a result of the formation of capitalism. This theory has its origins in the work of Wallerstein (Wallerstein, 1974), which refers to three zones of the system - the core, the periphery and the semi periphery. The core is made up of countries that are the largest consumers of raw materials and also the largest sources of capital. Periphery supplies the raw materials and the cheap labor that migrates to the countries of the core. The semi periphery is formed by countries with both core and peripheral features. Owners and business executives are motivated to enter into new markets to gain land, raw materials, labor force and to penetrate to new markets. This process began in colonial times and has continued to this day. According to the theory of world systems, migration is a natural result of capitalist development. The penetration of capitalist economic relations into non-capitalist peripheral regions creates a population willing to migrate. The theory is generally intended to explain migration from colonial to present times.

The Network Theory emphasizes the importance of human contacts and ties based on family relationships, friendship, contacts, ethnicity or language group. It refers to networks of migrants connecting migrant settlers with potential migrants in the country of origin. Settled migrants act as a catalyst for further migration and facilitate it. Increasing the social capital of newly arriving migrants by assisting in providing information, providing a formal site of residence or when looking for a job (Taylor, 1986).

Institutional theories emphasize the impact of institutions on migration processes. They can be considered as complementary to network theories. They refer to the impact of different types of institutions such as migrant organizations, various non-profit organizations, cultural

organizations, humanitarian organizations, but also businesses. They support migration, addressing issues that are associated with a high interest in entering rich countries and restrictions (for example, visa requirement, limited work permits). This imbalance creates potential earnings, for example, for the development of the black market for migrants. At the same time, there are various non-profit organizations that help migrants (Levy, 2017).

A new interdisciplinary approach will be attempted, for example, by the theory of migration systems, which considers a system composed of several sending and receiving countries. Migration is part of a dynamic whole that includes historical, economic, cultural and political links between countries, both at macro and micro level. Migration is also a result and cause of different relationships in this system.

One of the authors who use the theory of migration systems is Jennissen. In its concept, the migration system consists of a migrant group and a group of migration target countries. The link between them is not just the migrants themselves but also the historical, cultural and technological aspects. The international movement of people is under certain social, political, demographic and economic conditions.

In our opinion, the theory of migration systems provides a comparatively comprehensive view of migration which is missing in other theories. In particular, considering the demographic, social, economic and political context in which migration is taking place, we consider it important.

### **3. Results**

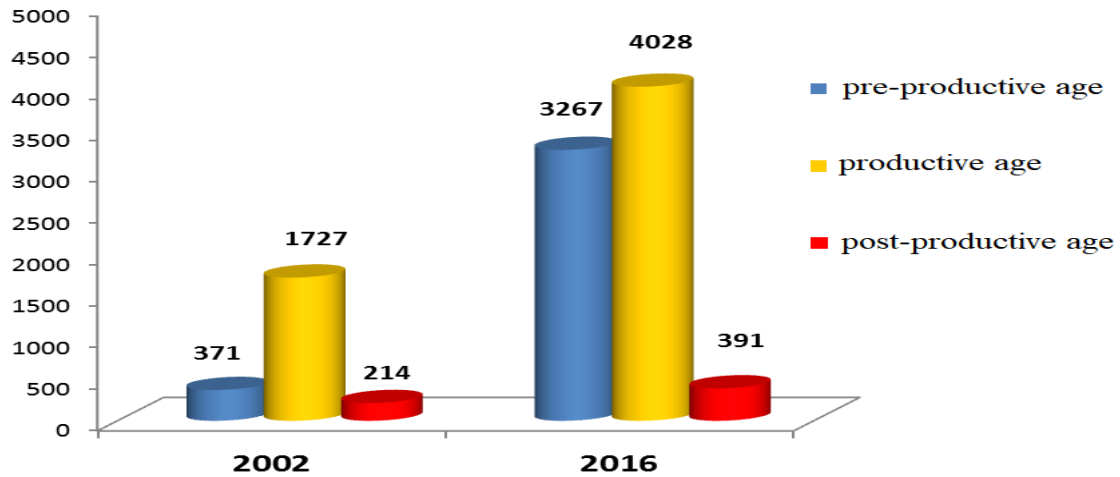
#### **3.1 Structure of immigrants in the Slovak Republic**

Since the 18th century, the Slovak Republic has historically been an emigration country, but the situation has changed after 1989- a year which was full of political and social changes not only in our country but also throughout the EU.

In our contribution, we will work with the data from 2015 and will progressively approach the structure of immigrants based on individual criteria such as age, educational attained and relocation. The data from 2016 will be compared with the data from 2002, in which it was finally decided about the accession of Slovakia to the European Union.

Let us therefore examine the age of migrants coming to Slovakia in the follow up years. Data in Figure 1 provide information on the number of immigrants in the follow up years. We divided them into three age categories. The first group is a pre-productive age (0-14 years) - 3 267 people from of this age migrated to Slovakia in 2016, which is incomparably higher than in 2002, when it was only 371. Compared to the age of 60 years and over, which is a post-productive age, there was much less migrants, because older people are no longer prone to change, they do not want to change their habits and places. However, we see that in the past, 214 people in post-productive age have changed their place of residence, which is considerably less than in 2016, when their number has risen to 391. It is also clear that the largest volume of migrant population is currently in working age (15-59 years), namely 4028 people in 2016 and 1127 immigrants in 2002.

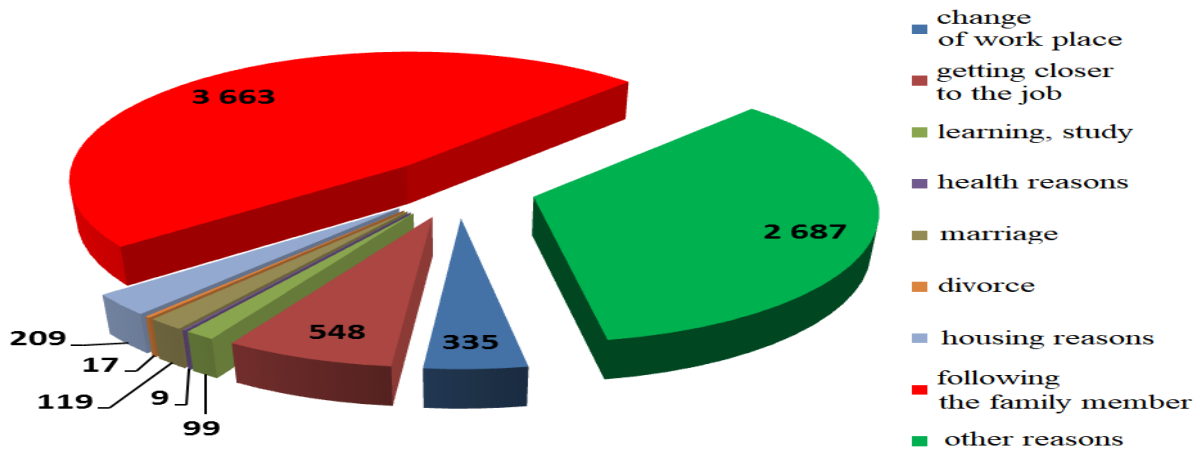
Figure 1: Comparison of immigrants by age in 2002 and 2016



Source: own processing according to the data of the Statistical Office of the Slovak Republic.

The following graph will give us specific reasons of foreigners to move to the Slovak Republic. The most frequently cited reason in 2016 is the following 3663 family member (cited by 3663 foreigners living in the Slovak Republic, representing 48% of the total immigrant population). Other, unspecified reasons are on the second place (2687), and the third place is the approach to the workplace - 548 people.

Figure 2: Reasons for immigration to the Slovak Republic in 2016

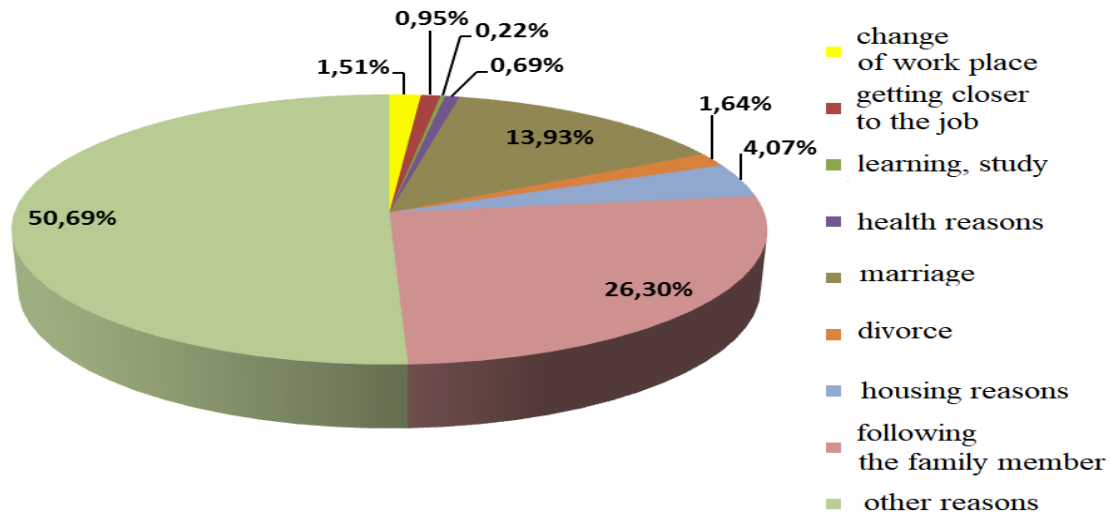


Source: own processing according to the data of the Statistical Office of the Slovak Republic.

Figure 3 shows data on the reasons for immigration to Slovakia in 2002. If we compare them with the data from the previous chart, we can see their considerable similarity. It is clear from the graph that the largest share, about half of all reasons, are other / unrecognized reasons, assuming that it may be due to economic reasons (for example wages), political, religious, and many others. The second largest figure, i.e. 26.3%, is the decision to follow a family member, who, by marriage, immigrated to the Slovak Republic approximately 14% of the total number of persons, compared to 1.55% in 2016. In 2002, only 5 migrants changed their residence due to their studies (0.22%), 16 of them due to their health reasons, representing 0.69%. It is

important to note that 35 individuals changed the residence due to work, which is significantly lower than in 2016.

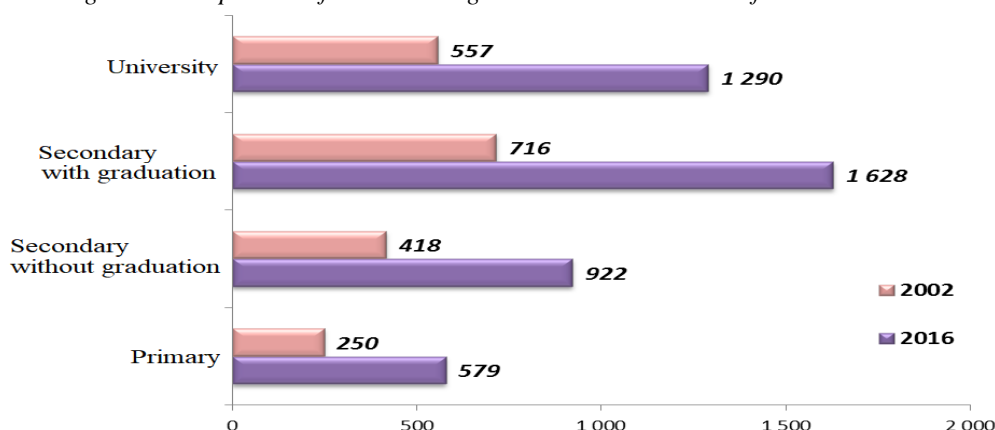
Figure 3: Reasons for immigration of foreigners in 2002



Source: own processing according to the data of the Statistical Office of the Slovak Republic.

A possible stimulus influencing the decision to migrate is also the level of education achieved. The following chart compares migrants by the four basic groups of education, namely: university, secondary school with the leaving exam, secondary school without the leaving exam and elementary education. The chart shows the data of the two years compared, with their values being color-coded. It is noteworthy that in both years mainly immigrants with their secondary education immigrated to the Slovak Republic, followed by university-educated people, a tight hatch of a people with secondary education without a school-leaving certificate, and finally - in the lowest number - individuals with elementary education.

Figure 4: Comparison of Slovak immigrants based on the level of education attained



Source: own processing according to the data of the Statistical Office of the Slovak Republic.

### 3.2 Structure of emigrants in the Slovak Republic

In 2002, most Slovak expatriates (611) left for reasons that were included in the group of "other reasons". The second crossover was marriage, and it is interesting that more women

(309) have moved to a greater extent than men (40). The third most cited reason for the emigration from Slovakia was following a family member, which reported up to 325 Slovaks. On the other hand, among the least common reasons were health reasons, so only 7 people left the country because of their health problems. A little more, more precisely 9 citizens left Slovakia because of the family disagreements that resulted in divorce. The discontent with the housing situation in the country showed only 16 people in this year, and 19 citizens preferred to study abroad. Finally, roughly the same number of migrants changed their permanent residence and moved from our country either because of a change of workplace or approaching to the workplace.

In 2016, the reasons are divided into the same groups, but it is clear that the stimulus have changed. Most people (up to 2007) left the country for "Other reasons". For 927 people, it was difficult to cope with the departure of a family member, so they decided to move on. The problem of long and difficult work was solved by 417 people just leaving the country, and 142 people replaced their previous employment in Slovakia for work abroad. For 130 inhabitants of Slovakia, housing conditions were the main reason for moving abroad. For 19 people out of the total number of displaced persons, the study was the primary motive, 8 people left Slovakia due to the divorce and only 7 people left the country for health reasons.

The educational structure of emigrants is also a very important reason for abandoning the country. If we focus again on the years 2002 and 2016, we can say that in 2002 most Slovaks who left Slovakia had high school education with leaving certificate (615), followed by 256 individuals with high school education without the leaving exam, 229 university graduates, and people with basic education (121) were on the last place. In 2016, the ranking on education was a bit different. Most Slovaks who left their country had secondary education with leaving certificate (1720), the second largest being university-educated people, then non-graduates (391), and finally, those with basic education (211).

On the basis of available statistical data, we can say that in the two years which we examined, in particular, those with a secondary education with a school-leaving examination were leaving Slovakia: 615 in the past, whereby in 2016 it was 1720, which represents nearly three times more emigrants. A large difference in volume is also seen in data on people with higher education, where we record more than three times the difference in their number.

In the context of emigration from the country of origin, the age structure of emigrants also plays a significant role. We can say that the most mobile expatriates are mainly people aged 20 to 50 (Gogola, 2017). When compared to the follow up years, we record the fact that most people left the territory of the Slovak Republic in productive age, then in the pre-productive and finally the fewest people in the post-productive age.

Labour emigration from the Slovak Republic has serious implications for its demographic development. An important change accompanying Slovakia as a result of emigration, which is mainly related to the departure of a young labour force from Slovakia in the active age, is the ageing of the population. In the territory of our country, there are people in pre-productive, but especially post-productive age, who no longer contribute to development. On the territory of our country there are people in pre-productive, but especially post-productive age, who no longer contribute to the development of the country (Rychtaříková, 2008). Based on the forecast of population growth in the Slovak Republic by 2050, the ageing process is expected to accelerate over the years. Even before the year 2060, the population is estimated at 4.6 million (Infostat.sk). In the short and medium term, however, migration can contribute to a temporary increase in population growth, a reduction in mortality and fertility.

## 4. Conclusion

In the previous section of our contribution, we have also found out what reasons led migrants to migrate. One of the major reasons for the decision to migrate is to change the workplace and approaching to the workplace. In this context, a question arises: Why do people leave Slovakia? In Slovakia, conditions for maintaining high-skilled but also low-skilled workers in the Slovak Republic, thus contributing to the growth of important macroeconomic indicators such as GDP, employment and much more.

Another measure of the government to eliminate the negative impacts of the migration of the Slovak Republic is the improvement of the quality of health care. People go abroad not only because they do not get health care of good quality, but also because of health care contributions, not knowing what they are entitled to for this money. High-skilled workers, including doctors leave Slovakia. The situation is desperate, as Slovakia does not have enough qualified doctors and nurses. They go abroad not only because of wages but also because of the possibilities of further education and the status of health workers.

The government should intensify the system of dual education of young people, which has been operating in Slovakia since 2015. Students of secondary vocational schools thus acquire theoretical knowledge and gain professional experience in particular companies. Their chances in the Slovak labour market will increase in this way.

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# REFLECTION OF GLOBALIZATION IN THE KEY FOREIGN-POLICY DOCUMENTS OF THE CZECH REPUBLIC

Jan Martin Rolenc<sup>1,a</sup>

<sup>1</sup> Jan Masaryk Centre of International Studies, Faculty of International Relations, University of  
Economics, Prague, nám. W. Churchilla 4, Praha 3, 130 67, Czech Republic

<sup>a</sup>rolencj@vse.cz

**Abstract.** Despite contestations of the origins, meaning, and consequences of globalization, it is certainly happening, and it influences especially small countries such as the Czech Republic. The aim of the paper is to analyse if and how globalization is reflected in the key foreign-policy documents of the Czech Republic. First, the paper identifies the key signifiers – ideas, themes, keywords, or other categories associated with globalization in academic literature, namely in the peer-reviewed journal articles published since the 1990s written by selected highly cited authors in the field. Second, it searches for these signifiers in the current key foreign-policy documents of the Czech Republic, for example in the policy statement of the Czech government, the concept of the Czech foreign policy, the Czech security strategy, etc. The method used in the paper is qualitative content and discourse analysis of the selected texts/documents. Finally, the paper presents the results of analysis, discusses and interprets them. The procedure and methods enable to answer for example the following questions: Is globalization reflected in the key foreign-policy documents of the Czech Republic? What are the main themes, which are reflected? Which dimensions of globalization (economic, security, cultural, institutional, etc.) are reflected most? Is globalization reflected as an opportunity or a threat?

**Keywords:** content analysis, Czech Republic, foreign-policy documents, globalization

**JEL Classification:** F02, F50, F60, H56

## 1. Introduction

Despite contestations of the origins, meaning, and consequences of globalization, it is certainly happening, and it influences especially small countries such as the Czech Republic. The aim of the paper is to analyse if and how globalization is reflected in the key foreign-policy documents of the Czech Republic.

First, the paper will identify the key signifiers – ideas, themes, keywords, or other categories associated with globalization in academic literature, namely in the peer-reviewed journal articles published since the 1990s written by selected highly cited authors in the field. Second, it will search for these signifiers in the current key foreign-policy documents of the Czech Republic, for example in the policy statement of the Czech government, the concept of the Czech foreign policy, the Czech security strategy, etc. The method used in the paper will be qualitative content and discourse analysis of the selected texts/documents. Finally, the paper will present the results of analysis and discuss and interpret them.

The procedure and methods will enable to answer for example the following questions: Is globalization reflected in the key foreign-policy documents of the Czech Republic? What are

the main themes which are reflected? Which dimensions of globalization (economic, security, cultural, institutional, etc.) are reflected most? Is globalization reflected as an opportunity or a threat?

## **2. Methods: Content and discourse analysis, signifiers, documents**

The method used in the paper is qualitative content and discourse analysis (and to a lesser extent, quantitative content analysis) of the selected documents. Although there are debates about the character, differences and compatibility of these two types of text analysis (Gerring, 2004), to fulfil the aim, the paper needs to study the presence (or absence), (in)significance, and meaning of the key globalization signifiers in the current main Czech foreign-policy documents.

First, it is necessary to identify the key signifiers – ideas, themes, keywords, or other categories associated with globalization in academic literature, namely in the peer-reviewed journal articles published since the 1990s written by selected highly cited authors in the field (Bezemer & Jong-A-Pin, 2013; Bremmer, 2014; Cerny, 2010; Christopherson et al., 2008; Cuervo-Cazurra et al., 2017; Ghemawat, 2017; Held, 2000; Kose et al., 2009; Lane & Milesi-Ferretti, 2008; Mathews, 1997; Olivier et al., 2008; Rosenau, 2007; Slaughter & Zaring, 2006; Ruggie, 1993). With respect to the fact that globalization is both a complex phenomenon and an essentially contested concept (Rolenc, 2016; 2017), the following signifiers have been mostly identified with globalization:

1. The growing importance of markets (economy) and the declining authority of states (politics);
2. The driving force of science and technology – computer and telecommunications revolution, information revolution, time-space compression;
3. The declining importance or “unbundling” of territoriality – flows (of goods, capital, labour/people, or information) instead of territories and borders, themes such as environment, human rights, migration, European Union;
4. Changes in identities – national and other traditional identities give way to local and transnational ones, there is potential for conflicts;
5. Changes in the organization of society and politics – hierarchy and centralization give way to networks and horizontal organization, disaggregation of authority, new collectivities, (trans)governmental networks, non-state actors (NGOs, TNCs, organized crime, terrorism);
6. States cannot cope individually with the above-mentioned problems – they are “global”;
7. Incessant change, uncertainty, etc.

Second, the current key foreign-policy documents of the Czech Republic have been searched for the signifiers and analysed – by a basic search in the text, as well as by analysing their context in the relevant sentences, paragraphs and documents as a whole, and in relation to other signifiers, including those not relevant or in opposition to globalization. Specifically, the following documents have been analysed:

- A. Policy Statement of the Government of the Czech Republic 2018 (Vláda ČR, 2018);
- B. Concept of the Czech Republic’s Foreign Policy 2015 (Ministerstvo zahraničních věcí ČR, 2015); and the following documents (or their updates) mentioned by the Concept:

- C. The Czech Strategy in the EU (Vláda ČR, 2015, B);
- D. Security Strategy of the Czech Republic 2015 (Vláda ČR, 2015, A);
- E. Development Cooperation Strategy of the Czech Republic 2018–2030 (Ministerstvo zahraničních věcí ČR, 2017);
- F. Concept for a Unified Presentation of the Czech Republic 2005 (Vláda ČR, 2005);
- G. Export Strategy of the Czech Republic 2012–2020 (Ministerstvo průmyslu a obchodu ČR, 2012);
- H. Updated Export Strategy of the Czech Republic 2012–2020 (Ministerstvo průmyslu a obchodu ČR, 2016).<sup>21</sup>

There are some limitations to this approach, the main being that since only the currently valid documents have been analysed, the paper cannot discuss the evolution of reflection of globalization in the Czech foreign-policy documents. On the other hand, as will be evident from the analysis below, the content of the documents is influenced by political choices and ideologies and, therefore, there is no “natural” evolution or development or progress in this respect.

### **3. Results: Analysis of the reflection of globalization in the key Czech foreign-policy documents**

**The Policy Statement of the Government of the Czech Republic 2018** (Vláda ČR, 2018) is a long document (40 pages) but explicitly addresses global(ization) only once, stating that multilateral international groupings, such as the UN, the WTO, the World Bank, the IMF and the OECD, are crucial in terms of the “global approach” to security issues (e.g. nuclear matters, migration), as well as issues related to the economy, development and the environment. It is not entirely clear what the wording means but probably the government wants to say that such issues require global solutions.

The section on the Czech foreign policy and EU begins with a strong statement that the “mainspring will be the championing of the Czech national interests” (p. 24). This is a key principle also in relation to the EU – the Union must do less but much better, the role of the member states and the European Council must be reinforced; the EU and the member states must secure their external borders against terrorism, radical Islamism and cyber-attacks, etc. Economic diplomacy is also mainly about promoting the Czech economic interests. The section just briefly mentions human rights, development cooperation and humanitarian aid.

The sections dealing with defence and internal security are relatively strongly inward-looking. They keep repeating that we must defend our borders and/or territory against e.g. illegal migration or hybrid and cyber-threats; that we must prioritise our energy security and self-sufficiency, as well as domestic food self-sufficiency, protect the soil, water and domestic raw materials.

The rest can be summed up in the order of the above-mentioned globalization signifiers. The growing influence of (global) markets is contrasted with e.g. the requirement of new and effective procedures in the administration of international corporations’ taxes. There is a special

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<sup>21</sup> Although the paper is written in English, Czech versions of the documents have been analysed (and are cited here), since these are the original versions.

section on digitalization; new technologies are mentioned also when discussing internal security or industry and trade. In terms of identity politics, there is a strong sense of “us versus them” (e.g. immigrants, terrorists, or even the EU). There are no mentions of civil society, NGOs, etc. (only the general term “citizen” is used). The section on environment is inward-looking and only mentions the Paris Agreement. The expression “changing world” is used once.

**The Concept of the Czech Republic’s Foreign Policy 2015** (Ministerstvo zahraničních věcí ČR, 2015) begins with a section on the “Global Context”. It suggests that global trends play a decisive role in how the Czech Republic engages with the world. It follows discussing the rising importance of the global South and technological progress, which bring both opportunities but also threats, such as competition for scarce resources, swelling populations, environmental deterioration, failed states, terrorist threats, organized crime, humanitarian crises and spates of migration. It suggests that non-state actors are also wielding increasing influence as they bring both added value to the global order (NGOs and TNCs are mentioned) and threats (e.g. terrorism, organized crime). The document closes acknowledging the clash between the current high level of interdependence and uncertainty. Hence, on the first page, the Concept deals with virtually all the globalization signifiers listed above. On the other hand, it keeps repeating that the problems must be approached multilaterally, by cooperation among the states – a rather traditional approach.

As to the importance of markets, the Concept suggests that the Czech Republic is an open economy and global needs and trends or external demand have a significant impact on the country’s prosperity; therefore, it needs an open and predictable international economic order based on clear and fair rules. The document claims that rising global prosperity leads to an improved worldwide security, as well as better social and environmental situation; the global South’s economic development contributes to our own prosperity. The document does not deal with technological development apart from the one instance mentioned above.

The Concept discusses the phenomena, which cross borders, such as the environment, human rights, migration, or the European Union, quite extensively. Often, it underlines how the various domains of globalization are interconnected. E.g. the document suggests that terrorism and organised crime take root more easily where living conditions are undignified; hence, security is linked to human rights and trade, development cooperation and humanitarian aid. Development cooperation helps to reduce global inequalities and enables to tackle the challenges posed by migration. Climate change has both security and human dimension. Human rights and dignity are also linked with security; the denial of such rights may invite international instability; the Concept suggests consultations across regional groupings of human rights organisations.

As to the changes in the organization of society and politics, the document keeps promoting the role of the non-state sector. E.g. in the sustainable development agenda, the private sector should be engaged more actively, there should be cooperation between the public, non-profit and private sectors. The Concept discusses the increasing global mobility, which must be reflected in the consular and visa service and the Czech Republic’s branding; apart from cooperation with the Czech diaspora, the focus should be on the “new” Czech expats who reside abroad permanently or on long-term basis, as well as on the community of foreign nationals in the Czech Republic who can help spread the reputation of the country in their countries of origin.

**The Czech Strategy in the EU** (Vláda ČR, 2015, B) says that the Union was and is facing “global trends” such as the world economic and financial crisis, competition with newly

emerging economies including low-cost labour, scarcity of natural resources, climate change, terrorist threats and worsening relations with Russia. The member states cannot face these “global challenges” individually. An important topic is also preventing tax evasion and regulating tax havens.

**The Security Strategy of the Czech Republic 2015** (Vláda ČR, 2015, A) maintains that the Czech Republic’s security is inseparable from the global security situation. The security environment is in the process of dynamic change and it is increasingly unpredictable. There are new, non-military, non-state or supranational and, therefore, asymmetric threats. Geographically distant security problems can influence the Czech national security. Internal and external security keep blending together. Therefore, the approach to providing security must be comprehensive – a combination of military and civil tools, including diplomatic, legal and economic means.

The Strategy names a number of negative aspects of globalization: “namely the opportunities to misuse the interconnected financial markets in the absence of an efficient international regulatory system, and the opportunities to misuse information and communication technologies and infrastructure. Uneven economic development and the ease with which radical political and religious ideas can spread are additional factors contributing to instability. High mobility speeds up the spreading of infectious diseases, including those with pandemic potential” (p. 9). It states that non-state actors are increasingly important and potent, while the states’ authority is declining.

The document asserts that development and transformation cooperation and humanitarian aid represent an efficient tool contributing to global security and stability. It repeatedly underlines the role of the UN and principles of collective security in tackling the global security issues – again, a rather traditional approach.

**The last four documents** focus on their particular areas of interest. The Development Cooperation Strategy of the Czech Republic 2018–2030 (Ministerstvo zahraničních věcí ČR, 2017) discusses e.g. the UN Sustainable Development Goals and the EU Global Strategy. The Concept for a Unified Presentation of the Czech Republic 2005 (Vláda ČR, 2005) covers virtually no global issues. And the Export Strategy of the Czech Republic 2012–2020 (Ministerstvo průmyslu a obchodu ČR, 2012) and its update (Ministerstvo průmyslu a obchodu ČR, 2016) contain a number of mentions of the first signifier, such as global markets, global economy, global demand, global diversification of exports, global production chains, “born globals” (TNCs), global financial and economic crisis, global South and the Map of Global Sectoral Opportunities.

#### **4. Discussion and conclusion**

The procedure and methods of this paper have enabled to answer the following questions: Is globalization reflected in the key foreign-policy documents of the Czech Republic? Yes, it is – but with the exception of two documents. First, the Policy Statement of the Government of the Czech Republic 2018 virtually lacks any direct links to globalization and implicitly it is not much present either. Most sections of the Statement are inward-looking, including those on industry and trade and environment. There is a sense of “us against them”, including towards the European Union. Somehow unsurprisingly, the Concept for a Unified Presentation of the

Czech Republic 2005 does not address globalization either, although it could – in a way similar to the discussion about the Czech expats abroad or foreigners living in the Czech Republic.

On the other hand, the Concept of the Czech Republic's Foreign Policy 2015 and the Security Strategy of the Czech Republic 2015 tackle globalization on many occasions. In this respect, the documents can be considered well-prepared, reflecting the long-term global trends and their consequences for the country. On the other hand, when they discuss problems or threats ensuing from the global processes, they revert to rather traditional arguments of the necessity of cooperation among states, multilateralism, the need to regulate non-state actors, etc.

Which dimensions of globalization (economic, security, cultural, institutional, etc.) are reflected most? What are the main themes which are reflected? Some documents have a narrow focus and naturally reflect only one of the globalization signifiers or dimensions – such as the Export Strategy of the Czech Republic 2012–2020 and its update, which focus on economic issues and markets. The documents with a broader outlook seem to oscillate around one domain, more or less surprisingly – security. This is the case of the Concept of the Czech Republic's Foreign Policy 2015, the Development Cooperation Strategy of the Czech Republic 2018–2030 and, to the extent to which it deals with globalization, of the Policy Statement of the Government of the Czech Republic 2018.

Moreover, there is a sense of interconnection between the dimensions, with important consequences for the Czech Republic's stability and security – which may be both a good and bad – but belongs to the signifiers of globalization in the security domain. As to the themes covered, most documents mention the European Union, migration, terrorism and organized crime. Less focus is on human rights and the environment – with the exceptions of the Concept of the Czech Republic's Foreign Policy 2015 and the Development Cooperation Strategy of the Czech Republic 2018–2030. These two documents plus the Security Strategy of the Czech Republic 2015 also discuss the increasing importance of non-state actors.

Is globalization reflected as an opportunity or a threat? This seems to be a simple question because the answer ranges from “an opportunity” in case of the Export Strategy (with the exception of the global economic and financial crisis in 2008–2009), through “both” in case of almost all other general documents, to “a threat” in the Policy Statement of the Government. Surprisingly, the notion of change is not much covered in the documents, while the themes of uncertainty, unpredictability, insecurity, etc. are quite common.

Based on the analysis, discussion and conclusions, there may be some policy recommendations. A minor one is to update the Concept for a Unified Presentation of the Czech Republic 2005, which is already 13 years old and not in line with other, newer general documents. A major recommendation is that the Policy Statement of the Government, although it is a political document which reflects the political priorities and ideologies of the government parties, should pay more attention to the general long-term foreign-policy documents – the Concepts and the Strategies, which the Czech Republic already has. Also the latent security paradigm or securitization of issues, although it is a signifier for (academic) reflections of globalization, seems to be not productive in the long term.

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# MEMBERSHIP IN INTERNATIONAL ORGANIZATIONS WITH RESPECT TO THE CREATION OF THE SOFT POWER OF THE SLOVAK REPUBLIC

Peter Rosputinsky<sup>1,a,\*</sup>

<sup>1</sup>Department of International Relations and Diplomacy, Faculty of Political Science and International Relations, Matej Bel University, Kuzmanyho 1, 974 01 Banska Bystrica, Slovakia

<sup>a</sup>peter.rosputinsky@umb.sk

\*Corresponding author

**Abstract.** There are many scholar studies on the concept of the state's soft power in general but authors usually do not focus on the possibilities of international organizations to create or to enhance the soft power potential of their member states. This article is a partial output of the project aimed to conduct a study of the potential of harnessing the soft power for small states. The research task of this article is the question if sponsorship of draft resolutions in various international governmental organizations influences the soft power of the Slovak Republic. Firstly, the author did the research work in the Slovak ministries, other central organs, about when and how many draft resolutions the Slovak Republic (co) sponsored in international organizations, and how many of them were finally approved. Subsequently, author summarises and analyses the required information in order (a) to identify whether the Slovak Republic obtains support with respect to its proposals or not and (b) to formulate the conclusion or recommendation in the connection to the soft power of the Slovak Republic.

**Keywords:** soft power, membership, international organizations

**JEL Classification:** F59

## 1. Introduction

Each internationally recognized state seeks to become a member in plenty of international organizations, even although the value of universal participation has been tainted by the participation of undemocratic states as in the UN Human Rights Commission (Alvarez, 2006). This endeavour is overall legitimate in the globalized world and its result is full-valued state's integration into the international community as other relevant member with equal rights. Subsequently, the period of admitting procedures is naturally followed by the everyday routine work within international organizations. States are willing to maximize the rate of their national interests' satisfaction through all instruments available in international organizations. The impact of globalization is inter alia the competition as well as the conflict of states' interests including interests in international organizations. Typically, more powerful states possess more significant role in international organizations, e. g. due to higher amount of voting rights or due to specific position as that of permanent membership in the key organs. The states with weak power often have much lower influence in the decision making process of international organizations and their other activities in comparison to the Great Powers.

On the other side, membership of a state in an international organization offers diverse range of possibilities for improvement of state's international status in the globalized world including

strengthening of its government's credibility (Dreher & Voigt, 2011) or its soft power. This regards chairmanship to various forums, agencies or even entire organizations, running for offices and posts within the international organization, hosting and organising various events, proposing the matters of agenda and resolutions, participation in discussions and making speeches in bodies of the international organization, financing the operation of the international organization or providing personnel to help the organization to achieve its objectives. There is an opinion that “[t]he depth and breadth a country engages itself in international organizations reveal whether its diplomacy is mature or not.” (Xie, 2011) This may not necessarily be the case because of the state may have many reasons to choose passive participation in an international organization or even for withdrawal from the international organization and these facts do not have to be a proof of immaturity of its diplomacy. Nonetheless, the depth and breadth of a country's involvement to an activity of an international organization reflects the scale of activity of the state's foreign policy.

As this article is drafted as a partial output within the project dedicated to revealing the potential of harnessing the soft power for small states, I decided to choose for my research the question if sponsorship of resolutions in organs of international organizations does influence the soft power of the Slovak Republic (hereinafter “SK”). The objective was first to do the research in the Slovak ministries and other central organs providing representation of the SK in international organizations, about when and how many resolutions and other suggestions did the SK sponsored or cosponsored in international organizations and how many of them were approved. Subsequently, the abovementioned data should have been summarised and analysed to enable (a) to identify whether the SK obtains support with respect to her proposals or not and (b) to formulate the conclusion or recommendation in the connection to the soft power of the SK.

## 2. General considerations

For the purposes of this article, the term soft power means the ability of a state to change the conduct of another state or other states. This ability is based on an attractiveness of the first state or on a source of this attractiveness with intention to achieve a desirable result from the first state's perspective without the need to use force, compulsion, financial resources nor economic advantages. The author of this definition of the soft power is Joseph S. Nye, who considered values, culture and foreign policy as its basic instruments (Nye, 2004). The fact that the soft power is not only a theoretical concept from American academia but it is real and integral part of international politics, is proved by incorporation of this term into the official strategies of the foreign policy of many states including the Russian Federation (although only) in 2013 and 2016 (Lebedeva, 2017) or by studies of practical implications of the soft power in international relations even in case of such entities like the Holy See (Byrnes, 2017). In the today's world international politics is increasingly arising in the field of multilateral international institutions, most commonly in international organizations. And these institutions do have not only increasing formal competences but also undeniably strong informal governance, even able to modify the effects of the legal or formal norms (Stone, 2013). “*States can easily impact desires and considerations of the other states by active participation in the creation of the so-called international political agenda.*” (Flanderová, 2013). International organizations represent the natural platform offering the possibility to realize the stated activities. Member states have the right to suggest the topics which should or could be given attention by the organization as well as they can suggest solutions of various problems. The advantage of international organizations is that almost all procedural aspects are given in

advance with clearly defined details in relation to the terms of negotiations, forms of negotiations or voting mechanism.

An active member state of an international organization has the opportunity not only to achieve the realization of its own national interest but also to improve its own prestige and soft power by the use of right to propose the matters of agenda of the organs of the international organization. This particularly applies for the smaller states, suggestions of which have a chance to be successful, especially if they are an expression of the general values, are respecting the current situation, are internationally acceptable and are bringing solution of some problem. It is therefore very likely that a small state will gain support to specific suggestion mostly due to the attractiveness and the quality of the actual suggestion. Regardless of the fact whether in voting behaviour<sup>22</sup> of international assemblies prevails blocs voting or preferences of member states, the authorship of the proposals also proves important (Hug & Lukács, 2014). Other ways of gaining support for own proposals are more typical for powerful states: there are reported even cases of buying votes from temporary members of the UN Security Council by the permanent members of the UN Security Council because of financial aid or some political or economic benefits (Hwang et al., 2015).

The membership of the SK in international organizations is the subject of a regular evaluation by the government of the SK for more than ten years. For the first time it took place in 2006 as a review about financial aspects of the membership of the SK in international organizations and about the suggestion to change the way of payment of the membership fees to international organizations in the relation with transition from a centralised to a decentralised system of the Slovak Republic's payments of fees to international organizations. This first evaluation was focussed almost exclusively on the financial considerations of the Slovak Republic's membership in international organizations and the other positive aspects of the membership, such as economic and material, were only mentioned briefly: participation on the work of international organizations, presentation and pushing own interests ahead, extraction from informational databases and international organizations' "know how" for national needs, possibility of personal representation by staff from the SK in the machinery of international organizations and presentation of the Slovak experts' capability within the international community (Správa o finančných aspektoch členstva, 2006). In 2008, the title of evaluating reviews was changed to Complex evaluation of effectivity of the Slovak Republic's membership in international organizations and related financial aspects. Despite the change of the title, the contents remained focussed on the financial aspects of the Slovak Republic's membership in international organizations, although the rating standards should be not only (a) height of membership contributions; but also (b) importance and benefits of membership; (c) possibilities of presentation; (d) reserves; (e) possibilities of involvement of the Slovak Republic's citizens; (f) Slovak Republic's candidacy.

### 3. Research

In any of the eight evaluating reviews from 2006 to 2018 there was no explicit reference about contribution of the Slovak Republic's membership in international organizations to creating the soft power of the SK<sup>23</sup>. And even this fact stimulated the interest to do the research

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<sup>22</sup> See, e. g. an excellent study of the UN member states' voting behaviour in the UN General Assembly introduced by Frank Häge and Simon Hug in 2016.

<sup>23</sup> Until 2018 the official evaluations were made in biennial cycles for two previous calendar years. From 2018 the evaluation will be done every four years, e. g. the next report will be submitted in 2022 for the period from 2018 to 2021.

whether the SK is monitoring the success rate for her proposals submitted in organs of international organizations. Since the decentralised system is used in the SK to collaborate with international organizations, it was impossible to address only one national organ representing the SK in particular international organizations within the practical part of the research. In the case of the SK the liaison with international institutions is maintained by altogether 15 authorities: 12 ministries and three central organs of the state administration similar to ministries, which administrate particular international cooperation. According to the Complex evaluation of effectivity of the Slovak Republic's membership in international organizations and related financial aspects, dated from 11 April 2018, there were altogether 145 international institutions included within the competence of those 15 authorities by 31 December 2017.

Due to the fact that at the time of research realization last two of the abovementioned institutions were not mentioning on their internet webpages international cooperation with any international organization, I decided to refrain from sending them a request for their position to my research task. On 18 July 2018 I sent to all the other 13 institutions a written request for the reporting of following information:

- a) when and how many draft resolutions/decisions/other proposals did the SK submit in every international organization in which is the SK represented by your ministry/institution and how many of them were endorsed/approved (chronologically categorized from the date of the Slovak Republic's admission to a corresponding international organization),
- b) when and how many draft resolutions/decisions/other proposals did the SK submit together with the members of the V4 in every international organization, in which is the SK represented by your ministry/institution and how many of them were endorsed/approved (chronologically categorized from the date of the Slovak Republic's admission to a corresponding international organization),
- c) when and how many draft resolutions/decisions/other proposals did the SK submit with other state/other states in every international organization, in which is the SK represented by your ministry/institution and how many of them were endorsed/approved (chronologically categorized from the date of the Slovak Republic's entry to a corresponding international organization).

#### **4. Results of the research**

Except the Ministry of Economy of the SK, every one of the thirteen addressed institutions responded to my requests for information. Taking into account the fact that the requests were drafted based on the law on free access to information, it is only especially gratifying that, in principle, the corresponding central state organs respect the citizens' right to access the information and its legal regulation. On the other side, the answers were not as gratifying from the point of view of the realised research. According to their contents, it is possible to categorise the delivered answers into the three groups.

The first group is represented by those reactions which did not provide particular responses to the abovementioned questions, based on their own decisions issued according to the law on free access to information. That is altogether the case of six organs. Three ministries did not comply with the request (the Ministry of Education, Science, Research and Sport of the SK, the Ministry of Transport and Construction of the SK and the Ministry of Agriculture and Rural Development of the SK), two institutions rejected my request (the Ministry of Environment of the SK and the Slovak Office of Standards, Metrology and Testing) and the Ministry of Labour, Social Affairs and Family of the SK decided not to disclose information. The common basis of the abovementioned decisions was the argument that the state authorities cannot comply with

my request because they are not in possession of the required information and they do not record the requested data. According to the reasoning of majority of the stated dismissive answers the response did need creation of new information which did not exist in the time of submission of my request, whereas there is no legal obligation commanding the given organs to create this kind of information. Some of the addressed institutions (the Ministry of Agriculture and Rural Development of the SK and the Ministry of Labour, Social Affairs and Family of the SK) indirectly admitted that they (maybe) are in possession of some information related to the matter itself but definitely not in a requested format. They added that the response to my questions would constitute a qualified processing of information or, in other words, that it would be a creation of new information which the addressed institutions are not obliged to do on my incentive. On the other side, other organs expressly clarified that they do not monitor, collect nor evaluate the data related to submitting draft resolutions to international organization (the Ministry of Education, Science, Research and Sport of the SK), or more precisely they do not keep a record of submitted draft resolution and approved resolutions (the Ministry of Transport and Construction of the SK and the Ministry of Environment of the SK).

The second group of responses consists of the negative answer without any legal decision on the merits. This is the case of the response of the Ministry of Finance of the SK which stated that it does not submit any resolutions nor it does not keep any record in the sense of my request for information. Although this response is negative like the ones from the first group, it is different from them because the request was refused only informally by e-mail.

The third group of responses is formed of the reactions which answered directly to the question asked. Responses of five institutions belong to this group. This concerns the response of the Ministry of Health of the SK, according to which the SK cosponsored three resolutions within WHO between 2016 and 2018 and the response of the Nuclear Regulatory Authority of the SK, according to which the SK did cosponsored on General conferences of the IAEA altogether 48 draft resolutions between 2007 and 2017. The table below contains the data regarding these draft resolutions. Nonetheless, the relevant piece of information is that this statistic was created *ad hoc* on my request and was not kept recorded separately before my request.

The more comprehensive position was also submitted by the Ministry of Foreign and European Affairs of the SK<sup>24</sup>, which stated that it does not keep any record or any list containing the information about draft resolutions, decisions or other proposals, which the Slovak Republic submitted separately or together with other states nor the information about how many of the submitted draft resolutions were finally approved. At the same time, this ministry: (a) in its response referred to its own evaluating reviews, to the abovementioned general reviews as well as to the annual reviews about the session of the UN General Assembly; (b) attached to its response the information about activities of the Slovak Republic in the OECD, in which it explicitly mentioned the possibility of exploiting the soft power through holding of influential elected posts within various international structures of the OECD system while stating the current five positions occupied by the Slovak Republic's representatives. According to the response of the Industrial Property Office of the SK, in the case of the SK and the WIPO, the suggestions are submitted and coordinated in sessions of the work groups of the Council of the EU in Brussels<sup>25</sup> and then continuously during the sessions within the WIPO, whereas regarding

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<sup>24</sup> The response of the Ministry of Foreign and European Affairs of the SK No. 066393/2018-LEG2-0103982 dated 30 July 2018 to my request for information dated 18 July 2018.

<sup>25</sup> Interesting information could be added: the SK, between 2004 and 2011, belonged to the six EU member states which in the UN General Assembly did the least often cast a deviating vote from EU's majority position (Burmester & Jankowski, 2018).

the dynamics and complexity of discussed topics in each WIPO committee, it is practically unreal to keep the detailed statistics in the sense of my request<sup>26</sup>. According to the response of the Ministry of Interior of the Slovak Republic, the representatives of this ministry are participating in the work of various units of corresponding international organizations by submitting amendments to draft resolutions and by some other ways; however they do not submit their own draft resolutions or other proposals<sup>27</sup>.

*Table 1: Draft resolutions of the Nuclear Regulatory Authority of the Slovak Republic on General conferences of the IAAE between 2007 and 2017*

| Year | Number of cosponsored and approved resolutions | Out of that number of draft resolution cosponsored with V4 states | Year | Number of cosponsored and approved resolutions | Out of that number of draft resolution cosponsored with V4 states |
|------|--|---|------|--|---|
| 2007 | 5  | 2   | 2013 | 4  | 2   |
| 2008 | 5  | 2   | 2014 | 4  | 2   |
| 2009 | 5  | 2   | 2015 | 3  | 2   |
| 2010 | 5  | 2   | 2016 | 4  | 4   |
| 2011 | 4  | 2   | 2017 | 4  | 4   |
| 2012 | 5  | 3   | 2018 | n/a  | a/a   |

*Source: The annex to the response of the Nuclear Regulatory Authority of the Slovak Republic No. 4900/2018 dated 30 July 2018 to my request for information dated 18 July 2018*

## 5. Conclusion

General evaluating reviews about effectivity of membership of the SK in international organizations imply that the Slovak Republic is well aware of the possibilities that are offered by international organizations for their members. The government of the Slovak Republic, however, is realistic and openly critical towards the real degree of exploiting of these possibilities. It specifically marks insufficient harnessing of international organizations' potential as "*chronic lack of the Slovak Republic's membership in international organizations*", which is caused by limited possibilities of line ministries and long term underrating of personnel, capacities and finance (Complex evaluation, 2018). This general evaluation exceeds within our research and this article.

The most important finding resulting from the research carried out is that the Slovak republic does not keep any record or statistic of the draft resolutions which are submitted by her representatives in international organizations. It follows that it is impossible to make any evaluation of the impact of submitting and approving the Slovak Republic's proposals in organs of international organizations with respect to the Slovak Republic's soft power. Another finding is that the SK operates passively in many international organizations, in some of them even up to the point that she did not nominate her own representative or does not submit own proposals.

It is obvious that the implementation of the foreign policy in general or improvement of the state's international prestige or strengthening of its soft power demand time, staff and financial costs. Without solving this basic framework it is not possible to effectively use international organizations in any of the positive dimensions they offer. From the side of the Slovak Republic as the member of international organizations as a solution it is possible to suggest paying

<sup>26</sup> The response of the Industrial Property Office of the SK dated 17 August 2018 to my request for information dated 18 July 2018.

<sup>27</sup> The response of the Ministry of Interior of the Slovak Republic No. KM-TO-2018/005794-004 dated 26 July 2018 to my request for information dated 18 July 2018.

attention to selected organizations and seeking to thoroughly operate in their structures in the long term as an active member. With respect to the institutions in which the Slovak Republic's representatives are operating, it is possible to gather information on the Slovak Republic's activities as a sponsor of draft resolutions, to concentrate all data and to evaluate them at one place, for instance at the Ministry of Foreign and European Affairs of the SK. This measure will not bring any financial expenses and will be easily practically performed both from the time and technical aspects, e. g. through sending a brief delegate's report on draft resolution (in very simplified structure: type and content of the proposal) and its approval or disapproval in the international organization. The eventual realisation of such a measure is up to decision of competent authorities devoted to the relation of the Slovak Republic to international organizations, whereas the incentive to consider the adoption of this measure represents this article, copy of which I will deliver to each institution that answered my request for information.

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## HOW EMPLOYEES PERCEIVE CONTROLLING IN THE CONTEXT OF GLOBALIZATION?

Mariana Sedliacikova<sup>1,a\*</sup>, Anna Satanova<sup>2,b</sup> and Maria Moresova<sup>3,c</sup>

<sup>1</sup> Technical University in Zvolen, Faculty of Wood Sciences and Technology, Department of Business Economics, T. G. Masaryka 24, 960 53 Zvolen, Slovak Republic

<sup>2</sup> Collage of International Business ISM Slovakia in Prešov, Duchnovicovo namestie 1, 080 01 Presov, Slovak Republic

<sup>3</sup> Matej Bel University in Banska Bystrica, Faculty of Economics, Department of Corporate Economics and Management, Tajovskeho 10, 975 90 Banska Bystrica, Slovak Republic

<sup>a</sup>sedliacikova@tuzvo.sk, <sup>b</sup>satanova@ismpo.sk, <sup>c</sup>maria.moresova@tuzvo.sk

\*Corresponding author

**Abstract.** The world economy, the growth of globalization and the ever-increasing competition affect every business. Therefore, companies improve constantly their management systems and try to eliminate shortcomings. Controlling is considered, in the context of globalization trends, to be a key tool by which enterprises can support their management system. However, it is necessary for the success of the implementation of controlling to the company, to respect the psychological aspects of the perception of controlling by the individual internal interest groups of the company. It is important for an enterprise to consider psychological factors that influence the perception and subsequent acceptance of controlling by employees of the company. The aim of the paper was to propose, based on the analysis of primary and secondary resources, a model of controlling implementation that will respect the psychological aspects affecting the perception of controlling by employees of the company. The given problem was investigated in Slovak business practice by a questionnaire. The main psychological factors that affect employees during the process of enforcing of controlling to the enterprise were identified from the results of the research. The purpose of the model was to make controlling fully functional after its implementation in the enterprise, which assumes its acceptance by all employees who have to understand the benefits of controlling, which eliminates barriers in enforcing it in the whole enterprise.

**Keywords:** controlling, employees, globalization, psychological aspects

**JEL Classification:** M12, M21, M29

### 1. Introduction

Globalizácia, ako sa zhodujú autori Perez-Nordtvedt et al. (2008) a Deming (2017), sa v súčasnosti považuje za kľúčový faktor ďalšieho vývoja svetovej ekonomiky. Zároveň vyvoláva značné diskusie tak v teoretických kruhoch, vo vládných, ako aj v celej spoločnosti. V podnikaní globalizácia je charakteristická hlavne narastajúcim rozsahom cezhraničných ekonomických aktivít, t. j. prenikanie konkurencie na domáce trhy a otváranie zahraničných trhov, medzinárodných akvizícií, strategických aliancií, ako aj ich vplyv na reštrukturalizáciu priemyslu. Globalizácia zo sebou prináša bezprecedentné zvýšenie konkurenčného boja na mikro aj makro úrovni. Slovenská ekonomika, podľa Eschenbach et al. (2012) a Wood et al. (2018), sa musela zapojiť do procesu globalizácie a prispôsobiť svoju podnikateľskú stratégiu

týmto smerom. Podobne tak všetky podniky musia neustále hľadať nové spôsoby, ako zefektívňovať svoju činnosť. Jednou z možností je aj kontroling. Kontroling považuje Eschenbach (2004) za kľúčový nástroj, ktorý umožňuje podnikom zlepšiť ich systém riadenia, dosiahnuť stanovené ciele a zlepšiť ich výkonnosť. Práve pre jeho základné charakteristiky je možné ho považovať za vhodný nástroj uplatňovania v podnikoch, ktoré sa aktívne zapájajú do procesu globalizácie. Cieľom príspevku je na základe analýzy primárnych a sekundárnych zdrojov zostaviť rámcový model implementácie kontrolingu, ktorý bude rešpektovať psychologické aspekty, ktoré ovplyvňujú vnímanie kontrolingu zamestnancami podniku.

## 2. Data and methodology

Implementácia kontrolingu do podniku, ako zdôrazňujú Chebukina et al. (2013), nie je krátkodobá ani jednoduchá záležitosť. Prax ukázala, že koncepcia postupného zavádzania kontrolingu do podniku je oveľa efektívnejšia, k čomu sa prikláňa aj Eschenbach (2004), a to aj z hľadiska jeho trvalého prijatia v podniku. To, aké bude mať kontroling postavenie v podniku závisí od pochopenia jeho úlohy všetkými internými záujmovými skupinami, zamestnancov nevynímajúc. Je nutné upozorniť aj na skutočnosť, že úspech kontrolingu v podniku spočíva v jeho správnom pochopení, prijatí a používaní. V kontrolingu majú psychologické komponenty dôležitú úlohu. Medzi kontrolérom a líniovými manažérmi alebo zamestnancami, podľa Eschenbacha et al. (2012), ktorí prijímajú jeho rady a služby existuje 6 psychologických pravidiel, ktoré je vhodné pre efektívny kontroling aplikovať. Aby bolo zavedenie kontrolingu pre podnik úspešné, je potrebné ho správne pochopiť, prijať a používať. V kontrolingu zohrávajú psychologické faktory dôležitú úlohu.

Medzi 6 psychologických pravidiel, ktoré je vhodné pre efektívny kontroling aplikovať patria: motivácia, komunikácia, spätná väzba, presadzovanie, dôvera a zmena (Eschenbach, 2004). Pri motivácii, ako prvom základnom psychologickom aspekte kontrolingu Eschenbach et al. (2012) upozorňujú, že nie je možné použiť len jeden spôsobom motivácie pre všetkých zamestnancov a dokonca ani toho istého zamestnanca nemožno motivovať stále rovnako. Prostredníctvom vhodnej kombinácie motívov a stimulov si podnik vytvára vlastný systematický proces, ktorý má pomôcť riadiacim zamestnancom neustále motivovať a povzbudzovať nielen svojich kolegov, ale aj samých seba. Komunikácia, ako druhé pravidlo ovplyvňuje v podniku množstvo faktorov. Na to, aby bola komunikácia aj pre potreby kontrolingu čo najefektívnejšia, je dôležité, aby každý zamestnanec sám rozhodoval o potrebe komunikácie s nadriadenými – aby mu nebolo striktné dané s kým a o čom môže hovoriť. Organizácia podporovaná informáciami, ako zdôrazňujú Popova et al. (2013), môže fungovať iba za predpokladu, že každý zamestnanec preberie vo svojej oblasti pôsobnosti zodpovednosť za informácie, komunikáciu a pracovné vzťahy. Spätná väzba, ako ďalšie psychologické pravidlo, sa neskladá iba z verbálnych alebo neverbálnych informácií, ale podľa Benabou et al. (2002), Chebukina et al. (2013), tiež z pracovnej klímy, očakávaní a podnikovej kultúry. Pri spätnej väzbe je dôležité, aby osoba, ktorá ju prijíma mala možnosť vziať si z nej to, čo považuje za dôležité. Eschenbach (2004) prezentuje, že presadzovanie má pri zavádzaní kontrolingu veľký význam. Jeho základnou časťou je presvedčanie, ktoré prostredníctvom komunikácie zámerne presadzuje vlastné hodnoty a postoje s cieľom zmeniť hodnoty a postoje ostatných osôb. Dôvera, ako uvádza Popova et al. (2013), v pracovnom prostredí sa najčastejšie charakterizuje ako očakávanie od organizácie alebo vodcu, že budú konať v rámci spoločných morálnych predstáv alebo hodnôt. Budovanie dôvery je dlhodobý proces založený na dodržiavaní písaných aj nepísaných pravidiel. Poznáme 5 zásad, na základe ktorých si vieme udržať dôveru na pracovisku: úprimnosť, vedieť priznať chybu, dodržiavať sľuby, vnímať a načúvať zamestnancov, zistiť

spätnú väzbu. Zmena, ako posledné pravidlo, nie je jednorazový akt. Chava et al. (2008), DeGeest et al. (2017), a Wiswall et al. (2018), konštatujú, že zamestnanci na zmeny reagujú rôzne. Pri zavádzaní kontrolingu nastáva v podniku množstvo zmien, ktoré môžu v zamestnancoch vyvolať psychologický odpor. Práve z tohto dôvodu by mal kontrolér zmeny zavádzať tak, aby nevyvolali v zamestnancoch odpor voči kontrolingu, ale aby zavedené zmeny vnímali pozitívne.

## 2.1 Metodika

Prieskum prebiehal v troch etapách. V prvej etape riešenia bolo potrebné na základe analýzy sekundárnych zdrojov realizovať literárnu rešerš domácich aj zahraničných autorov, s cieľom poukázať na dôležitosť psychologických aspektov kontrolingu. V tejto etape boli použité metódy vedeckej práce ako sumarizácia, syntéza poznatkov a metódy analógie a dedukcie. Druhá etapa bola zameraná na analýzu primárnych zdrojov získaných realizáciou empirického prieskumu, metódou dopytovania. Dotazník bol zameraný na zisťovanie psychologických faktorov, ktoré pôsobia na vnímanie finančných a nefinančných prínosov a bariér kontrolingu pre interné záujmové skupiny podniku (s dôrazom na zamestnancov). Údaje dotazníkového prieskumu boli vyhodnotené popisným spôsobom, číselne a graficky. V tretej etape bol navrhnutý rámcový model, ktorý upozorňuje na psychologické aspekty ovplyvňujúce zamestnancov pri zavádzaní kontrolingu do podniku.

## 2.2 Zber dát a výskumná vzorka

Východiskom na získanie poznatkov o psychologických faktoroch kontrolingu na interné záujmové skupiny bolo uskutočnenie empirického prieskumu. Dotazník bol rozoslaný 1 620 subjektom a prieskumu sa zúčastnilo 471 respondentov, t. j. 29,07 % návratnosť. Elektronický dotazník bol zaslaný zamestnancom, manažérom a vlastníkom všetkých typov podnikov. Otázky dotazníka boli špeciálne navrhnuté tak, aby bolo možné zistiť súčasný stav skúmanej problematiky na SR. Dotazník bol rozdelený do štyroch častí, ako je uvedené nižšie: časť A – 5 otázok: Základná charakteristika podniku (A1 – A5); časť B – 4 otázky: Implementácia a presadzovanie kontrolingu do podniku (B6 – B9); časť C – 7 otázok: Prínosy a bariéry kontrolingu (C10 – C16); časť D – 2 otázky: Psychologické aspekty (D17 – D18).

Otázky v časti A boli zamerané na zistenie veľkosti podniku (mikro, malé, stredné a veľké podniky), účelu podnikania (výrobné, nevýrobné a iné podniky), dĺžku existencie podniku na trhu, právnu formu podnikania a pozíciu respondenta v podniku. Otázky v časti B boli upriamené na zisťovanie názoru respondenta čo by malo predchádzať implementácii kontrolingu do podniku, akým spôsobom by sa mal kontroling zavádzať, faktory nevyhnutné na zvedenie kontrolingu. Otázky v časti C sa zaoberali problematikou finančných a nefinančných prínosov kontrolingu, bariér pri implementácii a presadzovaní kontrolingu do podniku. Respondenti v poslednej časti dotazníka prostredníctvom využitia Likertovej škály uvádzali, aký vplyv má kontroling na vybrané skutočnosti. V poslednej otázke respondenti uvádzali svoje pocity zo zavádzania a budovania kontrolingu v podniku.

## 3. Results and discussion

V nasledujúcej časti sú prezentované výsledky dotazníkového prieskumu zameraného na pôsobenie psychologických faktorov kontrolingu na zamestnancov podnikov v SR vyhodnotené popisným spôsobom. Prieskumu sa zúčastnili zamestnanci z mikro podnikov (49 %), malých podnikov (42 %), stredných (5 %) a aj veľkých podnikov (4 %). Až 57 %

zamestnancov, ktorí sa aktívne zapojili do prieskumu, boli z výrobných podnikov a 43 % bolo z nevýrobných podnikov. Podľa dĺžky pôsobenia podnikov na trhu tvorí najpočetnejšiu skupinu - 40 % podnikov, ktoré existujú na trhu viac ako 15 rokov. Menej ako 15 rokov pôsobí na trhu 26 % podnikov, 21 % je na trhu menej ako 5 rokov a 13 % menej ako 1 rok. Z hľadiska právnej formy podnikania majú najvyššie zastúpenie spol. s ručením obmedzeným (44 %), akciové spoločnosť (24 %) a živnostníci (21 %). V súčasnosti len 14 % podnikov, kde prebiehal prieskum bol zavedený kontroling, 31 % podnikov ho plánuje zaviesť a 49 % podnikov nemá zavedený kontroling.

V ďalšej časti empirického prieskumu bol analyzovaný najvhodnejší spôsob implementácie kontrolingu do podniku. Samotnej implementácii by podľa 76 % zamestnancov malo predchádzať informovanie o zmenách, ktoré sú v podniku plánované. Implementácii kontrolingu by mali predchádzať aj kurzy a školenia (61 %), hodnotenie schopnosti zamestnancov (56 %) a prijatie kontroléra z externého prostredia (47 %). Za najvhodnejší spôsob implementácie kontrolingu do podniku považuje 24 % respondentov postupné zavádzanie kontrolingu po oddeleniach. Podľa 21 % respondentov by bolo najvhodnejšie zavádzať kontroling od vrcholového manažmentu smerom na dol. Zavádzanie kontrolingu postupne po jednotlivých fázach považuje za najvhodnejšie 20 % respondentov.

Nasledovná časť dotazníka sa zaoberala efektívnym zavádzaním kontrolingu do podniku. Podľa výsledkov prieskumu, za najviac efektívne považujú zamestnanci zmenu motivačného systému (59 %). Avšak 57 % odpovedí poukazuje na to, že efektívne možno kontroling zaviesť len za pomoci vytvorenia informačného systému a podľa 53 % opýtaných je to zmena štýlu riadenia. Nasledujúca otázka skúmala, čo si respondenti myslia o zavedení kontrolingu do podniku. Takmer 60 % opýtaných považuje zavedenie kontrolingu za dobré riešenie, na druhej strane až 24 % zamestnancov uviedlo, že ide o nutnosť vyvolanú okolím. Za nepotrebný nástroj ho označilo iba 3 % respondentov.

Ďalej bola pozornosť venovaná finančným a nefinančným prínosom kontrolingu. Z výsledkov vyplynulo, že implementácia kontrolingu nemá pre zamestnancov žiadny finančný prínos, s čím sa stotožňuje 72 % opýtaných. Zamestnanci za najvýznamnejšie finančné prínosy kontrolingu pre podnik považujú hlavne zvýšenie výsledku hospodárenia (72 %), rast rentability (38 %) a rast hodnoty podniku (55 %). Čo sa týka nefinančných prínosov pre zamestnancov, respondenti ich vnímajú hlavne v podobe zefektívnenia činností s cieľom zníženia nákladov (78 %). Ostatné nefinančné prínosy ako napr. zisťovanie odchýlok, kontrola dosahovania stanovených cieľom alebo rast produktivity práce považuje za pozitívne takmer 70 % opýtaných.

Na záver prieskumu bola pozornosť venovaná skutočnosti, čo považujú zamestnanci za najvýznamnejšie bariéry pri implementácii kontrolingu. Opýtaní zamestnanci pokladajú za najvýznamnejšiu bariéru zavádzania kontrolingu nadmernú kontrolu (87 %). Straty pozície sa obáva 69 % respondentov, zmeny vzťahov 64 % a potreby vzdelania 63 %. Celkovo až 52 % zamestnancov sa obáva zavedenia kontrolingu do ich podniku. Ďalšia otázka skúmala pocity zamestnancov zo zavádzania a budovania kontrolingu v podniku. Najčastejší pocit vyvolaný zavádzaním kontrolingu bola motivácia (87 %), ale súčasne aj strach (71 %). Medzi ďalšie pocity zamestnancov patria: neistota (67 %), zvedavosť (63 %), nezáujem (60 %), sklamanie (44 %), odpor (36 %). Z hľadiska psychologických aspektov na zamestnancov kontroling najnegatívnejšie vplýva na zmenu pracovných vzťahov (79 %) a tlak na pracovisku (69 %). Na druhej strane, zmenu riadenia podniku vnímajú zamestnanci pozitívne v súvislosti s ich motiváciou. Pozitívne vnímajú aj hodnotenie zamestnancov a relevantnosť informácií. Zmenu

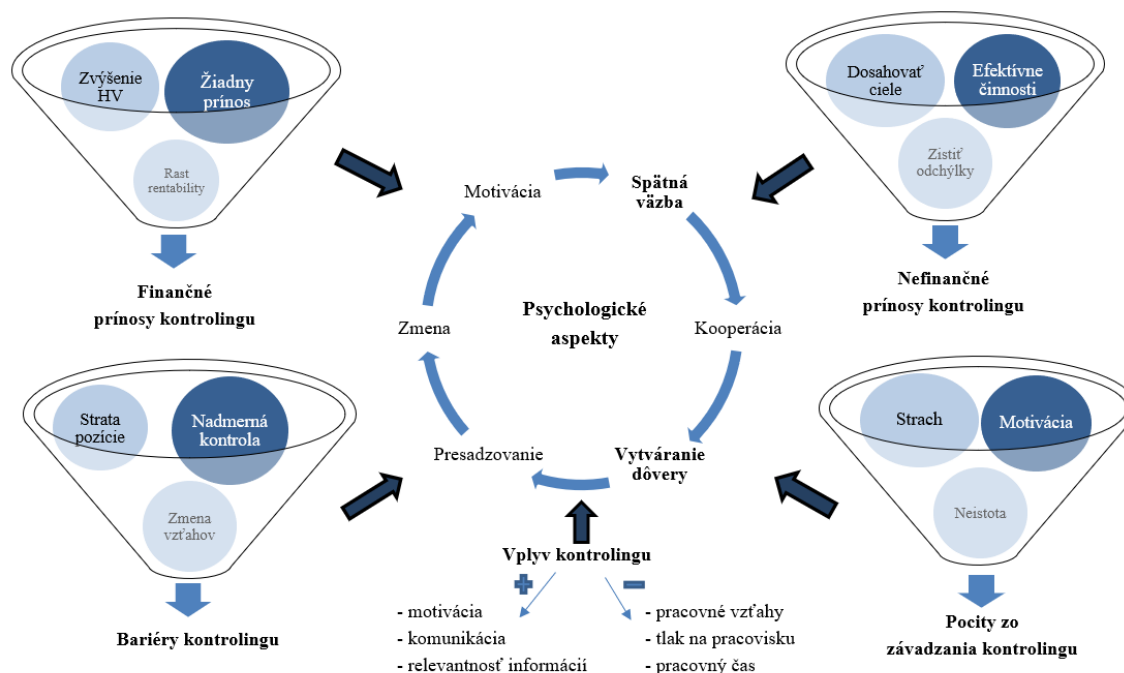
organizačnej štruktúry, počet pracovných miest a vplyv na pracovisko považujú za najmenej významné a ovplyvňujúce ich pocity.

Zhrnutím dotazníkového prieskumu boli sformulované tieto závery: Výskumná vzorka pozostávala zo zamestnancov z mikro, malých, stredných aj veľkých podnikov. Zamestnanci boli z výrobných aj nevýrobných podnikov približne v rovnakom pomere. Podľa dĺžky pôsobenia podnikov na trhu najviac zamestnancov bolo z podnikov, ktoré existujú na trhu viac ako 15 rokov. Respondenti pracujú hlavne v spol. s ručením obmedzeným, v akciových spoločnostiach, či ako živnostníci. Za najdôležitejší predimplementačný krok respondenti považujú informovanie o zmenách v predstihu. Za najvhodnejšiu metódu implementácie kontrolingu do podniku považuje 24 % respondentov postupné zavádzanie kontrolingu po oddeleniach. Prieskum preukázal, že pri implementácii majú motivácia, spätná väzba, komunikácia, príprava na zmenu, spôsob presadzovania a dôvera v kontroling veľký vplyv. Podľa respondentov je pre efektívne zavedenie kontrolingu nutné zmeniť motivačný systém a vytvoriť informačný systém. Je možné konštatovať, že nie je možné určiť jeden postup implementácie kontrolingu do podnikov ako najvhodnejší pre všetky podniky, ale je potrebné ho vybrať pre každý podnik individuálne. V čase realizácie prieskumu iba 14 % opýtaných malo zavedený kontroling v podniku. Takmer 60 % opýtaných považuje zavedenie kontrolingu za dobré riešenie, na druhej strane až 24 % zamestnancov uviedlo, že ide o nutnosť vyvolanú okolím. Implementácia kontrolingu do podniku nemá pre zamestnancov žiadny finančný prínos, s čím sa stotožňuje 72 % opýtaných. Najvýznamnejšie finančné prínosy kontrolingu pre podnik sú hlavne: zvýšenie hospodárskeho výsledku a rast rentability. Čo sa týka nefinančných prínosov kontrolingu pre zamestnancov, respondenti vnímajú hlavný prínos v zefektívnení činností s cieľom znížiť náklady. Za najvýznamnejšie bariéry zavedenia kontrolingu zamestnanci považujú nadmernú kontrolu, stratu pozície, zmenu vzťahov a potreby vzdelania. Celkovo až 52 % zamestnancov sa obáva zavedenia kontrolingu do podniku. Najčastejší pocit vyvolaný zavádzaním a budovaním kontrolingu bola motivácia, ale súčasne aj strach. Medzi ďalšie pocity, ktoré kontroling v zamestnancoch vyvoláva je: neistota, zvedavosť, nezáujem, sklamanie, odpor. Z hľadiska psychologických aspektov na zamestnancov kontroling najnegatívnejšie vplýva na zmenu pracovný vzťahov a tlak na pracovisku. Na druhej strane, zmenu riadenia podniku vnímajú zamestnanci pozitívne v súvislosti s ich motiváciou.

### **3.1. Návrh modelu**

Po dôkladnej analýze sekundárnych zdrojov, ako aj vychádzajúc z výsledkov empirického prieskumu zameraného na zisťovanie psychologických aspektov kontrolingu na zamestnancov, bol zostavený rámcový model, ktorý poukazuje na psychologické aspekty, prínosy a bariéry kontrolingu pre zamestnancov. Model je zobrazený na nasledujúcom obrázku.

Figure 1: Psychologické aspekty ovplyvňujúce zamestnancov pri zavádzaní kontrolingu do podniku



Source: Vlastné spracovanie

Zamestnanci sú najpočetnejšou záujmovou internou skupinou v každom podniku. Pri zavádzaní nových nástrojov sa častokrát táto záujmová skupina opomína, či už zo strany manažmentu alebo vrcholového vedenia. Zobrazený model upozorňuje na dôležitosť jednotlivých psychologických aspektov, ktoré majú vplyv na efektivitu zavedenia kontrolingu, nakoľko sa dotýkajú všetkých záujmových skupín v podniku, zamestnancov nevynímajúc. Šesť základných psychologických pravidiel, ktoré uvádzajú Eschenbach et al. (2012), je kľúčovým krokom k efektívnej implementácii kontrolingu do podniku. Autori Chebukina et al. (2013) zdôrazňujú, že proces implementácie kontrolingu do podniku je individuálny pre každý podnik. S týmto tvrdením sa zhodujú aj výsledky prieskumu, nakoľko sa ani medzi zamestnancami nenašiel konsenzus v otázke aký postup zavedenia kontrolingu do podniku je najvhodnejší. Ako uvádzajú Eschenbach (2004), Shi et al. (2009) a Kiss et al. (2017) samotný proces implementácie kontrolingu do podniku je spojený s množstvom úkonov. Najskôr je nutné pripraviť podnik a s ním aj jednotlivé záujmové skupiny na proces implementácie kontrolingu. Vrcholové vedenie musí vypracovať nové strategické ciele, vykonať podpornú analýzu, aby mohol byť kontroling začlenený do novej organizačnej štruktúry podniku, vybrať kontroléra, zabezpečiť softvérovú podporu a v neposlednom rade upovedomiť zamestnancov o chystaných zmenách v podniku. Podľa Benabou et al. (2002) a DeGeest et al. (2017), ak nie je na pracovisku dostatočná informovanosť zamestnancov na všetkých úrovniach a absentuje komunikácia, môže to vyvolať zlé pracovné vzťahy na pracoviskách resp. zamestnanci pociťujú nadmernú záťaž. S týmto tvrdením sa zhodujú aj výsledky vykonaného prieskumu, kde zamestnanci môžu vnímať kontroling negatívne čo spôsobí pocit neistoty či strach. Následne zamestnanci môžu mať obavy z nadmernej kontroly, keďže ako uvádzajú Eschenbach et al. (2012), pojem kontroling sa medzi širokou verejnosťou zamieňa s pojmom kontrola. Zároveň z dôvodu prebiehajúcich zmien sa môžu báť o svoje pracovné miesta, či zmeny vnútornej klímy na pracoviskách. Na druhej strane, ak manažéri podniku ako aj vedenie budú informovať zamestnancov o pripravovaných zmenách, tak samotný proces implementácie kontrolingu do

podniku bude na zamestnancov pôsobiť motivačne. Pre efektívne zavedenie kontroľingu do podniku je, ako prezentuje Vuko et al. (2013), uviesť prínosy systému nie len pre podnik ale aj pre jednotlivcov. Za hlavný prínos kontroľingu považuje Chebukina et al. (2013) zefektívnenie činností podniku, pomoc pri dosahovaní cieľov, dôkladná analýza odchýlok čo korešponduje s výsledkami realizovaného prieskumu. Efektívne vykonávanie činnosti považujú zamestnanci za hlavný nefinančný prínos zavedenia kontroľingu do podniku ako aj dosahovanie cieľov či zisťovanie odchýlok. Pri vnímaní finančných prínosov kontroľingu si podľa prieskumu najväčšia skupina zamestnancov myslí, že im zavedenie kontroľingu nijako nepomôže. Naopak pre podnik uvádzajú hlavnú výhodu zlepšenia výsledku hospodárenia či rast rentability. Popova et al. (2013), Vuko et al. (2013), Mclean et al. (2014) zdôrazňujú, že pri efektívnom zavedení kontroľingu je možné zlepšiť situáciu všetkých zamestnancov podniku, nakoľko si podnik buduje stabilnú pozíciu a neustálym zefektívňovaním sa stáva silným konkurentom na trhu. Ak je podnik rentabilný a vytvára kladný výsledok hospodárenia, bude schopný vyplácať mzdy a odmeny zamestnancom načas, čím im vytvára stály príjem potrebný pre ich osobný život či ich domácnosti. Pre správne pochopenie kontroľingu všetkými zamestnancami podniku je nevyhnutné, aby s nimi zástupcovia podniku komunikovali, a tým vytvárali vhodný priestor pre jeho efektívne zavedenie. V prípade ak kontroľing nebude akceptovaný všetkými zamestnancami podniku, nemôže byť efektívnym nástrojom riadenie podniku.

#### 4. Conclusion

Kontroľing nie je v slovenských podnikoch zavedený v takom rozsahu ako je to v štátoch západnej Európy. Množstvo podnikov vníma tento nástroj ešte stále len ako kontrolu. Kontroľing je však nutné chápať ako efektívny nástroj na podporu manažérskych rozhodnutí a tým aj na podporu riadenia podniku. Problematika kontroľingu a psychologických aspektov, ktoré vplývajú na zamestnancov podniku pri jeho zavádzaní je veľmi zložitou a aktuálnou problematikou. Je dôležité pozeráť sa na kontroľing nie len z hľadiska ekonómie, ale aj z hľadiska psychológie. Spojením poznatkov týchto dvoch vied je možné vytvoriť pri implementácii kontroľingu také podmienky v podniku, že tento bude prijatý všetkými internými záujmovými skupinami, tzn. bude plne funkčný.

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# FUTURE OF GLOBALIZATION AND ITS IMPLICATIONS FOR WORLD BUSINESS AND MANAGEMENT EDUCATION

Peter Seemann<sup>1,a\*</sup>, Zuzana Stofkova<sup>2,b</sup> and Vladimira Binasova<sup>3,c</sup>

<sup>1,2</sup> University of Zilina, The Faculty of Operation and Economics of Transport and Communications,  
Univerzita 1, 010 26 Zilina, Slovak Republic

<sup>3</sup> University of Zilina, The Faculty of Mechanical Engineering,  
Univerzita 1, 010 26 Zilina, Slovak Republic

<sup>a</sup>peter.seemann@fpedas.uniza.sk, <sup>b</sup>zuzana.stofkova@fpedas.uniza.sk,  
<sup>c</sup>vladimira.binasova@fstroj.uniza.sk

\*Corresponding author

**Abstract.** This paper deals with the method of coaching in a global organization and its importance in the coaching style of management in globalization process and in empowering of multicultural teams. Globalization in daily work lives will likely show up in working on increasingly diverse teams. Diagnostic tools of the teams can also be used to assess the current level of international teamwork and quality of the team life. Surveys were taken before and after the method was applied to provide an ex ante and post status of given parameters of the team studied. There are several processes of team coaching and one of them – Appreciation inquiry was used in this case. A positive change in the field of mutual acceptance, respect, attitude to work and thinking, diplomacy and team cooperation was expected. These factors can improve the quality of life in the team. Team coaching worldwide provides results specifically created and decided by the team, leading to the team independence from coaches. Based on the initial expectations, the overview of team coaching outcomes, survey and attendees' feedback, the suggestions and implementation recommendations were made. These were designed on the teamwork, workplace relationships and overall quality of life on the local team of a global organization.

**Keywords:** globalization, world business, teams, team coaching, international organization

**JEL Classification:** J24, O15, I25

## 1. Introduction

Global information and communication tools have resulted in a great intertwining of cultures around the world, the spread of technological innovation has accelerated and new opportunities for joint decision making have been created in different countries of the world. A plethora of international business organizations exist to promote education and facilitate business transactions around the world. (Seemann, 2016), (Farkasova, & Lizbetinova, 2016) Whether you are a business person transacting international business or a student looking to learn and eventually get in on the action, these organizations will open the door to forward-looking international worldview.

The Work-Related Quality of Life (WRQoL) scale is used by individuals, organizations and consultants as well as researchers as an aid to assessing and understanding the quality of working life of working people. (Hagen & Peterson 2015), (Auger, 2016)

The WRQoL scale (Fig. 1) is a 23-item psychometric scale used to gauge the perceived quality of life of employees as measured through six psychosocial sub-factors:

**General Well-Being (GWB)** reflects psychological well-being and general physical health aspects. Your sense of GWB may be more or less independent of your work situation.

**Home-Work Interface (HWI)** is related to your work- life balance, and is about having a measure of control over when, where and how you work. It is achieved when you feel you have a more fulfilled life inside and outside paid work, to the mutual benefit of you and your work.

**Job and Career Satisfaction (JCS)** is a very important subscale in overall quality of working life. How you score on the JCS subscale relates to whether you feel the workplace provides you with the best things at work - the things that make you feel good, such as: a sense of achievement, fulfilment of potential, etc.

**Control at Work (CAW)** reflects the level to which you feel you can exercise what you consider to be an appropriate level of control within your work environment.

**Working Conditions (WCS)** indicate the extent to which you are satisfied with the fundamental resources, working conditions and security necessary to do your job effectively.

**Stress at Work (SAW)** assesses the extent to which you see work pressures and demands as acceptable and not excessive. (Van Laar, 2007)

Figure 1: The Work-Related Quality of Life

| Work-Related Quality of Life (WRQoL) scale factors |                                   |
|--|-----------------------------------|
| 1.   | General Well-Being (GWB)          |
| 2.   | Work Interface (HWI)              |
| 3.   | Job and Career Satisfaction (JCS) |
| 4.   | Control at Work WRQoL (CAW)       |
| 5.   | Working Conditions (WCS)          |
| 6.   | Stress at Work (SAW)              |

Source: own elaboration by (Laar, 2007)

## 2. Problem definition

The selected enterprise deals with software development, firmware and information systems integration. The characteristics of the job positions are as follows:

- **Software developer** - deals with aspects of the process of developing, researching, programming, designing and testing computer software.
- **Full stack developer** - deals with design, coding, debugging, implementation and maintenance of a complete web application.
- **Software Tester** – analyses and suggests what and how to analyse, verify bugs or feats, automates proposed tests.
- **Developer** - develops computer applications in various programming languages, tries to meet all client requirements, consult problems and uncertainties, corrects source code and other problems that occur.

The problem of team members is poor workplace relationships. It involves need for mutual acceptance, respect, positive attitude to work, positive thinking, team play, and so on, which is an important aspect for the quality of the team. That is why the employees of the company decided to take a two-day teambuilding together to improve workplace relationships and thereby contribute to improving the quality of life. On the basis of these facts, the objectives to be achieved through teambuilding have been defined:

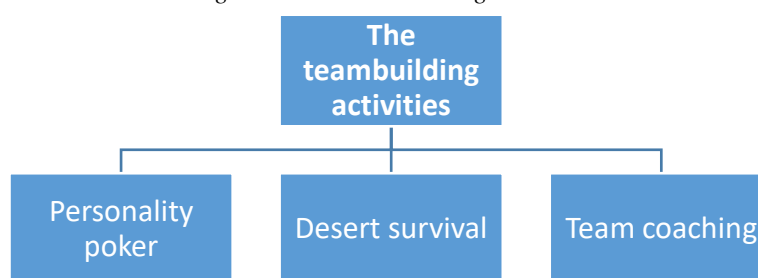
- **to increase mutual acceptance, respect and respect among employees,**
- **to increase the positive approach to work and think positively,**
- **to improve team spirit and mutual trust,**
- **to increase the vigilance of people to solve problems,**
- **to improve the overall quality of life in the team.**

Quality of working life includes areas such as general well-being, work-related stress, job and career satisfaction, and working conditions. The main thing is to realize that the work environment is first and foremost created by people. Good employee relationships are key to an acceptable quality of life in the enterprise. Teambuilding took place in the village of Bela near Terchova (Slovakia) in the hotel Branica.

### 3. Design of method

The following teambuilding activities and team coaching (Fig. 2) have been performed.

Figure 2: The teambuilding activities



Source: own elaboration

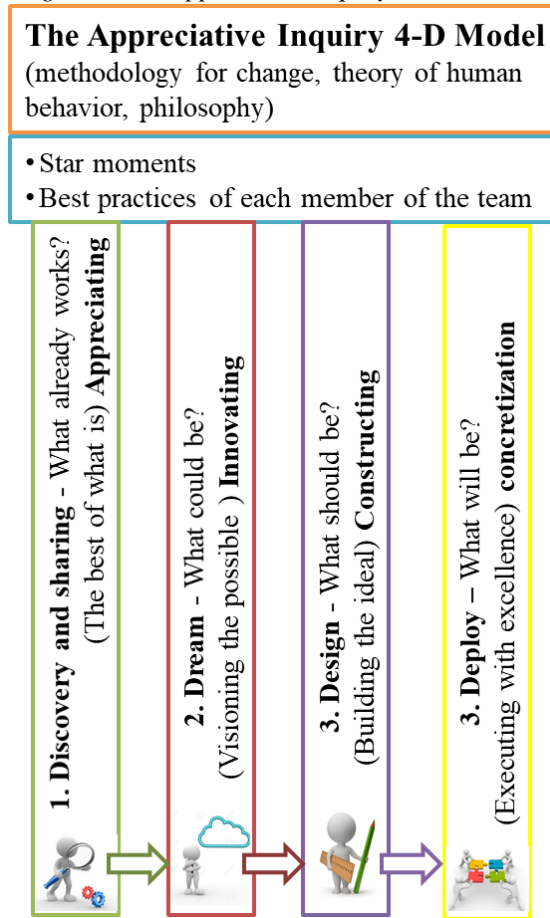
**Personality poker** can be used by managers, presenters, trainers, life-long educators, consultants and human resource professionals. As people show different behaviors depending on context or their different functions, feedback may differ according to the group playing. A brief description of the activity: each member receives a certain number of cards that feature many personality traits and features. Each participant has 3 cards in front of him/her. First reads “to keep”, he second “to do less” and the third “to do more of”. After the cards are dealt, the individual defines the cards he wants to keep - the features they think possess. Then they pass the cards they do not want to keep onto another members of the team. Whoever passes the unwanted card says the receiver’s name, reads out the attribute being passed, and briefly describes the reasons and suggests the receiver to put it on one of the piles (keep, do more, do less). Each time a new card is drawn, an individual has to consider whether he or she keeps the card or gives it to someone. Many rounds with personality features redistributed can be made. At the end, each member has 3 piles with characteristics received from other team members in front of him/her and writes these in a single protocol to sum up what features he/she should show/do less, what to preserve and what to do more of. The purpose of the activity is to learn provide and receive very personal feedback in a playful and safe environment.

**Desert survival** is an activity aimed at achieving teamwork and collaboration. Team members need to engage logical thinking together, listen to others, evaluate information, and agree together on one solution without unnecessary emotions. It is also essential that they listen to each individual's opinion and evaluate it together. The outcome of the game can be reflected in active listening, cooperation, compromising, constructive criticism, power, group acceptance and so on. Brief description of the game: Team members are divided into smaller groups. Each group gets paper with the list of items they have rescued from a crashed and burned down plane. Individuals create individual order, then must decide together for the preference of objects crucial for survival in the desert. After the individual, group and whole team decision making is complete, the correct answers are revealed and point are counted. The points show who was more close to the right answers and who was more persuasive in the group. Typically, the results show that the group decision is more correct than the average of the individual decisions. The team can also observe who was more persuasive and accepted in a team. Often we can see that people who have stronger leader power and acceptance in the group and people who have the most correct answers are not the same.

We used the Appreciative Inquiry method of **team coaching** (Celoria & Hemphill, 2014), (Markus, 2013). Appreciative Inquiry is an approach to organizational change based on strengths rather than weaknesses, on a vision of what is possible rather than an analysis of what is not. The procedure:

- The process, as every coaching process starts with the goal definition. The first suggestions were made by team leaders and members of management on a meeting with professional coaches, weeks before the actual team coaching took place. So out of these given topics for teambuilding a team coaching goals were induced. On the day of team coaching they were discussed with all team members, in terms of what a team they would like to become.
- The actual appreciative inquiry was delivered in several steps as indicated in Fig. 3.
- At first, in the Shinning (or Star) Moments phase, team members were asked to describe and note on flipchart paper, all the good experience they had as close as they ever had been to desired team performance (respecting and extending the actual goals). No matter where and when, what team it was, all the experiences were mention and appreciated. Inquiries and questions about the fundamentals of the successful team experience were asked and answers noted. When everyone shares their good experience, team members divided these into logical categories (organizational, communication, etc.).
- In the next step, team members were asked to express, what out of those individual experience already works in their team. Joint forces were more likely to work already in the current team (individual aspects were rated and averaged).
- Then the ideal state of the team (communication, relationships) is plotted and what would happen in such a situation. Strong emphasis on visualisation (without criticism) is put on by coaches.
- Finally, each member himself will say what he or she is willing to do to make the team work properly, according to what has been agreed on.

Figure 3: The appreciative inquiry method



Source: own elaboration by (Seemann, 2018)

#### 4. Case study and results

In this study, 3 surveys were used. The first questionnaire focused on the analysis of the current state of the quality of life in the team before any interventions took place. The questionnaire was presented to the staff before teambuilding, aimed at improving teamwork, use of constructive criticism, improving relationships between employees, and contributing overall to improving the quality of life in the company. Proposals to improve the quality of working life in an enterprise are shown in Tab. 1.

Table 1: Proposals to improve the quality of working life in an enterprise

|  |
|--|
| <b>Most useful answers</b>   |
| Comfortable environment, more transparency   |
| Reduce workload, improved relationships  |
| Less workload, less time   |
| Change the view of cooperation, to think positively and not to find reasons why things cannot be solved (general view of work) |

Source: own elaboration

The second questionnaire was filled by team members directly after the end of teambuilding session. The results were processed into graphs. In Tab. 2, we may notice some creative responses.

Table 2: Communication skills and then teambuilding

| <b>Most useful answers</b>                         |
|--|
| Control your explosiveness                         |
| Constructive critique, engagement                  |
| Engage more actively in discussions                |
| Factual expression                                 |
| Improving meeting agenda - a more interesting form |

Source: own elaboration

If we want to improve our communication, we need to work on communication skills. Communication skills are a key tool in group planning, task assignment, organizing and coordinating team work, assessing and motivating people. The most common answer in the questionnaires was the active listening (listening, with the intent to understand). In our opinion, there is a lack of understanding and acceptance from other team members (ignorance and the notion that no one takes their word seriously). The other most common answer was mutual relations and teamwork. Proposals for employees to improve communication skills in a team are shown in Tab. 3.

Table 3 Proposals for employees to improve communication skills in a team

| <b>Best answers</b>  |
|--|
| <ol style="list-style-type: none"> <li>1. Active listening, listening to the second speech, English.</li> <li>2. Relationships - mutual discussions without aggression, mutual respect</li> <li>3. Know how to accept others, not to criticize personally, but to try to think about it and adjust the “mirror”.</li> <li>4. When I have a problem, share with the particular person and others, they will definitely help me. Team Cooperative Concepts - We are one team and we behave as a team daily.</li> </ol> |

Source: own elaboration

Based on the overall results of the survey, was found that teambuilding had a positive impact not only on employees but also contributed to a better understanding of teamwork. We came to this opinion by comparing the situation before and after completion of the teambuilding.

It is in the interests of employees to progressively move forward with progressive steps to improve the quality of life in their team. Employees are convinced to actively continue what they have learned in teambuilding. Most would like individuals to acquire tools of constructive criticism, the courage to express their opinions, to positively tune the team, to have friendly relationships, to develop communication skills, to actively listen and to be more prepared for work meetings.

The 3<sup>rd</sup> survey was taken 6 weeks after teambuilding. It showed similar results to the survey immediately after the team building took place. Some values declined slightly but were still higher than before the intervention. That is an evidence of midterm effect of teambuilding and team coaching on a team.

**Suggestions and recommendations resulting from the case study:**

- change the overall view of work - to perceive it as a place where workers feel good and where they return in a good mood every day,

- perceiving team as one unit that can overcome all obstacles - they can do much more work by teamwork than individually (which can lead to the elimination of overtime),
- when one wants to express his/her opinion, he or she uses constructive criticism to avoid conflict situations,
- support team members in positive thinking,
- openness of people to solve problems when necessary,
- knowing how to motivate, praise, listen and trust to other team members,
- working on developing active listening,
- spending more time preparing for various activities (meetings),
- recognizing the need for development and personal education,
- finding time for various informal meetings and participate in team development,
- completing joint teambuilding,
- participating in the development of the quality of life in the team.

## 5. Conclusion

Surveys proved that the team is a very sensitive being, the more attention to fine tuning is paid the more effective the team can become. Conducted team building with training of competences needed in combination with team coaching improves skills and awareness of team members.

Improved communication would also lead to more effective cooperation between domestic and international managers in a global company with local branches. The worldwide team and others like it have helped develop cross-border strategies and launch global products. (Bartlett, 1995)

When organizations establish procedures to increase the effectiveness and well-being of employees, the absence of ambiguity in the workplace is a key element in achieving success in such a venture. (Manas, 2018)

Team conflict – disagreements between team members – has most frequently been conceptualized in terms of task and relationship conflict (Weingart et al., 2015), where task conflict reflects disagreements about the content and outcomes of the tasks being performed and relationship conflict is thought of as disagreements about interpersonal values. (Humphrey et al., 2017)

There is the need to think carefully about how to develop learning opportunities for students to build their understanding of how regulations interact with and influence business practices. Coaching is emerging as an essential tool for new manager development. (Medland & Stern, 2009)

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# SOCIAL CONSEQUENCES OF GLOBALIZATION

Miroslav Semes<sup>1,a,\*</sup>

<sup>1</sup> University of Health and Social Work of St. Elisabeth, Bratislava, Slovak Republic

<sup>a,\*</sup> semes@vssvalzbety.sk

**Abstract.** Globalization can generally be considered as one of the most striking directions of the current development of society. The concept of globalization includes several aspects, which directly affect all forms of society and, therefore, the social sphere. The aim of this article is to bring the process of globalization closer, in conjunction with its ethical and moral principles in business. The aim of this report is to offer the penetration of ethical and moral principles into economics and present the economic and historical context of ethics and business. While it has not yet been possible to formulate a concrete and a uniform definition of globalization, there are various attempts at its wording, which coincide in the fact that it is a long-term process of bringing together the interest of the people of the entire planet at all levels of social life. It is a cultural, political and economic process, that has a global character and affects the development and existence of the whole civilization.

The Globalization raises responses in the social system, especially its impact on the employment level through the labour market. The social consequences are reflected in the increasing differentiation of the status of people in the labour market. It can therefore be said that the processes of globalization bring about fundamental changes regarding all spheres of society's social life. The aim of this article is to explore and describe this issue in a comprehensive way.

**Keywords:** Economic prosperity. Business ethics. Globalization. Civilization. Social consequences.

**JEL Classification:** F62

## 1. Introduction

Zámerom príspevku je priblížiť proces globalizácie, ktorý možno považovať za jeden z najvýraznejších smerov súčasného vývoja spoločnosti a poukázať na jej dopad v sociálnej oblasti. Vplyv globalizácie na spoločnosť bol značný už v minulosti, no v súčasnosti je často diskutovanou témou s celou radou odlišných názorov. Kompetentní jednotlivých krajín sa snažia zavádzať sociálne, právne, ekonomické a politické opatrenia na eliminovanie nežiaducich prejavov globalizácie. Príspevok sa zameriava na dva fenomény, a to chudobu a nezamestnanosť.

## 2. Globalization

Globalizácia je považovaná za hlavný fenomén, ktorý má sprevádzať tretie tisícročie. Tendencie globalizácie sa začali prejavovať v 70-tych rokoch 20. storočia. Pojem globalizácia zahŕňa viacero aspektov, ktoré sa bezprostredne dotýkajú všetkých foriem spoločnosti: sociálnych hodnôt spoločnosti, záujmov, názorov, konania, ekologického systému, kultúrneho spoločenstva, inštitúcií a podobne. Oleg Suša prezentuje otázku globalizácie ako komplex dynamických procesov, ktoré utvárajú súčasný svet. Globalizáciu vníma ako fenomén súčasnosti, ktorý je pomerne štruktúrovaný. množstvom dimenzií a úrovni. Komplex

globalizácie ako celku tvoria konania jednotlivých aktérov spoločnosti, ich vzájomná interakcia a inštitucionalizácia vzťahov. V dôsledku toho dochádza nielen k regionálnym stretom, ale aj k čoraz väčším nerovnostiam vo svete. Konania aktérov sú v mocenských asymetriách a v rôznych súvislostiach ekonomického, kultúrneho, politického života spoločnosti (Bloom et al., 2014)

Všeobecne možno na globalizáciu nazerať z troch aspektov: technologického, ekonomického a politického. Technologická globalizácia vyplýva zo spojenia vo vývoji komunikačnej a výpočtovej technológie, ekonomická vyplýva z pohybov smerujúcich k uľahčeniu medzinárodného obchodu a pohybu na kapitálových trhoch, ktorá takisto uľahčuje život nadnárodným korporáciám. Politická, ktorá je kombináciou trhu a demokracie, končí tradičné rozdelenie medzi vyspelým kapitalistickým prvým, komunistickým druhým a chudobným tretím svetom (Korobeynikova & Gil, 2018).

Globalizácia teda nie je len abstraktným všeobecným pojmom, ale je aj určitou sociálnou konštrukciou.

## 2.1 Etymológia slova globalizácia

Základ pojmu globalizácia tvorí latinské slovo *glóbus*, čo znamená guľa. Koncom 20. storočia sa tento pojem stal jedným z najpoužívanejších slov. Utvorili sa nové slovné spojenia ako: *globálna dedina*, *globálna kultúra*, *globálne problémy* a iné. Aj keď pojem globálny a jeho rôzne modifikácie sa používa čoraz častejšie a zdanlivo presne chápeme obsah, v skutočnosti nie sme schopný tento pojem definovať, resp. výklady jeho obsahu sa rozchádzajú.

Hoci termín globalizácia bol prvýkrát použitý v 80-tych rokoch 20. storočia, k zrodu javu, ktorý pomenúva, prispeli už španielski či holandskí moreplavci a obchodníci. vďaka nim sa z ich materských krajín, podobne ako z Británie či Portugalska, stali prvé globálne veľmoci. Expanziu vo svetovom obchode a investíciách, zvlášť podporenú priemyselnou revolúciou v druhej polovici 19. storočia, zastavila prvá svetová vojna. Štáty na ňu reagovali politikou zameranou proti voľnému trhu, ktorá sa ešte sprísnila po svetovej hospodárskej kríze v 30. rokoch. Až povojnové obdobie - po roku 1945 - možno označiť za začiatok profilovania globalizácie, ako ju chápeme dnes. Západná Európa položila základy budúcej Európskej únie, vznikli mnohé multinárodné korporácie, rozšírila a zdokonalila sa letecká doprava i komunikačné technológie. (Jacoby, 2010). Zlatým klincom historickej kroniky globalizácie bol vznik internetu. Ten sa stal jej najúčinnnejším dopravným prostriedkom informácií - a paradoxne ho využívajú aj najúhlavnejší odporcovia globalizácie. Konkrétna a jednotná definícia globalizácie neexistuje, ale rôzne pokusy o definície sa zhodujú v tom, že sa jedná o dlhodobý proces vzájomného zblížovania záujmu ľudí celej planéty na všetkých úrovniach spoločenského života. Je to teda proces kultúrny, politický a ekonomický, ktorý má celosvetový charakter a ovplyvňuje vývoj a existenciu celej civilizácie.

## 2.2 Dopady a dôsledky globalizácie

Posudzovať dopady globalizácie nie je jednoduché. Rovnako ako sú odlišné názory na samotnú definíciu globalizácie, tak rozličné sú názory na jej dopady. Zameriame sa na ekonomický dopad globalizácie, ktorý má svoje odzrkadlenie v sociálnej oblasti. Z tohto aspektu možno pozorovať dva javy: rast bohatstva v silných štátoch a rozširovanie chudoby v štátoch, ktorým sa globalizácia zatiaľ čiastočne vyhýba. Možno konštatovať, že aj v globalizovanom svete sa priepasť medzi bohatými a chudobnými stále zväčšuje (Hall, 2017).

Globalizácia je často vnímaná iba z ekonomického hľadiska. Ekonomické účinky sú najviac viditeľné a ľahšie merateľné, čím sa ekonomická globalizácia stáva najviac kritizovanou. Tento

typ globalizácie poukazuje na výskyt chudoby a nízkeho ekonomického potenciálu, čo sa prejavuje nezamestnanosťou. (Tarasenko, 2017).

Dôsledky globalizácie sa prejavili v 60. - 70. rokoch 20. storočia s poznaním, že hranice ekonomického rastu sú ohraničené i takými faktormi ako je sociálna nestabilita. Exponenciálny rast ľudskej populácie má tiež za následok chudobu, hlad, migráciu, nezamestnanosť. Tento nárast ľudskej populácie sa začal exponenciálne zvyšovať s postupom industrializácie.

Globalizácia má rozsiahle spoločenské a sociálne dôsledky. Medzi najzávažnejšie patrí umocňovanie nerovnomerného sociálneho a ekonomického rozvoja, ktorý vyplýva z toho, že firmy, jednotlivci a ich prostredníctvom aj lokality, mestá a štáty majú rozdielnu silu a schopnosti aktívne sa zapojiť do globalizácie. Prerozdelenie moci, ktoré prináša globalizácia, sa však nepremiata len do nerovnosti medzi ľuďmi, firmami alebo regiónmi. Kľúčoví aktéri globalizácie ovplyvňujú charakter a priority verejného sektora, pričom dochádza k presúvaniu moci zo štátu na firmy (Birnerová, 2003; Masudinya & Aabkhare, 2013; Veselovská & Závadský, 2017; Trask, 2018).

### **2.3 Polarizácia bohatstva a chudoby**

Globalizácia prispela k všeobecnému bohatstvu, k celkovému rastu. Jej následkom sú však aj nerovnomerné príjmové rozdiely, ktoré medzi 20 % najchudobnejších obyvateľov a 20 % najbohatších obyvateľov sveta vzrástli od konca 60. rokov z pomeru 1 : 30 na 1 : 86 v súčasnosti. Hladom, nedostatkom pitnej vody a negramotnosťou trpí 1,4 miliardy ľudí. Viac než 60 % svetovej populácie musia vystačiť s dvoma či menej dolármi na deň. Približne sto krajín sveta je na tom horšie než pred pätnástimi rokmi. Rozdiely ďalej rastú a spolu s nárastom bohatých a chudobných sa zmenšuje stredná vrstva. Veľké rozdiely v rozložení bohatstva hlavných svetových regiónov najlepšie charakterizuje ich finančné bohatstvo (r. 2002 v bil. USD): - V Európe to bolo 8,8 bil. USD, - Severná Amerika 7,7 bil. USD, - Ázia a Tichomorje 5,8 bil. USD, - Latinská Amerika 3,6 bil. USD, - na Blízkom východe 1,1 bil. USD - a v Afrike iba 0,6 bil. USD (Dvořák, 2004).

V súčasnom svete sa sociálna nerovnosť stále generuje a konflikt medzi bohatstvom a chudobou stále narastá v globálnom nadnárodnom pohľade. Nové pravidlá akumulácie majetku, ktoré budú zákonite čoraz viac sociálne polarizovať i slovenskú populáciu, stavajú pred spoločnosť novú výzvu. Problém sociálnej solidarity bohatých a chudobných. Inštitucionálne zvládnutie tohto vzťahu je nakoniec i jedným zo základných úspechov všetkých spoločností. Problém chudobných je prežiť a tento problém chudoby sa stáva zároveň problémom bohatých: ako rozdeliť časť prebytku a nezmeniť pravidlá akumulácie majetku a ochrany (Karakaya, 2018; Conversi, 2014).

Chudoba predstavuje legitímnu súčasť modernej spoločnosti. Pokiaľ ide o slovenskú spoločnosť, je potrebné zdôrazniť, že samotný výraz chudoba nie je legislatívne ukotvený a taktiež oficiálne štatistiky nevykazujú počty chudobných tak, ako je tomu napr. v Európskej únii. Na Slovensku sa používajú skôr synonymá chudoby ako sociálne slabí obyvatelia, nízkopríjmové domácnosti a predovšetkým pojem hmotná núdza, ktorý je legislatívne vymedzený a je vlastne označením pre chudobu. V Slovenskom kontexte možno za synonymum chudoby pokladať hmotnú núdzu, ktorá je aj legislatívne vymedzená. Hmotnou núdzou sa myslí stav, keď príjem občana nedosahuje životné minimum ustanovené osobitným predpisom. V určitom zmysle slova možno za príbuzný pojem chudoby pokladať aj sociálnu núdzu, ktorá je taktiež súčasťou slovenskej legislatívy a znamená stav, keď si občan nemôže zabezpečiť sám starostlivosť o seba, svoju domácnosť, ochranu a uplatňovanie svojich práv a právom chránených záujmov, alebo kontakt so spoločenským prostredím najmä vzhľadom na

vek, nepriaznivý zdravotný stav, sociálnu neprispôsobilosť, alebo stratu zamestnania. Hranica chudoby vo väčšine európskych krajín predstavuje 40 % až 60 % aritmetického priemerného čistého príjmu danej krajiny a domácnosť s príjmom nižším, ako hranica chudoby, je definovaná ako chudobná. V Slovenskom kontexte, tak ako chudoba, ani hranica chudoby nie je striktno určená. Vychádzajúc však z vymedzenia hmotnej núdze v závislosti od životného minima, pokladá sa za hranicu chudoby životné minimum a je určené relatívne, na základe príjmu ako aj normatívne, keď jeho výška sa odvodzuje od minimálneho spotrebného koša tovarov a služieb, ktoré sa prepočítavajú podľa bežných cien. Počty chudobných, resp. občanov v hmotnej núdzi na Slovensku je možné odvodiť z údajov o poberateľoch sociálnych dávok (Závadská et al., 2016).

#### *Chudoba na Slovensku*

Na riešenie chudoby neexistuje všeliek, komplexnosť znižovania chudoby si vyžaduje celospoločenské úsilie. Boj proti chudobe neznamena len riešenie existujúcej chudoby, ale najmä odstraňovanie príčin vedúcich k jej vzniku a šíreniu. Preto možno nástroje na riešenie chudoby zjednodušene rozdeliť do dvoch skupín:

1. Riešenie príčin chudoby;
2. Pomoc chudobným.

Vo vzťahu k chudobe na Slovensku možno do prvej skupiny zaradiť nasledovné opatrenia:

1. *Riešenie nezamestnanosti.* Je zrejmé, že najviac absolútne chudobných a chudobou ohrozených tvoria nezamestnaní. Nezamestnanosť sa stala v uplynulých rokoch slabým miestom slovenskej ekonomiky a najpálčivejším spoločenským problémom. Nemotivačné podnikateľské prostredie je hlavnou bariérou rozvoja malých a stredných podnikov, ktoré sú motorom ekonomiky a tvorby pracovných príležitostí. V tomto smere môžu pomôcť opatrenia presadzujúce transparentné pravidlá, rovnosť šancí a zjednodušenie podmienok pri založení a fungovaní firmy, vymáhateľnosť práva, úprava odvodových povinností na motivačnú úroveň, ako aj prekonanie nedostupnosti finančných zdrojov za primeraných podmienok. Zvýšenie zamestnanosti súvisí s vyššou mobilitou a tá predpokladá fungujúcu infraštruktúru a trh s bytmi.

2. *Podpora vzdelávania.* Vzdelávanie je pravdepodobne najúčinnnejším nástrojom na dosiahnutie vyššej kvality života. Vzdelaný človek má nepomerne viac šancí uplatniť sa na trhu práce aj byť lepšie ohodnotený. Vzdelávaciemu systému na Slovensku chýba prepojenie trhu vzdelávania a trhu práce, čo spôsobuje, že mnoho absolventov škôl nenachádza pracovné uplatnenie vôbec, resp. nie vo svojom odbore. Preto bude potrebné iniciovať systém, ktorý umožní školám pružnejšie reagovať na meniace sa potreby a možnosti trhu práce.

3. *Zvyšovanie dostupnosti informačných zdrojov a nových médií (Internetu).* So zmenou spoločnosti z industriálnej na informačnú súvisí aj zmena podstaty chudoby, ktorá vzniká predovšetkým dôsledkom nedostatočného vzdelania a informácii, a z toho prameniacej ťažej pozícií na trhu práce. Internet môže nahradiť distribúciu školských učebníc, uľahčiť styk s rôznymi úradmi, zjednodušiť vyhľadávanie zamestnania. Napriek klesajúcej cene a rastúcej dostupnosti moderných informačných technológií je prístup k internetu pre väčšinu obyvateľstva zatiaľ obmedzený na zamestnanie alebo verejné inštitúcie, pričom ho používa najmä mladá a stredná generácia. Zníženie cien médií a poplatkov pomôže podpora konkurenčného prostredia na trhu informačnej a výpočtovej techniky i telekomunikácií.

4. *Podpora rodiny.* Z domácich aj zahraničných štatistických zdrojov vyplýva, že chudobou sú častejšie ohrozené neúplné rodiny s deťmi a jednotlivci z rozvrátených pomerov. Najviac postihnuté sú deti, pričom chudobe detí sa nevenuje takmer žiadna pozornosť. K podpore

zdravých rodinných vzťahov môže prispieť celý súbor opatrení, napr. adresný systém rodinných prídavkov, rodičovská a sexuálna výchova, spravodlivejšie rozdelenie platenej i neplatenej práce medzi ženy a mužov, ale aj reforma systému vzdelávania, podpora bytovej výstavby. Prevenciou chudoby detí je primerané materiálne a duševné bohatstvo rodičov.

5. *Odstránenie diskriminácie.* Len v spoločnosti, ktorá funguje na princípoch rešpektovania ľudských práv a odstraňovaní diskriminácie, má každý jednotlivec rovnaké šance na rozvoj - tzn., aby pravidlá spoločenského systému umožnili ľuďom nachádzajúcim sa v chudobe z tohto stavu dostať sa, a naopak motivovať ostatných ľudí konať korektnými spôsobmi tak, aby sa chudobe vyhli. Zároveň je dôležité zabrániť praktikám, ktoré odsudzujú človeka na chudobu na základe vonkajších znakov.

6. *Riešenie problémov rómskej menšiny.* Podľa súčasnej situácie je zjavné, že všetky faktory podmieňujúce vznik a šírenie chudoby na Slovensku najvýraznejšie kulminujú v prípade rómskeho etnika. Postavenie značnej časti rómskej populácie nesie všetky typické prvky slovenskej chudoby (vysoká a dlhodobá nezamestnanosť, uplatnenie len na sekundárnom trhu práce, nízke príjmy, závislosť na sociálnej podpore, nedostatočné vzdelanie, niektoré formy diskriminácie), tie sú však v mnohých prípadoch znásobené znakmi chudoby, známymi skôr z krajín tretieho sveta - nevyhovujúce bytové podmienky, nedostatočná hygiena, hlad, zlá zdravotná situácia, nízky vek dožitia, negramotnosť a iné. Riešenia neľahkej situácie Rómov bráni navyše mnoho predsudkov a nevedomosti na oboch stranách spoločnosti. Život Rómov je z pohľadu rómskeho spoločenstva tak diverzifikovaný a zároveň odlišný od života majoritného obyvateľstva, že je prakticky nemožné prijať nejakú uniformnú stratégiu. Riešenie si vyžaduje adresný prístup, ktorý však predpokladá poznanie skutočného stavu a definovanie jednotlivých skupín možno prijať rozhodnutie o konkrétnych krokoch. V zásade ide o vytvorenie takých mechanizmov, ktoré umožnia Rómom vlastnou iniciatívou s (dočasnou) podporou spoločnosti vymaniť sa z kultúry chudoby, a ktoré ich budú motivovať do tohto stavu sa nevrátiť. Ak majú byť opatrenia na pomoc pre Rómov účinné, je nevyhnutné, aby sa s nimi stotožnila rómska aj väčšinová populácia. Preto je nevyhnutné do rozhodovania a realizácie opatrení zapojiť samotných Rómov.

Do skupiny opatrení na zmiernenie alebo potláčanie existujúcej chudoby možno zaradiť:

7. *Zabezpečenie adresného a motivačného systému sociálnej pomoci.* Zdôraznenie motivačného charakteru pomoci možno chápať v dvoch významoch: 1) aby občania reálne odkázaní na sociálnu pomoc štátu (napr. zdravotne znevýhodnení, starí ľudia) mali zabezpečené dôstojné (primerané) podmienky na život a pocit, že sú významnou súčasťou spoločnosti; a 2) aby občania poberajúci dávky mali motiváciu aktívne riešiť zlé situácie (napr. nezamestnaní). K adresnosti sociálneho systému prispeje lepšia kontrola poberania sociálnej pomoci. Z hľadiska väzby sociálneho systému na riešenie chudoby bude nutné, aby sa vymedzila a definovala chudoba na Slovensku, vrátane hranice chudoby. Základné piliere sociálnej siete (životné a existenčné minimum, minimálna mzda, dôchodky) musia vychádzať z reálnych možností ekonomiky. Do tejto oblasti opatrení možno zaradiť aj fungujúci systém prídavkov na deti, daňového bonusu na každé vyživované dieťa, príspevkov na bývanie, zvýhodnené úverové schémy pre nízko príjmové domácnosti apod.

8. *Komunitné programy pre deti a mládež z chudobných a chudobou zaostalých rodín.* Pre deti zo sociálne slabších pomerov, ako aj pre ich rodičov, sú podporné programy významnou a možno nedocenenou formou pomoci. Pri nedostatku verejných zdrojov je potrebné hľadať nástroje na aktivizáciu a motiváciu miestneho obyvateľstva, podnikateľských subjektov, škôl a pod. (napr. daňovými zvýhodneniami), aby sa vo väčšej miere zapojili do organizácie

mimoškolských aktivít detí. Osobitnou pomocou je lacnejšie stravné v školských jedálňach, príspevky na cestovanie, bezplatné lekárske prehliadky, zlacnené učebnice, podpora nadaných detí formou štipendií, študentské pôžičky. Významnú úlohu v týchto aktivitách zohráva mimovládny sektor, ktorého úloha spočíva nielen v priamej finančnej pomoci, ale aj v podpore nových stratégií, ktoré redukovujú chudobu detí.

9. *Sociálne záchranné systémy pre chudobou najviac postihnuté skupiny.* Adresátmi tejto skupiny opatrení sú najmä deti, starí a bezvládni ľudia, opustení a zdravotne znevýhodnení občania, utečenci, bezdomovci. Pre tieto marginalizované skupiny musí štát v spolupráci so súkromným (mimovládny) sektorom budovať záchrannú sieť, ktorá im zabezpečí aspoň minimálnu úroveň podmienok potrebných na dôstojný život a rozvoj. Väčšina opatrení má charitatívny charakter. Mala by smerovať do budovania a zabezpečenia prevádzky siete detských domov, sirotincov, starobincov, nocľahární, poradenských centier, a pod. Napriek niektorým znakom chudoby rozvojových krajín, ani najchudobnejší obyvatelia Slovenska neumierajú od hladu alebo nežijú bez prístrešia nad hlavou. Výnimkou sú pravdepodobne bezdomovci, ktorých typický spôsob života nesie známky zápasu o holé prežitie. V zmiernení biedy bezdomovcov zohrávajú nenahraditeľnú úlohu cirkevné spolky a charitatívne nadácie, ktoré zabezpečujú hlavne teplú stravu, ošatenie, núdzové útulky. Ako účinná sa ukazuje podpora aktivít, ktoré zapájajú bezdomovcov do budovania vlastných obytných priestorov či prevádzok. Mobilná sociálna starostlivosť. V lokalitách, ktoré sú geograficky vzdialené alebo inak segregované od sociálnej infraštruktúry, je väčší predpoklad šírenia chudoby a jej sprievodných znakov. V týchto oblastiach by k zlepšeniu životných podmienok mohla prispieť tzv. mobilná sociálna pomoc v oblasti zdravotnej starostlivosti, bývania, zamestnanosti (preventívne lekárske prehliadky, zaočkovanie, zubné vyšetrenia, kontrola bezpečnosti elektrických a iných sietí, hygienické prehliadky, kontrola kvality vody, informovanie o pracovných príležitostiach). (Závodská et al., 2016).

## 2.4 Nezamestnanosť - sociálny rozmer globalizácie

Globalizácia vyvoláva reakcie v sociálnom systéme predovšetkým svojím vplyvom cez trh práce na úroveň zamestnanosti. Sociálne dôsledky sa prejavujú v narastajúcej diferenciacii postavenia ľudí na trhu práce. Časť z nich je vytláčaná pod tlakom týchto zmien na okraj či mimo trhu práce do marginálnych pozícií. Do evidencie nezamestnaných sa bude stále viac dostávať vysoký podiel relatívne nepružnej, dlhodobo zamestnanej pracovnej sily (čím mali pred stratou práce stabilnejšie pracovné miesta, tým horšie sa na trhu práce uplatňujú a veľmi často kontinuálne prechádzajú do skupiny dlhodobo nezamestnaných). V spojení s určitými osobnými a sociálnymi nevýhodami, ako je vysoký vek, kvalifikačné nedostatky, monoekonomická alokácia podnikateľského subjektu v mieste jeho bydliska výrazne zvyšujú regionálne disparity na trhu práce. Neistota na trhu práce už nepostihuje len menej kvalifikovanú silu a nižšie triedy, narastá nielen nezamestnanosť, ale aj neprehľadnosť, neštandardnosť a časovo obmedzené zamestnanecké kariéry. Ubúda objem zárobkovej práce. S úbytkom podielu platenej práce sa objavuje i zvýšené riziko rozpadu identity človeka. Problémom postkomunistických krajín v nastupujúcej ére globalizácie je predovšetkým frustrácia obyvateľstva zapríčinená na jednej strane zlou hospodárskou situáciou, na druhej strane traumatizujúcou stratou starého zabezpečenia (najmä zamestnaneckého), šok z vlastnej zodpovednosti a zo získanej slobody, s ktorou si mnohí nevedia poradiť (Chacon, 2018).

V ekonomicky vyspelých krajinách stúpa dopyt po vysokokvalifikovanej pracovnej sile, kým dopyt po nízkej kvalifikácii sa znižuje. Je to spôsobené vo vývoji nových technológií, požadujúcom pracovné sily so špeciálnou, resp. vyššou kvalifikáciu. Zmena skladby dopytu po

pracovných silách predstavuje kombinovan-ý efekt meniaceho sa charakteru svetovej výroby a rozdeľovania a aplikácie nových technológií. (Veselovská, 2017). Pri globalizácii dochádza k zmenám v štruktúre zamestnanosti. Globalizačné trendy vytlačujú nekvalifikovanú prípadne nevhodne kvalifikovanú pracovnú silu z pracovnej činnosti, zvýšenie ekonomickej neistoty vedie tiež k diferenciacii pracovníkov na jadro a perifériu, k čiastočným úväzkom, dočasným pracovným zmluvám. Prudko narastá podiel krátkodobej zamestnanosti a čierna práca. Sociológ Ralph Dahrendorf hovorí o dvojtretinovej spoločnosti, v ktorej tretina produktívnej populácie sa stáva druhoradými občanmi bez práce, bez politickej a sociálnej participácie, s tendenciami k asociálnym činnostiam (Karakaya, 2018).

### 3. Conclusion

Procesy globalizácie prinášajú zásadné zmeny týkajúce sa všetkých sfér sociálneho života spoločnosti. Vzhľadom na povahu globalizácie treba uviesť, že najväčší prínos sa spája s hospodárskym rastom priemyselne rozvinutých krajín a nadnárodných korporácií, ktoré majú v nich svoje centrá. Najzávažnejším negatívnym prejavom fenoménu globalizácie je narastajúca nerovnosť a chudoba vo svete, nezamestnanosť, bezdomovstvo, migrácia obyvateľstva.. Tento príspevok mal snahu priblížiť dva dôsledky globalizácie, a to chudobu a nezamestnanosť, keďže autor príspevku pochádza z oblasti, kde sa dlhodobo tieto javy vyskytujú.

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## **COMMODITY EFFICIENCY OF FOOD – PROCESSING INDUSTRY**

Roman Serences<sup>1,a,\*</sup>, Jozef Galik<sup>2,b</sup> and Ivan Holubek<sup>3,c</sup>

<sup>1</sup>Slovak University of Agriculture, Faculty of Economics and Management, Department of Economics  
Policy, Trieda A. Hlinku 2, 949 76 Nitra, Slovak Republic

<sup>2</sup> National Agricultural and Food Centre – Research Institute of Agricultural and Food Economics  
Trencianska 55, 824 80 Bratislava, Slovak Republic

<sup>3</sup>Slovak University of Agriculture, Faculty of Economics and Management, Department of Finance,  
Trieda A. Hlinku 2, 949 76 Nitra, Slovak Republic

<sup>a</sup>roman.serences@uniag.sk, <sup>b</sup>galik@nppc.sk, <sup>c</sup>ivan.holubek@uniag.sk

\*Corresponding author

**Abstract.** The globalization affects not only national states but also their trade flows. The aim of this article is to find out the efficiency of Slovak agri-food trade in 2006 - 2015 in framework of the globalization process. The article judges the efficiency of selected commodities of food - processing industry. Efficiency of the commodities is measured by Revealed Comparative Advantage Index, RCA I and Grubel - Lloyd Index. The article was elaborated on the basis of the data from the databases of the Statistical Office of the Slovak Republic and data from Zelené správy (Green Report) of the Ministry of Agriculture and Rural Development of the Slovak Republic. The commodities are sorted according to the HS4 items of the unified system of customs tariffs with focus on agri-food commodities with no. 0001-2400. Efficiency is understood as the ability of the economy to produce goods and services, which are able to succeed within the global international trades and so they guarantee the increase of real income of the population when they rationally use the production factors and fill another social and environmental aims. It is an ability of the country to combine the comparative advantages/ disadvantages with the current market and government imperfections within the international trade.

**Keywords:** Agri-food trade, Commodity, Efficiency, RCA, GLI.

**JEL Classification:** Q02, Q10, Q17

### **1. Introduction**

Slovak economy can be considered as a small one within European and world scale. Slovak agrarian trade does not have any significant position neither within European agrarian trade, so the participation of Slovakia on the international exchange is very important. International exchange contributes to the bigger economic links of countries resulting in more stable relations. This supports peace cooperation, strengthen of competitiveness (Matoskova et al., 2007; Qineti et al., 2009) and decreases risk of conflict.

Particular countries export those commodities, by which they can apply a comparative advantage within the world markets and imports those, which does not have such advantage. The countries with faster productivity growth than the global average profit from trade liberalisation by obtaining a larger share of global markets and resources (Ruan & Gopinath, 2008). Even relatively modest departures from perfect competition can cause much of the benefits from trade liberalization to flow to marketing firms instead of producers in the

developing country - lower share of the total value added (Sexton et al., 2007). The range of commodities structure is directly linked to the size of particular country and its conditions of nature. Some states are situated within several climatic zones and this enables them to use the area for grow agro-commodities more effective compared to small countries. An increase in local industry size is associated with increases in both best-practice output and the level of technical efficiency for farms. This implies increasing positive externalities, possibly due to knowledge spillovers and increased supply of specialized external inputs, when the local industry grows (Tveteras & Battese, 2006).

## 2. Methods

Commodities are categorized according to the items of the harmonized system of Customs Tariff HS4; we focused on the agri-food commodities.

Following indicators were used in the article:

Revealed Comparative Advantage Index

$$RCA = \ln \left( \frac{\frac{x_{ij}}{m_{ij}}}{\frac{X_j}{M_j}} \right) \quad (1)$$

$x_{ij}$  – export value “i” group of analysed industry products of the “j” country

$m_{ij}$  – import value “i” group of analysed industry products of the “j” country

$X_j$  – value for total export from the “j” country

$M_j$  – value for total import to the “j” country

If the value:

$RCA > 0$  result indicates a comparative export advantage of the country

$RCA < 0$  result indicated a comparative export disadvantage of the country

$RCA = 0$  neutral, there is neither comparative advantage not disadvantage

Grubel-Lloyd Index

$$GL_i = \frac{\sum_i (X_i + M_i) - \sum_i |X_i - M_i|}{\sum_i (X_i + M_i)} \quad (2)$$

$X_i$  - value for total amount commodity export

$M_i$  - value for total amount commodity import

Values of this index ranges within interval (0,1)

$GL_i = 0$ , inter-industry trade – it is a total specialization of a trade with various products

$GL_i = 1$ , inter-industry trade – it is a total specialization of a trade with various products

Intra-industry trade represents export and import of the same type of goods or the same industry between two countries or regions.

Competitiveness growth index RCA I

$$RCA I = \frac{(X_{ij}/X_i)}{X_j/X} \quad (3)$$

$X_{ij}$  – export of country “i” within commodity group “j”

$X_i$  – total export of country “i”

$X_j$  – world-wide export of country “i”

$X$  – total world-wide export

Index shifts the national competitiveness to the international.

$RCA > 1$  indicates a country with comparative advantages

$RCA < 1$  indicates a country with comparative disadvantages

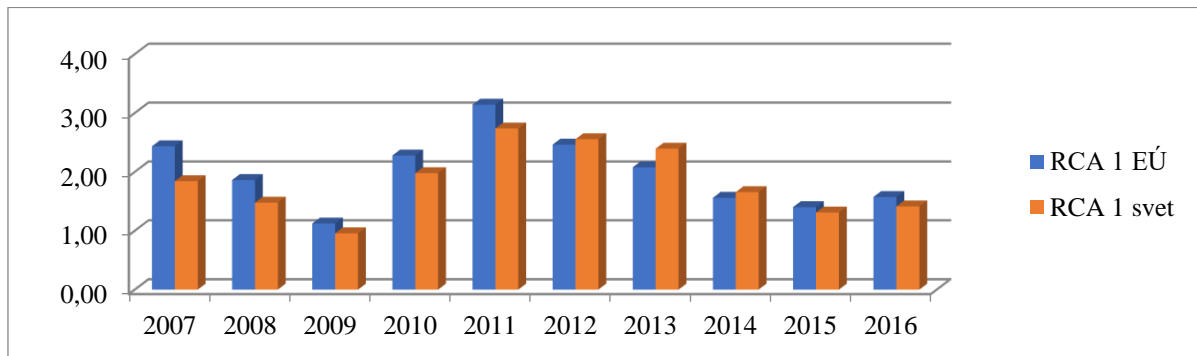
$RCA = 1$  neutral, there is neither comparative advantage nor comparative disadvantage

The mixture of the choice of functional forms (supply, demand) and the nature of the research (supply shift) can have implications for the results under imperfect competition (Alston et al., 1999). Comparative advantage is theoretical, explaining trade and optimal welfare in an undisturbed world. If they are able to survive and increase market share, they have become more competitive. However, an increase in competitiveness of an industry, possibly the result of government subsidy, does not necessarily imply an increase in national welfare (Sharples, 1990). The most consistent interpretation of the concept of competitiveness is the microeconomic idea of cost competitiveness. It is related to comparative advantage, but differs from it in that it includes in its sources the various price deformity in output value and costs, whereas comparative advantage is based on real factors only (Siggel, 2006).

### 3. Results

Concerning wheat trading, we are competitive within the EU market and world market in all years besides 20019. The highest RCA1 value was reached in 2011, when the EU index reached 3.14.

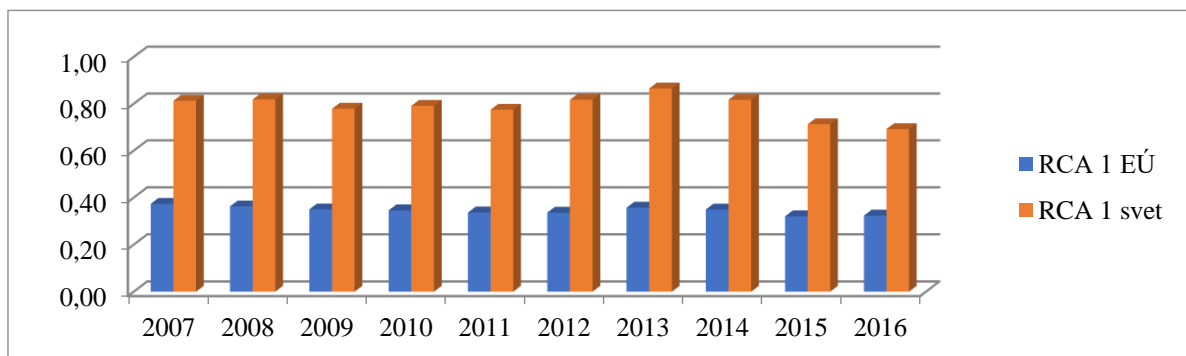
Figure 1: Competitiveness Growth Index of commodity 1101 Wheat or meslin flour



Source: own composition based on data from Statistical Office of the Slovak Republic

RCA reached the highest value 1.19 in 2007. The lowest value, -1.16, was in 2009. Only in this year the RCA was negative and there was also a negative balance of payments. In 2010 there was a rapid increase. Since then, it was dropping to 0.16 in 2016. Till 2010 the GLI was uneven. In next years, it was growing until 2016 reaching value 0.87. It was mainly intra-industry trade; import is getting closer to the export. Slovakia is competitive at processing the wheat flour.

Figure 2: Competitiveness Growth Index of commodity 1905 Bread, pastry, cakes, biscuits and other bakers' wares

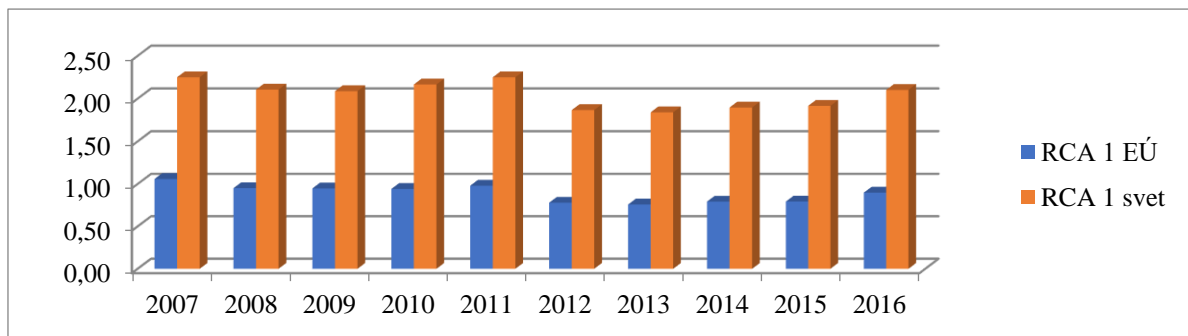


Source: own composition based on data from Statistical Office of the Slovak Republic

Within all followed years there was a comparative disadvantage at trading with bread and other bakers' wares. This cannot be considered as unfavourable as the freshness, which is important, could be lost while export and import.

RCA is negative within all years. Slovakia is competitive at flour trading, but trading with bread, pastry, cakes, biscuits and other bakers' wares we have a comparative disadvantage. In 2016 the RCA value was -0.72. GLI is ranging from 0.60 to 0.80 representing more-less an intra-industry trade.

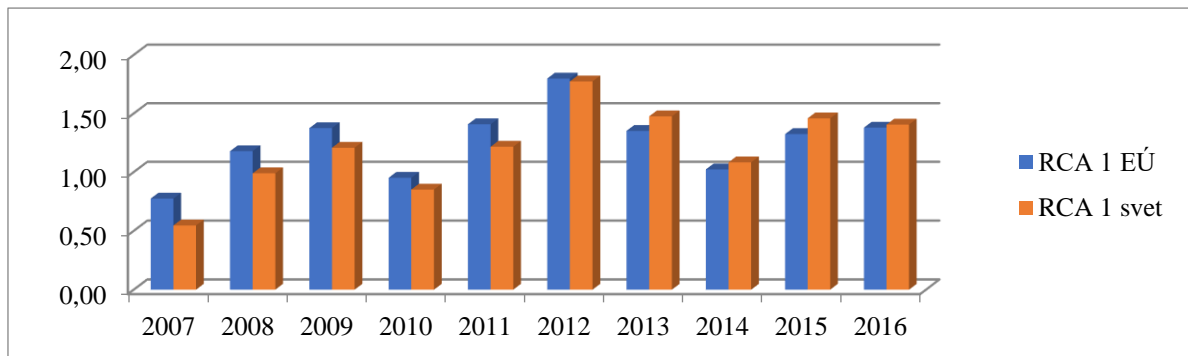
Figure 3: Competitiveness Growth Index of commodity 1806 Chocolate and other food preparations containing cocoa



Source: own composition based on data from Statistical Office of the Slovak Republic

Slovakia is competitive at world trade, however we were competitive at EU market only in 2007 (1.06). GLI is oscillating above 0.8 in all years. Moreover, in 2012 it reached value 1. It is an intra-industry trade. The highest RCA value was reached in 2010. Since 2012 the RCA was negative, since then Slovakia has comparative disadvantage at production and processing the chocolate.

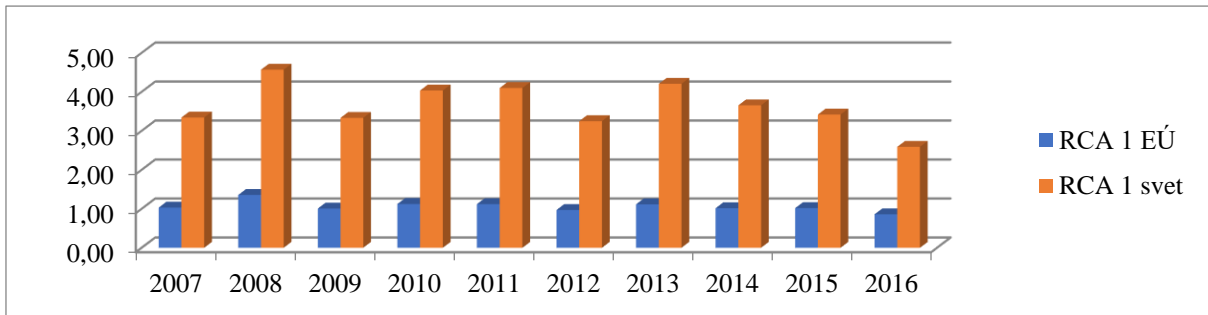
Figure 4: Competitiveness Growth Index of commodity 0901 Coffee, whether or not roasted or decaffeinated; coffee husks and skins; coffee substitutes



Source: own composition based on data from Statistical Office of the Slovak Republic

Till 2012 Slovakia was competitive at EU markets and also world market while trading coffee. Since this year, we are more competitive on world market. Since 2012 Slovakia always reaches comparative advantages. RCA value was lowest in 2007 (-0.69). Since then there was a significant increase caused by significant increase of export. In 2015, it reached value -0.13. Slovakia has reached comparative disadvantage at coffee trade within all these years. This is understandable, as coffee is not largely growing, but mainly is being processed in Slovakia. Despite of this fact, this commodity is the most balanced. GLI index was approaching value 1; this is understood as an intra-industry trade.

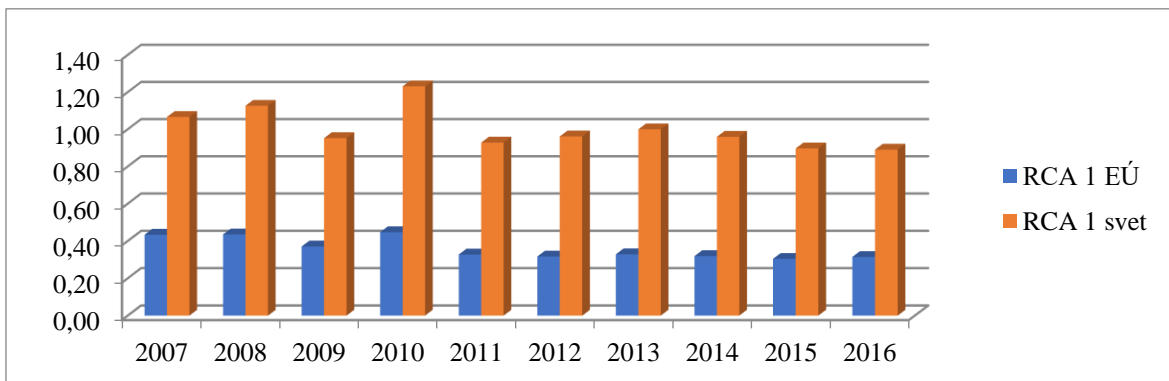
Figure 5: Competitiveness Growth Index of commodity 0401 Milk and cream, neither concentrated nor sweetened



Source: own composition based on data from Statistical Office of the Slovak Republic

RCA1 values of trading milk within EU markets have been oscillating around 1. In last followed year 2016 Slovakia was not competitive at EU markets (0.86). Concerning world trade, we have been competitive through all years; however, RCA1 value has been decreasing since 2013. The reason could be also a yearly decreasing number of dairy cows. Development of RCA index was uneven. Within all years, it reached positive values representing revealed comparative advantage of non-concentrated milk trade. The highest RCA value was in 2008, lowest was in 2014. In 2016 the value annually decreased to 0.47. The reason could be a milk crisis in 2016. GLI ranges from 0.6 to 0.8. In 2015, this value reached 0.73 representing intra-industry trade.

Figure 6: Competitiveness Growth Index of commodity 0406 Cheese and curd



Source: own composition based on data from Statistical Office of the Slovak Republic

Slovakia had comparative advantage at world market only in 2007, 2008, 2010 and 2013. Concerning EU, we are not competitive and the values are ranging between 0.2-0.4. Cheese and curd are also one of ten most exported commodities. However, their import has been higher than export since 2009. RCA was at top in 2007, and then it started to descend until 2010. The lowest RCA value was in 2016 (-0.44). Within all followed years, Slovakia has a comparative disadvantage, besides years 2007 and 2008. We mainly import cheese. This can be seen on GLI values, which are around value 0.8. This is called an intra-industry trade. RCA values had been decreasing since 2009 by entering Slovakia to EU zone and due to higher competitiveness of imported cheese. The benefits (fluid milk vertical chain) of subsidy and tax policies on environment is relatively small (Bonnet & Bouamra-Mechemache, 2016).

## 4. Conclusion

Trading with flour in Slovakia had revealed comparative advantages within all followed years, besides 2009. Since 2010 the RCA index of flour has been decreasing. For bread and bakers' wares import exceeds export and Slovakia has comparative disadvantage within all followed years. Since 2012 Slovakia has a comparative disadvantage at trading chocolate. Coffee is very popular drink in Slovakia, so its import was constantly rising. Despite the fact coffee was one of 10 most exported commodities, Slovakia reached comparative disadvantage in trade with coffee within all followed years. This is normal, as coffee is not largely growing in Slovakia, but the values are oscillating around 0. Trade with milk and cream was competitive within all followed years. Situation with cheese got worse in 2008 and Slovakia is not competitive. This is partially caused by high competitiveness of imported cheese. Slovakia is competitive at trading with EU countries with flour, coffee and milk.

Comparative disadvantage can be also an indirect indicator, which helps us to find out whether we can cover also domestic demand. We export commodities and consequently we import products processed out of exported commodities with added value. The only exception is flour, Slovakia reaches comparative advantage. Grants and supporting EU programs should be more focused on food-processing industry and first producers – processors. Most study ignores vertical market linkages when evaluating the effects of trade policy reform – impact on consumer prices and welfare (Mc Corrison, & Sheldon, 1996). Vertical relationships between producers and tradesmen often involve vertical restraints. These arrangements can simply consist in non-linear tariffs but they may also include the assignment of exclusive territories and etc. (Rey & Stiglitz, 1988). Factors partly controllable include world market prices, exchange rate movements, demand conditions and the international trade environment. Especially in the case of a small country, these factors are often beyond the control of the national government. Factors such as the climate and natural resources are important in determining the competitiveness potential of an industry, whereas their role has often been considered in the economic literature within the framework of comparative advantage. In addition, the distance of a country to its main consumer markets can be an important factor, especially in the case of the food processing industry (Toming, 2007).

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# FOREIGN WORKERS ON POLISH LABOUR MARKET IN CONDITIONS OF GLOBALISATION OF ECONOMIC RELATIONS

Elzbieta Sojka<sup>1,a,\*</sup>

<sup>1</sup>Department of Statistical and Mathematical Methods in Economics, University of Economics in  
Katowice, Katowice, 1 Maja 50 street, 40-287, Poland  
elzbieta.sojka@ue.katowice.pl

\*Corresponding author

**Abstract.** International migrations of labour force in their diverse forms are one of the most explicit features of globalisation of economic relations. According to neo-classical theory of migration, labour force flows from the areas relatively abundant in labour, where wages are obviously comparably low, to the areas characterised by relative capital abundance, and consequently, relatively high wages. Decline in labour resources and their ageing are going to be the most critical issues of Polish labour market in the nearest perspective. In 2015 there were 23 people aged 65+ per 100 people aged 20-64, whereas it is predicted that in 2060 there will be two and half times more of them. Globalisation processes, political and social changes in Poland, Europe and in Asian countries have affected growth of migration movements of economic character. Shortages of labour resources both in terms of the number of workers and in terms of their qualifications occurred on “local” labour markets. For many countries, including Poland, inflow of foreigners willing to work is perceived in many situations as specific rescue that allows maintaining appropriate functioning of many economy sectors. The goal of the paper is to analyse the scale and structure of the phenomenon of economic migration in Poland in conditions of globalisation. The paper also attempts to answer the following questions: is the inflow of foreign workers a threat to Polish labour market, or rather an opportunity to increase competitiveness of domestic economy? What are the perspectives in the sphere of employment of foreigners? Does the currently increased interest in migration among citizens from the east (mainly from Ukraine) concern only Poland or does it have a Union-wide dimension?

**Keywords:** globalisation, ageing of labour resources, immigration, foreigners

**JEL Classification:** F16, F22, J11, J61

## 1. Introduction

Declining labour resources and their ageing are going to be the most critical issues of the European labour market in the short term. The problem of population ageing also concerns Poland that soon will be a country characterised by one of the highest rates of non-working age population in Europe (Sojka, 2016A), (Sojka, 2016B). Decline in fertility and expanding life expectancy are the main reasons that cause increase in the share of older people in total population; furthermore, the pace of the process of population ageing is also affected by international migrations (Sojka, 2013). Poland is facing extreme challenges resulting from the dynamics of demographic processes. Taking into consideration low employment rate of the people aged 55 -64 (on the level below 47% between 2011 and 2017), and projected rate of population ageing, as well as the increase in the old-age dependency ratio as reached by 2060,

Poland, beside such countries as Greece, Portugal, Slovenia, Slovakia or Spain, is going to be the country for which increase in the old-age dependency ratio is estimated to be very high. In 2015 there were 23 people aged 65+ per 100 people aged 20-64, whereas it is predicted that in 2060 there will be two and half times more of them.

Globalisation processes, political and socio-economic changes in Europe and in Asian countries have had impact on growth of migration movements for economic reasons. Shortages in labour resources both in terms of the number of workers and their qualifications occurred on “local” labour markets (Caliendo et al., 2017). For many countries, including Poland, influx of foreigners who want to work, in many cases is perceived as specific rescue that allows to maintain proper functioning of many economy sectors (Kaczmarczyk & Okólski, 2008), (Artal-Tur et al., 2014), (Naude et al., 2017).

The goal of the paper is to analyse the scale and structure of the phenomenon of economic immigration in Poland in conditions of globalisation. The paper also addresses the questions of whether the influx of foreign workers is a threat to the Polish labour market or an opportunity supporting increase in competitiveness of the national economy, as well as the perspectives in the sphere of giving employment to foreigners.

## **2. Migrations in view of progressing globalisation processes**

There is a common belief among researchers working on international migration movements, that current migrations are considerably different from those observed several decades or longer ago. These differences have mainly been determined by progressing globalisation processes (Węgleński, 2012), (Okólski, 2012). The key features of globalisation include: development of supranational financial markets, emergence of knowledge-based economy (advantage of mental over physical labour, innovativeness over mass production) and widespread use of information technologies that enables fast contact with remote places in the world as well as international movement of people on a large scale (Castles, 2000), (Skórska et al., 2016). In historical perspective, the issue of globalisation proves its universal character that is related to convergence in the sphere of ideology, scientific thought, technological and economic progress as well as transfer of people, capital, products and services. At the same time, it does not deny the thesis that at the turn of the 20<sup>th</sup> and 21<sup>st</sup> century it brought sharp acceleration of the process under the influence of IT revolution.

Regardless of historical period, there are the same reasons that underpin global migration movements, i.e. constantly growing demographic, social and economic differences between highly developed and under-developed countries. In the long-term time horizon demographic determinants are extremely important. This is because wealthy post-industrial societies have very low, often negative population growth that makes the process of population ageing fast. A different situation is observed in less-developed countries, in which extremely rapid population growth related to high birth rate is a common feature. The pressure of economic determinants is also considerably significant. In less-developed countries it is generally believed that only migration to highly-developed countries provide the opportunity to improve poor living conditions. From the immigrants’ viewpoint, even temporary unemployment and life in poverty in a wealthier country is more attractive than bleak vegetation in the previous place of residence (Zimmermann, 1996), (Castles, 2000). Strong mutual socio-economic relationships that emerge between specific communities in the period of globalisation processes are also vital.

Uneven population distribution on our planet (in terms of territory, natural resources as well as economic and human capital) would definitely be one of primary, general reasons for

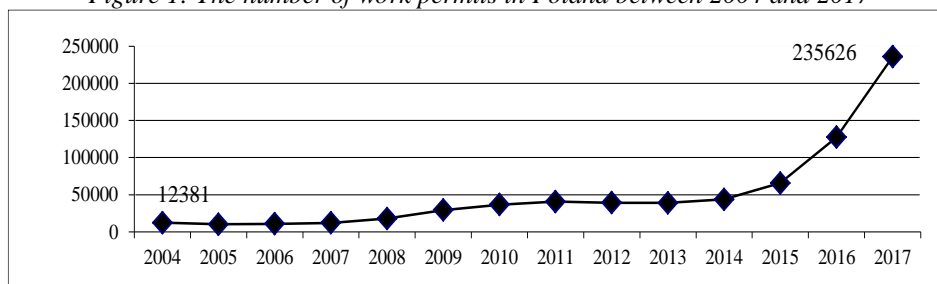
inevitability of the phenomenon consisting in growth of migration that follows rising globalisation. Rationality of human behaviours expressed among others in persecuted person's endeavours to stay in a secure territory, employer's wish to employ cheaper labour force, or its import if there is not enough of it, or the worker's wish to get the highest net salary even if it meant a change of the place of residence could be another complementary reason (Okólski, 2012). In the first half of the 21<sup>st</sup> century, international migration of population became one of the most dynamically developing large global social processes, and at the same time a significant socio-economic problem for many countries in Europe and all over the world.

### 3. Scale and structure of foreigners' legal employment in Poland

Available data concerning immigration are twofold. Those that reflect reality, concern work permits that foreigners get in voivodeship labour offices. The others concern employers' declarations presenting the will to give employment to foreigners, submitted in district labour offices. These declarations entitle to perform work for the period of 6 months. Furthermore, it must be added that the number of people that is hard to estimate come to Poland and work illegally, while visiting, etc.

Official statistics show that the number of issued work permits between 2004 and 2017 was constantly growing from 12381 in 2004 to 235626 in 2017 (fig. 1). In 2008 18 thousand people got the permission to work, in 2009 the number grew to over 29 thousand, in successive years (2011 – 2014) the number of permits remained on the level of 40 thousand, and afterwards, in 2015 there was a considerable increase to almost 66 thousand. In the last two years the number of permits doubled in comparison with the previous year. This means that liberalisation of regulations (for example since May 2017 visa-free movement for citizens of Ukraine) contributed to the growth of the foreigners' presence on the labour market. Even economic crisis did not hamper this process, on the contrary, between 2007 and 2009 the number of permits grew almost two and half times.

Figure 1: The number of work permits in Poland between 2004 and 2017



Source: <https://www.mpips.gov.pl/analizy-i-raporty/cudzoziemcy-pracujacy-w-polsce-statystyki/> own study.

Ukrainian citizens are a predominant group of foreigners on Polish labour market. In 2017 over 192.5 thousand of them got work permits, which was almost twice more than in the previous year. The share of Ukrainians in the total number of issued permits grew from 60% in 2014 to 82% in 2017. Attractiveness of Polish labour market for Ukrainians results among others from geographical proximity, better pay than in Ukraine and contacts with compatriots in Poland who form the so-called migration networks that allow to minimise the costs of stay in the first weeks after arrival (Górny & Kindler, 2016), (Toruńczyk-Ruiz, 2014). In the context of emigration from Ukraine to Poland, a study must be mentioned (Kindler et al., 2016). It analysed data concerning the scale and characteristics of contemporary Ukrainian migration in Poland, mainly the type of circular migration between neighbouring countries that is

oriented on labour and mainly based on social networks. It also presented a review of research concerning this largest and increasingly more diversified group of migrants. Socio-demographic features of recent Ukrainian immigrants, their place of origin and the place of residence in Poland were presented.

In the ranking of work permits, the citizens of the following countries can be found in successive places: Belarus (10.5 thousand in 2017 which constituted 4.5% of issued permits), Nepal (7.1 thousand – 3%), India (3.9 thousand – 1.4%) and Moldova (3.8 thousand – 1.6%), whereas the share of citizens of China, Russia, Vietnam and Uzbekistan was not higher than 0.6%. In 2017 the rate of citizens of other countries was not higher than 5% of all the immigrants obtaining work permits. In the period between 2014 and 2017 the largest growth of the number of work permits (beside Ukrainians) was reported among citizens of Belarus and Nepal, whereas the citizens of Vietnam and China obtained fewer permits than four years before.

Vast majority of foreigners, i.e. 97% worked on the basis of the A type work permit within which a foreigner is bound to an employer having the office in Poland by an employment contract or civil law contract. Most work permits of A type concerned relatively short periods of employment – from 3 months to a year (56% of total permits of this type), whereas there were definitely fewer permits for the period of over 2 years, i.e. 26.3%. However, their share was anyway higher than in 2016.

Immigrants are most often employed in construction industry (19.7% of permits issued in 2017), transport and warehouse sector (14%), industrial processing (10.7%), professional, scientific and technological activity (7.4%), wholesale and retail trade (5.8%), households and businesses related to accommodation and catering services (3.8%), farming, forestry, hunting and fishing (2.7%), as well as in information and communication sector (1.7%). Data analysis shows that between 2015 and 2017 the share of immigrants employed in industrial processing, transport, as well as science and technology sector increased, whereas in other industries decline of their share in total number of issued permits was observed – the highest, by 7.7% in the sector of households that employ workers. Concentration of citizens of some countries in selected economy sectors is apparent. Ukrainians are predominant on the labour market in Poland mainly in construction industry, services in households as well as transport and warehouse sectors. Slightly less than 30% of the citizens of Uzbekistan work legally in construction sector, whereas the Chinese and the Vietnamese usually start commercial and catering activity. In the case of transport, Belarusians are predominant (54% of all issued permits in this economy sector). On the other hand, in the case of Indians, the highest rate of permits was reported in information and communication industry (27%), trade, as well as scientific and technology sector (11%).

Register of employers' declarations regarding their willingness to employ foreigners is another source of information about the scale of legal employment in Poland. It concerns foreigners (including citizens of Ukraine, Belarus or Russia) who find short-term employment in Poland. After this period, foreigners must obtain the permit. Data of MRPiPS [*Ministry of Family, Labour and Social Policy*] show that if in the years 2008 - 2013 the number of registered declarations was stable and ranged between 157 and 240 thousand, in 2014 it grew to 388 thousand, in 2015 it reached the level of 780 thousand, whereas in 2017 it was higher than 1.8 million. In 2017 Polish employers declared in labour offices the intention to employ over 133% workers more than two years before. The declarations are mainly registered for citizens of Ukraine. In 2017 around 85% declarations concerned employment for the period between 3 and 6 months, and every tenth was issued for a shorter period, i.e. from 1 to 3 months; however, only every fourth immigrant worked on the basis of a contract of employment. Foreigners working on the basis of employer's declaration in majority are young people – 70%

of them are younger than 40, and over time the mean age of workers coming to Poland for work is declining. This is proved by the values of age medians: in 2007 – 36.4 years; in 2017 – 34 years.

### **3.1. Immigrants on Polish labour market – an opportunity or a threat?**

Labour market segmentation theories proved to be helpful for the analysis of contemporary migrations of workers. The best known is the concept of dual labour market, the rudiments of which were developed by American researchers M.J. Piore and P.B. Doeringer. The authors divided the labour market into two segments of distinctive characteristics. The primary segment comprises stable, well-paid workplaces that offer the possibilities of promotion, whereas the secondary segment, comprises less prestigious and worse-paid workplaces, the number of which in economy depends on economic fluctuations. On dual labour market, the secondary sector is characterised by short-term employment relationships, little or no perspective of promotion in the company, and pay mainly determined by market forces. Regarding professions, it mainly comprises low or unskilled workplaces. Immigrants, young workers and some women are often pushed to secondary market (Górny & Kaczmarczyk, 2003), (Balcerowicz-Szkutnik & Skórska, 2017).

Immigrants are not a threat to indigenous people on Polish labour market because they find employment in the professions that are rejected by locals. Short-term nature of the employment proves complementary rather than competitive employment. It may be competitive for some Poles in terms of unskilled work, but undeniably immigrants perform complementary function for labour supply while affecting reduction of operating costs for companies. Relatively good education of immigrants can translate into holding higher position by them in companies in the future (Polakowski & Szelewa, 2016). Furthermore, giving employment to immigrants does not cause growth of unemployment rate, but has stabilising effect on the country economy. As data of Główny Urząd Statystyczny [*Central Statistical Office*] show, registered unemployment rate declined from 13.4% in 2012 to 9.7% in 2015, and in 2017, the number of the unemployed decreased by nearly 260 thousand people in comparison with the previous year whereas the unemployment rate reached the lowest level since 1990, i.e. 6.6%. In this case economic immigration should be perceived not as a problem but rather an opportunity for stable development of Polish economy. The demand from entrepreneurs on workers is large and does not find complete support from Polish workers. Increasingly more foreigners are also employed on the basis of commission contract or employment contract and thus the number of economic immigrants who pay contributions to the Social Insurance Institution is growing increasingly faster. According to data of ZUS [*Social Insurance Institution*], the number of foreigners working legally in Poland and paying tributes and taxes to the budget at the end of the first quarter of 2018 reached 476 thousand and was by over half higher than at the end of 2016. The process of employment legalisation brings benefit for the Social Security Fund. Contributions from foreigners help to close the gaps in the fund. Foreigners represent over 3 percent among over 15.6 million people insured in ZUS [*Social Insurance Institution*]. Growth of the number of foreigners in ZUS [*Social Insurance Institution*] can somehow compensate for the effect of lowering the age of retirement in Poland.

Potential threats resulting from economic migration can include its negative impact on the level of pay of Polish workers. Employers in many cases already give employment to immigrants not because of lower costs but due to labour shortages in a given sector or region. Giving work to foreigners is often associated with offering a pay corresponding to local workers.

## 4. Conclusion

Analysing the scale of legal employment of foreigners, and considering the estimates concerning shadow economy work, it can be stated that it has insignificant impact on domestic labour market in comparison with such immigration countries as Great Britain or Germany. Short-term character of employment proves complementary rather than competitive employment. Citizens of Ukraine represent vast majority of economic immigrants arriving to Polish labour market. Even though immigrants are well-educated, they most often perform simple work in the sectors of construction, transport and warehousing, wholesale and retail trade, industrial processing, agriculture, forestry, hunting and fishing, business related to accommodation and catering, as well as information and communication.

Presented analysis shows that Poland strengthens its position of the country of destination for Ukrainian economic immigrants also thanks to administrative facilitations for citizens of Ukraine, easiness of language and spatial communication as well as the fact of being used to performing specific work or working for specific employers. Most probably, the growing trend is going to last for the next several years because fast improvement of economic situation behind eastern border of Poland is not expected. However, it may happen that Ukrainian migrants will develop migration networks in other EU countries and will go to countries offering them higher salaries. Because of prevailing temporary character of immigration to Poland it is still too early to definitely state that Poland is permanently changing into the main EU country of immigrant settlement for Ukrainian citizens.

At the same time, experiences of other countries in Europe show that transformation of temporary migration into migration for settlement can only be a matter of time. Because growth of settlement strategies is observed among immigrants in Poland, it can be expected that Poland will change its status from the country that pushes immigrants, to the country that pulls them (Okólski, 2018). Observing experiences of western countries and referring to the concept of migration transition (Okólski & Fihel, 2012), Poland has the chance to become a country of positive balance of foreign migration in the future (2025-2029) (Fihel & Okólski, 2017). As Mig/Ageing projection shows, in the period of several decades the number of foreigners will grow to over 3.8 million and by 2060 their share in the population will have grown to 11%. On the other hand, in 15-64 age group, they will represent almost 16% of the population which means that foreign workers will perform increasingly more significant role on Polish labour market. Current occupational activity rates for foreigners living in Poland are comparable with those registered for Polish citizens, however they are remarkably higher for older groups of labour force (aged 60 and older). If this trend continuous in the future, and the process of population ageing proceeds, by 2060 the share of foreigners in the population of Poland will grow to 18% among occupationally active people (Fihel & Okólski, 2017).

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# IMPACT OF GLOBALIZATION ON THE EMPLOYEE MOTIVATION – BENEFITS SATISFYING THE EMPLOYEES' REQUIREMENTS

Mariana Strenitzerova<sup>1,a,\*</sup>

<sup>1</sup>University of Zilina, Faculty of Operation and Economics of Transport and Communications,  
Department of Communications, Univerzitna 8215/1, 010 26 Zilina, Slovakia

<sup>a</sup>mariana.strenitzerova@fpedas.uniza.sk

\*Corresponding author

**Abstract.** Today's world is the world of globalization, which affects all areas of daily life not only of employees but also of their employers. Modern international companies are interested in stabilizing their position in the labour market as an attractive employer. Getting quality and loyal employees is the goal of every modern company. To this end, they pay close attention to human resource management, motivation of employees and providing attractive benefits. In addition to the financial benefits, the motivation program should be the development of each employee and his future career. Global surveys confirm that employees, in addition to classical financial benefits, prefer non-financial employee benefits of their choice. The paper compares the provided employee benefits by employers in the world and Slovakia and researches employee satisfaction with the motivation system and benefits in the selected company. The results served as a basis for the design of cafeteria plan as a new form of employee motivation. The cafeteria plan allows employees to choose among a variety of offerings to create a benefits package that best meets their needs and those of their family. The assessment of mentioned aspects and proposing a new form of employee motivation may be the main result of this paper.

**Keywords:** motivation, benefits, cafeteria plan

**JEL Classification:** M12, M51

## 1. Introduction

Globalization trends currently affect all the spheres of social life. They affect the lives and work of people - positive and negative. Globalization is changing the priorities, values and needs of people - similarly in the business environment (Ponisciakova, 2016). A prerequisite for successful organizations is sustainable human resource management (HRM). Jarlstrom, Saru & Vanhala (2018) reveal four dimensions of sustainable HRM: Justice and equality, transparent HR practices, profitability, and employee well-being. Sustainable human resource management is not only to adequately reward the employees for their work, it need to give them space for self-realization, the development and implementation of their employment potential. This is related to increasing the responsibilities and competences of individual workers, which contributes to the growth of their motivation and productivity.

Motivation of employees in companies is a very important aspect of the present. It represents added value not only for the employee but also for the employer, in terms of satisfaction, loyalty or differentiation from competition and building a higher value for the company. Motivation and employee benefits need to be differentiated and tailored to employees, whether on the basis

of a job or the impact of globalization, where companies often employ workers from different countries, thereby differentiating into preferred benefits. The offer of employee benefits will ensure satisfaction on the part of the employer and the employee in ensuring progressive growth and loyalty. Provided benefits may not only relate to social security but employees can also be motivated through education, re-training, which will benefit both sides. It also does not need to be about education related to an employee's job, but also about developing and spreading new skills that may appear as future benefits in the next period. Also the less important area of benefits is the promotion of reconciliation of work and family life. This is an area that can provide benefits for both parties.

The motivation theory is a set of knowledge about work motivation. Devadass (2011) presents motivation as an invisible, internal, and hypothetical idea. It is therefore a transformation process that has to be well managed and its effects are visible in the efficiency (cost reduction), economic efficiency (productivity, profitability) and the development of the organization itself. According to Kauppila (2018), Stam, et al. (2018), Zhu et al. (2018), Van Iddekinge et al. (2018), Vogel & Mitchell (2017), Zamecnik (2015), minor progress in theoretical and empirical research of motivation appeared in the last ten years.

## **2. Motivation and employee benefits in Slovakia and abroad**

In a study of employees across 29 nations and 9 of the 10 Global Leadership and Organizational Effectiveness (GLOBE) cultural clusters, the association between economic and psychological incentives and intrinsic motivation, job satisfaction, and organizational commitment were examined. Results confirm the positive relationship between basic psychological needs and intrinsic motivation across all nations and cultures (Monnot, 2018)

The portal platy.sk carried out a survey of the most widespread benefits in Slovak companies in 2015. The survey was conducted on a sample of 65,000 respondents. The most widespread occupational benefits are corporate events (26%), free drinks (20%) and education (20%). However, one third of respondents do not have any corporate advantage [4].

An important motivating component provided by companies in North America and Western Europe is healthcare (90%). More than 50% of companies pay their attention to health and employee development: life insurance (83%), education (68%), extra holidays (60%), private mobil phone (50%).

MetLife conducted a study on international employee benefits, with employers and employees in four countries taking part in the survey, which served as a representative sample of different economic and work environments. The United Kingdom and Australia have been selected for covering a mature economy with many demographic trends that characterize developed nations around the world. India and Mexico are newly developed countries that have a significant share of economic and social aspects with other rapidly developing countries. The survey shows that in Mexico, nearly 70% of employers offering financial or non-financial motivators feel loyalty of employees in relation to company. The most commonly provided employee benefits include health insurance, consumer fund, employee training, special insurance or contribution to company products and services. In India, the companies provided the following benefits to its employees: bonuses (80%), support fund (74%), travel allowance (50%) and housing allowance (47%). In Australia, as a country with advanced economy, employers provide long-term life insurance (39%), income protection (31%), disability insurance (30%), and financial planning services (30%) in financial benefits. In terms of improving working conditions, training and increasing staff qualifications, employers also

focus on various employee benefits in the non-financial and financial fields (flexible working time, retirement, education and subsidized loans). Employers in the UK provide a significant amount of financial benefits (94%), private health insurance (82%), life insurance contribution (66%).

### **3. New option of employee benefits - Cafeteria system**

Managers must have a reward program that encourages motivation and recognizes the achievements of the human resources involved (Garcia-Alcaraz et al., 2018). Employee benefits systems may take various forms. Companies are using fixed or variable benefits. The Cafeteria system is one of the most effective tools that simplifies and efficiently implements the policy of non-cash employee reward. The direct consequence of using the Cafeteria system is to increase loyalty, employee satisfaction with the aim of increasing the attractiveness of the business for individuals, thereby ensuring lower employee turnover. Extra-standard benefits are a tool to increase work motivation and staff potential. A suitable combination and offer of employee benefits can contribute to the attractiveness and support of the employer's competitiveness on the labor market.

The fundamentals of the Cafeteria system lies in the individual choice of employee benefits according to employee's current needs. Employee Benefit Portfolio is based on business status, employee value for company, and financial situation of company. The principle of functioning is based on the fact that employees have access to all the benefits provided by the employer. Differentiation occurs at the moment of the number of points assigned to individual employees. The amount of points awarded may depend on the position in the company, the length of the employment relationship, the achievement of the objectives or the other criteria set by the employer. For this reason, it is very important for the company to set up a system to provide fairly and assign a point rating.

### **4. Methodology**

The selected company is one of the major employers in the region of Central Slovakia. It provides its employees with a high standard of working environment, the possibility of professional development and career growth. The number of employees as of 31 December 2016 was 304. At present, the company shows the greatest interest in employees in the area of business and customer service. In this section Customer Care, a certain staff structure is in place (section manager, support specialist, front office manager, back office, support, supervisor, agent, data exchange specialist, data technician, analyst, supervisor, system support officer). Every employee in a given job position has different rights, responsibilities and competencies to address the situations and requirements of customers. The given category of employees fulfills the characteristic features facilitating the implementation of the Cafeteria of the system:

- There is a prevailing technology and relatively steady workload of individual jobs;
- Jobs are standardized and their performance is based on clearly defined and specified procedures;
- Jobs require a fixed level of qualification and training;
- Employees have the ability to hierarchically move forward with time.

Our goal was to identify the satisfaction of the employees of the section Customer Care with the current benefit system and their view of introducing a new benefit system based on the Cafeteria System principle. The survey was attended by 62% of the staff of the section concerned. All categories of employees were represented in the survey.

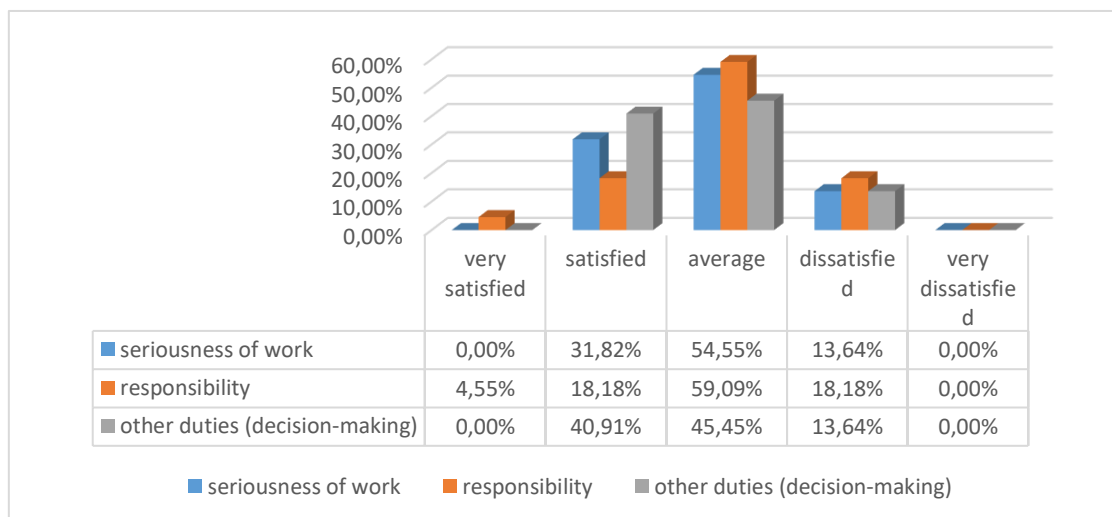
## 5. Results and discussion

According to Tremblay, M., Sire, B. and Pelchat, A. (1998), Bargain, O., Doorley, K. (2017), Linder, S. (2016), the role of benefits in employee motivation and retention is very important. The flexibility of benefit systems can be an effective source of employees' satisfaction (Manuel de la Torre-Ruiz et al., 2017). DeGeest, D. S., Follmer, E. H., Walter, S. L. and O'Boyle, E. H. (2017) propose a model of motivation-enhancing human resource practices mediated the effects of initial human and financial resources that have effects on firm survival. It is necessary to determine the significance of the benefits for employee motivation and retention as one of many factors and explore changes in employee preferences (Nemeckova, 2017).

## 6. Analysis of the motivation system in the selected company

We were interested in how employees are satisfied with the current benefits system when comparing their work activities to their job positions in terms of severity, responsibility, and other responsibilities. We have gained an overview of employee satisfaction from different perspectives. Most respondents rate their satisfaction with the current benefit system from the point of view of their job position adequately (Figure 1).

Figure 1: Satisfaction with the current benefits system



Source: Author

We also wonder which of the current benefits are most motivating for employees. The highest percentage represents a week of extra holidays, subsistence vouchers, health care including recreation and spa, and increased sickness compensation. On the other hand, the least important components of the benefits are the contribution to kindergarten and children's playgrounds, sports activities and the reward for product sales and the conclusion of the contract.

From the point of view of new forms of employee motivation, we investigated whether employees know the cafeteria system based on an individual choice of employee benefits according to their current needs. Up to 81.8% of respondents do not know this system, but would welcome such a form of benefit choice.

Part of the survey was employee interest in benefits, in case of their individual choice (Table 1). We have chosen two key areas of benefits: Benefits related to the work environment, and

benefits used outside the workplace. Within the workplace benefits, 82.35% of respondents showed interest in Sick Days and 72.55% of respondents in developing skills through further education, courses and training. Benefits used outside the workplace have the highest representation in the category of health (58.82% of respondents), sport and culture (50.98% of respondents).

*Table 1: Interest in the benefits of the Cafeteria system*

| Benefits  | % of respondents |
|---|------------------|
| Culture (theater, cinema)   | 50.98            |
| Sport (gym, swimming, ski pass, wellness)                                     | 50.98            |
| Allowance to experiences (parachute jump, boat cruise ...)                    | 37.25            |
| Health (vaccinations, spa, massages, vitamin packages)                        | 58.82            |
| Lifestyle (breakfast, drinks, lunches, fruits at work)                        | 50.98            |
| Providing discounts on life, accident and retirement insurance                | 27.45            |
| Sick days   | 82.35            |
| Developing skills (education, courses, trainings)                             | 72.55            |
| Allowing discounts on chain stores products (IKEA, DM drugstore, Tesco, BENU) | 45.10            |
| Program for family members (children's camps, sports program for families)    | 45.10            |

*Source: Author*

When implementing Cafeteria system, the correct way to assign points is important. Based on the results of the survey, we can say that employees would welcome the points allocation system according to the fulfilled goals (68.63%), the years worked (41.18%) and the performance (37.25%). Some would like to see a flat allocation of points (37.25%). Only 3,92% of employees consider that point allocation by position is correct.

## 7. Design for implementation of the Cafeteria system

In creating the Cafeteria system, close cooperation between competent human resources staff and top management is very important to ensure continuity and consensus of processes and decisions. This strategy will provide information on the necessary financial resources for the establishment of the system and its operation, tax burden and social security. It is also important to set up a multi-person project team that will be responsible for creating and implementing the system. Implementation of the Cafeteria system takes place in several steps:

- Establishing the way and conditions for the allocation of points to employees;
- The range of benefits, that employees are interested in based on the survey;
- Point-to-Benefit awarding methodology (point benefit rating) and how to draw them;
- The design and implementation of the information system (in-house or outsourcing, pilot testing, support).

When establishing the way and conditions for the allocation of points to employees, we based on the job descriptions of the individual job positions. Points are allocated on the basis of 4 factors of work (qualification and social skills, responsibility, seriousness of work, and decision making), each factor being categorized into 3 basic grades. Points will be allocated to employees on the basis of their job position regularly at the beginning of each month, always backward for the previous month. The allocation of extra points to individual employees will be based on the fulfillment of the goals, standards, significant life events achieved and

fulfillment of other specified conditions, and their allocation depends on their fulfillment by the employee.

When setting up the Cafeteria system in a company, it is important to choose one of the most appropriate of the available systems (kernel system, buffet system, alternative menu system). We decided to choose a kernel system - the benefit offer is divided into a fixed and variable component. The fixed component is not optional, it is available to all employees, with a certain minimum social security level (statutory social and health insurance, meal vouchers, preventive medical care, weekly recovery leave beyond the law). On the contrary, the variable component presents freedom of choice: extraordinary health services (vaccination, spa stay, massages, vitamin packs), sick days, leisure time (cultural events), sports (gym, swimming pool, wellness, skipass), program for family members (children's camps, sports program), discounts on purchases in selected business chains, insurance services, workplace benefits related to lifestyle (serving of snacks and drinks during the working day), bonuses to increase qualification (offered courses, trainings).

The method of allocating points to benefits and the way they are used is a demanding process that requires a functioning information system. In order to ensure benefits to employees from the fixed component, 75% of the total number of points for individual jobs will be defined. From the remaining 25% points and extra points for performance, goal fulfillment, and set criteria, the employee can draw benefits available within the variable component.

Every employee of the Customer Care section will have an employee account created within the company intranet to provide an overview of earned points and used benefits. Points will be allocated to the first day of the calendar month, for the results of the work in the previous month. The possibility of using them is immediately after the points are credited to the employee account. The points earned are valid for a whole year from the beginning of the credit points assignment. In the case of unused points for a particular year, the points earned are transferred to the next period, provided however that the points transferred are exhausted within 6 months.

An update of the benefits available will be in the semi-annual periodicity due to possible changes in the preferences and interests of the individual employees. An appropriate way to find out employee preferences and satisfaction with benefits is survey in electronic form.

An important condition is the design and implementation of the information system. Implementation can be secured internally by the company, or it is possible to use available services provided by outsourcing companies. When using an external company, we can get a customized system according to our requirements with a shorter amount of time. The communication with an outsourcing company will be assured by a project team that will set its requirements and conditions for the design of the system. There are several companies in Slovakia that help companies implement the Cafeteria system and offer the benefits of managing Cafeteria system of their clients.

## 8. Conclusion

The Cafeteria System is of great importance for the company and will contribute to meeting the corporate priorities in the area of human resources:

- Meeting the diverse needs of employees in health, personal development, leisure, social security, and so on;
- Achieving a better competitive position in the labor market as a result of securing additional or above-standard benefits, thus ensuring more efficient and quicker recruitment of potential employees and retaining current employees in the company;
- Achieving higher value for employee and employer for financial resources spent on employee benefits.

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## DIFFERENCE IN GUESTS' PREFERENCES OF GLOBALLY OPERATING AND LOCAL ACCOMMODATION FACILITIES

Roman Svec<sup>1,a,\*</sup>, Marie Slaba<sup>2,b</sup> and Petra Martiskova<sup>3,c</sup>

<sup>1,2,3</sup> The Institute of Technology and Business in České Budějovice, Faculty of Corporate Strategy,  
Department of Tourism and Marketing, Czech Republic

<sup>a</sup>17587@mail.vstecb.cz, <sup>b</sup>slaba@mail.vstecb.cz, <sup>c</sup>petramartisek@gmail.com

**Abstract:** The paper deals with differences in guests' preferences of local (small, often family-run) and globally operating (large, often multinational) accommodation facilities. In tourism, a wide range of researches, focusing on guests' satisfaction, is conducted. However, the question of guests' preferences is often omitted, although it is obvious that preferences are crucial when choosing an accommodation facility. Besides this, preferences are also one of the important determinants of offering the right product what is essential in the globalised world where many other offers compete. For purposes of this paper, respondents from both segments were selected and a printed questionnaire was used. Collected data was subsequently analysed – means were calculated for each segment in order to identify major differences in guests' preferences. For better visual clarity, a semantic differential was created. The collected data shows current guests' preferences. From the researchers' point of view, the findings can be used to evaluate the level of preferences, especially in connection with the development of small and medium-sized enterprises in tourism and also with the competition in the form of globally operating hotel chains. From the point of view of destination management, it is possible to use these findings for the future development of a particular destination. From the point of view of managers and owners of accommodation facilities, these findings can be used as a starting point for creating new products, which will be competitive in the today's globalised world.

**Keywords:** guests' preferences, large accommodation facilities, small accommodation facilities

**JEL Classification:** M 30

### 1. Introduction

Tourism is defined by many authors, for instance by Buhalis & Darcy (2011), Hrubalova & Repanova (2016), Batta (2000) etc. Tourism is divided through various viewpoints (Knight, 2018). Authors' definitions differ very often – works by Ryglova et al. (2011) in the Czech literature or by Goeldner and Ritchie (2012) in foreign literature can be compared. In the today's tourism marketing and management (Josefová, 2017), conducting marketing research is essential (Buhalis & Darcy, 2011) and research focused on preferences is the most important one Yang, Mao, & Tang (2017). For example, Chalupová et al. (2016), Löke, Kovács and Bacsı (2018), Navratil et al. (2012), Svec et al. (2012) deals with research on preferences. The increase of tourism is linked with decreasing global mass migration (Bacsı, 2017).

Guests have many opportunities where they can accommodate (Samimi & Seyfi, 2018). These opportunities are constantly expanding (for example, Airbnb can be mentioned), but there is also still better camping equipment in the countryside or in camps where guests can stay in their own tents, which can be very comfortable nowadays. Despite this fact, accommodation

facilities such as small pensions and medium or large accommodation facilities (mainly hotels) mean fundamental accommodation possibilities. Medium and large accommodation facilities are often owned by global companies and offer standardized services in all destinations where they have their subsidiaries, in the contrary to small accommodation capacities out of the larger cities and in rural areas (Kantar & Svrynjak, 2017)

Guests of these accommodation facilities are often truly global clients who expect the same level of services in all the subsidiaries of a particular company – this is often in contrast to the services provided by small, often local accommodation facilities. Locality and local specifics are often the main marketing advantages of these facilities and this approach of promoting local aspects is supported both at local and national levels. Local production and local producers of goods and services are also described by many researchers from the theoretical point of view. For global companies it is necessary to find out what services their guests really require (Bowen & Ford, 2002)

## 2. Aims and methods

### 2.1 Aims of the paper

The aim of this paper is to analyse a set of chosen preferences of guests in accommodation facilities, taking into account the type of accommodation facility. Differences between the guests' preferences in small (mostly local) accommodation facilities and global facilities (mostly owned by multinational companies) are monitored. Considerable differences are expected in guests' preferences – in the case of really considerable differences, they will be described and interpreted in order to find out opportunities for global companies, providing accommodation services.

### 2.2 Used methods

A questionnaire was prepared – it contained mutually opposite statements and the respondents were asked to express the degree of their preferences to each statement, using five-point scale: 1 = strong agreement with the statement on the left, 2 = agreement with the statement on the left, 3 = neutral, 4 = agreement with the statement on the right, 5 = strong agreement with the statement on the right. Tab. 1 shows the mutually opposite statements. These statements were divided into several logical units: requirements for destinations, accommodation requirements, catering requirements and requirements for other services in a similar way Liu, Wu, Morrison & Ling (2015). In the questionnaire, the individual statements were not visibly grouped into these units – the reason for it was the effort not to affect the respondents by the answer to the previous question. Consistency of answers was one of the important indicators whether the questionnaire was completed conscientiously and so whether it can be really included in the subsequent data processing.

*Table 1: List of factors and mutually opposite statements*

| <b>Factor</b>                           | <b>Statement A</b>   | <b>Statement B</b>  |
|---|--|---|
| Purpose of your travel                  | My purpose of travel is relaxation/holiday                       | My purpose of travel is a business trip                         |
| Location                                | Accommodation facility located in quiet parts of the city        | Accommodation facility located in the centre of the destination |
| Character of your order – order content | I prefer classic stays and, if necessary, I order other services | I prefer stay packages  |

|  |  |  |
|--|--|--|
| Room service   | Room service once a day  | Room service in the morning and in the evening   |
| Additional services                                      | I do not use additional services during my stay  | I use additional services during my stay   |
| Rating of the accommodation facility                     | I do not rate the accommodation facility online  | I rate the accommodation facility online   |
| Consideration of references                              | When deciding on accommodation, I follow my own opinion  | When deciding on accommodation, I use online reviews   |
| Consideration of advice and recommendations by employees | During my stay, I have seek for advice and recommendations by employees of the accommodation facility              | During my stay I do not seek for advice and recommendations by employees because I have prepared my stay |
| Form of payment  | I pay in cash  | I pay by card  |
| Reception style of providing services                    | Slower but more communicative check-in at the reception desk (even with the risk of possible longer waiting times) | Fast, non-personal check-in at the reception   |

Source: Own processing.

In total, 240 questionnaires were collected. However, some of them were not completed or they contained some errors – for that reason, such questionnaires were not included in further data processing. In order to maintain relevance of the comparison, one hundred questionnaires from each group of accommodation facilities (small facilities X large facilities) were analysed.

### 2.3 Study Area

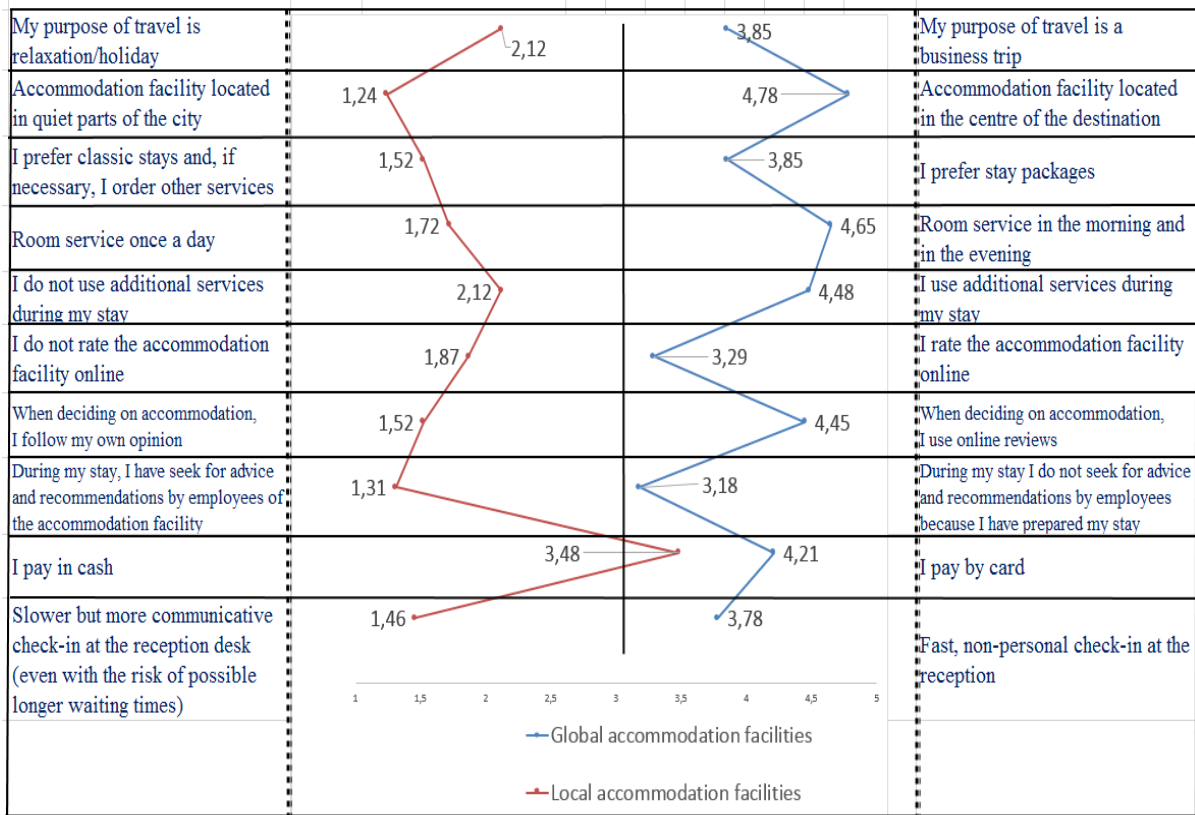
The research was conducted in a particular area which is administratively constituted by the South Bohemian Region and the Klatovy District in the Pilsen Region. In the following text, the term "area" is used for the study geographical territory.

As mentioned above, this paper examines the South Bohemian Region, an area with a temperate climate in the southern part of the Czech Republic along the border with Germany (Bavaria) and Austria (Upper Austria) (Cetkovský et al. 2007). The selected area comprises two tourism marketing regions: South Bohemia and the Bohemian Forest (Cz: Šumava). The territory extends throughout a rather geographically diversified part of the Czech Republic. Bohemian Forest National Park (Cz: Národní park Šumava), the Třeboň Protected Landscape Area (Cz: Chráněná krajinná oblast Třeboňsko), the Bohemian Forest Protected Landscape Area (Cz: Chráněná krajinná oblast Šumava), and the Blanský Forest Protected Area (Cz: Chráněná krajinná oblast Blanský les) are the largest conservation areas in the region studied (Navratil et al., 2016).

### 3. Results

Significant differences between guests' preferences in both groups of analysed accommodation facilities were identified – see Figure 1.

Figure 1: Semantic differential – small (local) vs large (global) accommodation facilities



Source: Own processing.

The first analysed factor is the purpose of the travel. Arithmetic mean for all respondents is 2.99, which means there is no significant preference between travelling for relaxation and travelling for business. However, if the answers from respondents are sorted by the size of the accommodation facility, there are clearly visible preferences of guests in global facilities (i.e. business clients on their business trips).

The second analysed factor was the location of the accommodation facility. For all respondents, arithmetic mean is 3.01 – it means respondents were not able to prefer clearly one variant. However, this factor has the highest value of scatter (3.54) which suggests significantly different preferences between the groups. Value 4.78 is the most extreme fluctuation from neutral value (3.00) and shows a clear preference for location in the centre of destinations.

The third analysed factor (character of the order – order content) tried to find out whether guests order services after their arrival at the accommodation facility or whether they arrive with a prepaid stay package. Respondents overall prefer to choose services at the accommodation facility (2.69), but this is significantly influenced by the reluctance of guests at large accommodation facilities. The reluctance in this case is surely enhanced by the fact that small, often local, accommodation facilities have only very limited offer of additional services. As for guests at global accommodation facilities, the result (= 3.85) indicate not very strong preference for usage of stay packages.

The next factor (room service), was overall evaluated by arithmetic mean = 3.19 which indicate a moderate predominance of guests who require more intensive room service. This factor is strongly influenced by increasing requirements and in the study area, morning and evening room service is provided also at local (small) accommodation facilities. Figure 1

suggests that guests at large accommodation facilities have clear preference for more frequent room service, even at the expense of more privacy disruptions (this was found out by means of a supplementary question in the questionnaire).

The fifth analysed factor focuses on additional services. Respondents overall answered that they use additional services during their stay (3.30). As for comparison of preferences, guests at global accommodation facilities prefer additional services more (4.48) than guests in small facilities. It is obvious that respondents staying at global accommodation facilities are more in need of additional services; however, value 2.12 for small facilities is also significant.

When assessing factor “Rating of the accommodation facility”, respondents expressed whether they put their evaluations of accommodation facilities on the specialized portals. As opposed to expecting, guests show only little activity and claim they are not used to evaluating accommodation facilities online (arithmetic mean = 2.60). However, guests staying at large, “global” accommodation facilities are a little more willing to evaluate than guests at small facilities. In relation to neutral value = 3.00, it indicates that respondents do not have clear attitude.

The seventh analysed factor deals with consideration of references – respondents decided between statements “When deciding on accommodation, I follow my own opinion” and “When deciding on accommodation, I use online reviews”. Guests at large (global) accommodation facilities are more inclined to use online reviews than guests at small (local) facilities. Similar research was devoted to similar research by Litvin, Goldsmith & Pan (2018).

The next factor deals with consideration of pieces of advice and recommendations by hotel’s employees. For all respondents, arithmetic mean is 2.25 – it means respondents overall tend to seek for pieces of advice and recommendations by employees. Mostly guests at small (local) accommodation facilities have this attitude. In the case of large accommodation facilities, this factor was evaluated rather neutral – value 3.18 is very close to the neutral value 3.00. Therefore it is possible to deduce the importance of providing information personally also to guests at large (global) facilities.

Last but not one analysed factor is form of payment – respondent decided between two statements: “I pay in cash” vs “I pay by card”. Based on authors’ expectations, arithmetic mean = 3.85 supports the assumption that guests prefer card payments. This preference is visible much more by guests at large (global) accommodation facilities. Paying by card also includes invoice payment which is typical of business clients.

The last analysed factor is the reception style of providing services – there are very significant differences in preferences. Guests at large (global) accommodation facilities emphasise service speed than guests at small (local) accommodation facilities.

#### **4. Discussion**

The focus on business clientele may be questionable at first glance in the destination being investigated, however it is important to take into account the significantly improving infrastructure, when the destination will become particularly accessible from Prague (railway reconstruction, motorway completion) within a few years, and also extending and certification of the airport for international traffic and the attractiveness of the destination will definitely affect the area of congress tourism. The answer to the second question clearly shows that building of accommodation facilities in city centers is an ideal way for "global" companies. Of course, the pricing and accessibility issues are very complicated and it is a question of the

investment strategy of the companies. It is an important element in terms of the urban tourism development, and global companies can contribute to this development. However, they will face the attitudes of citizens and often local governments. The research shows that the owners of global accommodation facilities, often with higher quality of services, should try to increase the intensity of room service. Of course, this service will directly increase the costs, so it depends on the specific calculations of whether this preference is so significant that it pays to invest a lot of money. However, this service may become an advantage for the competition with "local" facilities, regarding the considerable value detected at guests of "local" facilities, similarly like additional services.

It is interesting to compare the two factors of "Rating of accommodation facility" and "Consideration of references" when the first question suggests that guests are not too willing to write references but in case of available online reviews they are more active and especially guests of "global enterprises" use them. Therefore, it is useful for the hotel organization to motivate its guests to write references. Research also suggests that providing information and attitude of staff is an important part of work with the customer and can significantly help marketing to gain permanent loyal visitors. These elements are mentioned (Sigala 2018). Interestingly, card payment has become a standard nowadays, and in comparison with past research is being used more often. Compared to the 2012 research, card preference significantly increased. Compared to the publication, the value is higher by 1.05 points (original value 2.80) (Svec, 2012).

## 5. Conclusion

The main findings of the article will help the practice of large accommodation facilities, which are very often global organizations. In terms of tourism destinations, the main benefit for destination management is the specification of preferences, this information can be used for the tourism support and for the creation of new destination products. The theoretical benefit consists in guest's preferences analysis that will help to study the consumer behavior of this specific group of clients.

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## ANTI-CRISIS MANAGEMENT UNDER CONDITIONS OF GLOBALIZATION

Evelina V. Sycheva<sup>1,a</sup>, Artur S. Budagov<sup>2,b</sup>

<sup>1</sup> Saint-Petersburg Polytechnic University of Peter the Great "Industrial Management Institute, economy and trade, Polytehnicheskaya street, 29, St.-Petersburg, 195251, Russia\*

<sup>2</sup> State University of Aerospace Instrumentation, Director of the Institute of Enterprinership Technologies, Bolshaya Morskaya str. 67, Saint Petersburg, 190000, Russia.

<sup>a</sup>sovmu4@mail.ru, <sup>b</sup>dean8@aanet.ru.

\*Corresponding author

**Abstract.** The article deals with both positive and negative aspects of the impact of globalization on the effectiveness of enterprises. Attention to the crisis management is presented as a necessary condition for increasing the competitiveness of enterprises under conditions of globalization. The authors prove that it is possible to be affected by the risks of the crisis with any, even successful, management of the enterprise. Therefore, the need for anti-crisis management is conditioned by the need for both efficiently operating enterprises in order to prevent a crisis, and in enterprises, that are in a crisis situation, in order to overcome the crisis. The reasons for the increased requirements for the enterprise management under conditions of crisis globalization are the following: the aggravation of global market place competition in goods, the need to take into account the uncertainty factor of the external environment, the need for flexibility in managing production, the complexity of innovative technologies. The need of effective means under conditions of the global crisis is stated in order to forecast, prevent business failures and mitigate the negative consequences of globalization crises in enterprises that are in a difficult financial situation. The peculiarities of the personnel policy in the conditions of the turbulence of the global crisis and uncompromising competition are proposed. Approaches to reengineering of organizational and management structures of the enterprise of an anti-recessionary orientation are offered. The characteristics of modern anti-crisis strategy are described. Strategic vectors of crisis management under conditions of globalization are indicated.

**Keywords:** globalization, crisis, anti-crisis management, anti-crisis personnel management, anti-crisis strategy

**JEL Classification:** F60, M100, M50.

### 1. Introduction

Globalization process happening in the world is closely intertwined with the current economic crisis that has unfolded in almost all countries. This relationship has both positive and negative effects, which, overlapping each other, cause a cumulative effect, further exacerbating the instability of the national and global economy. The crisis, in turn, affects both the nature of globalization changes in the world, and the nature and possibilities of participation of individual countries in globalization processes (Rolenc, 2016). As the world experience shows for the way out of the crisis it is necessary not only to stimulate the participation of countries in the globalization processes, but also to increase the effectiveness of this

participation. In other words, in order to overcome the crisis phenomena, it is necessary to unite both national and international efforts.

The most significant forms of manifestation of globalization processes include not only the increasing role of trade and investment, the diversification of global financial markets and labor markets, the increasing role and importance of transnational corporations in international economic processes, but also the aggravation of global competition and the emergence of a global anti-crisis strategic management. The developed countries receive the most favorable economic results from globalization due to trade, investment, the opportunity to receive highly skilled labor due to its inflow from other states. For the developing countries that lack investment, the skilled personnel, the economic infrastructure globalization poses the greatest threat. This requires the development and implementation of programs and mechanisms that prevent and mitigate the negative effects of globalization crises. According to experts, the way out of the crisis is to implement a strategy to ensure competitiveness, by switching to new technological ideas, applying an innovative type of development, implementing continuous modernization

## **2. Basic aspects of crisis management**

In the context of crisis globalization, management is one of the most important factors in the effective functioning of the country, region, and enterprise. The value of the management object in the international environment continues to grow (Janoskova, 2016). The specific component of management in the context of crisis globalization is crisis management.

In fact, any effective management of an enterprise can be considered to be anti-crisis, since the successful operation and development of the enterprise distances it from undesirable alternatives: crisis, bankruptcy, liquidation. And any ineffective management that worsens the economic situation of the enterprise brings it closer to a crisis state and requires anti-crisis intervention (Sycheva, 2017). Therefore, the need for anti-crisis management is there for both effectively operating enterprises in order to prevent a crisis, and at crisis enterprises with a view to overcoming the crisis condition (Noussair et al., 2014).

Currently, in the context of globalization, while the crisis was gaining momentum, the complex relations between Russia and Europe and economic sanctions were joined by the decline in oil prices, the growth of the dollar and euro rates, while the analysts and experts made forecasts, the Russian companies found ways to adapt to changing conditions of the environment. (Shevtsova & Sycheva, 2017).

It should be noted that the most important component of adaptation is the achievement of a balance between the strategic, tactical and operational objectives of the system and its real capabilities, determined not only by the resource base of the system, but also by its development trends, market situation forecasts, and the actions of competitors (Gorovoy, 2014).

A modern enterprise as an object of research in conditions of crisis globalization is considered as a set of socio-economic relations of its participants (equity holders, stakeholders). Moreover, the aggregate of relations is viewed not only by financial indicators of the value of assets, but also by financial indicators, as a set of the value of communications of these relations. For example, the relationship of managers and investors, debtor enterprise and creditors, enterprises and consumers of its products can be determined, in addition to valuation, by the less determined and "softer" characteristics. In a global crisis, effective communication is more important than ever before (Capkovicova & Bednarik, 2016).

Increased requirements for the activities of modern enterprises in the context of crisis globalization are due to a number of reasons: the need for flexibility in managing production, the complexity of innovative technologies, the increased competition in the market of goods (services), the change in cost structure, and the need to take into account the uncertainty factor of the external environment.

The turbulence of the global crisis is characterized by a relatively high degree of risk. The conditions for the functioning of modern enterprises are characterized by the uncertainty as a constant variability of the conditions of behavior, rapid and flexible reorientation of production and marketing. In the face of uncertainty, both economic success and failure can manifest. Any business is connected with acceptance of various kinds of business and commercial risks in the sphere of production, finance, marketing, labor relations. A crisis enterprise operating under conditions of uncertainty has an increased degree of risk. This brings to the fore of the crisis management the agenda of risk management, i.e. crisis management implies not only a statement of the fact of uncertainty and risk, but also risk management. Monitoring of the results of operations plays an important role in the risk management process, allowing you to monitor risks and make decisions taking into account the circumstances, promptly identify new risk factors and make decisions to neutralize them (Fernando & Jaume, 2016).

Risk management is considered as a component of the corporate management process and should be integrated in this process (Semenova et al., 2017), have its own strategy and operational implementation. When managed effectively, the risk is not as dangerous compared to the functioning in the mode of response to its manifestation. An integral part of doing business with the least possibility of occurrence of risk situations and economic security is to reduce the risk in the anti-crisis management (Kirikova, Sycheva, 2017).

For the functioning of the enterprise as an object of crisis management in conditions of turbulence of the global crisis and uncompromising competition labor resources are of great importance. Priority in the anti-crisis personnel management is given to the management of human capital. According to the available studies, human capital is the determining factor in the overall production productivity (Balcerzak & Pietrzak, 2016). The management of human capital relies on the approach according to which human resources, unlike other economic resources of the enterprise, are considered as the highest value and the source of competitive advantages of the enterprise (Sycheva, 2017). The value of human resources is determined by the level of education, skills, qualifications, culture.

The importance of human capital, the competencies of specialists and managers of all ranks, the direction of personnel management with an approach to the employee as an individual, widely developed in the practice of leading firms in crisis situations, increase significantly. Consequently, the requirements for professional development of workers also increase.

The innovative approach that is used more recently to assist in the professional development of employees is the use of coaching. The paradigm of coaching as a special style of continuous learning in the workplace did not come about unexpectedly, but developed on the basis of advanced approaches in the field of mentoring, business counseling, psychological counseling and even psychotherapy (Bierbrauer & Boyer, 2016).

Available studies confirm that system coaching teams are an excellent tool to help the organization find a common strategic direction and motivate team members towards a common goal (Seemann, 2016).

The anti-crisis personnel policy is aimed at establishing the optimal balance of the retention and refreshing of personnel at the enterprise in accordance with the needs and changes in the labor market in the crisis. The globalization of the labor market presents new opportunities, offering new challenges (Sukalova & Ceniga, 2016). Consequently, the requirements for the formation of personnel policy, the system of anti-crisis personnel management are also increasing.

Anti-crisis personnel management should be subordinated to the goals of the financial recovery strategy of the crisis enterprise. These include:

- optimization of the number of personell;
- formation of the required level of human resources;
- orientation to the professionalism of the core of the personnel potential;
- effectiveness of management of intellectual capital, embedded in human resources and an additional competitive advantage (Kelchevskaya et al., 2016).

The effectiveness of anti-crisis personnel management largely depends on timely changes in the organizational structure of the crisis enterprise. This is explained by the fact that in the changed conditions of globalization, enterprises can not survive within the framework of the previous structures and are forced to be freed from unprofitable structures. The change in organizational structures includes two main areas:

- the modification of existing or unification of former and newly formed structures based on new principles;
- the formation of new structures through the development of small businesses.

Changes in organizational structures cause corresponding changes among personell employed in relatively succesfull and unsucessfull departments. Structural arrangements in the field of personnel should provide numerical and functional flexibility (Janosova, 2016). The numerical flexibility lies in the fact that in case of a reduction in production, the enterprise is forced either to reduce the number of employees or to reduce wages. This will lead to an outflow of workers who are dissatisfied with the payment for labor. With an increase in production there will be a reverse process - the recruitment of new employees. However, in connection with technological specialization, it is not always possible to establish a relationship between the dynamics of production and the amount of necessary resources. In this case, the other direction of personell restructuring will dominate, which is related to the provision of functional flexibility. If there is a decline in production, either the working day is reduced or forced leaves are introduced, or workers are re-qualified, redistributed to other jobs.

In today's globalized world, any enterprise faces the problem of reengineering. Restructuring is necessary for the purpose of survival, maintaining the market power or further development under conditions of changing competition (Grudina et al., 2016).

Changes in organizational structures entail changes in the management structure. Transformation of the management structure includes restructuring of the enterprise's divisions, redistribution of management functions between departments, creation of new divisions, and redistribution of management functions.

Reengineering of organizational and managerial structures acquires anti-crisis orientation. It is connected with organizational changes and creation of a new type collective of workers. Development of the labor market in the field of information and communication (ICT) becomes

also important. The ICT sector is one of the most dynamic sectors in the countries of the European Union (Strenitzerova & Garbarova, 2016).

As a result of reengineering, the number of levels of management is significantly reduced, the number of managers who are responsible for a narrow functional area is being reduced. Responsibility to top management is imposed on the head of the process, and senior management is responsible for coordinating the processes.

The development of an anti-crisis personnel strategy requires consideration of external and internal factors. During the external crisis, Russian companies resort to one of the two popular strategies:

- a strategy of saving, redistributing domestic resources;
- an activation strategy, when the company concentrates resources and efforts to increase the company's performance indicators.

Any of the selected tactics is focused on increasing the effectiveness of each employee: in the first case, there may be a sharp reduction in personnel and labor costs, in the second - strengthening of the control over the performance of each employee.

Modern anti-crisis strategy can be presented in various forms: a business plan, a strategic map, etc. The quality of strategic documents today assumes increased importance in connection with changes in the institutional framework after the adoption of the federal law "On Strategic Planning in the Russian Federation" (Lugovskoj & Sycheva, 2014).

Thus, the global crisis forces not only to flexibly adapt to rapidly changing conditions, but also to provide strategic vectors that affect the development of the enterprise.

### 3. Conclusion

The process of globalization taking place in the world is closely intertwined with the current economic crisis that has unfolded in almost all countries. In this regard, the role of crisis management for the effective operation of enterprises increases.

The turbulence of the global crisis in terms of uncompromising competition causes increased requirements for enterprise management, due to a number of reasons: the need to take into account the uncertainty factor of the external environment, the need for flexibility in managing production, the change in organizational and managerial structures, and the restructuring of personnel.

The global crisis forces not only to flexibly adapt to rapidly changing conditions, but also to provide strategic vectors that affect the development of the enterprise.

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## **MODERN PROBLEMS OF LABOUR PRODUCTIVITY INCREASE IN RUSSIAN TRANSPORT COMPANIES DUE TO GLOBALIZATION**

Natalia Tereshina<sup>1,a</sup>, Tatiana Bogdanova<sup>1,b</sup>, Victor Podsorin<sup>1,c</sup>, Maria Danilina<sup>1,d\*</sup>

<sup>1</sup> Russian Transport University, Institute of Economics&Finance, 9 Obraztsova, Moscow, Russia

<sup>2</sup> State University of Management, 99 Ryazanskiy ave, Moscow, Russia

<sup>3</sup> Russian Transport University, Institute of Economics&Finance, 9 Obraztsova, Moscow, Russia

<sup>4</sup> Russian Transport University, Institute of Economics&Finance, 9 Obraztsova, Moscow, Russia

<sup>a</sup>mtk3403@mail.ru, <sup>b</sup> b-tv1@yandex.ru, <sup>c</sup>podsorin@mail.ru, <sup>d</sup>shebety@gmail.com

\*Corresponding author

**Abstract.** The article considers the problems of economic globalization and the characteristic features of its influence on domestic social and economic policies. The role of the transport complex in the implementation of interstate economic ties the impact of the economic development of the transport complex under the conditions of reforming on labor productivity, the comparative analysis of international experience (EU, USA and Russia) in the part of assessing labor productivity in railway transport, a methodical approach to an integral assessment of the labor productivity of employees of the transport holding company. The main directions of increasing the efficiency of labor utilization in the transport complex are identified. To solve the problems, the authors pay attention to the foreign experience of labor productivity management; in particular, they consider the experience of European countries and analyze the basic approach to coordinate work in the field of labor productivity management. The article notes the influence of modern trends in the introduction of new equipment and technologies, which subsequently lead to a change in the structure of the corporate staff. At the same time, there is not always a reduction in staff costs. The share of staff costs in the total value of operating costs of transport companies remains quite significant, which requires implementation of the investment policy with a view to reducing it. In this regard, it is necessary to develop recommendations for improving the management system of the labor productivity in the transport complex in the context of the world economy globalization.

**Keywords.** Labor , labor productivity, transport company, globalization

**JEL Classification:** F66, M54, R49

### **1. Introduction**

The world economic system will remain a source of uncertainty and risk for the development of the main types of economic activity in Russia in the near future. This is due primarily to the unresolved fundamental problems of overcoming the structural imbalances in consumption and accumulation, the uneven development of economies in different world regions, the imperfection of financial markets regulation mechanisms and capital flows, and the implementation of a new stage in the technological development of the global economy,

accompanied by a change in the sectoral structure of national economies and increase in the importance of the contribution of human capital to economic growth.

In the globalized economy, each country seeks to form an attractive business environment, which contributes to economic growth, international trade, and the inflow of foreign direct investment. Providing commercial advantages to foreign investors in comparison with other countries allows attracting investments, introducing new technical means and advanced technologies, which increases the level of the population employment and raises labour productivity. In this case, the provision of preferential terms for foreign companies should not occur at the expense of the deterioration of the domestic business situation .

According to the Organization for Economic Cooperation and Development, in Russia labour productivity in 2015 is, on average, 2 times lower than in the same period in Western countries with developed market economies.

The problems of labour productivity growth in the transport sector are extremely relevant, since the development of transport infrastructure is one of the most important conditions for the intensification of the country's economic development. At the same time, governments recognize the importance of infrastructure productivity, but most seem to suggest that private sector participation guarantees high productivity without improving the economic management mechanism. In this regard, it is required to work out a set of issues of increasing labour productivity in the basic sectors of the economy and, first of all, in the transport sector.

The system-forming component of the Russian transport complex is the diversified **JSC Russian Railways**, which is one of the world's three leaders among railway companies. The **JSC Russian Railways** implements large-scale infrastructure projects aimed at ensuring the effective development of key industries and accelerating economic growth in the country. The most significant projects are: modernization of BAM and Transsib, development of approaches to the ports of the Azov and Black Sea basin, modernization of the Moscow transport hub infrastructure.

In modern conditions of exhaustion of the extensive growth factor, the increase in labour productivity makes it necessary to investigate the factors of intensive and innovative development economy and increase its competitiveness in the world market .

## 2. Experience

Labour productivity characterizes the effectiveness of labour inputs, the level of development of productive forces and remains one of the key indicators of the economic system effectiveness. But this indicator is relative, as to measure the labour productivity is quite difficult because of the different methods and parameters of the measurement, which give different estimates of the result. This issue is actively considered for example by Russian and foreign scientists.

The increase in labour productivity is reveals itself in the fact that the share of living labour in manufactured products decreases, while the share of materialised labour increases, while the absolute value of the cost of living and materialised labour per unit of output is reduced. In planning the increase in labour productivity, absolute indicators characterizing the level of labour productivity and relative indicators that determine the dynamics of its growth are used.

The United States and Japan have the most valuable experience in managing the labour productivity in theoretical and practical aspects. The US systemic experience in the field of

increasing labour productivity influenced the management of labour productivity in Japan and Western Europe (particularly Germany) in the second half of the twentieth century. Principles of high productivity in the US are low production costs and high purchasing power in the mass consumer market. However, in Japan and Germany attention was paid to the social aspect of labour productivity. The Japanese model of increasing labour productivity implies a guarantee of employment, social partnership, an equitable distribution of the increasing labour productivity results. The experience of European countries shows that the convergence of financial and production activities contributes to the labour productivity growth.

In European countries, work to improve productivity is coordinated by the European Association of National Performance Centers (EANPC), which represent two and three-way collaborations that contribute in their countries to improving productivity, innovation, Quality of Working Life (QWL) and employment in companies and in the economy as a whole.

Members of the EANPC consider productivity as an integral concept, including factors at the input and output of the production process. This approach is implemented by the International Labour Organization (ILO), which consists in the effective use not only of one labour, but also of resources such as capital, land, materials, energy, information and time.

In general, in the international practice, in the development of productivity increase, the interaction not only of production factors directly but also social (for example, employment level) and environmental consequences (for example, environmental impact) of production is considered.

For international comparisons, most often, such indicators as Gross Domestic Product (GDP) per head, GDP per worker or per hour worked are used. At the same time, GDP per capita characterizes the standard of living of the population to a greater extent, rather than labour productivity. The second indicator is more correct in determining labour productivity.

Taking into account the differences in the methodology for estimating labour productivity in different countries, we must note that this indicator is not high enough in Russia. So, in comparison to the EU countries labour productivity in Russia is twice less. The necessary between growth rates of this indicator have not been achieved and as a result the gap the EU and Russian has increased. And in contrast the gap between Russia and developing countries has declined. For example, China reduced this gap thrice, and in 1991 this gap was more than 10 times. In 2016, labour productivity in the Russian Federation grew by only 0.1%. To reduce the gap in labour productivity between developed countries and the Russian Federation in order to increase the competitiveness of the economy, it is necessary to ensure an annual growth rate of 5-6% per year.

In Russia, among the main factors affecting the level and dynamics of labour productivity, it is also necessary to take into account: the general state of the economy and the potential for its dynamic growth; product competitiveness and GDP structure of our country; degree and speed of introduction of new technologies; conformity of implemented technologies to the current or previous technological order; the social policy of the state in the field of supporting the employment level and providing the population with jobs in certain regions.

In the transport complex, including the railway industry, the meter "tonne-kilometers" is used as a natural indicator. The labour productivity of workers in the transport complex in general is determined by the formula:

$$LP_{ij} = \frac{\sum_{i=1}^n \sum_{j=1}^m PL_{reduce\ ij}}{\sum_{i=1}^n \sum_{j=1}^m N_{ij}}, \quad (1)$$

where PL<sub>reduced</sub> - the volume of the work, reduced t-km; N - number of staff, people; i - mode of transport; n - number of modes of transport; j - companies in the i-th form of transport; m - number of companies.

Analysis of the main measures of labour productivity in rail transport in Europe shows that the methodological approaches to determining the productivity of workers in railway transport adopted in the EU are generally consistent with those used in Russia.

If we evaluate the data available in open sources (reports of companies, associations, the International Union of Railways, state organizations) and determine labour productivity through a conventional quantity natural indicator (equivalent tonne-kilometers), Russian Railways ranks third in terms of labour productivity after the 1st class railway companies of the USA and Canada, ahead of the countries of Europe, China, Japan, etc.

It should be noted that for most railway companies the main work measure is the reduced freight turnover. However, different companies developed different methods for calculating it, which does not always allow direct comparison. For correct comparison of the labour productivity of **JSC Russian Railways** and the leading international railway companies, researchers use different approaches of comparative evaluation. So in it was suggested to use the correction coefficients of calculated values. In the monograph, it was suggested to use coefficients of correction of volume indicators of JSC Russian Railways determine the equivalent products, derived on the basis of economic and statistical modeling.

Based on the obtained results, we can say that the level of labour productivity on the railways of North America is higher than on the Russian railways, even when reduced to comparable conditions of accounting, more than 6 times. Besides if we take into account objective differences in terms of the conditions of work (so-called framework conditions), such as the level of technical equipment, depreciation of fixed assets, etc., this gap will be significantly reduced, but still very high - about 3,5 times.

The work of the American railways in the conditions of deregulation and competition stimulated not only technical and technological, not also organizational and marketing innovations. This made it possible to ensure a dynamic growth in freight turnover with a significant reduction (especially in the first ten years after deregulation) of the contingent [20].

About 40% of operating expenses of railway transport are directly connected with personnel, labour factor. And taking into account the costs of servicing jobs, work clothes, work safety, etc. this share is close to 50%. No other production resource of the industry is characterized by such a high resource consuming.

The measurement of labour productivity is the definition of the absolute level and the change of this level for a certain period. The methods of measuring labour productivity are distinguished: natural; conventional quantity natural; cost; labour (according to normal working hours) and index (for heterogeneous products, works, services).

With the purpose of use data on labour productivity, in order to evaluate the effectiveness of the Russian Railways holding company activities as a whole, the calculation of labour

productivity for transportation activities by a conventional quantity natural method is used as a priority. The cost method is used with the expanded range of products (services), while the scope of work performed can include marketing, logistics, service components.

The main direction of increasing labour productivity remains the decline in staff number through the introduction of innovations. These general economic trends should be taken into account when determining labour productivity in rail transport. Table 1 provides an assessment of the impact on labour productivity of structural changes in the transport sector of the Russian Federation.

As can be seen from Table 1, the maximum productivity in the transport sector is 12,244.5 thousand tkm / person for pipeline transport. It should be noted that the key changes in the transport sector occur on the railway transport. Thus, the increase in the productivity of the transport complex due to increased productivity in railway transport occurred at 83.9 thousand tkm, at the same time, due to structural changes, labour productivity fell by 70.8 thousand tkm. At the same time, it is necessary to correctly interpret the influence of structural shifts. On the one hand, the reduction of the number increases the labour productivity in a specific mode of transport, and, on the other hand, the reduction in the staff number reduces the share in the total transport complex, which reduces the positive or negative impact on the productivity of the transport complex. In this aspect, one should pay close attention to structural shifts in the number. There is a need for the development of high-performance jobs in the transport complex (as it happens in the specialized - pipeline transport). At the same time, their growth will be hampered by low productivity jobs. In this regard, special attention should be paid to the modes of transport, which, with a decrease in labour productivity, increase the proportion of the total number of workers in the transport complex.

Table 1: Assessment of the impact on labour productivity of structural changes in the transport sector of the Russian Federation

| Type of transport              | Number, thousand people |                 | Number structure, % |        | Change in the number structure, % | PL, bn t-km |          | Labour productivity, thousand tkm / person. |           | Change in labour productivity of the transport complex, thousand tkm / person. |                          |                        |
|--------------------------------|-------------------------|-----------------|---------------------|--------|-----------------------------------|-------------|----------|---|-----------|--|--------------------------|------------------------|
|                                | 2014                    | 2015            | 2014                | 2015   |                                   | 2014        | 2015     | 2014  | 2015      | total  | depending on performance | depending on structure |
| <b>Transport total</b>         | <b>2 801,30</b>         | <b>2 763,20</b> | 100,00              | 100,00 |                                   | 5 080,00    | 5 093,00 | 1 813,44                                    | 1 843,15  | <b>29,71</b>   | 29,71                    | -                      |
| including by type of activity: |                         |                 |                     |        |                                   |             |          |   |           |  |                          |                        |
| railway transport              | 720,70                  | 655,30          | 25,73               | 23,72  | -2,01                             | 2 301,00    | 2 306,00 | 3 192,73                                    | 3 519,00  | 13,14  | 83,94                    | -70,81                 |
| other land transport           | 1 004,80                | 995,20          | 35,87               | 36,02  | 0,15                              | 246,80      | 231,60   | 245,62                                      | 232,72    | -4,29  | -4,63                    | 0,34                   |
| pipeline transportation        | 204,10                  | 199,60          | 7,29                | 7,22   | -0,06                             | 2 423,00    | 2 444,00 | 11 871,63                                   | 12 244,49 | 19,53  | 27,17                    | -7,64                  |
| water transport                | 60,10                   | 58,80           | 2,15                | 2,13   | -0,02                             | 104,00      | 106,00   | 1 730,45                                    | 1 802,72  | 1,24   | 1,55                     | -0,31                  |
| air Transport                  | 90,60                   | 84,40           | 3,23                | 3,05   | -0,18                             | 5,20        | 5,40     | 57,40                                       | 63,98     | 0,10   | 0,21                     | -0,12                  |

Source: Author

### 3. Result

The main elements of the economic mechanism for increasing the labour productivity of workers in the transport complex are: the use of scientific and technological progress, the introduction of advanced technology, mechanization and automation of production processes that contribute to reducing the costs of manual labour ; improvement of technological processes, co-operation and specialization of production; the introduction of scientific organization of labour and increase of its effectiveness; growth in traffic; improving the quality of the rolling stock use especially the performance of locomotives and cars; the introduction of progressive methods of motivation labour ; strengthening of labour , performance discipline and principles of material interests for employees; improvement of labour standards; improvement of professional skill and cultural and technical level of workers.

Factor analysis of the labour productivity of employees is carried out by assessing the impact of changes in the volume of work, the staff number, as well as all qualitative indicators that determine labour intensity, depending on the volume of work, and the fulfillment of the norms for maintaining a conventional constant contingent. An important factor in factor analysis is the evaluation of labour productivity as a result of structural shifts due to the introduction of new technical means and advanced technologies.

Assessment of changes in labour productivity due to changes in labour productivity of employees of the i-th mode of transport is carried out as follows:

$$\Delta LP(LPT_{ij})^{II-I} = \sum_{i=1}^n \sum_{j=1}^m (LP_{ij}^{II} - LP_{ij}^I) \cdot \gamma_{N_{ij}}^I, \quad (2)$$

where  $\gamma_{N_{ij}}$  - the proportion of the staff number of the j-th company of the i-th mode of transport in the total number of the transport complex, %:

Assessment of changes in labour productivity due to changes in the staff number of the j-th company of the i-th mode of transport is determined by the following formula:

$$\Delta LP(\gamma_{N_{ij}})^{II-I} = \sum_{i=1}^n \sum_{j=1}^m (\gamma_{N_{ij}}^{II} - \gamma_{N_{ij}}^I) \cdot LP_{ij}^{II}, \quad (3)$$

Such an approach can be applied at the industry level to identify the reserves of the use efficiency increase not only labour resources, but also production resources in general.

### 4. Conclusion

The level labour productivity achieved at the railway transport is the result of implementing a set of measures to introduce new technical means and advanced technologies and create high-performance jobs. At the same time, the staff number optimization is due to the introduction of technology and advanced technologies of production processes, structural and organizational changes. Low-volume and unmanned technologies are being introduced on railway transport. For example, a complex of automated control systems was introduced at Ust-Luga station, which makes it possible to manage a multi-rolling stock system from a single dispatch center, the Moscow Ring Railroad is built on the basis of digital railway technologies, etc.

For a comprehensive solution to the problem of increasing labour productivity, it is necessary to take additional measures aimed at:

- improvement of design characteristics and quality of production of rolling stock and infrastructure elements (including the use of new materials);
- the development of technical modernization programs that reduce labour intensity;
- improving the methodology for calculating labour productivity and the number of high-performance jobs in various sectors of the economy, including transport;
- economic incentives and state support of companies that successfully implement programs to increase labour productivity;
- revision of regulatory norms of legislation that hamper the growth of labour productivity.

The growth rate of labour productivity in the railway transport of Russia as a whole outstrips the growth rates in other sectors of the economy. However, this requires even greater efforts aimed at finding the reserves of increasing labour productivity in the industry.

The high growth rates of labour productivity in rail transport are due to the globalization of the world economy. Thus, the average range of coal transport in Russia in recent years has increased by more than a third. At the same time, its increase is due to increased supplies to China.

The negative impact of globalization processes on labour productivity in the transport sector of Russia should be noted. The increase in the export of raw materials and, first of all, fuel and energy contributes to the growth of labour productivity in non-monetary terms, while in value terms it is declining.

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# CONSEQUENCES OF ECONOMIC GROWTH SUPPORT IN SMALL OPEN ECONOMY IN A GLOBALIZED WORLD

Vendula Tesarova<sup>1,a\*</sup>

<sup>1</sup> Faculty of Economics, University of West Bohemia, Univerzitni 8, 306 14 Plzen, Czech Republic

<sup>a</sup> vendula.masatova@email.cz

\*Corresponding author

**Abstract.** Nowadays we live in deep integration. In global world, everything is related to everything. Any decision of monetary or fiscal policy does not stay without response. So how can be the economic growth in small open economy supported? Which instruments should be used? The article shows the possibilities of economic growth support. One of these possibilities is exchange rate intervention. It is the monetary policy instrument so called as beggar thy neighbour. It rests in export supports thanks to devaluing the domestic currency rate. Weakened domestic currency increases competitiveness of domestic goods on foreign markets. It is generally assumed, that this will increase employment and GDP. This is a great and simple solution at first glance. It can also have negative effects on the domestic economy. At the moment, when we exhaust free labor (unemployment is at a very low level), is the problem of maintaining economic growth. Low unemployment leads to the wage growth. Wages grow faster than labor productivity. New workers come from abroad. Part of their wages is absorbed by labor agencies. Therefore, there is no wage decline. And, of course, it is not all. Other problems arise in the rental market, foreigners who have left their jobs or been made redundant do not return home etc. Thus, it is important not only to look for obvious benefits but also to look at potentially hidden threats.

**Keywords:** beggar thy neighbour. monetary policy, small open economy, global labour market

**JEL Classification:** E24, E52, E58, F16

## 1. Introduction

Hospodářská politika mnoha zemí je v současné době charakteristická svým prorůstovým založením a hlavně jistou mírou netrpělivosti. Pokud hovoříme o růstu, máme na mysli dlouhodobě udržitelný růst. Nikoli pomalý a nezaměstnaností doprovázený růst označovaný jako stagnační past (stagnation trap), kdy zásah centrální banky není příliš efektivní (Benigno & Fornaro, 2018). Je však zřejmé, že ne všechna opatření nositelů hospodářské politiky jsou s dlouhodobě udržitelným růstem kompatibilní. Problémem je možná i jistá míra netrpělivosti a potřeba vstupovat do vývoje ekonomiky i v momentě, kdy to není zcela zapotřebí. Důvodem takového vstupu je většinou snaha „popohnat“ ekonomiku, „popostrčit“ ji dopředu. Jenže i rozhodnutí nositelů hospodářské politiky podléhají jistým zpožděním. Ať už je to délka schvalovacího procesu nebo reakce systému samotného: například zpožděné inflační očekávání (Melosi, 2017).

Tento článek se zabývá možnými dopady snahy centrální banky dopomoci malé otevřené ekonomice k vyššímu tempu růstu HDP. Co všechno s sebou takové opatření může přinést a jaké důsledky může mít pro malou ekonomiku v globálním světě?

Hlavním výstupem je tedy popsání možného dopadu intervenčního opatření na bázi ožebrač svého souseda. Toto opatření spočívá v oslabení měnového kurzu a bylo aplikováno na českou ekonomiku v listopadu 2013.

## 2. The measure of The Czech National Bank and its reasons

Česká národní banka přistoupila k významnému zásahu do měnového kurzu v listopadu 2013. K znehodnocení měnového kurzu došlo v momentě, kdy se jí již příliš mnoho jiných možností nenabízelo. V momentě, kdy jsou úrokové sazby téměř na nule, je intervence proti vývoji měnového kurzu právě jednou z možností, i když to nemusí být možnost nejúčinnější. Alternativním řešením by byl např. masivní zásah fiskální politiky (Rendahl, 2016).

V systému cílování inflace je běžnější ponechávat měnový kurz volně plout, než do něj zasahovat (Khan et al., 2003). Dokonce ani dostupné studie nevyhodnocují tuto variantu jako vždy účinnou. Varianta intervence byla vyhodnocena jako lepší oproti variantě záporných úrokových sazeb (Aruoba et al., 2018), kterou zvolila např. Evropská centrální banka. Dopady záporných úrokových sazeb jsou v literatuře popsány ještě méně než dopady intervencí. Většina studií se objevila až v posledních letech. Např. pohled na zavedení záporných úrokových sazeb v Evropě a v Japonsku (Angrick & Nemoto, 2017) nebo rozbor dopadů politiky záporných úrokových sazeb (Arteta et al., 2018).

Ihned po zásahu ČNB se zvedla vlna nevole proti jejímu rozhodnutí ovlivnit měnový kurz. Tomáš Holub a Petr Král popsali hned 16 mýtů, které intervence oprádkaly (Holub & Král, 2013). Hned na prvním místě se umístila představa, že rozhodnutí ČNB bylo překvapivé a šokující pro trhy i podniky. Šokující možná bylo, ale ČNB dala několik signálů, že měnovou politiku uvolní a že k tomu pravděpodobně využije měnový kurz. Narážky na uvolnění měnové politiky se ve zprávách ČNB objevovaly pravidelně. Nicméně jim trhy buď nevěnovaly dostatečnou pozornost, nebo je považovaly pouze za slovní intervence nebo jejich nástup nepředpokládaly tak brzy. Nicméně každé oficiální vystoupení člena bankovní rady lze považovat za slovní intervenci a je třeba jej sledovat. Vliv slovní intervence však bývá nesourodý (Hába, 2016).

Opatření, které ČNB v listopadu 2013 provedla, můžeme označit termínem „ožebrač svého souseda“. Obecně se jedná o opatření, které vede ke zvýšení konkurenceschopnosti domácího zboží na zahraničních trzích, růstu počtu pracovních míst, snížení nezaměstnanosti a zhoršení pozice dovozu. Dochází tak k podpoře vlastní ekonomiky na úkor zahraničních obchodních partnerů.

V dnešním globalizovaném světě ale není dopad takového opatření jednoznačný a přímočarý, jak bývá v teorii často popisováno. Opatření, které se zpočátku jeví jako úspěšné, se může zvrtnout a v ekonomice napáchat nemalé škody. Jak uvádí Michl (Michl 2016), měli bychom si před administrativním oslabením kurzu položit následující otázky: jak zareagují dovozní ceny, jak zareagují vývozní ceny, jak zareaguje domácí inflace a jak zareagují mzdové náklady.

Do odpovědí na tyto čtyři základní otázky můžeme zahrnout všechny konkrétní dopady, které sebou již zmíněná intervence přinesla – nezaměstnanost, mzdy, ceny bytů, investice firem, růst HDP a mnoho dalšího.

Intervenční opatření ČNB bylo provedeno v době, kdy česká ekonomika stabilně nerostla. Podpora ekonomického růstu však nebyla jediným důvodem tohoto opatření. Dalším neméně podstatným faktorem byla velice nízká míra inflace, která se blížila k nule. Tento stav neodpovídal inflačnímu cíli ČNB. Míru inflace se nedařilo navýšit pomocí snižování úrokových

sazeb. Ty byly v té době na historickém minimu. (viz Table 1) Centrální banka proto přistoupila ke kurzové intervenci, i když její dopady s kombinací cílování inflace jsou v literatuře popsány nejednoznačně (Cavusoglu 2010). Nejednoznačně se jeví i dopad změny měnového kurzu na investice firem. Záleží přitom hlavně na tom, zda jsou tyto firmy v krátké nebo dlouhé devizové pozici (Kučera 2018).

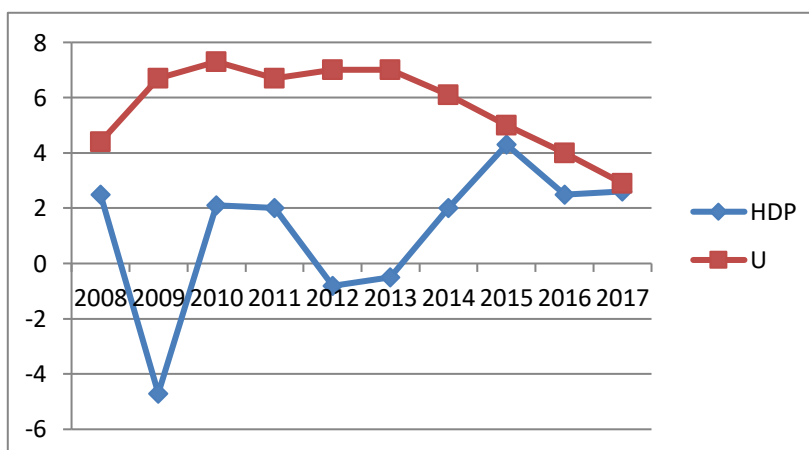
Table 1: Vývoj základních sazeb ČNB před intervencí do současnosti

| změna           | 2. 11. 2012 | 4. 8. 2017 | 3. 11. 2017 | 2. 2. 2018 | 28. 6. 2018 | 3. 8. 2018 |
|-----------------|-------------|------------|-------------|------------|-------------|------------|
| 2T repo sazba   | 0,05        | 0,25       | 0,50        | 0,75       | 1,00        | 1,25       |
| Diskontní sazba | 0,05        | 0,05       | 0,05        | 0,05       | 0,05        | 0,25       |
| Lombardní sazba | 0,25        | 0,50       | 1,00        | 1,50       | 2,00        | 2,25       |

Source: vlastní zpracování na základě dat ČNB

Vývoj HDP a nezaměstnanosti v ČR před intervencí ČNB, během ní a po ní ukazuje následující graf (Figure 1):

Figure 1: Vývoj HDP a nezaměstnanosti v ČR v letech 2008 - 2017



Source: vlastní zpracování na základě dat ČSÚ

Z grafu výše je patrné, že ekonomika České republiky prošla před intervencí během pěti let dvěma krizemi. Vzhledem k tomu, že již několik desetiletí je růst prakticky jediným preferovaným stavem hospodářského cyklu (Simionescu et al., 2018), byl to krok logický.

Česká národní banka kurz oslabila 7. 11. 2013. 6. listopadu byl kurz koruny vůči euru 25,785 CZK/EUR, o den později již to bylo 26,85 CZK/EUR a kýžené hranice 27 CZK/EUR dosáhl kurz v úterý 12. 11. 2013 (27,10 CZK/EUR) (ČNB 2018). V udržování měnového kurzu nad úrovní 27 CZK/EUR potom pokračovala až do 6. dubna 2017, kdy byl kurzový závazek oficiálně zrušen. Koruna v ten den apreciovala na 26,75 CZK/EUR (ČNB, 2018). Ani v dalších dnech kurz nezaznamenal závažné výkyvy. ČNB tedy vyhodnotila jako úspěšné nejen samotné období kurzové intervence, ale i ukončení kurzového závazku.

### 3. The impact of the intervention

Jaké dopady na ekonomiku tedy intervence má?

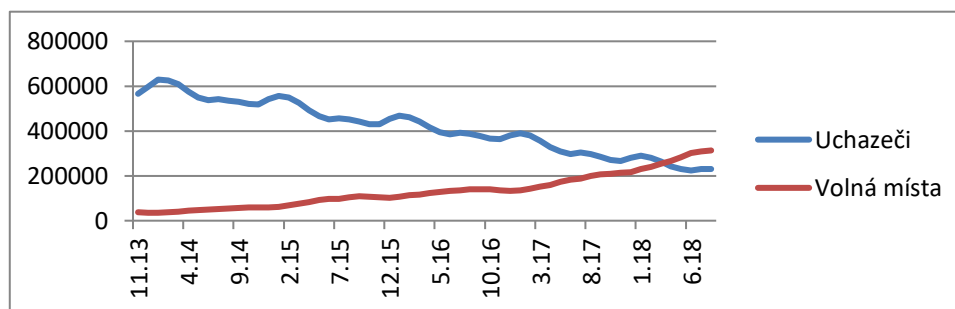
Na začátku je podpora exportu a omezení (zdražení) importu. Samozřejmě s jistým časovým zpožděním, jak to popisuje j-křivka. Ta platí zejména při obchodování ČR s Francií a Německem (Šimáková, 2013). Zdražení dováženého zboží „pozitivně“ působí na růst cen a inflaci. V tomto případě opravdu můžeme užít termín „pozitivně“, jelikož to byl jeden z kýchých efektů oslabení koruny vůči euru.

V momentě, kdy se exportéři začnou prosazovat na zahraničních trzích, získají dodatečné zakázky, začnou najímat více zaměstnanců, klesá nezaměstnanost. V ČR již od roku 2013. V současné době je míra nezaměstnanosti v ČR velice nízká. Hovoříme o historickém minimu, pomíneme-li období před rokem 1989. Můžeme dokonce říci, že dostupná pracovní síla byla v ČR vyčerpána. Hlavně ta kvalifikovaná. Na úřadech práce zůstávají registrovaní převážně lidé bez kvalifikace, lidé se zdravotním postižením nebo dlouhodobě nezaměstnaní (Úřad práce ČR, 2018).

Zatímco v době začátku intervencí, v listopadu 2013, připadalo zhruba 15 uchazečů na jedno volné místo, v době ukončení intervencí, v dubnu 2017, to byli zhruba 2 uchazeči na jedno volné pracovní místo. Rok po ukončení intervencí, v dubnu 2018, dokonce došlo k situaci, kdy počet volných pracovních míst převyšoval počet uchazečů o zaměstnání registrovaných na úřadech práce. Na jedno volné pracovní místo připadalo 0,91 uchazeče. Do srpna 2018 (poslední známá data před publikací článku) to bylo dokonce 0,74 uchazeče na jedno volné pracovní místo (Úřad práce ČR, 2018).

Nezaměstnaní samozřejmě neobsazovali pouze dostupná místa. S růstem ekonomiky, rostly i investice do rozšíření výrobních kapacit a nabídka volných pracovních míst se zvyšovala. Vývoj počtu nezaměstnaných registrovaných na úřadu práce a volných pracovních míst ukazuje následující graf (Figure 2).

Figure 2: Vývoj počtu nezaměstnaných a volných pracovních míst v ČR od začátku intervencí ČNB do současnosti



Source: vlastní zpracování na základě dat ÚP ČR

V listopadu 2013 bylo prostřednictvím úřadu práce nabízeno 37501 volných pracovních míst. V dubnu 2017 to pak bylo 159072, rok po ukončení intervencí v dubnu 2018 267107 a na konci sledovaného období v srpnu 2018 dokonce 313224.

Je tedy zřejmé, že česká pracovní síla není schopná pokrýt poptávku firem. Přicházejí proto pracovníci ze zahraničí. Firmy o nové pracovníky „soupeří“. Modely chování firem v takového situaci popisuje ve své práci např. Ronald Wolthoff (Wolthoff, 2018). Statistiky o zaměstnaných cizincích však nejsou zcela dostupné. Chybí data za roky 2012, 2013 a 2014. Poslední údaj zveřejněný Ministerstvem práce a sociálních věcí ČR je pro rok 2016. Podle kvalifikovaného odhadu v tu dobu legálně v ČR pracovalo 468517 cizinců. Z tohoto počtu mělo 85628 živnostenský list. Cizince do České republiky dlouhodobě láká např. stabilní trh práce, bez výrazných výkyvů (Organiciak-Krzykowska, 2017).

Pracovní síla přichází zejména prostřednictvím pracovních agentur. Významnou roli v získávání informací a volných pracovních místech a pracovních podmínkách hrají také sociální sítě (Duernecker & Vega-Redondo, 2018). Nejedná se pouze o obyvatele východnějších států Evropské unie jako je Rumunsko nebo Bulharsko, ale o zaměstnance z Ukrajiny, Ruské Federace. Pracovní síla je dovážena z Mongolska, Vietnamu, Číny, Indie nebo Filipín.

Pomineme-li kulturní odlišnosti, problém nastává zejména s ubytováním nově příchozích. Ubytovací kapacity v blízkosti průmyslových zón jsou často nedostačující. V dříve opuštěných a zanedbaných domech se zřizují ubytovny, cizinci obsazují volné byty na úkor místních. Problém není v tom, zda v bytě bydlí český nebo zahraniční nájemník, ale v nájmu, který si ta která skupina může dovolit zaplatit.

Nároky zahraničních dělníků na bydlení mnohdy nejsou vysoké. Mohli bychom říci, že využívají „spolubydlení“, kdy v jedné domácnosti žije více dospělých, často nepříbuzných, osob. (Často nepřichází rodiny, ale svobodní jednotlivci.) Každá z těchto osob potom platí nájem např. 5000 korun měsíčně (okres Domažlice). Pokud jich v bytě 3+1 bydlí 6, získá pronajímatel na nájmu 30 000 korun měsíčně. To si běžná rodina nemůže dovolit zaplatit.

Významný nárůst cen bytů dokládá i statistika zveřejněná serverem Aktuálně.cz. Z ní vyplývá, že např. v Praze od roku 2010 do roku 2017 vzrostly nájem v průměru o 51,4%. Meziroční nárůst za roky 2016/2017 přitom činil 11,8%. Nejedná se však o nejvyšší meziroční nárůst nájemného. V Hradci králové to bylo o 27,9%, v Jihlavě o 26,8%. Průměr ČR pak byl 13,8% (Aktuálně.cz 2018). Statistika, která by mapovala vývoj nájemného v malých obcích poblíž průmyslových zón, však prakticky neexistuje. Byty nejsou nabízeny prostřednictvím realitních kanceláří ani na serverech typu bezrealitky.cz. Jedná se většinou o zprostředkované pronájmy. Data z velkých měst jsou zkreslena. Kromě nově příchozích zaměstnanců navyšují poptávku po bytech (a tím i jejich cenu) např. studenti vysokých škol.

Situaci s bydlením nepomáhá řešit ani omezení poskytování hypoték, které zavedla ČNB. Mnoho zejména mladých rodin podle nových pravidel na hypotéku tzv. nedosáhne. Budou tedy poptávat nájemní bydlení a rozšíří skupinu poptávajících na trhu. Výstavba nových nájemních bytů však dostatečná již několik let není.

Jak již bylo zmíněno výše, s růstem ekonomiky rostly i investice. Bezprostředně po intervenci však nedošlo k uvolnění úvěrového trhu (Revenda, 2016). Tento stav mohl být zapříčiněn tím, že nové průmyslové zakázky ze zahraničí začaly růst již v roce 2010 a od té doby rostou nepřetržitě až do současnosti. Domácí zakázky potom rostou nepřetržitě od roku 2013. Jejich růst samozřejmě úzce souvisí s růstem investic.

Údaje o počtu, velikosti, obsazenosti nebo případném růstu průmyslových zón v České republice nejsou k dispozici. Existuje sice webová stránka [prumyslove-zony.cz](http://prumyslove-zony.cz), která si klade za cíl problematiku průmyslových zón zmapovat a poskytnout ucelené údaje o počtu a využití stávajících i plánovaných průmyslových zón v ČR. Zatím ale svůj cíl nenaplnila a informace tohoto druhu neposkytuje prakticky žádné.

Jedním ze správců průmyslových zón je firma Panattoni Europe. Společnost v areálech, které spravuje, nabízí pro výstavbu nových hal několik set tisíc metrů čtverečních plochy. Otázkou ovšem je, kdo v těchto nových halách, ať již skladovacích nebo výrobních, bude pracovat.

Posledním fenoménem nastartovaného ekonomického růstu je růst mezd. Průměrná mzda v České republice v druhém čtvrtletí roku 2018 dosahovala 31851 korun (ČSÚ, 2018). V roce

2013 to bylo 25035 korun. Problém je, že mzdy rostou rychleji než produktivita práce. Je to dáno zejména konkurenčním bojem o zaměstnance a nedostatkem prakticky jakékoli pracovní síly. Potírají se rozdíly ve mzdách pro kvalifikovanou a nekvalifikovanou pracovní sílu. Otázkou je, co se stane, až tato mzdová bublina splaskne.

Z výše popsaných dopadů vyplývají samozřejmě i hrozby – Co bude, až ekonomika přestane růst a expanze se změni v recesi? Dokáží firmy udržet současnou výši mezd? Mzdová deflace může být pro mnoho subjektů daleko ničivější, než deflace cenová.

#### 4. Conclusion

Závěrem lze říci, že intervence České národní banky dosáhla svého požadovaného efektu. Nastartovala ekonomický růst a odvedla korunu od deflačního pásma, u kterého se pohybovala před oslabením měnového kurzu.

Podle centrální banky se jednalo o zásah velmi úspěšný. „...účet za devizové intervence, resp. za kurzový závazek, nám ekonomika již z velké části vystavila a pozorujeme jej každý den. Je jím jednak robustní hospodářský růst, kdy roste zaměstnanost, mzdy a soukromá spotřeba, ale především je naplněna cenová stabilita v podobě zajištění inflace v blízkosti inflačního cíle.“ (Tomšík & Vlček, 2017).

Z pohledu globální ekonomiky ale měla dopad nejen na růst zaměstnanosti a mezd v ČR, příliv investic, výstavbu nových výrobních závodů, ale také na další země, do kterých dováží výrobky a zejména na ty, ze kterých odčerpává pracovní sílu. Stále jsme atraktivním zaměstnavatelem pro obyvatele Ukrajiny, Ruské federace, Vietnamu, ale i mnohem exotičtějších zemí jako je Mongolsko, Indie, Čína, Filipíny. Ze zemí Evropské unie pak odčerpáváme pracovní sílu nejčastěji z Rumunska a Bulharska. Co bude s těmito zeměmi v globálním, otevřeném světě? Jak se vyrovnají s odchodem kvalifikované pracovní síly (Lull, 2018)? Kdo nahradí např. lékaře v ukrajinských nemocnicích? Na problémy migrace pracovníků ve zdravotnictví upozorňuje např. článek The globalized world and migrants: impact on healthcare markets (Hejduková & Kureková, 2016).

Největší problém spatřuji v tom, že až odezní pozitivní důsledky intervence, bude mít možná vláda a centrální banka opět potřebu regulovat trhy. Ať už to budou trhy pracovní – co s cizinci, kteří se nevrátili domů a přišli o práci, trh s bydlením – jak zajistit bydlení mladým rodinám, když po zásahu ČNB nedosáhnou na hypotéku a nájmy jsou příliš vysoké, trh s nesplácenými úvěry, pokud dojde ke mzdové deflaci atd. Možnou reakci domácností na hrozbu nezaměstnanosti uvádí článek Wealth and Volatility (Heathcote & Perri, 2018)

Riziko spočívá také v nekompletních a nekomplexních informacích o cizincích, průmyslových zónách, nájmech. Až vyplynou na povrch i všechny negativní dopady, možná nebude na místě, chválit se za provedené zásahy do ekonomiky.

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# INFLUENCE OF INTERNATIONAL LAW ON THE DISCLOSURE OF SOCIAL AND EMPLOYEES' ISSUES IN NON-FINANCIAL REPORTS OF SELECTED PUBLIC INTEREST ENTITIES IN POLAND

Katarzyna Tkocz-Wolny<sup>1,a\*</sup>, Aneta Wszelaki<sup>2,b</sup>,

<sup>1</sup>University of Economics in Katowice, Department of Accounting, ul. Bogucicka 3, 40-257, Katowice,  
Poland

<sup>2</sup>University of Economics in Katowice, Department of Accounting, ul. Bogucicka 3, 40-257, Katowice,  
Poland

<sup>a</sup>katarzyna.tkocz-wolny@ue.katowice.pl, <sup>b</sup>aneta.wszelaki@ue.katowice.pl

\* Corresponding author

**Abstract** The enterprise and its environment interact with each other, which necessitates the inclusion of the information on these dependencies in the corporate accounting, *inter alia*, in the social and employee dimensions. This reflects the adoption of the corporate social responsibility (CSR) concept into corporate operations. Enterprises are responsible not only for the economic results, but also, among others, for their social and employee outcomes, which is why their activity is important in building good relations with employees, clients or local communities. In Poland, the obligation to disclose a certain minimal amount of information about corporate social responsibility in reports of non-commercial entities has existed for a long time. However, due to globalization processes, the manner and scope of these disclosures has changed over the years. In recent years, as a result of the adoption of Directive 2014/95/EU on disclosure of non-financial information and diversity by the European Union, the Member States, including Poland, have been obliged to harmonize domestic regulations regarding the manner and scope of disclosures on corporate social responsibility issues, including social and employee matters. The aim of the paper is to analyze the impact of international law regulations on the manner and scope of social and employee disclosures in non-financial reports of selected public interest entities in Poland, subject to the reporting obligation under Directive 2014/95/EU. The paper uses the methods of literature studies as well as analysis, deduction, and induction of data contained in non-financial reports of selected public interest companies. In the light of the conducted research, the authors positively assess the changes introduced by international law on the disclosure of social and employee issues, indicating that thanks to this a greater number of entities in Poland became subject to this obligation, and, at the same time, the rules of these disclosures have been clarified.

**Keywords:** globalization, international law, corporate social responsibility, accounting, social and employee disclosures

**JEL Classification:** M41, M48, K33

## 1. Introduction

The disclosure of employees' and social issues in non-financial reports of enterprises is a manifestation of the implementation of the corporate social responsibility (CSR) concept.

Enterprises are responsible not only for the economic results of their activities, but also, among others, social and employees' ones, which is why their activity is of great importance in building positive relationships with employees, clients or local communities. Reporting issues in the area of corporate social responsibility on social and employee's matters has existed in Poland for a long time, while over the years, due to the processes of globalization, the manner and scope of these disclosures has changed. It was only as a result of the appearance of Directive 2014/95/EU on the disclosure of non-financial information and diversity, and the need to adapt its regulations to national regulations, the manner of these disclosures in Poland changed as well as a larger number of entities was covered by the provisions (Directive 2014/95/EU).

The disclosures on CSR issues, including employees' and social ones, is the subject of many studies, both in Poland (Strojek-Filus & et al., 2017, Matuszak & Róžańska, 2017) as well as in other countries (Jamali, 2007; Jamali & Mirhak, 2007; Jamali, 2010, Scherer & Palazzo, 2011, Muller & Kolk, 2009, Ali et al., 2017, Cho et al., 2015, Steurer et al., 2012, Wanderley et al., 2008).

The paper aims to analyze the impact of international law regulations on the manner and scope of social and employees' disclosures in non-financial reports of public interest entities in Poland - TAURON Polska Energia SA Capital Group and the ENEA SA Capital Group, which are subject to the reporting obligation in accordance with the provisions of Directive 2014/95/EU. The paper uses the method of literature studies and the method of analysis, deduction and induction of data contained in non-financial reports of the surveyed companies.

## **2. Disclosing social and employees' issues in non-financial reports of enterprises in Poland in the light of legal solutions and globalization processes**

The CSR concept, including the disclosure of employees' and social issues, goes back to the idea of sustainability, created at the turn of the 1960s and 1970s in the United States and Western Europe, but the current shape of CSR is primarily due to socio-economic changes and globalization processes that took place in the 1980s and 1990s (Bogdanienko, 2011, Charuck, 2015). Corporate social responsibility means activities that contribute both to preserving enterprise's own interests as well as accounting for the interests of, among others, employees and society.

The corporate social responsibility policy in the case of employees provides for, *inter alia* (Musiał & Kubacki, 2017): implementation of the employee involvement concept; setting ethical rules for employees; proposing employee volunteering; enabling employees to train or care for its employees through a suitable workplace, organization of integration events. The corporate social responsibility policy in social issues provides for, *inter alia* (Musiał & Kubacki, 2017): offering consumers the highest quality products and services that do not adversely affect the environment and society; providing the consumer with information about the available product, about its defects and possible risks associated with its use; legal acquisition of data about the client and their safe collection; maintaining positive relationships with competitors, suppliers, or offering assistance to the local community, for example, in the form of employee volunteering.

The influence of international law on the introduction and development of CSR concepts and scope of employees' and social disclosures in entities is a noticeable in the European Union. This is confirmed by the Communication of 2011 from the European Commission on a

renewed EU strategy on CRS, which, for example, drew attention to a new approach to this concept and recommended that European companies implement ISO 26000 ([www.iso.org](http://www.iso.org); Message 681, 2011). The consequence of the implementation of the renewed CSR strategy was the publication of Directive 2014/95/EU on the disclosure of non-financial information and information on diversity, which the Member States were required to implement by 6 December 2016 (Directive 2014/95/EU).

Even before the entry into force of the provisions of Directive 2014/95/EU, there was a statutory obligation in Poland to report CSR information, but it had a different form – companies made disclosures within the obligatory financial statement (as a separate part attached to the notes or prepared the management report) or as part of additional, optional reports. Before the entry into force of Directive 2014/95/EU, it was possible to disclose CSR issues (the need to disclose only issues related to the environment and employment) as part of the management report under Article 49 of the Accounting Act (2016) and in accordance with the adopted National Accounting Standard No. 9 ‘Director’s Report’ (NAS 9, 2014). From 1 January 2017, non-financial reporting in accordance with the new Directive became mandatory only for large entities that are public interest entities, whose average number of employees as of the balance sheet day exceeds 500 people (Accounting Act, 2018). Public interest entities under the provisions of the Directive include in the management report a non-financial statement containing information – to the extent necessary to understand the development, results and situation of the entity and the impact of its activities – regarding at least social and employees’ as well as environmental issues, respect for human rights, counteracting corruption and bribery. The scope of disclosed CSR information regarding employees’ and social matters includes (Accounting Act, 2018):

- a brief description of the business model of the entity or group;
- a description of the policies used by the entity with respect to CSR issues, including the implemented due diligence processes;
- the result of these policies;
- the main risks related to CSR issues, connected with entity’s operations and the way in which the entity manages these risks;
- key non-financial performance indicators related to a given activity.

NAS No. 9 (NAS 9, 2018) has also been updated to the provisions of Directive 2014/95/EU. In accordance with the provisions of Directive 2014/95/EU, when an entity does not apply any policy regarding CSR issues, the non-financial statement provides a detailed explanation justifying such a decision. In the process of disclosing employees’, social and other issues, entities can apply standards they choose, guidelines, rules or standards, including their own, e.g. the UN Global Compact initiative, ISO 26000, GRI (Directive 2014/95/EU).

In Poland, an entity may not make a non-financial statement if, together with the management report, it prepares a separate report on non-financial information and publishes it on its website within 6 months from the balance sheet date. The entity publishes information on the preparation of a separate report on non-financial information (Accounting Act, 2018; Directive 2014/95/EU). Some companies, before the entry into force of the provisions of Directive 2014/95/EU, prepared separate CSR reports, independently of the management report. After the implementation of the Directive, some entities fulfill the obligation in the minimum form, indicated by the Accounting Act and the Directive, and some decided on additional CSR reporting, which is an extra tool for communication with the entity’s environment. Therefore, the obligation to disclose non-financial information on employees’ and social issues is not the same as the obligation to create a CSR report.

### 3. Disclosing social and employees' issues in non-financial reporting of public interest entities in Poland of the TAURON Polska Energia SA Capital Group and the ENEA Capital Group – results

The obligation to disclose CSR on employees' and social matters concerns enterprises from various industries. The study presented in the paper covered two enterprises in the group of public interest entities in the energy sector, the TAURON Polska Energia SA Capital Group and the ENEA SA Capital Group. The subject of the research is available CSR social reports and management reports (MR). The analysis covered the method and scope of disclosures regarding social and employees' issues in these reports in 2016 and 2017, i.e. before and after the entry into force of the provisions of Directive 2014/95/EU. Information on social and employees' issues included in the MR and CSR report of the surveyed companies is presented in Table 1 and 2 respectively.

*Table 1. Information on social and employees' issues included in the management report (MR) and the CSR report of the TAURON Polska Energia SA Capital Group. in 2016 and 2017.*

| <b>Review of information on social and employees' issues of the TAURON Polska Energia S.A. Capital Group.</b> |  |
|---|--|
| <b>2016</b>   |  |
| <b>MR</b>   |  |
| <b>Item 2.9. Employment information</b>   | This item includes key data on employment as well as on human resources management policy, development and training as well as social dialogue.  |
| <b>Item 2.10 Corporate social responsibility (CSR) policy</b>   | This item contains information on the applied sustainability strategy for 2016-2018 with a perspective until 2020, which has been in force since 1 January 2016 and was based on current trends in corporate social responsibility. This item includes information on energy security, customer orientation, customer satisfaction surveys and sponsoring activities.  |
| <b>CSR</b>  |  |
| <b>Employees:</b>   | A separate Sustainability Report is prepared as part of the annual report.<br><br>In the part devoted to management principles, the report contains information on human capital management, including: human resources management policy, development and training, key initiatives targeted at employee development, social dialogue, key employment data, occupational health and ethics, and employee involvement.   |
| <b>Society:</b>   | The report contains information on the socio-business partnership.   |
| <b>2017</b>   |  |
| <b>MR</b>   |  |
| <b>Item 2.9. Employment information</b>   | This item includes key data on employment as well as on human resources management policy, development and training as well as social dialogue.  |
| <b>Item 2.10 Corporate social responsibility (CSR) policy</b>   | This item contains information on the updated Sustainability Strategy for 2017-2025. The supporting strategies were the following: Ethical culture and employee involvement, as well as the Social and Business Partnership.   |
| <b>Item 8 A non-financial statement on Employees' and Social Issues</b>                                       | The legal basis for the Statement is the Accounting Act (Articles 49b and 55). The statement was based on the guidelines of the international reporting standard GRI Standards.<br>In terms of employees' and social issues, the statement contains information about key non-financial performance indicators related to the activity. Moreover, it contains descriptions of: applied policies, results of applied policies, due diligence procedures operating within the framework of applied policies and significant (material) risks related to activities that may have an adverse effect on applied policies as well as management of these risks. |
| <b>CSR</b>  | A separate Sustainability Report for 2017 is prepared. (The Sustainability Report is an integral part of the TAURON Group Annual Report) as for 2016.  |

|                   |  |
|-------------------|--|
| <b>Employees:</b> | In part devoted to management principles, the report contains information on human capital management, namely: human resources, key initiatives, policy required by the Accounting Act, key data on employment, health and safety, ethical culture and employee compliance, employee involvement in TAURON Group development, education and development of employee competences. |
| <b>Society:</b>   | The report contains information on the socio-business partnership.   |

*Source: Own elaboration based on the Management Report on the operations of TAURON S.A. Capital Group in 2016 and in 2017 and in Integrated Reports on operations of TAURON SA Capital Group in 2016 and in 2017*

*Table 2. Information on social and employment issues included in the management report (MR) and the CSR report of the ENEA Capital Group S.A. in 2016 and 2017.*

| <b>Review of information on social and employees' issues of the Enea S.A. Capital Group.</b>  |   |
|---|---|
| <b>2016</b>   |   |
| <b>MR</b><br><b>Item 2. Organization and operations of the Enea Group</b><br><br><b>Item 7. Corporate social responsibility</b>   | <p>This item includes information about employment regarding the number and structure of employees and HR policy implemented.</p> <p>This item contains a reference to CSR, i.e. information is included here that the entity intends to show a complete picture of the impact of individual segments on issues related to corporate social responsibility in the CSR report.</p> <p>Moreover, the activities around which the social responsibility of the Enea Group's business was focused were mentioned.</p>   |
| <b>CSR</b><br><br><b>Employees:</b><br><br><b>Society:</b>  | <p>The report contains separate sections on employees and the society prepared in accordance with the GRI G4 guidelines.</p> <p>The employee part contains information on the scale of employment, health and safety, support and benefits as well as training and education.</p> <p>The section on society contains information on employee volunteering and social activities.</p>  |
| <b>2017</b>   |   |
| <b>MR</b><br><b>Item 2. Organization and operations of the Enea Group</b><br><b>Item 7. Non-financial statement</b><br><br><b>Employees' Issues:</b><br><br><b>Social Issues:</b> | <p>This item includes information about employment regarding the number and structure of employees as well as HR policy implemented.</p> <p>The legal basis for the Statement is the Accounting Act (Articles 49 and 55). The statement was drawn up pursuant to the guidelines of the international reporting standard GRI Standards.</p> <p>The section on employees' issues contains information on the possible negative impact of identified risks, a description of due diligence policies and procedures – the management of the workplace is affected by the implemented 'Enea Group Compliance Policy', a description of the results regarding employees' issues.</p> <p>The section on social issues contains information on the possible negative impact of identified risks, a description of due diligence policies and procedures – social issues are included in the document 'Enea Capital Group Development Strategy in the 2030 perspective', also information on establishing the Enea Foundation to implement a social involvement policy and provide support to valuable social initiatives and projects, as well as a description of results regarding social issues.</p> |
| <b>CSR</b><br><br><b>Employees:</b><br><br><b>Society:</b>  | <p>The report contains separate sections on employees and society prepared in accordance with the GRI G4 guidelines.</p> <p>The employee section contains information on employment, workplace management, health and safety, support and benefits, training and education, and generation gap management.</p> <p>The section on society contains information about social volunteering initiatives and sponsorship.</p>  |

*Source: Own elaboration based on the Report of the Management Board on the operations of the ENEA Capital Group in 2016 and 2017 and CSR Report of the ENEA Capital Group S.A. in 2016 and 2017*

The analysis shows that:

- MR of 2016 of the surveyed Capital Groups is prepared in accordance with NAS 9, i.e. the report points to social and employees' issues. However, these items only mention activities on which the entities were focused.
- In 2017, there were positive changes in the MR in the surveyed entities, as compared to the 2016 issue of MR. The report was prepared in accordance with the changes introduced to the Accounting Act following the provisions of Directive 2014/95/EU, i.e. 'The Non-Financial Statement' item was introduced, which contains all non-financial information regarding social and employees' issues listed in the Accounting Act, which entities should include in the statement.
- The surveyed capital groups, in addition to fulfilling the obligation under the Accounting Act consisting in drawing up a non-financial statement, prepare separate CSR reports. However, the scope of information on social and employees' issues in the analyzed entities is different.

#### **4. Conclusion**

In the light of the conducted research, the authors positively assess the changes introduced by international law regarding the disclosure of social and employees' issues, indicating that thanks to this a greater number of entities in Poland was covered by this obligation, as well as the rules of these disclosures were, to a large degree, put in order.

It was observed that the scope of social and employees' disclosures increased and was adjusted to the requirements of the Directive. Even in 2016, greater freedom in reporting employee and environmental data was noted. MR for 2016 of the surveyed entities were prepared in accordance with NAS 9, i.e. items on social and employees' issues were identified. However, these items only mentioned activities around which the entities were focused. For example, TAURON Group activities were focused on information on energy security, customer orientation, customer satisfaction surveys and sponsoring activities. In contrast, 2017 was the year in which one can observe the unification of the information presented. Social and employees' issues were disclosed as part of the mandatory management report. In addition, the scope of disclosed CSR information regarding employees' and social matters was transparent, uniform and compliant with the Accounting Act. In both cases, the 'Non-Financial Statement' contained data on key non-financial performance indicators related to the business. Moreover, they contained descriptions of: applied policies, results of applying policies, due diligence procedures operating within the framework of applied policies as well as significant (material) risks related to activities that may have an adverse effect on applied policies, as well as management of these risks.

It is worth noting that the surveyed entities prepared additional optional CSR reports, though the scope of disclosed CSR information in the context of employees' and social issues was not uniform, it concerned the same issues.

In summary, the positive meaning of the introduced legal regulations regarding the disclosure of social and employees' issues should be emphasized, as the principles of these disclosures have been put in order. The obtained research results allow to draw the conclusion that voluntary and free reporting of social and employees' issues may be burdened with the entity's interests or a high level of subjectivism in assessing its situation. The surveyed

companies adjusting the reporting in terms of the type and scope of environmental disclosures to the provisions of Directive 2014/95 / EU avoided such threats.

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# MACROECONOMIC IMPACT OF GLOBALIZATION ON LABOUR MARKET

Silvia Trelova <sup>1,a</sup>, Rastislav Kulhanek <sup>2,b,\*</sup>

<sup>1</sup>Faculty of Management, Comenius University, Slovakia

<sup>2</sup>Faculty of Management, Comenius University, Slovakia

<sup>a</sup>silvia.trelova@fm.uniba.sk, <sup>b</sup>rastislav.kulhanek@fm.uniba.sk

\*Corresponding author

**Abstract.** Phenomenon of globalization is without a doubt a driver of economic changes in the world. The growth rate of Gross Domestic Product (GDP) and the level of unemployment (UNE) are some of the key indicators of estimation of countries macro economy progress. The subject of UNE is a challenge in developing countries and with the globalization it becomes the topic for developed countries as well as it was seen during the global economic crises and subsequent recovery that created turbulences on employment market in all countries. Employment rate is one of the economy indicators the local governments are keeping an eye on and is very sensitively perceived by media and public that has the effects on value of the country on globalized market from foreign investors' point of view. During the time of the economy growth, the UNE rate could estimate the effectiveness of government and its policies in the use of local labour resources. The relationship between GDP and UNE rate for any chosen country is evident. When UNE decreases, effectiveness of the use of labour force rises thus the output of economy rises as well. In the paper, we investigate the relation between growth of GDP and UNE rate on basis of testing the validity of Okun's law for several chosen countries and comparing the effect of global economic crises on parameters of Okun's law before and after recession. As conclusion, we discuss the level of influence of globalization on the labour market.

**Keywords:** Globalization, Unemployment, GDP, Okun's law

**JEL Classification:** C22, E24, F62

## 1. Introduction

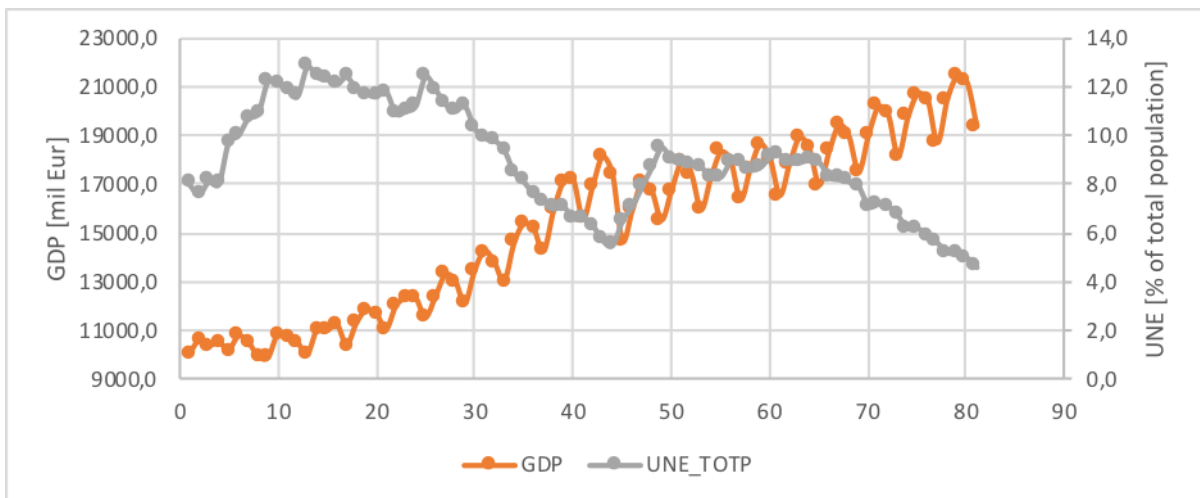
The traditional economy theory applies that higher GDP growth rate of the economy, the higher the employment. This theory relating output and unemployment is known as "Okun's Law". This relation is discussed frequently and is one of the most cited in macroeconomics literature and has been found to be hold for several countries and regions mainly, in developed countries (Lee, 2000; Farsio and Quade, 2003; Christopoulos, 2004 In Sadiku et al., 2015). Yet there is a statistical evidence of relation between GDP and UNE, detailed exploration of the effects has been debated since long (Chen & Semmler, 2018). Further exploration of Okun's law was explored by adding more macro-economic parameters like inflation rate (Boitan & Costica, 2017). Other recent studies suggest to use the age groups to focus the most flexible parts of labour market as young workers constitutes major share of temporary workers that is not only high but increasing (Dixon & van Ours, 2017; Blázquez-Fernández et al., 2018). The employment market is subject to labour market protection policies in different countries and can have significant influence on the effect of output changes (Economou & Psarianos, 2016). Some studies are extending the Okun's law with additional concepts as the effect of hysteresis

(Gedek et al., 2017). Okun’s law named after Arthur Okun (1928–1980) an American economist that in 1962 proposed the relation between changes of GDP and changes of UNE. He proposed three different methods of use of the GNP and unemployment rate data. One of them is to use first differences of input data and correlating them. As result of his findings is a linear regression method that can be used for prediction of HNP in respect to unemployment rate or prediction of unemployment rate based on expected HNP change.

## 2. Methods

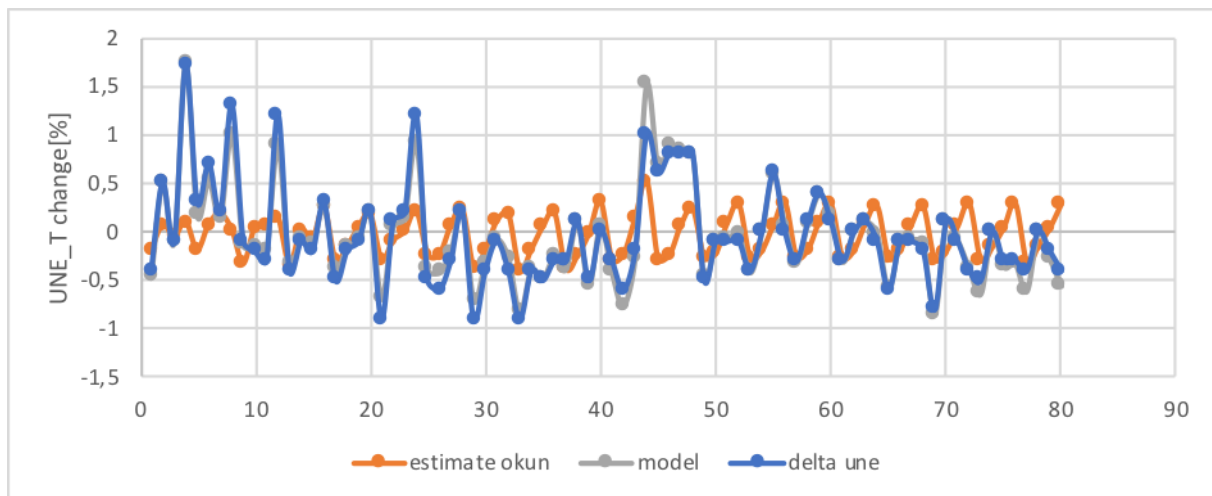
We focused the study of statistical data provided by Eurostat (Eurostat, 2018). We selected following countries to compare: Belgium, Finland, France, Germany, Greece, Spain, Slovakia and data of EU25 as aggregated data showing the influence of integration and globalisation. We used the first differences method as stated by Okun in his original work (Okun, 1962) and extended his method with time dependent general variables for years and quarters. Knowing that the relation between GDP and UNE is not conclusively causal, this way we examine and estimate the influence of GDP changes on UNE changes and trying to get higher determination coefficient of regression model using multiple regression instead of using simple regression model as did Okun. Below you can find the example for Slovakia of model comparison between simple linear one Okun suggests and our one.

*Figure 1: Development of GDP and UNE of Total Population in Slovakia since 1998Q1 to 2018Q1*



Source: own representation of Eurostat data

Figure 2: Comparison of fit of Okun's model and own model



Source: own calculation

### 3. Economic performance

When evaluating the macroeconomic development of the countries the growth rate of gross domestic product (GDP) and unemployment are key indicators. For the purpose of economic development there is the effort of the countries to achieve an appropriate economic growth. The economic performance is affected by closely related factors such as geography, demography, specialization, productivity, availability of physical and human capital, developed infrastructure and innovative capacities. The impact on economic performance have structural changes through the labour productivity growth. Labour productivity is a key factor in the competitiveness and economic performance of the country. Nowadays, we must state that, as demographic conditions are deteriorating, the productivity growth is particularly important. „Key factors in productivity growth include education, research and development, advanced technology solutions for production, digital technology (digital enterprise), motivation of employees.“ (Euractiv, 2007). Increasing labour productivity can therefore be achieved through investment in human capital, better and more modern capital goods, through dynamic technological changes and innovation, creativity, entrepreneurship and human activity. (Kosta et al., 2011).

Among the factors that have a positive influence on labour productivity, human resources can be highlighted. These are considered to be one of the most valuable resources, as "they are a creative element in every organization. Human resources are a creative element in every organization. People designing and producing goods, providing services, control quality, care for the application of products in the market, distribute resources and sets the overall strategy and objectives of the organization.“ (Piskanin et al., 2010). However, we must emphasize that, due to the modernization of society, the use of innovation, information and communication technologies also in the working environment, the employee education plays a very important role. “Training the person becomes a lifelong process that helps to succeed in the job.“ (Trelova & Olsavsky, 2017). A well-built education system has a positive impact on the competitiveness and innovativeness of the country and affects the rate of unemployment. A sufficient number of qualified graduates is able to meet the needs of the labour market.

Nowadays, the problem of mobility of working people is being discussed globally as a manifestation of globalization processes in the world. As Bajzik (2016) states, the process of

globalization „has positive impact on the labour market and increases cross-border mobility of labour force.“ However, we can point out that, on the one hand, the mobility of highly qualified workers, which strengthen the economy and the economic stability of the target countries, increases, on the other hand, mobility brings a negative element for home countries, which is based mainly on the emigration of skilled labour force abroad. (Trelova, 2017) Domestic labour market is weakened by a skilled labour force and employers are forced to search for workers abroad or adequately requalify the available domestic workforce as a result of a lack of free labour force. We agree with Stachova (2014) that migration of workers due to the globalization of the labour market need to look at different perspectives - as to the challenge and benefit to the country's economy but also as a potential threat to the domestic labour market. “International migration influences economies of both the home and the host country. Some countries perceive immigration as a threat and consider limitations to their social security system to protect the domestic economy.” (Tepperova et al., 2017).

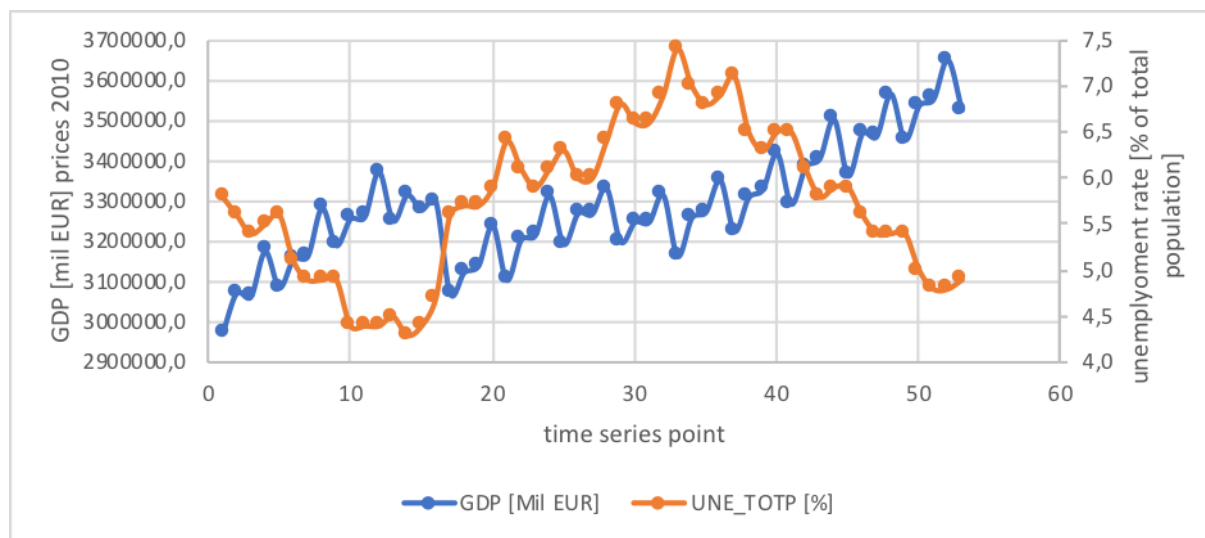
#### **4. GDP and (un)employment**

High and sustainable economic growth and low unemployment are among the most frequently formulated objectives of economic policy. High unemployment has a significant negative impact on economic growth in the country. The result is, among other things, low consumer demand, the risk of deflation, Low demand for loans and a decline in consumer confidence. The decline in economic growth in turn has an impact on the increase in unemployment, because the depreciation in production causes dismissal. (Kosta et al., 2011).

One of the major factors contributing to high economic growth rates is the inflow of foreign direct investments. Hajdúchová and Giertliova (2015) state that the multiplier effect of investments, which means that if investments are spent efficiently, they bring faster GDP growth and lower unemployment, is confirmed. „The presence of multinational companies in the domestic labour market significantly affect also the labour market. “ (Trelova, 2017). Foreign investors to whom the state provides tax benefits (Saxunova et al., 2018), bring new jobs, thereby increasing employment in the country. As Beresova (2015) states, “increasing the number and quality of jobs is also one of the main objectives of the Europe 2020 Strategy.” „The link between the labour market and the business environment is very close one. “ (Milosovicova & Stachova, 2016).

GDP development, which is one of the basic indicators of measuring the performance of the economy, influences the development of (un)employment. „Unemployment has been and continues to be a long-term problem of the EU economies, which could not be completely solved even at the time when many of them reached higher economic growth. “ (Kocisova & Stolična, 2017).

Figure 3: Development of Gross Domestic Product and Unemployment Rate of EU25 since 2005Q1 to 2018Q1



Source: own representation of Eurostat data

## 5. Results and discussion

We proposed the way of utilizing Okun's law in different way using multiple regression method when working with time series quartal data. This enables us to use seasonally unadjusted data to model the behaviour of changes in both the GDP and UNE rate. Original method used the simple linear model and results are shown in Table 1. The determination coefficient of model is quite low for all economies except Germany. We focused our effort to create new model of known data to achieve better determination coefficient. Our extended model results are summarized in table Table 2. The comparison of both models can be seen in table Table 3. The influence of changes of GDP on UNE rate is significant for all compared countries. The values for each separate country suggest very different development of relation between GDP and UNE. In some cases, it can be seen that the relation has opposite tendency if compared to Okun as we observed positive relation instead of expected negative one. It can be seen from determination coefficient ranging from 42% up to 98%, that the GDP change is definitely not the only factor influencing changes in UNE.

From global scope of EU25 countries, the Okun's model suggest, based on determination coefficient, the influence of 28%, our extended model shows influence of 80%. Improvement of model does not contradict the tendency of UNE changes response to GDP changes that is  $-0,0543$  or  $-0,1621$  respectively based on quarters of the year measurement. These numbers suggest the response of UNE changes to GDP changes of 0,2% decrease of UNE to 1% GDP rise in Okun's model and 0,65% in our model yearly. As it can be seen that in global EU25 point of view the development of response between GDP changes and UNE changes are rational, the responses of individual countries are not showing such tendency. It's upon discussion why this happens as there are plenty of other economic parameters, this basic model is not considering at all. This is supported by original Okun's paper, where he discusses few factors that can account as important mainly from labour force point of view as contractual commitments, technological factors, transaction costs, acquired skills and morale factors.

Table 1: Okun's law results for selected economies

| country  | simple linear regression (Okun's law) |         |                             |                                 |
|----------|---------------------------------------|---------|-----------------------------|---------------------------------|
|          | beta1                                 | Rsquare | GDP change influence on UNE | model suggested behaviour       |
| Belgium  | -0,0295                               | 0,2154  | low                         | positive GDP change, lower UNE  |
| Finland  | 0,0059                                | 0,0013  | almost none                 | positive GDP change, higher UNE |
| France   | 0,0521                                | 0,1303  | very low                    | positive GDP change, higher UNE |
| Germany  | 0,0425                                | 0,9183  | very high                   | positive GDP change, higher UNE |
| Greece   | 0,075                                 | 0,85    | high                        | positive GDP change, higher UNE |
| Slovakia | -0,0333                               | 0,1813  | very low                    | positive GDP change, lower UNE  |
| Spain    | -0,0285                               | 0,0689  | very low                    | positive GDP change, lower UNE  |
| EU25     | -0,0543                               | 0,2788  | low                         | positive GDP change, lower UNE  |

Source: own calculation

Table 2: multiple regression model

| country                             | 6 way regression |        |         |         |        |           |         |                  |   |
|-------------------------------------|------------------|--------|---------|---------|--------|-----------|---------|------------------|---|
|                                     | year             | Q1     | Q2      | Q3      | Q4     | delta gdp | Rsquare | influence on UNE | behaviour   |
| Belgium                             | -                | -      | -0,4252 | -       | -      | -0,0617   | 0,4683  | moderate         | positive GDP change, lower UNE, time influences UNE in Q2 mainly - decreasing                     |
| Finland                             | -                | -      | 0,0945  | -0,5041 | -      | 0,048     | 0,985   | very high        | positive GDP change, higher UNE, time influences UNE in Q3 mainly - decreasing                    |
| France                              | -                | 0,0494 | -       | 0,0476  | -      | 0,05211   | 0,9897  | very high        | positive GDP change, higher UNE, UNE rising over time in Q1 and Q3 mainly                         |
| Germany                             | 0,007            | -      | 0,0127  | -       | -      | 0,0431    | 0,9329  | very high        | time influences UNE rate very moderately, positive GDP change, higher UNE                         |
| Greece                              | -                | -      | 0,0294  | -       | -      | 0,0726    | 0,8513  | quite high       | time influences UNE rate very moderately, positive GDP change, higher UNE                         |
| Slovakia                            | -                | -      | -0,12   | -       | -      | 0,0797    | 0,9497  | very high        | positive GDP change, higher UNE, time influences UNE in Q2 mainly - decreasing                    |
| Spain                               | -                | -      | 1,6862  | -       | 2,3976 | -0,2288   | 0,4238  | moderate         | UNE rising over time in Q2 and Q3 mainly, positive GDP change can lower UNE very moderatly        |
| EU25                                | -                | -      | 0,4695  | 0,2891  | 0,9788 | -0,1621   | 0,8002  | quite high       | UNE rising over time in Q2, Q3 and mainly in Q4, positive GDP change can lower UNE very moderatly |
| - means statistically insignificant |                  |        |         |         |        |           |         |                  |   |

Source: own calculation

Table 3: Okun vs own model parameters comparison

| country  | Okun's model |                      | extended model |                      |
|----------|--------------|----------------------|----------------|----------------------|
|          | Rsquare      | GDP change influence | Rsquare        | GDP change influence |
| Belgium  | 0,2154       | -0,0295              | 0,4683         | -0,0617              |
| Finland  | 0,0013       | 0,0059               | 0,9850         | 0,0480               |
| France   | 0,1303       | 0,0521               | 0,9897         | 0,0521               |
| Germany  | 0,9183       | 0,0425               | 0,9329         | 0,0431               |
| Greece   | 0,8500       | 0,0750               | 0,8513         | 0,0726               |
| Slovakia | 0,1813       | -0,0333              | 0,9497         | 0,0797               |
| Spain    | 0,0689       | -0,0285              | 0,4238         | -0,2288              |
| EU25     | 0,2788       | -0,0543              | 0,8002         | -0,1621              |

Source: own calculation

## 6. Conclusion

The analysis presented in this paper appears to confirm the validity of Okun's Law in global market as European Union. The relation however is not perfect for each separate country as there is different level of labour market protection, labour policies and different strategies of local governments regarding employment and economic growth. Particularly important is that within the European Monetary Union various countries are on different stages within their own business cycles.

This paper focused on analytical proposal of better model of relation between changes of GDP and changes of UNE. We believe that further study of time series of short runs within studied data would lead to indicators of future growth as well as could relieve the closer relation to other macro economy parameters of each separate country.

As a summary we can conclude that our own modelled parameters and Okun's parameters as well reveal that the closer the parameters are of each country, the tighter the relation of economies of those countries are, showing effect of globalisation.

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## REGIONAL SOCIAL BUSINESS IN GLOBALIZATION ERA

Pavla Varvazovska<sup>1,a</sup>, Lenka Kucirkova<sup>2,b</sup>

Department of Humanities, Czech University of Life Sciences Prague, Kamýčká 129, Prague 6,  
165 21, Czech Republic

<sup>2</sup> Department of Languages, Czech University of Life Sciences Prague, Kamýčká 129, Prague 6,  
165 21, Czech Republic

<sup>a</sup>varvazovska@pef.czu.cz, <sup>b</sup>kucirkova@pef.czu.cz

\*Pavla Varvažovská

**Abstract.** Social welfare opponents claim that the conditions for the welfare state are being perished or very limited in the globalization era of the world. The contribution deals with the question whether the globalization changes these conditions. It is not possible to evaluate only the economic aspect of the state but a basic strategic alternative of the welfare state viability and a solidarity approach to the globalization of the world. The basic definition of the social economy puts a strong emphasis on local and community aspects of the social economy and social business. It is a logical connection because there are the local conditions that allow the development of addressed social sensitivity to disadvantaged people, specific situations, and at the same time they create conditions for working cooperation of people involved in the business in a transparent way with the elements of participatory democracy. These aspects become, to a certain extent, also the factor influencing the civil and political climate in the localities. The current use of social business as a possible partner in the regional development takes place not always in a coordinated way and not always with the support of the regions. The objectives of the contribution are oriented to the proposal of social business as the factor of the region development with the aim of the sustainable development while respecting regional policy principles.

**Keywords:** social enterprise, social objectives, globalization era, financing, regional, development

**JEL Classification:** Z13

### 1. Introduction

The social economy is a very broad concept and aims to develop local services, support regions and find new economic activities that will lead to the employment growth, remove barriers, promote the integration of disadvantaged people into the labor market and reduce differences among regions. An increase in the interest in the social economy can be seen in some European countries over the past twenty years thanks to cooperatives, foundations, associations and societies (Tomlinson & Branston, 2018). Social needs, unemployment, health, education, social exclusion and many other aspects have the effect that these problems need to be solved and responsibility should be divided into the public sector, the private sector and the third sector. From the point of view of the fulfillment of the responsibility of the private sector, financial performances of companies, more precisely their health and resistance, are very important factors (Moravcikova & Dvorak, 2018).

An important instrument of the social economy is social business, a form of entrepreneurial activity that fulfills all that is the goal of the social economy. The principles of social business are based on the needs of the regions and solve the local problems related to the social integration of disadvantaged people while using local resources with respect to the environment and with the aim of profit that will be used back to the social enterprise (Lankoski & Smith, 2018; Pathak & Muralidharan, 2018). This combination of a business entity, by delegating public interest to social entrepreneurs, enables social policy to be implemented and social cohesion to be fulfilled in order to create welfare conditions for all citizens.

Social business does not have a definite definition but in foreign countries, this term has been defined for decades and that is why we most often use the description of the social business under EMES characteristics that were defined by the Czech non-governmental non-profit organization TESSEA<sup>28</sup>.

"Social business is a business activity that benefits society and the environment, plays an important role in local development and often creates job opportunities for people with health, social or cultural handicap. Profit is mostly used for the further development of a social enterprise for which it is equally important to gain profit and increase public benefit." (TESSEA CR, z.s.)

The search for a proper definition of a social enterprise has been a central theme over the last two decades. Defourny (Defourny and Nyssens, 2017) formulated obstacles related to the topic of social enterprise. The most discussed criteria for a social enterprise are the following: specific role of individual social entrepreneurs, place of social innovation, the search for market incomes, and the issue of administration.

Indicators according to which the Ministry of Labor and Social Affairs of the Czech Republic (MoLSA CR) is managed and which are used in the subsidized titles to promote social business are again taken over by TESSEA and are listed in Annex 1. Overview of Recognition Indicators for General Social Enterprises. For the integration, social enterprises (WISE), TESSEA also has an overview of recognition indicators.

In the Czech environment, the concept of social business is difficult to grasp, as it interferes with the concept of doing business in social services. To understand the meaning, it is possible to characterize a social enterprise in economic and social terms.

A social entrepreneur, who creates a social enterprise, is an entrepreneur who innovates, creates jobs for disadvantaged citizens, offers services and products, and at the same time strives to make a profit like other entrepreneurs with the aim of investing as much as possible back to strengthen the social values of the enterprise.

The contribution to a social enterprise in engaging volunteers is to enable the expansion and innovation of services; clients are more satisfied; quality of services is increasing; an enterprise does not deviate from its values and social mission (Dohnalova et al., 2015).

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<sup>28</sup> TESSEA ČR, z.s. (in short "TESSEA") is a non-governmental non-profit organization the mission of which is to contribute to the development of social business in the Czech Republic, linked to regional activities. TESSEA covers social enterprises throughout the whole Czech Republic, links them, supports their interests and presents them externally. At the same time, it provides those who are interested in this topic with up-to-date information on social business not only in the Czech Republic but also elsewhere in the world.

Social enterprises have no obligation to register their mission and to designate a social enterprise in the public register, except for the cooperative. The record of whether it is a "mere" cooperative or a "housing" one or a "social" one is carried out within the registration of the cooperative company into the Commercial Register, not separately into the section of other facts. This would be a duplicate of information. (Hampel & Walder, 2015: 160).

A major role in linking social enterprises to the region is so-called volunteering in local social enterprises. However, most of the benefits of volunteering are uneconomical. Volunteers can play a key role in fulfilling the criteria of environmental and local benefits. The contributions of volunteers for a business can be different. The first way is to link the social enterprise to a local community and then to fulfill one of the social enterprise principles, such as local benefits and satisfying the needs of the local community. Another benefit is volunteer ideas and their feedback when an enterprise can innovate in this way and achieve greater competitiveness. The last is the use of volunteering for administrative authorities for some legal forms of social enterprises. This step also has strategic implications, as the involvement of local participants and individuals from the business environment can bring about the market functioning of the enterprise. (Dohnalova, 2015).

It follows from the above mentioned that social business and its cooperation with local participants is not only one of the principles of a social enterprise, but it is also in the public interest to support this form of business environment because among the social enterprise principles there is also the pursuit of a publicly beneficial goal embedded in the founding documents of social business and follows the general principles of the regional policy.

## **2. Objective and methodology**

The main objective of the thesis is to propose the possibility of social business as a factor of the regional development with the aim of sustainable development while respecting the principles of the regional policy. It is therefore clear that the knowledge of social business is key factor for planning and implementing activities leading to the expansion and support of social business. Social business as a regional development facilitator is very important because it ensures citizens' participation in improving local conditions that will benefit all regional participants.

Three working hypotheses were the basis of the research:

Hypothesis no.1

The knowledge of social business objectives is not dependent on the gender of the population  
1H0: I assume that there is no statistically significant dependence between the knowledge of social business objectives and the gender.

1HA: I assume that there is a statistically significant dependence between the knowledge of social business objectives and the gender.

Hypothesis no.2

The purchase of services and products offered by social enterprises is not dependent on the level of education

2H0: I assume that there is no statistically significant dependence between the purchasing of services or products offered by social enterprises and the education they have achieved.

2HA: I suppose there is a statistically significant dependence between buying services and products offered by social enterprises and the education achieved.

Hypothesis no. 3

The willingness to work in a social enterprise is not dependent on a permanent residence.  
 3H0: I assume that there is no statistically significant dependence between the willingness to work in a social enterprise and a permanent residence.  
 3A0: I assume that there is a statistically significant dependence between the willingness to work in a social enterprise and a permanent residence.

A random selection was used for the population and sample decision. The questionnaire survey was attended by 464 respondents, of which 262 were women and 202 men. The age composition was divided into three categories and the most respondents were at the age of 41-65. Respondents were from three regions, the Ústí Region, the Zlín Region and the Capital City of Prague.

The established hypotheses were evaluated using the statistical method  $\chi^2$  test (Chi square). This statistical nonparametric method serves to statistical testing of the consistency between expected and observed values. The first step is to formulate the zero and alternative hypothesis followed by selecting the level of significance ( $\alpha$ ), determining the degree of freedom (k), selecting a suitable test criterion (chi-square test), placing the observed values into the testing criterion and calculating the test characteristic for the level of significance  $\alpha$  and the number of degrees of freedom to find the relevant critical values in the tables. Furthermore, the comparison of the result of the testing method with the relevant critical value, the conclusion of the validity or invalidity of the zero and alternative hypotheses and the interpretation of the test results.

### 3. Results and discussion

An example of testing the first hypothesis (similarly, testing of the second and third hypotheses was done). (Table 1 - 3).

1H0: I assume that there is no statistically significant dependence between the knowledge of social business objectives and the gender.

1HA: I assume that there is a statistically significant dependence between the knowledge of social business objectives and the gender.

All three regions were tested, depending on whether the men or women know the objectives of social business.

Table 1: Absolute and relative frequency to hypothesis no. 1

| Gender | Objective is to earn means for social activities |                    | Objective is to solve social or environmental problem |                    | Objective is to employ only the underprivileged |                    | Total absolute frequency |
|--------|--|--------------------|---|--------------------|---|--------------------|--------------------------|
|        | absolute frequency                               | relative frequency | absolute frequency                                    | relative frequency | absolute frequency                              | relative frequency |                          |
| Woman  | 119  | 45.42              | 88  | 33.588             | 55  | 20.99              | 262                      |
| Man    | 68   | 33.663             | 105   | 51.98              | 29  | 14.356             | 202                      |
| Total  | 187  |                    | 193   |                    | 84  |                    | 464                      |

Source: Own processing

Table 2: Expected frequency to hypothesis no. 1

| Gender | Objective is to earn means for social activities | Objective is to solve social environmental problem or | Objective is to employ only the underprivileged | Sum |
|--------|--|---|---|-----|
| Woman  | 105.590  | 108.978   | 47.431  | 262 |
| Man    | 81.409   | 84.022  | 36.569  | 202 |
| Total  | 187  | 193   | 84  | 464 |

Source: Own processing

Table 3: Calculation of testing criterion to hypothesis no. 1

| Gender | Objective is to earn means for social activities | Objective is to solve social environmental problem or | Objective is to employ only the underprivileged | Sum    |
|--------|--|---|---|--------|
| Woman  | 1.703  | 4.038   | 1.208   | 6.949  |
| Man    | 2.209  | 5.238   | 1.567   | 9.014  |
| Total  | 3.912  | 9.276   | 2.775   | 15.963 |

Source: Own processing

After putting into the formula, the test criterion is  $G = 15.963$

Critical value:  $\chi(1-\alpha)$ ;  $df = 5.991$

For hypothesis no. 1 on the significance level of a 5%, we reject the zero hypothesis (H0) and accept the hypothesis of HA that tells us that there is a statistically significant dependence between the knowledge of social business objectives and the gender.

### Evaluation of the quantitative part

In the regions of Ústí nad Labem, Zlín and Prague, a questionnaire survey was carried out in January and February 2018. The data obtained from the questionnaire survey was subjected to statistical calculations and processed in tables and graphs. On the basis of these data, it can be concluded that social business is partly an unknown term, which most of the respondents associate mainly with social services. The public perceives the impact on the local region positively and the support for social enterprises would see most of all in the subsidy and tax support. There was a dependence between a permanent residence and the willingness to work in a social enterprise. Here, space can be seen for regions that should focus on promoting social business and expanding awareness of this form of business and realize the investigation if people are informed about social business sufficiently. The largest number of social enterprises is in the Capital City of Prague despite the fact that the willingness to work in a social enterprise is lower in this region. Another dependence that was identified concerns the education and the purchase of products or services from social enterprises. The option that people would rather not buy these products or services was supported by more people with graduation. For further confirmation of the hypotheses that were counted, there would be a need for further questions that would explain the reasons why a large portion of graduates are not willing to buy products or services from social enterprises.

Semi-standardized interviews were used for the qualitative survey. Respondents, social entrepreneurs, were selected from the directory on the website of a non-governmental non-profit organization TESSEA and on the pages of the Ministry of Labor and Social Affairs [www.ceske-socialni-podnikani.cz](http://www.ceske-socialni-podnikani.cz) Employees or owners of social enterprises answered

questions about their social business and access to finances, subsidies and support of their business in the region. Most social entrepreneurs who were asked how people around them perceived their business stated that it depended on whether people knew what the concept of social business meant. The representatives of regional authorities and of regional unions responded that they currently did not provide any subsidies.

### **Evaluation of the qualitative part**

On the basis of the conducted qualitative survey, it can be stated that social entrepreneurs lack the regional support. Mutual cooperation among other social enterprises is welcomed, but they are less likely to use this option. They work with non-profit organizations, churches, charities and associations. Participants in the interviews emphasize keeping the basic principles of social business and do not purposefully create jobs and employ only disadvantaged people. Economic issues are confirmed by all participants. Some even ended their activity because they did not receive a subsidy or a grant, and they could not continue in their work even though they followed all the principles of social business. If the representatives of social enterprises were asked to comment on the proposed social business act, most of the respondents did not directly know the bill on social business. However, they assume that it should not give them more duties than is common for normal businesses, rather it should ease and simplify their business. Most of the participants did not meet the commutation of the concept of social business with the concept of doing business in social services. Only two of them said that they were cooperating with a church organization which dealt with social care services. Social entrepreneurs have positively assessed the interest or rather the astonishment of people who are interested in their products or services and appreciate their involvement in such a business, which does not usually bring any big profits and still supports the local region.

## **4. Conclusion**

Data analysis shows that some social enterprises have just ended their activity because they did not receive a grant, and it was already unbearable to continue their activities. This situation is not just the case in the Czech Republic, according to the survey of the state of social enterprises in 2017 "The Future of Business" in Great Britain, a situation is similar to that of 10 years ago. In 2017 34% of social enterprises in the UK looked for the appropriate funding. This situation is a barrier for start-ups and established social enterprises (Temple, 2017). As far as the respondents' opinion is concerned for the support for social business, the financing of social enterprises through subsidies and tax reliefs for businesses is satisfactorily assessed as a whole. The widespread awareness of subsidies is positively perceived despite the administrative burden (Ruggie, 2018). In terms of the results of the questionnaires, only a small number of respondents identified as the support of social business the help of authorities in the administrative burden associated with setting up a business. It is therefore possible to assume that the support of the authorities should be throughout the existence of a social enterprise, as confirmed by the participants themselves, representatives of social enterprises.

Organizations such as TESSEA and the Ministry of Labor and Social Affairs also contributed to the increase of awareness about social business and their contribution is invaluable. Most people perceive a social enterprise as an enterprise where other traditional businesses do not work. This fact has been verified and the area perceived as social business was the providing of social services in the form of assistance to others.

Regions can support social business at the level of its capabilities and competencies. The development of social business, as every business, is primarily based on the acquisition of financial resources (Achleitner et al., 2014). It has not yet been legislatively regulated, but due to the forthcoming act, we could expect it in the coming period. It is also necessary to mention the fact that a new act should not have a significant impact on the social business burdens (Campbell, 1998). Social business should focus on the innovation and investment, as it is also viewed as a business that is aimed at profit. With these instruments, it strengthens its competitiveness not only in the region, but it also addresses many more people who can join the common objective of a local benefit (Sorenson, 2018; Coulibaly et al., 2018). The case investigated is conceived from a regional point of view, however, social business as such knows no boundaries and is of great importance from the point of view of European and world regions and from a global point of view.

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# MULTICULTURAL COMPETENCE AND MOTIVATION OF EMPLOYEES

David Vrtana<sup>1,a,\*</sup>

<sup>1</sup>University of Zilina, Faculty of Operation and Economics of Transport and Communication  
Department of Economics, Univerzita 8215/1, 010 26 Zilina, Slovak Republic

<sup>a</sup>david.vrtana@fpedas.uniza.sk

\*Corresponding author

**Abstract.** Nowadays more and more transnational connection of economies is happening and countries become inseparable part of a globalization process. Globalization affects functioning of internal personnel processes, which promotes multicultural aspects on employees in companies and leads to creating organizational culture, which has major impact on functioning of the company, on its exposure to environment, but also a significant impact on behavior of employees inside the organization. Pluralism or structural and full integration are signs which should be fully respected in every organization which is a part of globalization environment. In many cases, there is a negative impact of multicultural environment on domestic employees, lack of respect for cultural values, traditions and customs of other culture. The goal of the article is to analyse the theoretical background of organizational behaviour in the process of motivation in multicultural environment. A part of the article is an analysis realized in form of sociological survey by the demand method, which is oriented directly to determine the level of motivation in multicultural environment of Rademaker company. Results of the survey give space to assess the impact of organizational culture on employees. Based on the analysis results, it is possible to determine general measures in order to strengthen international organizational culture. Discussion part of the article contains summary of results of a specific company, and provides general recommendation for area of international application of motivation.

**Keywords:** multicultural competence, motivation, workteam, supervisor

**JEL Classification:** M12, D21

## 1. Introduction

Globalization and mobility of people is currently an ever-increasing trend, as confirmed by the statement by Hoangxiao et. al (2018), who argue that the ever-increasing number of international events creates between cultural volunteering combined with higher mobility of people. Today, however, mobility of people can be perceived as a popularly growing phenomenon not only in this but also in other multicultural areas (for example energy union). Authors Parobek (2016) and Krizanova (2013) argues that energy union is important for good mobility of people. Sukalova and Ceniga (2016), argues that globalization brings new challenges and trends. People's mobility can be felt to a large extent in a corporate environment that also includes employees with different cultural values. In such an environment it is then important to effectively approach the division and definition of multicultural competences and the creation and application of the motivational programs and tools system.

## 2. Analysis of the theoretical origins of perception of multicultural competence and motivation

Migration of people for various reasons (for work, for resources ...) causes that in one company with other cultures is starting to have other companies with their own culture. Characteristic features of a multicultural society are different values, customs, traditions and behavior. Therefore, it is important that if a company decides to expand into an international environment, or where it tries to move production there, it should know the cultural customs and values of a particular country. When placing a parent or subsidiary in another country, the company becomes part of the globalization process, within which we can also perceive the mobility of people pointed out by Hoangxia. By increasing the mobility of people, which provokes the emergence of a culture with one culture in a society with one culture, we can talk about the deepening of the so-called multiculturalism. *"In a multicultural world, each group maintains its characteristic features that it considers important. In such a group, people can express their cultural identity and are treated equally irrespective of their ethnicity, sexual orientation, religion, physical predisposition"* (Jain & Triandis, 1977). Authors say that people in one group use their culture to assess people from another cultural group. A very important aspect of multiculturalism and the perception of multicultural competences is the understanding and social organization. According to Walls & Triandis (2014), the dominant form of social organization is not national states, but they become the organizations themselves. Another author argues that culture influences how people perceive social reality and which social elements are trying to promote in a multicultural environment (Mascarenhas et al., 2016). It is possible to identify with the authors, but the forefront of the question is how companies will implement, for example, corporate personnel processes to preserve cultural and corporate values, competencies, and their perceptual perceptions not only by employees but also by company management. In connection with multiculturalism, Bhagat et al. (2012) said that most companies operating in a global environment share a common collective need to achieve the organization's goals. They further argue that most employees are not like "social loafers" in such organizations and they hope that their lack of effort will be masked within working groups. A research study in which Clegg & Bailey (2007) states that a multicultural organization is "necessary to make changes in organizational culture that are often very demanding." In their view, it is most effective in transforming the organizational culture into multicultural working groups so as to suit all groups of cultures. Managing a multicultural organization should, above all, seek to maintain conflicts at the lowest possible level in order to be able to work effectively with the advantages and disadvantages of the cultural environment. Griffin (2010) believes that "multicultural training can effectively manage the gap between cultures and minimize conflicts between collaborators." The author also emphasized that multicultural training in the organization can reduce the percentage of conflicts within working groups. Therefore, it is about the management of the company, to what extent and how deeply will multicultural trainings be carried out and to develop the multicultural competences not only of the working groups but also of the individual employees.

The above-mentioned diversity of cultures can be an obstacle to effective motivation of employees, and can thus contribute to creating an environment with generally less motivation. Conversely, due to the good leadership of people and appropriately chosen tools and ways of communicating, the multicultural environment can, in particular, create a motivational aspect of behavior and relationships in young working collectives where effective interconnection of incentives and internal motivation takes place. Monnot pointed out this fact, exploring in 29 countries the link between economic and psychological incentives and internal motivation, job

satisfaction and organizational commitment. The results of their study showed a positive relationship between basic psychological needs and internal motivation in all studied nations and cultures. They say, for example, that there is a relationship between stimuli and motivation in southern Asian clusters, with external stimuli acting in these countries as internal motivators (Monnot, 2018). Although the study pointed to the fact, that there is a positive relationship that affects internal motivation in a multicultural environment, however, in such environments, it is necessary to apply motivational tools with exceptionally sensitive approach and a great degree of individualism.

It must be kept in mind that the success of the multicultural team, as well as the motivation introduced by it, will only reflect the multicultural competence of its manager. If the manager or members of the team do not have sufficient multicultural competencies, the team will not work properly and efficiently. Next, building confidence between individual team members is also an important step, which is naturally lower in a multicultural environment. The main role of the manager is to support the synergy of the multicultural team. This means combining not only the potential of different cultures but also motivating team members to bring their mutual participation to new experiences and enrichment for the corporate environment. Types of motivational tools can be perceived uniquely by different cultures. Authors Lopez & Suarez (2012) refer to Hofstede's empirical research, which he realized in the 1970s, in which he identified four basic dimensions - distance from power, avoidance, individualism / collectivism, masculinity. In individual dimensions, it is possible to perceive significant differences in cultures and therefore different needs for effective motivation. According to Hofstede, the researchers also identified a fifth dimension, also called a long-term and short-term orientation.

In the distance to power dimension, for example, understanding an employee who is not accustomed to a power approach, the superiority of the superiors, and direct task assignment mean an increase in motivation. Hofstede (2005), in the second dimension, pointed out collective and individual perceptions of relationships. Creating teams with close relationships who are accustomed to individualism may mean reducing the comfort of workers and the need for much more effort to work together.

Differences based on masculinity, characteristically generalized patterns of behavior, require an extremely special approach by managers. In teams that are composed by different cultures, it is not possible to use common motivational tools to effectively change employee motivation (Hofstede, 2001). Gooderham (2003) also writes about specific characteristic motivational tools, while in mankind society it is above all material appreciation and assertiveness, women's encouragement and understanding. The dimension of avoidance uncertainty is particularly noticeable when setting up incentive packages and job positions, or the overall character of the company. While in Western societies there is a popular fair valuation and a higher current income, in companies that are in the earlier stages of development, motivation in the form of job stability, security or future security is more effective. (Hofstede, 2001). Short-term / long-term orientation classify motivation rather to be realized and neglected. In general, long-term oriented companies focus on long-term employee satisfaction and support a wider range of motivation factors. (Hofstede, 2001).

If a manager correctly understands the cultural background of employees and adapts individual tools to their needs, the motivation process may fail to be misunderstood, poorly communicated, or inadequate feedback from employees. In this connection, Spijkerman et al. (2018) presented the concept of intercultural contact. The result of their study was five output elements of constructive intercultural contact: responsibility, deliberate postponement of

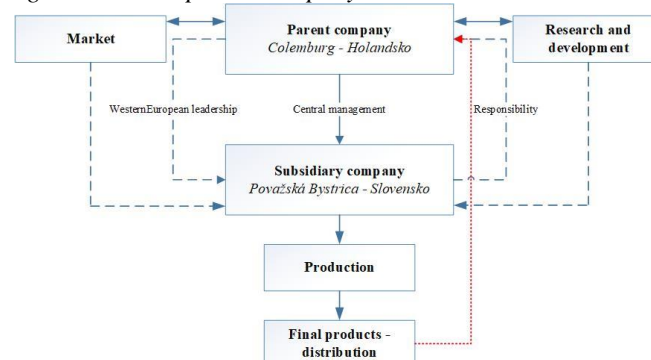
prejudice, recognition of the relative importance of cultural differences, perspective fraternity and respect. The study points out that individual elements should be respected not only among colleagues but also in the organization's hierarchical relations. All managers of multicultural companies and workgroups should be identified with the above-mentioned elements. In particular, the multicultural team desires to devote a great deal of time to the stage of formation and adaptation so that individual cultures reach a common consensus and thus direct into a functioning and efficient whole.

### 3. Examining and the results of multicultural competence and motivation in Rademaker

In order to find relevant information about potential problems and possible employee satisfaction with the current status of the system of motivation and application of multicultural competencies, sociological questioning was carried out using the questionnaire technique in the transnational company Rademaker s.r.o. In particular, the questionnaire focused on the impact of the use of motivational tools and multicultural competences in a hierarchical arrangement by the company management towards employees.

Rademaker s.r.o. was founded in 1977 and still displays elements of family business. It is one of the few businesses that specialize in the development and delivery of innovative solutions for bakery and food industries with global reach. Products are supplied to different countries like France, Germany, Great Britain, USA, Russia and China. The parent company is located in Culemborg, Netherlands. The subsidiary is located in Považská Bystrica, Slovakia. Central management comes directly from the Netherlands, which affects the company's international management system. All internally executed processes are managed by the parent company (and the motivation process). The relationship between the parent and the subsidiary is shown in Figure 1.

Figure 1: Shows parent company in relation to the subsidiary



Source: By author

Figure 1 shows that the parent company in relation to the subsidiary applies the West European style of management. The subsidiary is then responsible for the entire production and distribution of the parent company. This means that all the products produced by Rademaker Slovakia will be sold to the parent company Rademaker Culemborg, which then sells the final products directly to the largest conglomerate worldwide.

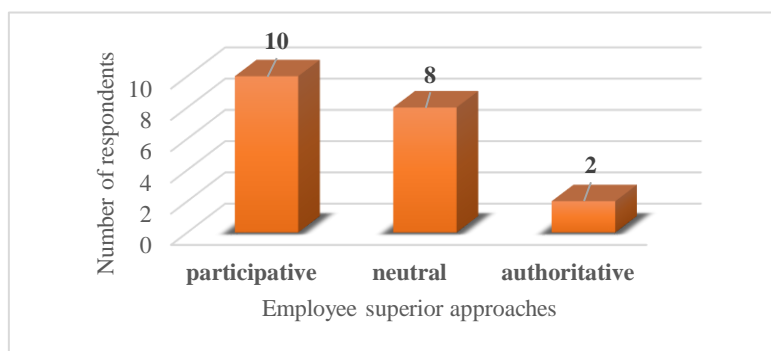
Nowdays, the subsidiary employs approximately 140 employees. In addition to THZ employees, it also employs factory workers (assemblers, welders, etc.). The added value is the quality of employees that the company has been orienting since its inception. **The mission** of

the company is therefore the sustainability of highly qualified human potential for the purpose of quality and innovative production of bakery machinery.

Sociological research through the search method was done for management staff and focused on the personal processes of motivation and evaluation of complex work performance. The areas of staff management concerned 1 question and the area of motivation and motivation related -to 3 questions. The company employs 20 managing employees. Of which 16 respondents participated, representing an 80% return. All respondents reached a second degree education, aged 31-40 and said they have been working in the company for over a year.

In the first question, it was examined how the senior staff member had access to the staff. The answers are shown in Figure 2.

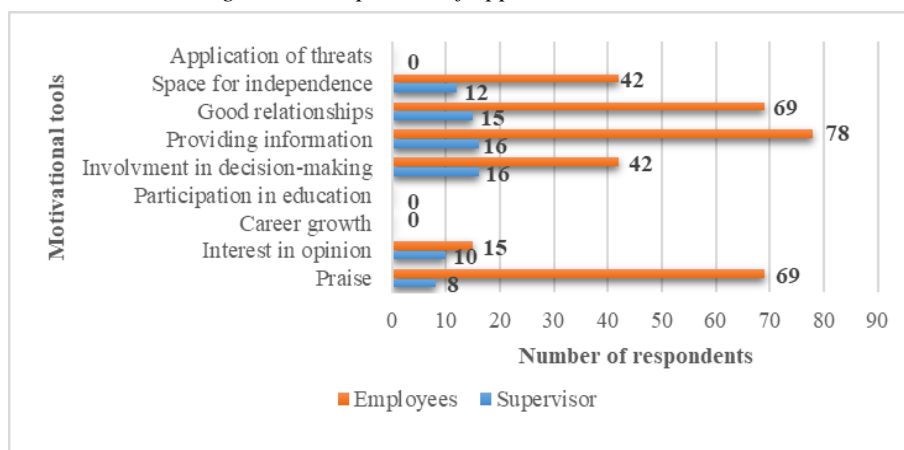
Figure 2: Manner of Employee Management



Source: By author

The following two questions relate to the application of incentive instruments. In Question 2, the respondents identified the incentive tools applied by their supervisor (marked in orange). 67 men participated in these questions, representing 89% of the total and 11 women, representing 11% of the total number of respondents. In question 3, senior staff have identified the incentive tools they actually apply to employees (marked in green). In this context, it is possible to compare the answers of individual respondents.

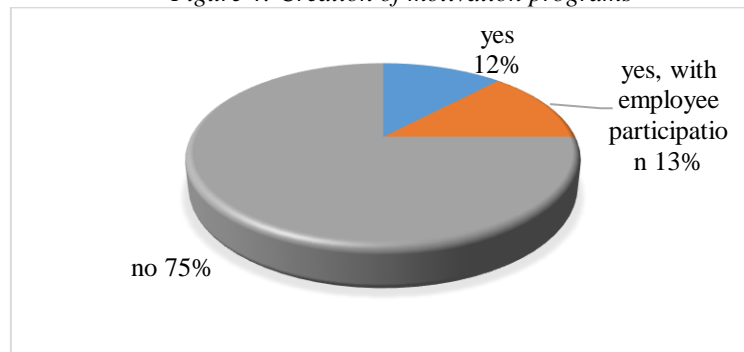
Figure 3: Comparison of applied motivational tools



Source: By author

The last question focused on the area of motivation was to find out whether senior staff created incentive programs for employees. Respondents' answers are indicated in Figure 4 below.

Figure 4: Creation of motivation programs



Source: By author

By observing the internal environment, it has been found that corporate culture evolves from building good relationships between employees and senior staff. This means that the company does not prefer to make orders and prohibitions through regulations or internal directives but a relaxed and pleasant atmosphere among employees. In this atmosphere there is also communication between employees and superiors and between employees. It is an open communication with an emphasis on the priority of respectability of behavior, which is reflected in respect for mutual respect. If there is a situation that a senior employee will increase the vote on the subordinate, he will be automatically dismissed from the company.

#### 4. Results and discussion

In the analysis of the internal motivation and motivation of employees in Rademaker, methods of observation and sociological inquiry were used in the form of a questionnaire. The sociological questionnaire survey found that the company is trying to apply a participatory style of staff management. This means that executives have a great deal of trust in employees and thus receive a considerable degree of autonomy in their work. Two respondents said they were applying a more authoritative style, which is contrary to the corporate culture of the company. In a participatory and neutral style, the role of a superior is to support the employee, help him / her with solving problems, or guide him / her when performing work activities. Questions 2 and 3 focused on a system of motivation tools, where employees and managing staff said they most often use good-practice relationships, provide information and praise from defined incentive tools. On the contrary, only 15 out of a total of 78 employees said that the superiors did not have an interest in their views, which is inefficient in terms of applying multicultural competencies and motivational tools. Zero value was expressed by employees and senior staff in relation to participation in education. From this, it can be deduced that there is no training in the corporate environment even though it is a multinational society, and education in the field of multicultural competences would be an integral part of building a good corporate culture. The last question was whether senior staff are building motivational programs for employees. Up to 75%, representing 12 respondents, said they did not create incentive programs for employees. This result can be considered as very negative because maintaining employees motivated in a multicultural environment also leads to the success of the company for the future. Paulino et al., (2016) claim that employees are the best advantage of enterprises and therefore it is necessary to keep them motivated especially during transforming situations, for example in a multicultural environment.

The training of managers in the field of multicultural competencies is also evidenced by the results of Schnizel (2017), who has conducted three different studies in Luxembourg in this

area. The aim of the study was to determine whether the Luxembourg trilingual education system educates multicultural managers. The study was divided into three parts by the author. Only the third part of the research, in which the author carried out 46 interviews between different categories of respondents, is important for evaluation. The first was Luxemburgs with Luxembourg nationality, the second group was foreigners residing in Luxembourg, the third group was represented by people who came to Luxembourg from Germany, France and Belgium daily, and the rest of the world joined the fourth group. During the interviews she found that the most important topics are "high rate of failure", "lack of English control" and lack of talent. Learning and understanding of multicultural competencies and applying the right multicultural motivational tools is an integral part not only of superiors, but also of every employee working in a multinational enterprise.

## 5. Conclusion

In spite of the growing trend of companies in a global environment, they need to be able to effectively adapt their superiors to create incentive programs and apply incentive tools in their corporate environment. Based on the analysis of various foreign authors and on the basis of the research carried out, it is possible to outline general recommendations for organizations operating in the private sector. Most importantly, it is possible to disseminate multicultural competences from a particular employee in the enterprise towards others without the need for an external trainer. The process begins with an employee who does not have any multicultural competences and needs to expand multicultural competences due to the necessity of visiting a given country with a different culture. Subsequently, an employee needs to be trained in the organization on the multicultural aspects of the country. Subsequently, the employee acquires theoretical knowledge and skills regarding the culture in that country. This means obtaining information about what is permissible in the country and about what is considered unethical in the country. After having been posted abroad, and subsequently upon his arrival in the company, he has a sufficient amount of practical skills and experience for the multicultural competencies of that country. For this reason, the need to hire an external trainer ceases to exist. Employees can learn to expand their multicultural competences to each other. Other recommendations include creating and applying international motivation programs to the organizational environment. Organizations need to constantly respect multicultural competences and motivation and create conditions for a healthy corporate culture.

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# IMPLEMENTATION LEVEL OF EUROPE 2020 STRATEGY TARGETS AS REGARDS LABOR MARKET IN EUROPEAN UNION COUNTRIES

Katarzyna Warzecha<sup>1,a,\*</sup>

<sup>1</sup> University of Economics in Katowice, 1Maja 50, 40-287 Katowice, Poland

<sup>a</sup>warzecha@ue.katowice.pl

\*Corresponding author

**Abstract.** The Europe 2020 Strategy is a reaction to the economic crisis effects from 2008-2009 and the attempt to avoid similar crisis in the future. The Europe 2020 Strategy was built on three development pillars: smart, sustainable and favorable to social inclusion. It was expected to lead to processes of broad changes reflected in various economic areas. The strategy particularly emphasized the need of common action undertaken by member countries to emerge successfully from the crisis (from 2008-2009) and the necessity to proceed with the reforms that will facilitate facing the challenges connected with globalization, ageing of societies and with the growing need of rational resources use. The level of implementation of individual targets, defined in Europe 2020 Strategy, in European Union countries is significantly diverse, which may lead to delay in realization of strategy targets. The aim of the present paper is the analysis of (reference) targets connected with labor market and their implementation in Poland and other EU countries as defined by the European Commission in Europe 2020 Strategy. Moreover, setting the trends in this area and forecasting the period of realization of targets specified for EU as a whole and for Poland individually is of author's interest as well. The research period is from 2004 to 2016 and target values are defined for 2020.

**Keywords:** Europe 2020 Strategy, European Union, sustainable development, forecasts

**JEL Classification:** C10; C53; Q01

## 1. Introduction

Europe 2020 Strategy is a strategy for smart and sustainable development which favors social inclusion. It was approved by the European Commission in 2010 (Komisja Europejska, 2010; Balcerzyk, 2015; Stanickova, 2017; Stec & Grzebyk, 2018). The Strategy is directed at the formation of European economy which is economically strong and competitive in the world's scale. The program concentrates around five targets: innovation (Skorska & Wojcik, 2017), education, social inclusion (Warzecha & Skorska, 2017), climate change (Liu et al., 2009; Paska & Surma, 2014; Warzecha, 2016; Wettestad et. al., 2012; Kanellakis et. al., 2013; Bürgin, 2015) and labor market (Chung, et. al., 2012; Bazzani, 2017).

## 2. Objective, subject and research method

The main objective of the present study was the evaluation of Poland's position on the background of European Union countries and on the basis of chosen indicators which describe the labor market and are connected with the implementation of objectives of Europe 2020 Strategy in this area. In the research, the European Union (reference) targets connected with

labor market were examined and the number of targets reached by individual EU countries by the end of 2016 was provided.

The subject of research was all EU countries, and the research period of 2004 - 2016.

The European Commission formulated for community countries the recommendations which are connected with the labor market, they are among others:

- reduction of structural unemployment and the increase of employment of people aged 20-64 (target: the increase of global indicator to 75%);
- effective investing in education through the improvement of quality and efficiency of training (target: the decrease of percentage of people aged 18-24 who leave school too early to 10% and the increase of percentage of people aged 30-34 with tertiary education degree to at least 40%);
- the development of scientific research and innovation through the higher expenditure on research (target: 3% GDP allocated for R&D).

Moreover, it needs to be emphasized that apart from the general reference values (targets) accepted in the strategy, each country could establish individual national targets. Those targets are significantly higher or lower when compared with reference targets and they are connected with the specific nature of EU countries and their significant diversity in social and economic development.

It results from Table 1 that level of implementation of the European Commission targets connected with labor market varies in the EU countries. The majority of the countries fulfilled two Europe 2020 Strategy targets: the decrease of percentage of early leavers from education and training (aged 18-24) to level of 10% (target reached by 18 EU countries) and the increase of percentage of people with tertiary education attainment (aged 30-34) to at least 40% (target reached by 18 EU countries). The target connected with the increase of employed people aged 20-64 to 75% was fulfilled by nine EU countries by the end of 2016. Only two countries (Austria and Sweden) fulfilled all four strategy targets. Three countries (Denmark, Lithuania and the Netherlands) fulfilled two targets and thirteen countries (Belgium, the Czech Republic, Estonia, Ireland, Greece, France, Cyprus, Latvia, Luxembourg, Poland, Slovenia, Finland and Great Britain) fulfilled two targets connected with labor market.

Germany, Spain, Croatia and Slovakia form a group of countries that fulfilled one Europe 2020 Strategy target. Six countries of the EU (Bulgaria, Italy, Hungary, Malta, Portugal, Romania) did not fulfill any of the analyzed strategy targets, but as it results from Table 1, two countries are close to reach the target connected with the employment rate in group of people aged 20-64 and they are Latvia and Finland. In turn, Germany and Denmark are close to fulfill the target connected with the expenditures on research and development and another group, Germany and Estonia, almost fulfilled target connected with the percentage of early leavers from education aged 18-24.

*Table 1: Indicator of evaluation of labor market situation in relation to target levels defined in Europe 2020 Strategy for 2020 in the EU countries and the total number of fulfilled targets*

| Lp. | UE country     | A    | B    | C    | D    | EE       |
|-----|----------------|------|------|------|------|----------|
| 1   | Belgium        | 0.90 | 0.83 | 1.14 | 0.88 | <b>2</b> |
| 2   | Bulgaria       | 0.90 | 0.26 | 0.85 | 1.38 | <b>0</b> |
| 3   | Czech Republic | 1.02 | 0.56 | 0.82 | 0.66 | <b>2</b> |
| 4   | Denmark        | 1.03 | 0.96 | 1.19 | 0.72 | <b>3</b> |
| 5   | Germany        | 1.05 | 0.98 | 0.83 | 1.03 | <b>1</b> |

|    |                |      |      |      |      |   |
|----|----------------|------|------|------|------|---|
| 6  | Estonia        | 1.02 | 0.43 | 1.14 | 1.09 | 2 |
| 7  | Ireland        | 0.94 | 0.39 | 1.31 | 0.62 | 2 |
| 8  | Greece         | 0.75 | 0.33 | 1.07 | 0.62 | 2 |
| 9  | Spain          | 0.85 | 0.40 | 1.00 | 1.90 | 1 |
| 10 | France         | 0.93 | 0.75 | 1.09 | 0.88 | 2 |
| 11 | Croatia        | 0.82 | 0.28 | 0.73 | 0.28 | 1 |
| 12 | Italy          | 0.82 | 0.43 | 0.66 | 1.38 | 0 |
| 13 | Cyprus         | 0.92 | 0.17 | 1.34 | 0.76 | 2 |
| 14 | Latvia         | 0.98 | 0.15 | 1.07 | 1.00 | 2 |
| 15 | Lithuania      | 1.00 | 0.25 | 1.47 | 0.48 | 3 |
| 16 | Luxembourg     | 0.94 | 0.41 | 1.37 | 0.55 | 2 |
| 17 | Hungary        | 0.95 | 0.40 | 0.83 | 1.24 | 0 |
| 18 | Malta          | 0.93 | 0.20 | 0.75 | 1.97 | 0 |
| 19 | Netherlands    | 1.03 | 0.68 | 1.14 | 0.80 | 3 |
| 20 | Austria        | 1.00 | 1.03 | 1.00 | 0.69 | 4 |
| 21 | Poland         | 0.92 | 0.32 | 1.12 | 0.52 | 2 |
| 22 | Portugal       | 0.94 | 0.42 | 0.87 | 1.40 | 0 |
| 23 | Romania        | 0.88 | 0.16 | 0.64 | 1.85 | 0 |
| 24 | Slovenia       | 0.93 | 0.67 | 1.11 | 0.49 | 2 |
| 25 | Slovakia       | 0.93 | 0.26 | 0.79 | 0.74 | 1 |
| 26 | Finland        | 0.98 | 0.92 | 1.15 | 0.79 | 2 |
| 27 | Sweden         | 1.08 | 1.08 | 1.28 | 0.74 | 4 |
| 28 | United Kingdom | 1.03 | 0.56 | 1.21 | 1.12 | 2 |
|    | <b>FF</b>      | 9    | 2    | 18   | 18   |   |

A - Employment rate age group 20-64 in %; B - Gross domestic expenditure on R&D% of GDP; C - Tertiary educational attainment, age group 30-34 ; D - Early leavers from education and training % of the population aged 18-24; EE - Number of reached (reference) targets by the end of 2016; FF - The number of countries that have achieved EU goals; Grey colored box denotes the Europe 2020 Strategy target reached by an individual EU country.

Source: Own study on the basis of Eurostat.

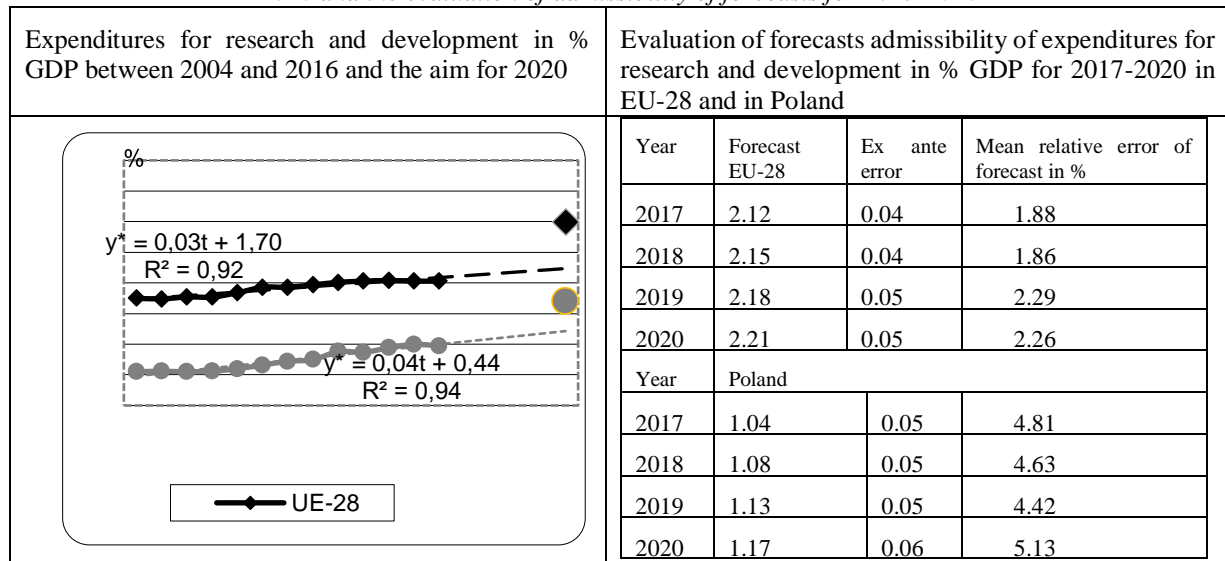
### 3. Indicators of Europe 2020 Strategy in EU-28 and in Poland between 2004 and 2016 and forecasts of aim implementation for 2020

Further considerations refer to trend formations in groups of indicators defining labor market.

Those trends will constitute the basis for forecasting the period in which labor market targets will be reached for the whole EU-28 and for Poland individually.

As it is shown in Fig.1., the expenditures for the research and development in % GDP in EU-28 and in Poland were growing systematically, year by year, between 2004-2016 (which was one of Europe 2020 Strategy targets). The amounts transferred to research and development in 2016 for the EU-28 as a whole were established on the level of 2.03% GDP and for Poland on the level of 0.97% GDP. According to data in Fig.1. and forecasts adjusted to strategy targets – the increase of expenditures for research and development up to 3% GDP for the EU-28 and for Poland will not be reached till 2020.

Figure 1: Expenditures for research and development in % GDP in the EU-28 and Poland between 2004 and 2016 and the evaluation of admissibility of forecasts for 2017-2020

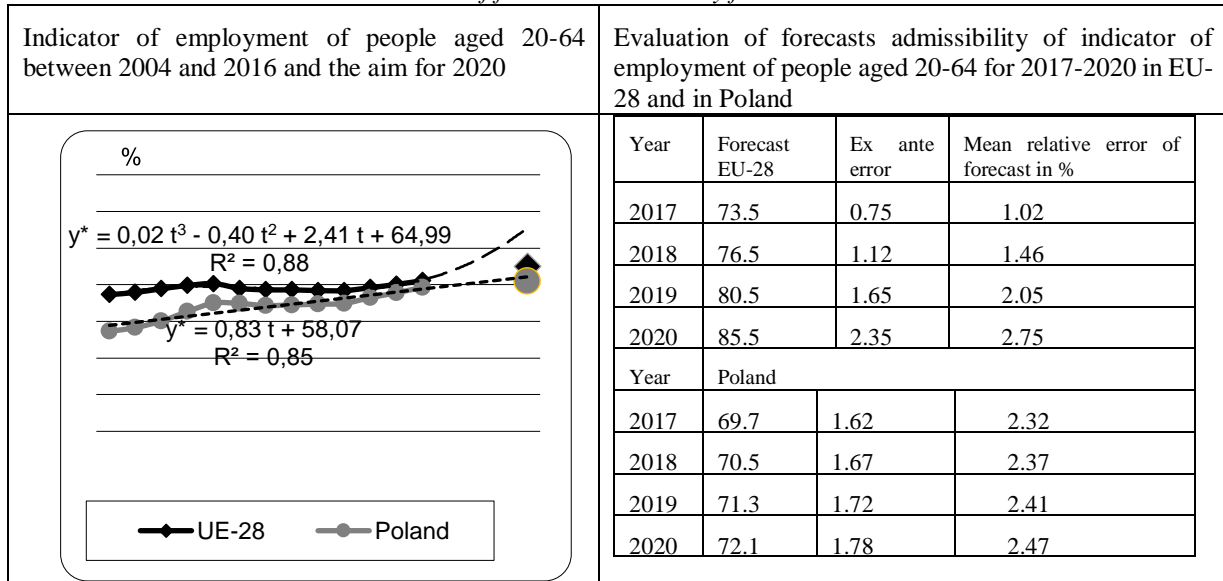


Source: Own study on the basis of Eurostat.

The estimated trend models are well adjusted to the data (coefficients of determination are high). The forecasts for expenditures for research and development (all calculations, choice of appropriate trend model, calculation of forecasts and errors of prediction were made with the use of GRETl program) were calculated for the period between 2017-2020 and they are included in the table in Fig.1. along with forecast errors. According to the prediction theory, the forecast is admissible when the average relative prediction error does not exceed 10% (Biolik, 2013; Zeliaś, 1997). Therefore, the forecasts calculated for the EU-28 and Poland for period between 2017-2020 may be treated as admissible.

As it is shown in Fig.2., the indicator of employment of people aged 20-64 was growing systematically between 2004-2016 in the EU and in Poland (which was a target of Europe 2020 Strategy). The indicator of employment of people aged 20-64 in 2016 reached the level of 71.1% for the EU-28 and 69.3% for Poland. According to data in Fig.2. and forecasts adjusted to strategy targets – the increase of indicator of employment to 75% for people aged 20-64 will be reached in the EU-28 in 2018 and the Union’s target for Poland will not be reached till 2020 (only the national target, meaning the increase of indicator to 71% for Poland, will be reached in 2019).

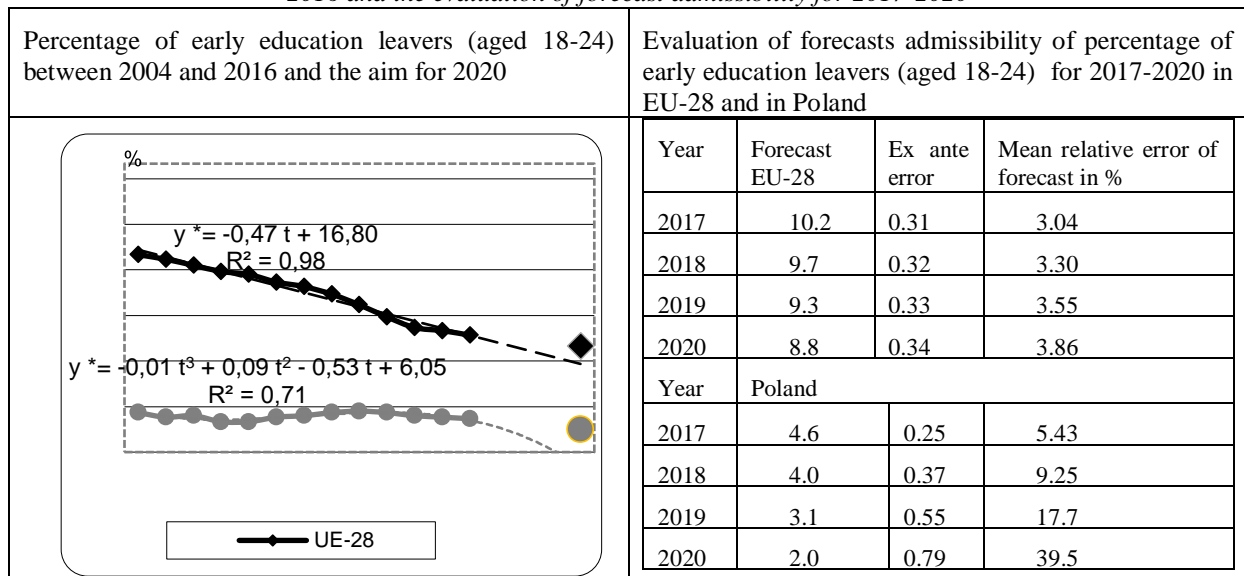
Figure 2: Indicator of employment of people aged 20-64 in the EU-28 and in Poland between 2004-2016 and the evaluation of forecast admissibility for 2017-2020



Source: Own study on the basis of Eurostat.

The estimated trend models are well adjusted to the data (coefficients of determination are high). The forecasts for employment indicator of people aged 20-64 were calculated for 2017-2020 and they are included in the table in Fig.2. along with forecast errors. The forecasts calculated for the EU-28 and for Poland for period between 2017-2020 may be treated as admissible.

Figure 3: Percentage of early education leavers (aged 18-24) in the EU-28 and in Poland between 2004-2016 and the evaluation of forecast admissibility for 2017-2020



Source: Own study on the basis of Eurostat.

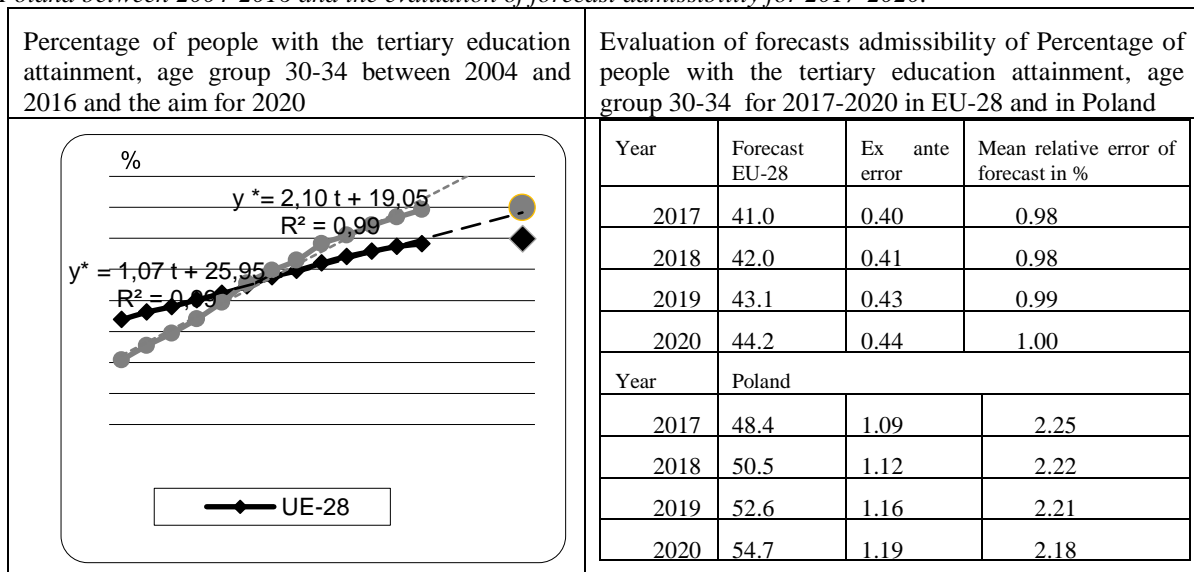
As it is shown in Fig.3., the percentage of early education leavers aged 18-24 was decreasing systematically between 2004-2016 in the EU-28 and in Poland (which was a target of Europe 2020 Strategy). In 2016, the percentage of early education leavers (aged 18-24) reached the level of 10.7% in the EU-28 and 5.2% in Poland. According to data in Fig.3. and the forecasts calculated for strategy targets – the decrease of percentage of early education

leavers (aged 18-24) to the level lower than 10% will be reached in 2018 in the EU-28 and Polish target was already obtained (while the national target of 4.5% for Poland will be reached in 2018).

The estimated trend models are well adjusted to the data (coefficients of determination are high). The forecasts for percentage of early education leavers (aged 18-24) were calculated for period between 2017 and 2020 and they are included in table in Fig.3. along with forecast errors. The forecasts calculated for the EU-28 and for Poland for 2017-2020 may be treated as admissible (with the exception of forecast for early education leavers (aged 18-24) in Poland for 2019 and 2020, because of high number of forecast errors).

As it is shown in Fig.4., the percentage of people with tertiary education attainment, aged 30-34, was growing systematically in the EU-28 and in Poland between 2004-2016 (which was one of Europe 2020 Strategy targets). The percentage of people with tertiary education attainment reached level of 39.1% for the EU-28 and 44.6% for Poland in 2016. According to data in Fig.4. and the forecasts adjusted to strategy – the increase of percentage of people with tertiary education attainment to the level of at least 40% will be reached in 2017 for the EU. Poland will fulfill national target of 45% in 2017 as well. Moreover, the percentage of people with tertiary education attainment will be growing systematically in the following years.

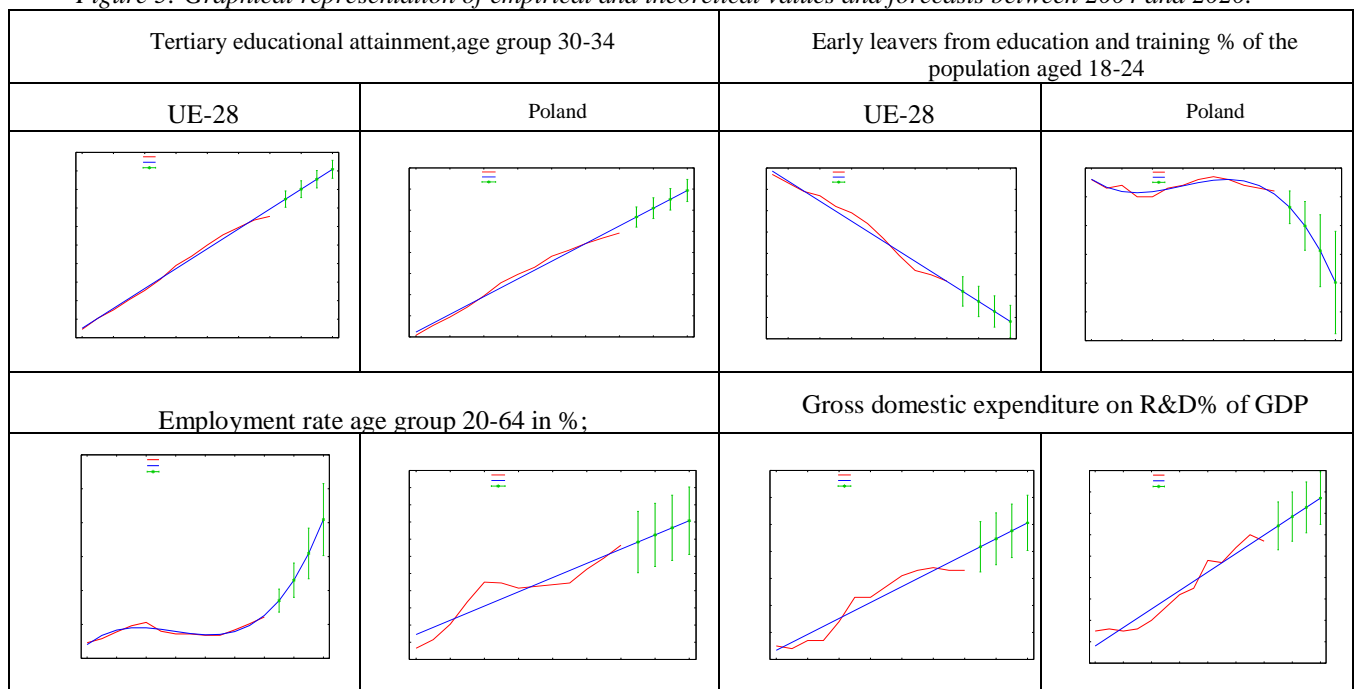
Figure 4: Percentage of people with the tertiary education attainment, age group 30-34, in the EU-28 and in Poland between 2004-2016 and the evaluation of forecast admissibility for 2017-2020.



Source: Own study on the basis of Eurostat.

The estimated trend models are well adjusted to the data (coefficients of determination are high). The forecasts for percentage of people with tertiary education attainment, age group 30-34, were calculated for period between 2017-2020 and they are included in table in Fig.4. along with forecast errors. The forecasts calculated for the EU-28 and for Poland for period between 2017-2020 may be treated as admissible. The empirical and theoretical values and the forecasts for Europe 2020 Strategy indicators for the EU-28 and Poland can be found in Fig.5.

Figure 5: Graphical representation of empirical and theoretical values and forecasts between 2004 and 2020.



Source: Own study on the basis of Eurostat.

#### 4. Conclusion

In the present paper, the author tries to analyze the implementation of chosen reference targets mentioned in the Europe 2020 Strategy. The targets are connected with labor market and the implementation area is the EU. The conducted analysis indicates to significant diversity between the EU countries in the research area (which means that there is more time necessary to reach equal level on the EU labor markets). The countries that reached the best results when it comes to fulfilling Europe 2020 Strategy targets, connected with labor market, are Austria and Sweden – they fulfilled all four reference targets. However, there are some countries among the EU members that should intensify their actions to obtain the indicator levels mentioned in Europe 2020 Strategy. It is due to the fact that till the end of 2016, they did not fulfill any of the reference targets (Bulgaria, Italy, Hungary, Malta, Portugal, Romania). It results from the analysis, that the most difficult target to reach is the expenditures on research and development target (only Austria and Sweden obtained it until 2016). On the other hand, the educational targets were the easiest to fulfill – reference targets reached by 18 countries. Poland fulfilled two targets till the end of 2016 (the percentage of early education leavers aged 18-24 is significantly below 10% and the percentage of people with tertiary education attainment, age group 30-34, is significantly above 45%). Moreover, Poland is really close to fulfill target connected with the percentage of employed people aged 20-64 (however, the forecast indicates that Union's target will not be fulfilled till 2020, but the national target on the level of 71% will be reached in Poland in 2019). In conclusion, the implementation of Europe 2020 Strategy assumptions connected with labor market seems to be unlikely in the EU countries as regards defined deadline.

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# STATE IN THE ERA OF GLOBALIZATION

Urszula Zagóra-Jonszta

University of Economics in Katowice, 40-287 Katowice, ul. 1 Maja 50, Poland

e-mail: urszula.zagora-jonszta@ue.katowice.pl

\*Corresponding author

**Abstract.** The increasing globalization and the international economic integration pose new challenges for the institution of the state. The classic role that the state has lived for centuries is not enough today. It must both transform and expand its tasks, while remaining the most important player in the global economy. In a world in which globalization and international integration are spreading ever wider, it may seem that the state is being pushed to a further position. Globalization enforces changes in the institutional and legal order and limits the sovereignty of the state. In the environment of emerging new entities, such as transnational corporations or various international organizations, its participation in creating reality is falling relatively. On the one hand, the globalization process needs a strong, efficient state, which must take up new challenges, on the other, the more the process of uniformity intensifies, the more societies defend their identity. Even if the state is more the administrator of international institutions than a sovereign, it does not seem that the institution of the national state will disappear. The aim of the paper is to look at the role of the state in changing conditions related to the globalization and international integration processes and an attempt to answer the question about the scope of sovereignty of the modern state.

**Keywords:** globalization, integration, state, sovereignty of the nation state.

**JEL Classification:** F60, F02

## 1. Introduction

Globalization has a huge impact on the shape of the modern world, creates a new socio-economic order and establishes a new system of values. It occurs autonomously, regardless of any power, it proceeds with various intensities in individual places of the globe and has different effects on economies and local societies. The pace of changes and their character arouse not only interest, but also anxiety. Not only do economists, but also sociologists, psychologists, philosophers, and political scientists take part in the debate on its course and effects. Everyone is trying to analyse, understand and explain this process by assessing it. Some of the writers are concerned about the adverse effects of these changes not only in the economic sphere, but also in the social and political ones, especially because they are afraid of losing the sovereignty of nation states. The aim of the paper is to draw attention to the role of the state in the global reality and the impact of globalization on the sovereignty of the nation state.

## 2. Foremost authorities on globalization and its consequence

Many scientific authorities in social sciences try to bring ongoing processes to new dimension or to force them into the previously created framework of world order. The positions are different, often contradictory. American political philosopher F. Fukuyama, an advocate of global capitalism and liberal democracy, thinks that “the victory of economic and political

liberalism was in many ways the beginning of real globalization“. He is concerned, though, by the lack of similar processes of progress in the moral and social sphere, which makes it difficult to create a new social order (Fukuyama, 2000, pp. 19-24). The recent financial crisis has exposed many of the weaknesses of globalization. “It is a system that generated financial innovation that no-one could effectively regulate, or barely understand. Wall Street had seduced Washington into believing that everything was under control”(IOSR, 2014).

The English historian of the idea J. Gray is sceptical about the changes taking place. The collapse of communism, the most catastrophic utopian experiment, was considered a historic opportunity to launch another great utopia – a global free market. The whole world was to transform into one universal free market. All cultures, regardless of the deep differences dividing them, were to unite in universal civilization. Meanwhile, along with globalization, anarchy is developing as its by-product. Globalization and stability of economic systems do not go hand in hand. “Currently, the belief about the free market and globalization is the latest in a series of intellectual fashions, each of which believed that it is the last, and each went back into the past’ (Gray, 2005). According to Gray, modern states lost some of the leverage that economic life had in the post-war period. “Modern nation states have lost some of the leverage they possessed over economic life in the post-war period. They cannot control the rate of economic growth, or influence the level of employment, to the degree they could in the Keynesian period 1945-1975. Partly this is a result of the fact that they are no longer closed – capital is globally mobile. More fundamentally it is a result of the feasibility of transnational production” (Gray, 2002, p. 192). Although the sovereignty of the states has been severely tarnished, they still remain important centres of power.

The great American sociologist L. Wallerstein, the author of the modern world system theory, a system based on the capitalist economy, warns against the dangers posed by the crisis of capitalism. He believes that capitalism, which is 500 years old, suffers from senile senses. The charges are serious. The modern world – writes Wallerstein – seeks a quick profit, it prefers to speculate rather than create. The state does not know how to control the market, it withdraws from the economy, it tells people that capitalism is a free market. And that’s not true, it has never been under capitalism. Capitalism is monopoly and protectionism. Real money can only be made on the protected market. “The capitalist state has always destroyed the market,” he concludes (Wallerstein, 2000, 2006). The contemporary world system has entered a period of chaos, which causes the bifurcation of the system and the transition to a new structure, difficult to define today, nevertheless open to human creativity. He wonders what will happen after globalization (Wallerstein, 2005).

The knowledge-based economy, the emergence of an information society and increasing investment in human capital, clashed with the collapse of the capitalist world system, if we use Wallerstein’s terminology, and create a very dangerous mixture for all people and economies. The knowledge-based economy, the emergence of an information society and increasing investment in human capital, clashed with the collapse of the capitalist world system, if we use Wallerstein’s terminology, and create a very dangerous mixture for all people and economies.

N. Chomsky, the intellectual authority of anti-globalists with clearly left-wing provenance, also notices the dangers resulting from the transformations on the megaeconomic scale. Observing the dictatorship of transnational corporations and global financial markets, he believes that since the victory of the neo-liberal doctrine, that is from the mid-1970s, the rate of economic growth and investment has decreased, while social stratification has increased. The progressing privatization process, one of the assumptions of neoliberalism, shifted further areas

of life from the public sphere, subject to democratic control, to the private sphere, to which it is not subject. There are growing corporations, ineffective, bureaucratized, fed with public money from the stock exchange and taxes, personally related to government representatives who spread a protective umbrella over them. He accuses corporations of socializing costs and risks, and privatizing profits. The implemented variant of globalization with developing corporations deepens economic stagnation, strengthens inequalities, intensifies hostility and acts of violence (Chomsky, 2017). The prevailing attitude is short-term actions, increased corporate ownership and unstable game rules.

The great Polish sociologist Z. Bauman, assessing the ongoing social processes, states that the model of the 20th-century welfare state is consigned to history. In the face of increasing globalization, with which the state cannot cope, it pushes responsibility to market forces and the ingenuity of the individual. Whoever cannot find themselves in a new reality becomes a “dreg”. “Waste of globalization” becomes more and more often people, nations and even continents. An example is Africa, which is more and more behind other continents (Bauman, 2004).

Globalization has given birth to many processes that we are not yet fully aware of. It has opened new markets and a global hyper-competition space. In this new reality, however, there should be a place for both the state and the market, which must act on new, participatory principles.

### **3. The state and globalization**

Globalization manifests itself in the form of internationalization, liberalization, universalization, westernization, mainly in the form of Americanization and deterritorialisation. High mobility of capital and fear of its escape or the desire to attract it, forces the state to adopt a specific tax strategy, regardless of the well-being of society. The adoption of the principles of free trade, free market and flexibility in relation to work has mainly benefited corporations. Thus, globalization is a great challenge for the state, especially the welfare state (Shinar, 2013).

An important problem in a globalized world is the management system, understood as a network of interrelations between various entities without a hierarchical structure whose purpose is to regulate joint tasks through public and private institutions (Pęciak, 2017). To this day, there is no clear definition of global management, which is debated in theory and practice.

Fukuyama is of the view that it is understood in the literature in at least three ways. Firstly, under the influence of the growing globalization processes, the way of governance has changed, because territorial sovereignty has given way to more informal types of horizontal cooperation, as well as supranational bodies such as the European Union. Secondly, governance is synonymous with public administration, that is, effective implementation of state policy, which does not allow excessive differences in income. Thirdly, governance is the regulation of social behaviour through networks and other non-hierarchical mechanisms. The first and third approaches diminish the traditional role of the state by favouring new international entities. However, this raises concerns about the transparency and responsibility of the modern state (Fukuyama, 2016).

Since globalization cannot be stopped, global governance needs to be modified. One can, at the theoretical level, consider the creation of the institution of a world state. However, according to Jessop (2012), if it is formally possible, in practice, in conditions of an under-developed

world market, still strong nation states and in an asymmetric, hierarchical and networked world of states would function very badly.

Global governance is increasingly affecting the values, mechanisms, structure, entities and philosophy of state governance, modernizing them (Zhicheng, 2016). For example, the European Union and its institutions oscillate between transnational supervision and compliance with the sovereignty of the Member States. However, the danger of an economic crisis is forcing countries to become more integrated. This, in turn, stimulates global governance to the detriment of the nation state (Neumann, 2013). It is therefore necessary to think about how the governance of global phenomena should look like. Are countries or transnational organizations competent to govern them? How to ensure equal access to the decision-making process and guarantee the equality of all entities on the international arena? Or maybe special bodies with a strong decision function should be appointed? These questions do not have a clear answer yet. The problem is important because global governance can be a guarantee that nation states and societies will cooperate in the most critical areas (economic, environmental, security and political), while protecting their own interests (Pečiak, 2017). According to M. Wolf (2001), global governance will of course grow with economic integration. But it will express and promote, not suppress the interests of nation-states.

It is also extremely important to create an institutional order that is necessary for the economic development of the state and the world. This term should be understood as rules of conduct within the framework of a market game, which include: applicable laws and regulations, organisations as well as administrative and political structures that also support entities operating in this market, culture and mentality (Davis & Marquis, 2005). The institutional and legal order is aimed at harmonizing public and private interests.

Very important is to define the relationship between institutions and the state, because individual and collective life is based on these relations. Therefore, it is legitimate to ask questions about how the new economic, political and social order will look in the present conditions, what is the new institutional order to be based on, and what is the role of the modern nation state in the conditions of globalization?

Economic order can provide an optimal solution to the problem of the allocation of goods and coordination of economic activity in the scale of the entire economy. This applies equally to national economies as well as the world economy. However, the international economic order is less and less influenced by nation states, global market structures play an increasing role, controlling the spontaneous creation of global governance under the supervision and with the participation of such organizations as the European Union, the International Monetary Fund, the World Bank or the World Trade Organization – WTO. On the other hand, international corporations using the stronger position create their own order, thanks to which they can pursue their interests. Under those conditions, the national state plays a special role. Therefore, the active role of the state in the modern economy remains beyond any discussion. This is for at least three reasons. First of all, there is no reliable regulatory mechanism; secondly, no economy has achieved balanced and sustainable growth, and thirdly, no self-acting crisis mechanism has been developed to regulate disorder and maintain the economy on the path of development.

The state also has the possibility of mitigating the differences between people caused by the polarization of income (Potrafke, 2015). The information society and knowledge-based economy requires the state to provide three factors: human qualifications, technology and infrastructure, as well as investments that private capital cannot carry out itself. The role of the state in creating the business environment, in particular the educational environment, is

increasing. The state is also expected to support market mechanisms in terms of strengthening the competitiveness of own enterprises. It is natural that the state, for ethical and moral reasons, also participates in the implementation of social goals. The state should regulate relations with the private sector based on the legal system.

#### **4. The sovereignty of the nation state**

Sovereignty is the main feature of the nation state. This concept is associated with independence, self-reliance, autonomy. There is therefore a fundamental question: is globalization a threat to sovereignty and does it limit its scope? Opinions are divided. Some authors presume that joining international organizations and concluding international agreements is an expression and not a denial of sovereignty. Others point to the limitation of sovereignty in relation to membership in international bodies. Loss of part of sovereignty may result from both external and internal factors. The former may include, for example, the activities of transnational corporations, deliberate deprivation of independence by a state counting on economic benefits. In any case, the state's autonomy is limited to international institutions. That is why the concept of liquid sovereignty appeared in the context of the rapidly changing concepts of territoriality, power and interdependence. Sovereignty therefore adopted a new form (Conversi, 2016).

Globalization affects the sovereignty of the state in three ways. Firstly, the increase in international trade and capital markets limits the ability of nation states to control their national economies. Secondly, nation states have delegated some of their powers to international organisations. Thirdly, the “new” international law, generated in part by these organisations, has introduced restrictions on independent national policy (Ku, Yoo, 2013). There is no full compatibility between state sovereignty, democracy and globalization. Each of these phenomena is limited by each other, which is proved in the article by A. Stein (2016). Can they then co-exist?

The traditional values of nation states are gradually replaced by new ones resulting from the emergence of a global market economy. Globalization applies not only to the economic area, but also to politics, legislation, military matters and finances. The process of denationalisation of society takes place. This is evident in the countries of the European Union. The concept of sovereignty, considered so far undisputable, should be redefined, according to many authors (Conversi, 2016). The primacy of national citizenship has become doubtful since the emergence of European citizenship. The question then arises: if sovereignty is limited, what functions will cease to fulfill national citizenship? Can European citizenship legitimize the weakening of the national sovereignty of the European Union Member States? Of course, this problem does not only apply to Europe.

According to M. Graziano (2016), the weakening of the nation state began at the end of the 19th century with the first wave of globalization. The establishment of the League of Nations after the First World War and the establishment of many international organisations after the Second World War (UNO, IMF, WB, GATT/WTO) undermined the principle of the inviolability of national sovereignty.

The recent crisis has shown that it is necessary to replace the national financial institutions of the euro zone countries by supranational institutions capable of managing and preventing financial crises. As this is related to some interference of the EU authorities with national powers and the transfer of part of the tax sovereignty, the Member States are not willing to submit to control (Sapir, 2011).

The influence of world processes on the nation state and taking over certain structures by them is undisputed. Will this, however, lead to the disappearance of the nation state? Have governments become weaker and less important than ever before? Does globalization by definition have to be the nemesis of the national government? (Wolf, 2001). Despite the emerging voices about the end of the state, it still carries out key tasks and performs functions related to the development of the market economy.

## 5. Conclusion

The problems discussed in the paper related to the ongoing globalization process do not exhaust a long list of issues. However, they point out to the most important issues, especially regarding the place and role of the nation state in a globalized world. It is difficult to give an unambiguous answer to questions about the further course of globalization, the issue of global governance, the functions of the nation state and its sovereignty. Nonetheless, it seems that despite the growing globalization processes, the institution of the nation state will not disappear and will not be replaced by a world state. Economic, cultural, political, religious differences etc. are too large to claim the death of the national society and the emergence of world society. Opening up to the world does not mean losing own autonomy.

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## SUSTAINABLE DEVELOPMENT UNDER CONDITIONS OF THE SANCTION WORLD ORDER

Irina A. Zhulega<sup>1,a</sup>, Natalya L. Gagulina<sup>2,b</sup>, Alexandr V. Samoylov<sup>3,c</sup>

<sup>1</sup> PhD., Ass. Professor of Economics, State university of Aerospace Instrumentation, Institute of Enterprisership Technologies, Bolshaya Morskaya str. 67, Saint Petersburg, 190000 Russia. \*

<sup>2</sup> PhD., Ass. Professor of Economics, ITMO University, Faculty of Technological Management and Innovations, Department of Economics and Strategic Management, Kronverksky avenue 49, Saint Petersburg, 197101, Russia.

<sup>3</sup> Doctor of Sciences, Professor of Economics, State University of Aerospace Instrumentation, Institute of Enterprisership Technologies, Head of Department of High-Tech Systems Security, Bolshaya Morskaya str. 67, Saint Petersburg, 190000, Russia.

<sup>a</sup>zhulega@mail.ru, <sup>b</sup>nata\_c@bk.ru, <sup>c</sup>a\_samoylov@mail.ru.

\*Corresponding author

**Abstract.** It is becoming more difficult for the economy to enter the predicted development trends under conditions of the global systemic crisis, which has become a source of serious problems for countries that are deeply integrated into the world economy. The use of well-known decision-making mechanisms for a wide range of problems, such as unsustainable consumption and production patterns, poverty and hunger, gender inequality, inequalities between countries and within countries, ecosystem disruption and a number of other equally important problems deserve additional reflection and analysis. In the context of the issues covered in the article, it is especially relevant to analyze the simultaneous impact on the economy of sustainable development mechanisms, based primarily on the objectives of declarative character and practice-oriented economic sanctions.

The interrelation of diametrically opposed instruments of global influence that regulate the “scale” of the modern world economy in an attempt to improve its stability is described in the article. Economic sanctions and instruments of sustainable development, direct the modern international institutional mechanism to ensure the stability of economic development and sustainable economic growth. In this regard, the application of both sanctions and mechanisms for sustainable development is getting more and more justified. The authors conducted a systematic analysis of sustainable development against the impact of sanctions; identified the problems of sustainable development caused by the introduction of sanctions that make it difficult to achieve the sustainable development goals in the longer term. Possible ways to solve the identified problems are suggested.

**Keywords:** Economic Sanctions, Sustainable Development, Goals, Priorities.

**JEL Classification:** O57, M21, K23, F02

### 1. Introduction

In conditions of economic globalization goods, services, financial capital, information, knowledge, people, ideas freely and quickly overcome administrative and geographical boundaries. The softening of restrictions on international movement of goods, capital and



services, the liberalization of domestic markets, and the development of foreign capital markets are accompanied by an explosive-like growth in derivatives of financial and economic instruments and increased competition between markets in the world economy. In global markets, in conditions of global competition, the global cooperation is strengthening and making its corrections to current, established world economic relations. Under the influence of the institutional mechanism of international interaction, domestic and international processes are subordinated to common laws; common principles of influence and support are being developed. Economic sanctions, countermeasures are among the widespread and increasingly actively applied measures of influence. Support measures, as a rule, result from the mechanisms of sustainable development, economic mutual assistance. By pursuing the same goal - ensuring the stability of economic development and sustainable economic growth, these measures change the overall state of the economies of countries, which inevitably affects their payment balance. For an economy deeply integrated into the world economic space, it is of particular interest to conduct an assessment of possible effects on the level and quality of life of the population of the simultaneous impact of sanctions and sustainable development mechanisms.

## **2. Sustainable development goals: challenges and new benchmarks**

The dilemma of macroeconomics, aimed at achieving the economic criterion of optimality - the maximum possible satisfaction of needs with a limited amount of resources, has been the driving force of modern concepts of development and otherwise for more than a quarter of a century. The replacement of local economic systems by national economies, which occurred at the end of the 19th century, their subsequent dissolution in the world economic system in the last third of the 20th century, radically changes the relationship between external and internal factors of the national economy development. International economic relations at the present stage have become an important tool for efficient allocation of resources ensuring economic growth on the scale of the world economy. Therefore, the most important condition for the formation and implementation of the national economic policy is the consideration of priorities and norms of behavior of the main subjects of world economic activity.

The institutional mechanism of intercountry interaction that has developed in the world economy through concerted rules of conduct and unified procedures, contributes to increasing the level of integration of the commodity and financial markets, opens up new opportunities for the world community in the field of adoption of coordinated economic and political decisions. (Fernando & Jaume, 2016). Sustainable development is one of the paradigms on which the institutional mechanism of intercountry interaction is based. More than a semicentenary existence of the concepts of sustainable development originates in the early works of the Club of Rome and finds a modern continuation in the works of J. Forrester, D. Meadows, J. Tinbergen. At the threshold of the 21st century, joint work to ensure the priorities of sustainable development continued within the framework of the Millennium Declaration adopted by the world leaders for the period of 2000-2015. The Declaration guided the world community towards achieving the Millennium Development Goals (MDGs) in eight areas: extreme poverty and hunger, gender equality, infant mortality, maternal health, diseases, the environment and global partnership for development.

Over the past period (compared to the baseline level which represented the indicators for 1990), a significant number of tasks provided in MDG have been resolved. Among the main achievements on the scale of the world economy the experts identify the reduction in malnutrition from 23.3% to 12.9%, the increase in the share of literate youth from 83% to 91%,

the reduction in the share of women with unstable employment among the employed by 13%, the decrease in the mortality rate among children under five years from 90 to 43 deaths per 1000 live births, the 45% reduction in maternal mortality and the rate of deaths from tuberculosis, the increase in the number of people on the planet using tap water to 91% (Revenko, 2015). Along with the success there were also unsolved problems, the key among which being the possibility to meet basic needs, namely, the continuing inequality in this area. As analysis of the concept of "quality of life" shows, inequality in meeting the basic needs of people impedes the development of human potential, increases social tension (Majernik, Andrejovsky, 2017). Being the high-demand mechanism of international cooperation, at present, the sustainable development continues in the form of Sustainable Development Goals (hereinafter the Goals, SDGs). Developed for the period up to 2030, the SDGs are defined on the basis of the UN concept papers: "The Future We Want", "The Agenda for Sustainable Development for the Period to 2030", the Paris Climate Agreement (The Future We Want, 2012, Transformation of Our World, 2015, Adoption of the Paris Agreement, 2015).

In an attempt to overcome the difficulties caused by the problems of monitoring and recording of the results achieved, the UN adopted 17 SDGs and 169 tasks for their implementation (Bobylev, Grigoriev, 2016). Despite a significant increase in the number of goals in the framework of sustainable development, tasks and indicators, the main benchmarks and priorities remain. Table 1 presents the UN SDGs, grouped on the basis of the allocation of socio-ecological and economic priorities for Russia.

*Table 1: Grouping the UN Sustainable development goals by main priorities*

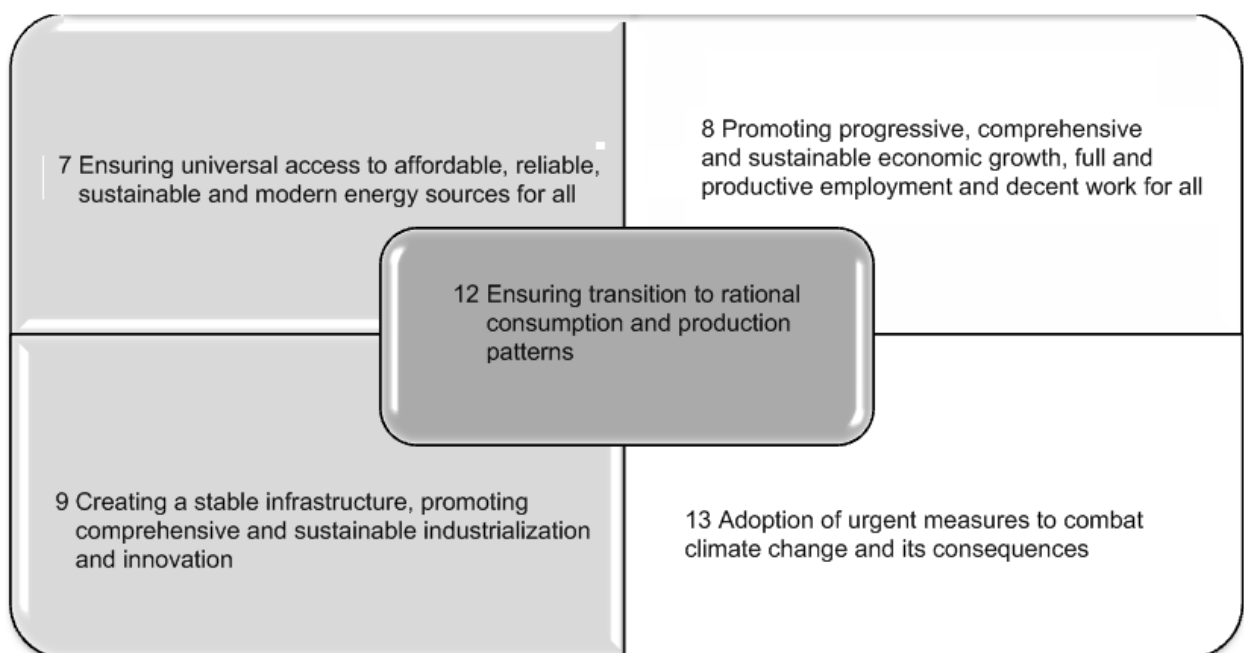
| Goal<br>N                                      | Wording of the SDG  |
|--|---|
| <i>Goals with the main social priorities</i>   |   |
| 1  | The universal elimination of poverty in all its forms   |
| 2  | Elimination of hunger, ensuring food security, improving nutrition and promoting sustainable agricultural development   |
| 3  | Providing a healthy lifestyle and promoting well-being for all at any age   |
| 4  | Ensuring comprehensive and just high quality education and promoting lifelong learning opportunities for all  |
| 5  | Ensuring gender equality and empowering all women and girls   |
| 10   | Reducing inequalities within and between countries  |
| 11   | Ensuring openness, security, resilience and environmental sustainability of cities and human settlements  |
| 12   | Ensuring transition to rational consumption and production patterns   |
| 16   | Promoting the building of a peaceful and open society for sustainable development, ensuring access to justice for all and creating effective, accountable institutions at all levels based on broad participation |
| 17   | Strengthening the means for achieving sustainable development and strengthening the mechanisms of global partnership for sustainable development  |
| <i>Goals with key environmental priorities</i> |   |
| 6  | Ensuring availability and rational use of water resources and sanitation for all  |

|   |  |
|---|--|
| 8   | Promoting progressive, comprehensive and sustainable economic growth, full and productive employment and decent work for all   |
| 13  | Adoption of urgent measures to combat climate change and its consequences  |
| 14  | Conservation and sustainable use of oceans, seas and marine resources for sustainable development  |
| 15  | Protecting and restoring terrestrial ecosystems and promoting their rational use, rational forest management, combating desertification, terminating and reversal of land degradation and terminating the loss of biodiversity |
| <i>Goals with key economic priorities</i> |  |
| 7   | Ensuring universal access to affordable, reliable, sustainable and modern energy sources for all   |
| 9   | Creating a stable infrastructure, promoting comprehensive and sustainable industrialization and innovation   |
| 12  | Ensuring transition to rational consumption and production patterns  |

Source: drawn by the authors based on Lukashuk, (2005)

More than a half of the representatives of the world business community who expressed their opinion regarding the SDG pointed out that the main business priorities lie in the sphere of the Goals with the main environmental priority (N 8, 13) and only SDG N 12 in the sphere of economy (Fig. 1).

Figure 1: SDG priority for business



Source: drawn by the authors based on Kokoshin, A.A. et al (2005)

For countries with economies in transition and developing countries, the contribution of business communities to the SDG is of great importance, since it helps reducing the financing shortage for the Goals in conditions of insufficiency and instability of foreign direct investment. Active investment activity is a factor of economic growth and the basis for economic recovery of any country. In addition to foreign direct investment, the main lines of business participation in the SDG include social investments, combined financing, official support and responsible

business. Despite the willingness to participate in the implementation of the SDG, in practice a small part of transnational corporations, banks investment assets, funds and other representatives of international business structures participate in the sustainable development of industries and regions. One of the main reasons is that there are significant risks not only of economic and political nature, such as the crisis in the Euro region, the strong volatility of financial risks and the instability of sovereign borrowers, mainly due to a decrease in energy prices, possible internal conflicts, but also other risks that increase uncertainty for business. (Noussair et al., 2014) The problems of global governance, namely, control over decision-making related to the imposition of sanctions come to the fore, in particular for Russia.

### **3. Achievability of sustainable development goals in condition of sanctions**

The term "sanction" is used to refer to coercive measures taken by international organizations, based on Chapter VII of the UN Charter (Lukashuk, 2005). Economic sanctions, like the mechanisms of sustainable development, are aimed at maintaining or restoring international peace and security. Considering sanctions as a method of more effective and humane compulsion than an armed conflict, the UN Security Council applies them as an alternative to an armed conflict (Gracheva, 2017). The sanctions against Iraq were aimed at the unarmed, peaceful settlement of international disputes in the Persian Gulf zone.

The introduction of economic sanctions is provided for in the Article 41 of the UN Charter and, in the event of a complete or partial break in economic relations, it entails trade and financial sanctions. Sanctions can be an extremely painful measure not only for countries with economies in transition, developing countries, but also for the economies of the world's leading countries. In recent decades, the world GDP, the volume of industry, investment, trade, technology transfer are growing at an accelerated pace. Therefore, in the context of globalization, even countries with a self-sufficient resource base, a significant intellectual potential, developed industry and a large sales market, pursuing a relatively independent economic policy, demonstrate the dependence of the domestic economy on international exchange of goods.

Various spheres of life-sustaining activities of the society primarily economy and politics appear to be under the influence of the effects of the introduction of sanctions (Padró i Miquel, 2007). A partial or complete embargo involves restricting the supply of goods to the country in respect of which it is imposed and it inevitably leads to a change in trade policy, even if the embargo is applied only to the supply of arms to the target country. There is an increase in prices for food and non-food products, a decrease in aggregate demand, a reduction in travel abroad, and a crisis of small businesses (Nureev & Petrakov, 2015). Health care, provision of food appear to be under the impact. In this sense, the example of Iraq is indicative, when the civilian population of the country suffered from the systematic use of low-quality food, a shortage of drinking water, and a shortage of medications, which triggered the growth of diseases and the spread of infections (Popal, 2000). Aimed at fighting the military actions in the Persian Gulf, the sanctions against Iraq proved destructive for the country's economy. The civilian population suffered, as evidenced by an "increase in the mortality rate among children under 5 years by more than two times, in total resulting in the death of more than 500,000 children between 1991 and 1998 from malnutrition, the lack of medicine, clean water and otherwise" (Bratersky, 2009). There are other examples of the multiple impacts of sanctions on the economy of the target country: a long regime of sanctions against Iran, the US sanctions against Cuba, collective sanctions against South Africa, Haiti, etc.

The financial sanctions, applied along with the trade ones, have no less destructive consequences for the domestic economy of the target country. They impose restrictions on contacts with financial organizations, the implementation of financial transactions and are aimed at a narrow subject matter, i.e. at specific individuals and their property. The most common forms of financial sanctions include blocking the foreign assets and stopping the provision of financial assistance. Influencing the state of the economy of the target country, the sanctions lead to a fall in GDP, worsen the investment attractiveness and suppress innovation activity, reducing the level of technology development in the long term.

Having compared the consequences of imposing economic sanctions and the Millennium Development Goals and the Sustainable Development Goals, one can view sanctions as a counterbalance to the mechanism of sustainable development (Table 2).

*Table 2: Grouping the UN Sustainable development goals by main priorities*

| Goal N | Wording of the SDG  | Accompanying result from imposed sanctions in the target country   |
|--------|---|--|
| 1      | The universal elimination of poverty in all its forms   | The rise in prices, the fall in GDP (in Angola and Zimbabwe: from \$ 32 billion in 1990 to \$ 25.3 billion in 1995 and from \$ 15.2 billion in 2000 to \$ 10.4 billion by 2005 respectively (Nureev, Busygin, 2017)  |
| 2      | Elimination of hunger, ensuring food security, improving nutrition and promoting sustainable agricultural development | Problems in healthcare and provision of food (Shah, 2017, Meller, Litschig, 2014, Akbulut-Yuksel M. 2014, Guthmuller, Jusot, Wittwer, 2014)  |
| 3      | Providing a healthy lifestyle and promoting well-being for all at any age   | The threat to the well-being of the population (the sanctions imposed on Iraq and Haiti were implemented without violent intervention (Kokoshin, 2005)   |
| 10     | Reducing inequalities within and between countries  | The introduction of any restrictive measures, including sanctions, a priori puts the target country in an unequal position in comparison with other countries (Bierbrauer, 2016, Boffa, Piolatto, Giacomo, 2016, Gilbert, 2012)  |
| 12     | Ensuring transition to rational consumption and production patterns   | Sanctions have a negative impact on foreign direct investment, which could be involved in the construction of specified models (in 1985, the outflow for Iran was \$ 38.15 million and almost \$ 362 million in 1990 (Nureev, Busygin, 2017, Betermier, Laurent, 2017) |

*Source: drawn by the authors based on (Nureev, Busygin, 2017, Shah, 2005, Nureev, Busygin, 2017, Kokoshin, 2005)*

In connection with the inertia of macroeconomic processes, the prohibitive measures due to the imposition of sanctions act as constraints that hold down or even block sustainable development, not only in the period of validity, but also in the long term, after they are lifted (Martin et al., 2008).

#### 4. Conclusion

In order to minimize the accompanying undesirable effects of economic sanctions, it seems expedient for the target country to carry out planned work on the formation of an adaptation strategy. An integrated approach to the development and practical implementation of measures to adapt the economy to imposed sanctions at the regional and sectoral levels, combining

science, finance and technology will help reducing the vulnerability of the economy and society. A special role in this is given to the formation of productive institutional equilibrium, which will create prerequisites and conditions for economic growth and sustainable development.

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