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**EASTERN EUROPEAN DEVELOPMENT AGENCY n.o.**

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**GLOBALIZATION AND CRISES**  
**IN MODERN ECONOMY**

**GLOBALIZATION AND CRISES  
IN MODERN ECONOMY**

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Edited by **Vytautas Juščius**

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# INTRODUCTION

Over the recent decade, globalization issues have turned out to be a considerable focus of attention for both all kind of researchers, and also public at large and mass media. Endless disputes have been on in view of its contents, extent, causes, impetus, social (and other) consequence, forms of expression and prospects. Scientific approach has transformed into subjective evaluation to imply concern of interest and activity motivation of various social groups. Positive or, in particular, negative approach of the mankind on the globalization consequences has been provoking social conflict. It is therefore apparent that the significance of globalization analysis and research, either **theoretical** or **practical**, at least in the nearest future will not likely diminish.

The financial crisis that began in August 2007 and intensified in the fall of 2008 pushed the global economy into a severe downturn that some have called the Great Recession. World trade collapsed at a pace unseen since the Great Depression of the 1930s. The decline in trade and the protectionist instincts that invariably come to the fore in difficult economic times have raised concerns that today's crisis may lead to deglobalization—a reversal of the globalization that has characterized the past three decades. With the economy mired in the deepest recession in decades – a drop in economic activity that has been compounded by continuing mortgage defaults, a historic decline in housing prices, falling equity values, illiquid credit markets, declining consumer confidence, and enormous and rapid job losses – attention has shifted away from problems of fiscal balance. This economic crisis is a seismic global event.

Why did it happen? Awhat are its likely economic consequences?

The economic crisis is severely affecting many areas of people's lives and livelihoods, including employment, food prices, interest rates and the money people earn abroad and send back home. Governments in the world's wealthiest nations are trying to weather the storm through large-scale economic stimulus packages for their economies.

Though it began in rich countries, the crisis is hitting developing countries hard. As a result of the [food](#) and financial crises, the pace of poverty reduction has slowed, threatening the 1st Millennium Development Goal of halving extreme poverty by 2015.

How globalization influenced the crisis and how the crisis is reshaping globalization? Will globalization be derailed by the world financial crisis?

Globalization is a highly dynamic process. It has produced tremendous benefits. In many countries, poverty levels have fallen. Increased trade has been transformative. But historically, globalization is also vulnerable to terrible and costly backlashes. We might think of the phenomenon as cyclical.

It is now clear that the global economic crisis will have far-reaching geopolitical consequences.

This collection of scientific works of the Czech, Lithuanian, Polish, Slovak and Ukrainians scientists presents their collective investigation of interaction between globalization and economical crisis and submits its views on the consequences of problems caused by this interaction. In future there is intention to continue researches on current economic problems.

The publication was reviewed by the Czech, Lithuanian, Russian and Slovak scholars.

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# PHENOMENON OF ECONOMIC CRISIS IN THE CONTEXT OF DEFINITION OF VALUES

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*Present time of crisis offers a number of versions of its origin. It seems, that their common sign all above is overproduction and that it is possible to correct it with some implementations, that are not originally from economical theories and their application into economics. For many decades the social teaching of the Church operates this way. However, in the age of post-modern and in the countries with none or inappreciable influence of christianity, this teaching cannot be used universally. The philosophy must have a goal to (at least negatively) build a structure, that would be usable universally, regardless of the geopolitical situation and age. In this, some axioms of the ethic, works of Immanuel Kant can be investigative.*

Current economic crisis is considered a truly profound crisis. According to prof. Július Alexy the current crisis is not only an economic and financial crisis but also a crisis of civilization. In the paragraphs below the paper attempts to analyze the causes of the current economic crisis on the basis of contemporary economic theories.

Contemporary experts on macroeconomics and modern economic theories do not share the same opinion regarding the causes of the current economic crisis. On the other hand, there are certain common symptoms of its origins which are more or less generally accepted by theorists.

Currently, there are three basic viewpoints regarding the causes of economic crisis as negative period of recession in economic cycles. Economists agreeing with the theories of J. Schumpeter assume that „innovative theories are based on the fact that cyclic development causes uneven distribution of innovations and advent of significant technological and product changes in a particular period“<sup>1</sup>. Schumpeter, himself a follower of the tradition of Austrian school of economic thought, came with an alternative to the tradition of the said school. First of all, he was not a supporter of the idea that economic theory should not be quantified. Schumpeter believed that the driving force behind economic growth is a creative entrepreneur who breaks stereotypes by permanent innovations. Sometimes, however, the innovation waves may overstep the expectation of permanent prosperity in a sense that they “evoke extreme investment activity which eventually exceeds the frame of realistic possibilities of economy.”<sup>2</sup> This is closely related to the Okun's law explained below.

Other viewpoint is based on the so called “theories of underconsumption based on the asymmetry of income and resulting asymmetry of investments.”<sup>3</sup> Original promoters of this theory were T. R. Malthus and Ch. Sismondi. Theory of underconsumption or overproduction is not a theory relating to economic cycle. Both scholars assumed that “accumulation of capital leads to chronic “underconsumption” and that it will result in demand permanently lagging behind offer.”<sup>4</sup> In their opinion, in case a product of a period of time within which it

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<sup>1</sup> Benčo, Jozef; *Príčiny vzniku hospodárskych kríz a ich riešenie*, In: *Personálny manažment- trendy na trhu práce v kontexte hospodárskej krízy*, Trenčín, 2009, ISBN 978-80-8075-403-7, s. 30

<sup>2</sup> Holman, Robert; *Dějiny ekonomického myšlení*, Praha, 1999, ISBN 80-7129-238-1, s. 282

<sup>3</sup> Benčo, Jozef; cit. dielo, s. 30

<sup>4</sup> Holman, Robert; cit. dielo, s. 67



was purchased exceeds the total of income for which it was purchased, it is a cause of an economic crisis.

The third viewpoint is the theory of economic cycles which claims that the origins of economic cycles are related to the expansion of loans, changing of the interest rates and finally to the monetary expansion that follows. This explanation was presented by monetarists, well-known opponents of fiscal policy, namely Milton Friedman, K. Brunner, D. Patinkin, R. E. Lucas, and others.

It is quite difficult to find common features of opinions regarding the emergence of crises in relation to the theories of cycles and in relation to views explaining the emergence of crises on the basis of overproduction and excessive introduction of innovations. The reason is there are too many different opinions on the impact of exogenous factors also among theoreticians who acknowledge the theory of economic cycles. Perhaps the expansion of loans, loan policy crisis as well as overproduction are linked with highly increased consumption in the part of society we could label as consumer society. The aforementioned corresponds with the view presented by Slovak economist Július Alexy: *“What is the real cause of the current status? It is excessive overconsumption - overeating, luxury on one side and poverty on the other.”*<sup>5</sup>

There are also some features shared with the Okun's law which speaks of a particular percentage of optimum economic growth. The author of the said law is Arthur Okun one of the supporters of neo-Keynesian economics. The Okun's law basically says that the output should not exceed the limit of 6% unemployment rate. For Okun, the optimum employment rate is 94%. Deviations from the 6% unemployment rate lead to disproportion between potential and actual GDP. The Okun's law says that 2% decrease in GDP compared to potential GDP is equivalent to an increase in unemployment by 1%. The problem could be solved by a theory enabling permanently sustainable growth. Based on the above mentioned it is clear that this is not a problem that could be solved on the level of economic theory only. Several economists assume that pure economic theory is not sufficient to solve the problem. They suppose it is necessary to have an implement outside such theory. A lot has been said about failing of the neoliberal paradigm, about overconsumption and inevitability of market regulation. However, *“experts from various fields of humanities warned against progressive liberalization of society long before the outbreak of the present crisis.”*<sup>6</sup>

The abovementioned shows that economists should not be the only community offering solutions even though it cannot be excluded that economists will find a solution enabling permanently sustainable growth of macroeconomic systems. Social teaching of the Church attempts to provide a solution by means of market regulation. Its effort to interfere with the functioning of pure economy is even older than the theory of state interference into economy by Keynes. Social teaching of the Church is a *“careful formulation of results of a thorough contemplation on complex aspects of human life in society in international context in the light of faith and religious tradition.”*<sup>7</sup> However, it primarily addresses Christians. It may inspire people with a different perception of the world but considering its focus on values, for them it cannot have the same binding power as for Christians.

Definitely, all people, whether they are Christian or non-Christian, respect certain values. Many theoreticians blame liberalism for creating numerous causes of the current economic crisis. However, we need something to lean on. The question can be reformulated also as follows: *“What is it that a neutral state not based on any (religious) values leans on in times of crisis and decline?”*<sup>8</sup>

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<sup>5</sup> Alexy, Július; *Etická a ekonomická solidarita v súčasnom krízovom prostredí*, In: *Personálny manažment-trendy na trhu práce v kontexte hospodárskej krízy*, Trenčín, 2009, ISBN 978-80-8075-403-7, s. 14

<sup>6</sup> Muchová, Ludmila; *Môže nás zachrániť „nějaký bůh? Výchova mladých křesťanů v krizi a po krizi*; In: *Sociálně posolstvo Jána Pavla II. Chudoba*, Poprad, 2009, ISBN 978-80-8084-459-2, s. 52

<sup>7</sup> Ján Pavol II.; *Sollicitudo rei socialis*, s. 12; In: (18. 3. 2008) <http://www.kbs.sk/?cid=1117276830>, s. 12

<sup>8</sup> Grečo, Peter; *Problém boha v liberálnej spoločnosti. Náboženstvo ako súkromná záležitosť?*, In: Dancák, P; Hruška, D; Šoltés, R; (eds.); *Disputationes quodlibetales*, Prešov, 2009, ISBN 978-80-555-0026-3, s. 56

The above question is first of all a philosophical question. If globalization basically affects the whole world, with the exception of countries with closed economies, it is necessary to ask what are the values enabling unification. Where should we search for something that could universally substitute the impact of social teaching of the Church in societies outside the sphere of influence of Christian ideology? In order to solve this issue, it is necessary to involve both special sciences and philosophy. *"Many areas of scientific research as well as application of scientific knowledge in everyday life often find a common ground as they share their object of interest which is a man and his good."*<sup>9</sup>

However, in postmodern society it is not possible to substitute one Christian metanarrative by another. And if so, then one should not refer to authority but apply a different approach. *"Attempts to legitimize authority lead to a vicious circle"*<sup>10</sup>, says Lyotard. Metanarratives are replaced by small narratives. In this respect, Lyotard agreed with Wittgenstein. Lyotard claimed that the only generally acceptable small narratives were Wittgenstein's language games representing various forms of language use. Even though we are fully aware of the fact that metanarratives are counterproductive we still need to find something to which we could apply *bonum communis*, i.e. we still need to find common values acceptable to both profane and religious ideologies.

There is also another way how to formulate our question. We can abandon the sphere of the sacred and refrain from any religious solutions in the sense of methodical skepticism. In such case, what is the extent to which we can turn to liberalism and simultaneously avoid situations, distinguished by symptoms, such as the current economic crisis gradually transforming into a crisis of civilization? To what extent can we accept liberalization in human actions considering the fact that emergence of monopolies and oligopolies of multinational companies gives no opportunity to the others and if it does then certainly not an equal opportunity to all. In this respect, philosophy should formulate a theory capable of replacing the social teaching of the Church, i.e. a theory capable of acting as canon in areas in which there are phenomena causing crises in economy resulting from both natural development and other causes.

In relation to the above mentioned there exists a very interesting definition of a liberal presented by *enfant terrible* of analytical philosophy Richard Rorty. According to his definition, a liberal is a person aware of the fact that the greatest evil is to be cruel to other people. Hurting the others is a reason for restricting one's freedom. Intellectuals studying economics have come up with similar arguments. For example, Václav Liška states that *"it is necessary to ensure that no small companies are put at disadvantage and no big companies accept too high risks just because they hope for support from the state."*<sup>11</sup> This is an application of the above understanding of liberalism to economy. However, if we want a more general discussion on setting of limits in accordance with Rorty's understanding of liberalism, we have to rely on a more universal principle.

Kant's principle also known as categorical imperative could be very inspiring for such a discussion. Kant formulated a general law and in order to make as comprehensive as possible he presented it in three formulations. Though it seems that the best known formulation suggests that people are free to choose their values, it is not quite like that. In this formulation Kant says "so act as if your maxims should serve at the same time as the universal law" and adds "act in such a way that you treat humanity, whether in your own person or in the person of any other, always at the same time as an end and never merely as a means to an end." By combining the first and second formulations we learn that a man is an alpha and omega and it

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<sup>9</sup> Dirgová, Eva; Kalanin, Peter; *Filozoficko-etický pohľad na človeka v núdzi*. In: *Sociálne poslanstvo Jána Pavla II. pre dnešný svet II. Chudoba*, Poprad, 2009, ISBN 978-80-8084-459-2, s. 127.

<sup>10</sup> Lyotard, Jean Francois; *Rozepře*, Praha, 1998, ISBN 80-7007-119-2, s. 230

<sup>11</sup> Liška, Václav; Beranová, Jana; *Kreditní krize 2007-???? společné znaky a odlišnosti s krizemi předchozími (dlouhou a velkou hospodářskou krizí), dopady na nezaměstnanost a strukturu pracovního trhu*, In: *Personální manažment- trendy na trhu práce v kontexte hospodářské krize*, Trenčín, 2009, ISBN 978-80-8075-403-7, s. 179

is not possible to come up with a variant of acting misusing a person as a means to some other end. The ideas of Saint Paul of Tarsus regarding the relationship according to body perfectly correlate with the formulations above. Relationship according to body means utilitarian misuse of a person for a particular purpose. Person acting in accordance with the imperative is not acting for his own benefit; on the contrary, the more unselfish such actions are the higher their value.

Critics of Kant's ethical approach point out that his categorical imperative is "one-armed". It is, however, very difficult to express values in a positive sense claiming that doing this and this means doing good. It is even more difficult in a postmodern society where we realize that effort aiming at positive cataphatic grasping of values may lead to Auschwitz as emphasized by Lyotard. It is a possible evolution of a modern man; therefore it is substituted by a postmodern man. In the context of current situation of ethics it is thus very difficult to elaborate rules for ethical system as an organon. One of the possible solutions could be the apophatic definition of what is unacceptable. In this case the aforementioned formulation of Kant's categorical imperative may sound as a canon. It does not define anything, only says what is unacceptable. In this sense it can become a principle for setting of limits on the universal level and have positive influence not only in the context of anti-crisis prevention of socio-economic behavior but also in the ethics of science.

Crisis affects also the fundamental unit of society - family. *"In an ideal case, family as a basic unit of society ensures stability and care to all its members and particularly children and creates prerequisites for versatile development of one's personality."*<sup>12</sup>

Current economic thinking brings various interesting solutions. Indeed, *"currently, there are several very promising new schools of economics which agree with the principles of Catholic social teaching (social market economy, the so called compassionate capitalism, economy of communion, social economics, constitutional political economy, economy of trust", etc.)."*<sup>13</sup> However, elementary principles providing theoretical background for at least apophatic delimitation of borders need to be defined.

There are institutions having influence on the economy, however, their influence is to a certain extent integral part of the overall influence on the economy in the globalised world. In Christian world, it is the Church with its social science. In non-Christian or profane society, it is a task for philosophers to formulate such principles at least in the form of negative delimitation of borders if it is not possible in a positive form. Formulation of Kant's categorical imperative placing a person in the center as the basis and objective of all action should serve as a starting point.

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<sup>12</sup> Žarnovičanová, Ružena; Frýdková, Eva; *Rodina a emocionálne narušenie dieťaťa* In: *Veda, vzdelávanie, prax*. 2007. Nitra : UKF, s. 363 – 371. ISBN 978-80-8094-202-1, s. 363

<sup>13</sup> Piteková, Jana; *Príčiny a riešenie chudoby v intenciách sociálnej náuky Cirkvi a ekonomickej teórie*, In: *Sociálne posolstvo Jána Pavla II. pre dnešný svet II. Chudoba*, Poprad, 2009, ISBN 978-80-8084-459-2, s. 80

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# HOW TO START-UP YOUR FIRST OWN BUSINESS IN THE TIME OF CRISIS

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## Abstract

*This article treats of start-up business in the period of the crisis, from the first idea to praxis. How to be a part of a technical Incubator, what kind of interviews, conditions and expert knowledges are expected. It also treats of Sensitive analyses of constitution of company and It is seven primal phases. The seven primal phases are Thinking, Creating, Evaluation, Sales, Production, Financing and Management. Idea of this article is to increase utilization of technical incubators in Slovak republic.*

## 1. HOW TO FIND A JOB IN THE PERIOD OF CRISIS.

### 1.1 How to employ yourself.

Suspension of many of developing projects not just in the area of Slovak republic, but also in the areas around the world as a consequence of World economical crisis, signify negative in all areas of economic spheres. Venturesome projects, which have had real contours not long time ago, had been stopped or fully cancelled.

Unemployment in Slovakia has increasing tendentious. Filed unemployment rate in the year 2008 was at an average 9,6% and in the year 2009 it was 12,1%. In January 2010 filed unemployment rate increase to number 12,9%, what is general growth compared to year 2008 3,3% and to year 2009 0,8%.

In present time it is a big problem to find a job not only for graduates of Universities but also for people with years of praxis in the specific line of business. In overwhelming majority of work offers one of the primary conditions is to have praxis in branch of business minimal three to five years.

The graduate of University has also different options how to employ himself. We pointing used the term “to employ himself“. I suppose everybody wants to have his own company, own business, after all to be “the boss to himself“. If we are asking a question how it is possible to realize something like that in the period of crisis, we are going straight to an answer: very easily. The human is very inventive being and can change an disadvantage to an advantage.

Things, which primary appears as an disadvantage (the graduate without praxis), in different angle of vision started to be an advantage. In the Slovakia there are rising institutions characteristics called incubation apparatus, exactly for the graduates of Universities to help them to start-up their own business.

The main role of Incubation apparatus is the support of rise and expansion of small companies which are orientated to technology and innovations. The intention of incubation apparatus is not only to create appropriate conditions and support to innovation form of business, but also a development of whole economic performance of the region.

In whatever star-up of business, company has two basic opportunities. The first one is to come to the market with an product or service, which has been already founded, but the company has resources to provide it cheaper, better or faster. The second one is to come with new innovation idea, which has not been in the market yet, but has a big chance to be successful.

## **1.2 How to choose the "the right" Idea for start-up and the primal intakes conditions.**

The idea has to be realizable. It is just necessary to climb it and bring it to commercial or social successful product. The question is how to supply it's transfer from laboratory to business environment.

In the start of all there is "just" an idea. The idea has to be innovative, creative and at all it has to be realizable. This is the entry condition which is necessary to be a part of Incubation apparatus. Incubation apparatus protected an applicant helps him to finish his idea and to bring it into praxis. The applicant has to assail several of admission interviews and presentations of his own idea and his business plan.

After assail of them and follow-up business plan evaluation as a viable and social realizable idea, office space is rented to applicant or applicant's company. The price for this space is multiply lower compared to prices in commercial environment, rent time is for limited period. Nowadays in Slovakia this period is one year. After this period, the company which makes use of the incubation apparatus, has to introduce its financial statement, on the ground of which business activities are considered. In the case of positive financial statement results, rental contract is enlarged.

Additional services, which incubation apparatus offers, are advisory services, account and law services, administrative services, possibilities to rent of necessary technic, data and internet services and in some cases also financial help as a micro-loan.

All this services are situated in one building, so it is not necessary to find providers of these services around the city. You can carry on your idea and make it to real, other things are solved.

In commercial environment there are realized in overwhelming majority just ideas, research of which is time-limited, is not markedly financially demanding, their profitability has to be immediate and in maximal possibly rate.

The Incubation apparatus provides to his users larger time space. This time space is created by many kinds of help, so it is not necessary to find providers, services, cheaper office space, etc. Applicant has just to realize his ideas.

## **2. Sensitive analyses of constitution of the company.**

How to start-up your first business at all? Mr. Gustav Le Bon uttered an idea, which every graduate has to follow: "For going ahead it is not enough to want to act, at first it is necessary to know how to act..

But how to act? The answer to this question gives Sensitive analyses of constitution of company.

Business spirit, special knowledge and professional skills and wisdom- these last mentioned attributes, is possible to obtain by study at Technical Universities, or by academic study. But business spirit contains other dimensions. Dimension choice of future, willingness to risk, obtaining of new skills, different forms of verbalization, different mind of freedom and engaging, that all and more contains business spirit.

Our society is evolving by their attitude to work. It is possible to actualize at the work as an employee, but also it is possible to do it in other context. In an independent activity, thereby that we start-up our own business, our own company.

### **2.2 Phases of sensitive analyse and their contents.**

In any cases, your business spirit will follow you whole your professional life. Certainly, besides business spirit, each project of company establishment has to run through these phases:

Thinking  
Creating  
Evaluation  
Sales  
Production  
Financing  
Management

### 2.2.1 Think.

Reflections are everywhere. Detect them.

Through your hobbies  
In everyday life  
In your professional growth  
In exhibitions, seminars.

Enough to open your eyes...

Good idea will certainly satisfy clients and there through it leads to wanted result.

Good idea:

Decrease expenses  
Increase achievement  
Bring new types of services.

### 2.2.2 Create.

To create a good product or a good service it means to satisfied real requirement. Do not change demand and requirement and also do not disvalue it.

It is necessary to focus to:

Client's satisfaction  
Environment protection

A market research is unthinkable part of the project. Market research is scanning, if the product or service supply which we want to produce, is sufficient and satisfied future clients demand  
Apropos - a market research

First question: To whom my company will be served?

The market research has to strictly determine  
Requirement of future customers  
Position of the company in their surroundings  
Types of products or services offered to future clients

In terms of the market principles, there are three basic questions related to:

#### 1. Demand

Concerning requirements which have to be satisfied and the public which these requirements describe. It defines quantity, persistence, quality and also ability, effective demand of future clients. (Is client able to pay for service or product and when?)

#### 2. Supply

Will be there also others, which are able to satisfied the same requirements

#### 3. Logistic

What will be the interaction between demand and supply? How will be in progress satisfying of demand and supply?

### **2.2.3 Evaluate.**

Good product is sufficient (worthy) to his market. You have to be in your project someone who:

- come in the right moment on the market
- can identified all possible clients
- knows all yours competitors, which react to the same objectiv and focus to the same place
- knows mechanism of buying offered products or services

### **2.2.4 Sell.**

Sales is a “blood circulation“ of the company but also “blood“ of the project. At first the project has to be sell to:

- first clients
- first provider
- different partners
- financiers

Project selling it is searching for confidence of all the people, which will be necessary to realize the project.

### **2.2.5 Produce.**

Production is about actuating of industrial goods from the project. The next step is to visualize the future. Prognosis of volume of business determine production conditions in sphere of:

- Human resources.
- Technical resources and it is utilization.
- Investment means.
- Valuation of cost of production.

### **2.2.6 Finance.**

For the creating of company it is necessary to design:

Financial plan, where will be strictly defined your financial and material requirements for start-up of the company and what will be the progress of financial flows.

Estimate Profit-and-loss-statement (how will be the costs of the project and on the other hand how minimal turnover have I to realize ).

What will be the financial flow in time.

Financial management requires a good estimated analyses of all of the account documents of the company.

### **2.2.7 Manage.**

It means:

- knows how to motivate colleagues and employees
- has clear vision of the future and perspective of the company develop
- to be the „head of the orchestra“ which knows
  - how to delegate powers
  - how to prefer initiative of the employees
  - how to evaluate everyone participation
  - to select and to seat right person in right place

Manager is able constantly to proceed from strategic vision to everyday company operating.



### 3. Conclusion

In constantly environment changes, in very economical development mostly the company is the place, where values are created.

The question then is, how the institutions as an incubation apparatus are financed. Financing of incubation apparatus is specific in individual countries. In Slovakia there is financing of incubations apparatus provided mostly from state aids and from renting of office space to the commercial companies.

In the years from 2004 to 2008 was released from state resources about 728 000 EUR for supply of incubation apparatus.

So as companies, which are operating in incubation apparatus, can realized their business, it is necessary that the equipment used for the research were down to date. Of course superior technological equipment, which each incubations apparatus would be able to dispose, cost considerable resources.

Therefore there is a question if the amount of appropriation for incubation apparatus is not symbolic and do not stop their maximal utilization and use. Usage of incubation apparatus is in period of crisis much more important then any time before.

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# GLOBALIZATION AND LIFELONG EDUCATION OF NURSES

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## *Abstract*

*EU directives are clear terms of education, experience and recognition of qualifications. Nurses and midwives are required to be lifelong learners, complementary to the required specialized studies and participate in professional conferences, seminars and other educational activities to ensure their professional growth, in line with modern trends, pointing to the improvement of medical and nursing care. Given the financial and personal earlier under the sector, to the statutory obligation a lot of nurses performed so, the learners at their own expense, leisure, holidays or in time that could be used to im regeneration and recovery*

Education of nurses or nursing education subjects, such as nurses prepared to carry out nursing care. Health education students are teachers who are usually dual qualified, that are experienced nurses, educators (teachers). Almost all countries in the world offering courses of education to health municipal health work, medical work for mental health and health work for sick children. Studies leading to the autonomous registration as a nurse (nurse) typically last for 4 years. Education of health professionals also provide post-qualification courses in specialist subjects (fields) of Health.

In recent decades in many developed countries the emphasis on education of replaced the more practically oriented, but often workout schematic structure of the conventional preparation for practice. Educational road pushing a broader consideration of other disciplines related to medicine, often inter-Including the implementation of education and research to develop clinical and managerial decisions. They argued that orthodox provide intensive training base of practical skills, but emphasized the hand-service relationship with a physician. This is now obsolete and emphasis on education in health is to raise sound, curious graduate - health, as well as contributing to the care team (team). But while not all courses have a graduate qualification status. Is it possible to combine the current advances in medical education in s feminism and the growing status of women in professional roles anywhere.

Traditionally, since Florence Nightingale nurses work health was perceived as apprenticeship, often undertaken in religious lines (such as the Convention) for young women, even though there's always been part of health - men, special in mental zdravotníctve. In 1860, Florence Nightingale founded the first training school for nurses in the hospital pp. Thomas (St Thomas 'Hospital in London. Nightingale curricula were largely based on nursing practice, with instruction focusing on the needs of hygiene and a task competence. Her methods are described in the publication "Medical poznámky (Notes on Nursing)' from the 1898th . Some other nurses at the time, for example. Ethel Bedford-Fenwick, prefer formalized registration and medical school curricula, which were formally established in higher education and not within the Hospital.

In contrast, health education of the United States was almost exclusively conducted in university schools, although it is unclear who provided the first degree level program. Known Yale Medical School (Yale School of Nursing) became the first autonomous school of public health in the U.S. in 1923. In Europe, Edinburgh University (University of Edinburgh) was the first European health institutions offering diploma in 1972. The medical profession continues teaching argumenty an ideal balance (equilibrium) do the job practical training and the need for a practical way educate healthcare professional to manage health care and to see "more picture. To meet these requirements, education of health wants to develop and nurture lifelong learner who is able to effectively adapt to changes in theory and practice of health care.

Globalization is a phenomenon that belongs to the state of the art history of mankind. With the onset of the world gradually aware that our planet is becoming "smaller" and is similar to the spidery network, where even the slightest gust in one place will produce resonance whole network. Very rapidly growing number of activities of the departments affected by the global nature of the world while in the process of globalization draws more and more people.

We have come to live in globalization and instinctively to her count. On the state of the environment, the level of employment and inflation, tax rates, survival species, issues can arise in multimedia, themes, magazines, books and ideas filmov, the changing role of men and women, lifestyle, marches and our vision of the future . modern transport fallen world. United shorten time and distance that separated the countries in economic, social and political terms.

New technologies will also leading the way into the most remote corners of the world. Shortening the distance the movement of people and create basic conditions for today's global movement of goods, money and services. Young people feel the connection of the contemporary world especially in the environment, but also in dress and modern culture, the proliferation of drugs, electronic media, which seem to indicate the world " na common denominator. Acid rain, Chernobyl disaster, the destruction of tropical forests, but also a tragedy "twins" in New York ukázali, that national borders impede the event, the destruction of ani environmental protection, or enlargement desert ani spread of diseases.

In systems theory there can not be fully understood in isolation, but everything must be understood as a dynamic and monohovrstevný system. Everything is with everyone in some way, the functioning of the system is composed of many simultaneous and mutually dependent actions of its elements. The system is always more than the mere sum of its individual components.

To increase the flexibility of nurses and continuing development of professional skills is necessary to introduce an effective system of education. Specifically, it is a shorter learning derived from the specific requirements and in cooperation with employers. In this context, it is necessary to remove barriers to the acceptance of qualifications in the EU Member States.

It is the necessary development of technologies such as inform- communicate industries with high added value and utilization of human potential, despite the stagnation of employment in this field. The development of language population shape of continuing education through various forms of training, the nevyhnutný to speed up creating a single labor market in the EU.

The current system of financing education in Slovakia does not achieve the goals of quality education. Schools are forced to take on existential reasons and suffer and pupils and students who have conditions or incentives to manage the study. This then becomes the only formal - the theoretical process of free space on the innovative features and quality improvement

study. Without qualitative shift is not even possible to develop cooperation of domestic and foreign educational institutions for rapid dissemination of new knowledge and working knowledge.

Any changes for the better in the labor market are no changes in education, at best, only the medium-term proposition. Pathetic to the current situation is primarily the fact, that despite the long term snahám declared on investment in human capital is neglected školský systém sústavne of more and better stránky az toho because graduates škôl nespĺňajú labor market requirements. In addition to supporting the development of knowledge and skills students need such assistance even in the standard workers directly with employers, which has, inter alia, preventive, because after any job loss is more difficult and less successful organization skvalitňovacích processes. People dosahujú better in adopting make new knowledge if they are part of staff, as if they belong to groups of unemployed preparing to return to work.

High quality research and developments can but there Without quality education which will develop the creative skills of nurses, their creative thinking, problem-solving. This argument is particularly true for graduates of technical orientation, who play a crucial role in innovation in engineering and technology and health an integral part of this school system must also be a quality system of lifelong learning.

The only source of development that we have available in virtually unlimited quantities is education. Education is our greatest asset, but unfortunately, largely hidden, unused, neglected and unused. Quality education is a vital source of future development, prosperity and competitiveness of countries. Quality, as far as the most educated and decisive condition is social consensus - the removal of social inequality, misunderstanding between individuals and social conflicts.

The current world is characterized information explosion and rapid pace of innovation, especially information, while this trend is still accelerating. Within ten years, approximately 80% of outdated technology in use today, but during those ten been working still 80% of workers and nurses who have obtained their training before ten to forty years ago. Lifetime occupational basically die. Rather than meet the qualification requirements of a specific life-long employment is increasingly topical stáva lifetime employability - employability and success in different situations and conditions in the labor market and in various stages of life.

Knowledge and skills, which are aimed only at one particular situation would quickly be outdated, they are invalidate . Therefore, in the advanced countries of the world is to find, define and develop speakers such competencies (skills, abilities, knowledge and attitudes) that are applicable in most (although not yet existent v) occupation, which allow jedincovi held a number of working positions and functions, pursue various professions that are appropriate to address a range of mostly unforeseen problems that will allow bird to successfully cope with the rapid changes in work, personal and social life. Such powers are called core competencies. Core competencies are intended to address many and varied problems in different contexts to achieve multiple objectives, are to be applied not only in different professions, but also in various fields of human activity: in school, at work, both social and personal life. Among the key competencies they are primarily .

**Information competencies:** information and computer literacy.

**School of competence:** knowledge and positively influence the learning styles of nurses; metakognícia, acquisition of teaching skills: finding the relevant sources of information, time management, motivation for learning, stress management, creating optimal conditions for learning, mastering selection and effective: a proof-notes for teaching and for self-study,

method study of textbooks, the way of remembering the curriculum, problem solving, examination preparation and assembly of test ..

**Cognitive skills:** Troubleshooting - identify the problem clearly and objectively define it, identify and propose possible solutions to the problem based on critical and creative thinking, realize and find the optimal solution to the problem,

**Critical thinking** - to think independently, unbiased, be open to new ideas, pinpoint that information is important, to formulate appropriate questions, distinguish facts, opinions and reasoned judgments, recognize stereotypes and clichés, prejudice, emotional factors, propaganda and distortion, different value systems and ideologies, determine the appropriateness and adequacy of information, use the higher thought processes (analysis, reasoning, induction, deduction, evaluation), use criteria - intellectual standards to assess the quality of thinking.

**Creative thinking** - sensitivity (sensitivity to the problems), fluency (quantity of ideas), flexibility (elasticity of ideas), originality (uniqueness of ideas), the ability to produce transformation; elaborácia (domýšľanie ideas to impact, details).

**Communication Competence:** to express orally and writing appropriate to the situation (in three languages of the EU), read with comprehension, listen carefully, to vote the optimal form and manner of communication, to process written material in a clear way to present the information - explain and illustrate the clear, concise, accurate, clear, communicate through information and communication technology.

**Interpersonal (social) responsibilities:** to live and work effectively with others, learn with and from them, plan, organize, control and evaluate the team activities of people, assume a shared responsibility za team's work and, where appropriate roles of other team clenov; know Often referred to as the (empathy) to the mental state of other people (empathy); peacefully resolve conflicts, appreciate, respect, accept and tolerate differences in other people, to help them if necessary, based on well with them, to treat other people morally and responsibly, maintain a harmonious interpersonal relationships, to create the constructive negotiation, compromise, tolerance and intercultural systems, forms of civic society, to develop a system of democratic society to sustainable economic and social development of State with responsibility for the environment and preserving life on earth.

**Personal competence:** self-awareness - identify and evaluate himself, his emotional life, their strengths and weaknesses; realistically gauge their own capacities, to trust you performed with confidence and self-confidence, self-control - know your own feelings and mood, controlling their behavior, to freely decisions; withstand stress, to maintain peace, overcome obstacles, setbacks, be reliable to follow basic rules of courtesy, act honestly, fairly, conscientiously, resolve conflicts peacefully; zodpovednosť bear for their behavior and work to cope with change (adaptability, flexibility); manage their lives in accordance with ethical principles (self-conduct) motivation - to motivate himself (automotivácia) be iniciatívny, enterprising (not to be a passive audience), industrious, tenacious, disciplined, optimistic, think positively, engagement - know asserted ( assertiveness) have civil courage, show character, be socially.

Most experts in education zhoduje in fact, that education is the best odborným status Good basic education which allows to person adapt to changes such as special preparation. Vocational training and specialization is moving beyond graduating from college and even high school and becomes part of lifelong learning.

Vocational training is shifting the period after the end of high school to the tertiary sector of education and becomes a part of lifelong learning. Improving skills, retraining, acquisition

of new technologies is becoming a part of his duties nurses. So the nurse higher education, the more his further education in the wider working hours.

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# EMPLOYMENT AND ITS NEW DIMENSIONS IN THE ERA OF GLOBALIZATION AND ECONOMIC CRISIS

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## **Abstract**

*The issue of employment is assuming greater importance especially in the context of increasing poverty and unemployment in a globalized world. It is not only an issue that affects all areas of social life, in particular economic and social sphere, but also a psychological and educational issue. It also affects such important areas as tax system, social benefits, minimum wage, social system, etc... Unemployment in the era of globalization and world crises is, without any doubts, the strongest and at the same time the most negative expression of inequality. The submitted contribution deals with attributes of this phenomenon as well as options for its reduction in accordance with the European strategy.*

**Key words:** globalization, employment, unemployment, Europe 2020 Strategy

## **INTRODUCTION**

There is a new global economic and social environment with completely new parameters created under the influence of globalization. A transformation of the basic paradigm of both the state and state institutions is taking place within this new environment. The rules being formed within the market states are deeply interconnected with the necessity of creating new economic and social policies and long-term strategies in order to overcome the growing social and economic imbalance. There is a whole range of challenges that lie ahead for individual countries and global economy, and that must be faced already from the beginning of the 21<sup>st</sup> century.

In addition to topics that sporadically come up to the surface of the social life and catch temporary attention, there are also topics that stretch across the entire history of mankind, i.e. timeless topics. They unquestionably include employment and other categories related to it such as social justice, unemployment, social security and poverty, social system. Employment is by its nature an economic category since it is directly associated with the process of economic growth. To reduce employment to economic dimensions only is insufficient as in the era of globalization it also has its social and political dimensions. Solutions must cope with problems arising among three dimensions – economy, ecology and the social model.

In 2009, the European Union (EU) recorded 4% decline in GDP, our industrial production has fallen to the level of the year 1990, and 23 million people, i.e. 10% of our economically active population, are currently unemployed. The crisis has shocked millions of people and revealed some fundamental shortcomings of our economy.

## **GLOBALIZATION**

Globalization is the most obvious, topical and universal phenomenon of present time. Globalization is, in its essence, a paradox since it is maximally advantageous and highly beneficial for a very small number of people, whereas it is rather destructive, devastating and degrading for two-thirds of the world's population, pushing it even further over the edge, below the poverty line.

Globalization can be seen not only as a process of unification of local units but also as a phenomenon that makes a man absorb "new", and adapt to it even at the cost of change in his/her moral perception of the world. Klugerová (2009) described the very essence of globalization as a significant technological and intellectual progress. This fact provides evidence that globalization is not primarily concerned with solidarity, courtesy, and mutual assistance, but this trend may be influenced by the population. Globalization is yielding to increasing intensity of pressure coming from prosperity and economic performance, neglecting the barriers of social environment providing an individual with more security and safety. At the same time, it has to deal with unemployment, growing income inequality and injustice. For many people, life becomes a struggle for getting as many material values as possible while their work and economic destiny is not entirely within their power.

Globalization also affects labour market which is an integral part of the market mechanism as such. If globalization represents a tendency toward creation of single global market mechanism, this also automatically means heading towards the single global labour market. In terms of the labour market globalization and employment policy, there are three economic dimensions identified: international migration of workforce, capital relocation (transfer of production activities from one country to another), and international trade.

The EU is more diverse than it was a decade ago and the economies of the 27 EU member states are mutually interconnected to a large extent: the crisis has emphasized close connections and external impacts affecting our national economies. Reforms and their shortcomings in one country can influence economic results in all other countries. Reaction to this crisis proves that if we work together, we will gain much more. In a global world, no country is able to handle problems without cooperation.



## **EMPLOYMENT AND UNEMPLOYMENT**

Dependence between the labour market and social status has been obvious since the time the labour market originated as a separate subsystem within economy.

The current increase in unemployment reflects the fact that not everyone in a global world is able to identify himself/herself with a performance-oriented society, adapt to it, and become successful. Market economy makes people adapt to changes. Occupation is not a matter of course; one must sometimes sacrifice a lot, and not absolutely willingly get to know new things. Relocating for a new job, changing occupations, requalification, and profession changes are not an exception. The most serious factor in this respect is unemployment.

Global labour market is dominated by multinational corporations which have no special interest in the countries, and where the capital flow is ruthlessly organized on the basis of profits and not on grounds of patriotism. In conditions of a globalized labour market, the human dimension is completely disappearing. In connection with mass unemployment, it has been talked about new underclass formation – the declassed group, discontinuous work career (frequent changes in employment and unemployment periods), permanent incorporation only into the secondary labour market, social state welfare dependency, activity in the informal economy. Underclass dimension, or the underclass environment, is characterized by an overall resignation, low social control and apathy towards one's own destiny.

100 percent employment is also impracticable due to the attitude of people themselves, but the vision of the highest possible level of employment is necessary. Minor part of the population, voluntarily alienated from the society and no longer interested in its participation in the labour process, becomes reality. We believe that even if there was an educational influence exerted upon these individuals, it would most likely initiate no changes in their thinking and attitudes. However, employment or self-employment is not only a source of financial security for most people, but also a kind of self-realization associated with so much necessary social contacts. This means that the state itself should actively participate in the labour market, and its representatives should consider whether to employ restrictive or active social measures with regard to the fight against unemployment. Awareness of the situation in the labour market, financial incentives or concessions for those who will decide to run their own business in order to cope with their adverse life situation, is also important.

Elimination of unemployment currently belongs among the most important elements of social activities not only in our country but also in other European Union countries.

Attention is focused on the development of human resources especially via two significant European processes, both the “European employment” and the social integration process. At the same time, there are groups of disadvantaged inhabitants identified in the labour market that are being socially excluded from the life of society.

Speaking in general, unemployment is considered a situation in which a man wants and is able to work, but he/she cannot find any job. Handling employment issues is not only a matter of the labour market area since the labour market is primarily based on the functioning of the economy as a whole. Employment programmes, as typical active policy measures, shall not have a cheap social effect resulting in debt, but their success depends on economic efficiency at longer time interval (Židziková, 2006). From experience gained in the past, we can see that so-called “false solidarity” of employees, results in failure to eliminate the unemployment at measured pace. Although the economic costs related to unemployment are very high, the financial figures don’t give an adequate picture of human, social and psychological losses entailed by the periods of permanent involuntary unemployment.

In January 2010, the unemployment rate in the European Union reached 9,5%, and grew by 1,5 percentage points in terms of the year-on-year comparison. Figures are better than previously expected and they contradict the assumptions that the situation in the labour market will continue to get worse. According to Eurostat estimates, it was expected that the unemployment rate will reach 10%. Unemployment is an indicator that subsequently responds to the economic development, and analysts predict that in 2010 the unemployment rate will rise to 11% and will strangle the economic recovery. The lowest unemployment rate in the EU was observed in the Netherlands (4,2%), followed by Austria (5,3%) and Luxembourg (5,9%). Latvia (22,9%) followed by Spain (18,8%) and Estonia (15,5%) registered the highest unemployment rate. Slovakia (13,7%) has currently the sixth highest unemployment rate in the EU.

### **EUROPEAN STRATEGY UNTIL 2020**

Europe faces a period of changes. Future visions are associated not only with optimism but also with concerns about the further fate of the whole mankind. Strategic projects are required to draw upon rigorous analysis of the current social development status, particularly in the areas of global issues. The crisis has wiped out years of economic and social progress and revealed the structural weaknesses of the European economy. At the same time, the world is changing rapidly, and the long-term challenges such as globalization and population aging are becoming even more urgent. If Europe wants to succeed in the era of

globalization and world crises, it must act together as a Union. Therefore, the European Commission has adopted a strategy that will help us to come out of the crisis stronger than before. A strategy that will help us to turn the EU into a smart, sustainable, and inclusive economy delivering high levels of employment, productivity and social cohesion. Europe 2020 Strategy sets out a vision of Europe's social market economy in the 21<sup>st</sup> century.

The essence of the strategy is formed by three mutually reinforcing priorities:

- Smart growth: developing an economy based on knowledge and innovation.
- Sustainable growth: promoting more ecologically friendly and more competitive economy that is able to utilize resources more efficiently.
- Inclusive growth: fostering a high-employment economy contributing to economic, social and territorial cohesion.

The Europe Strategy foresees that the employment rate of the population aged 20-64 will increase to 75%. It currently reaches 69%, what makes it significantly lower than the employment rate in other parts of the world (more than 70% in the USA and Japan). Greater involvement of women, older persons and better integration of migrants into the work force is expected. Only 46% of older persons (at the age of 55-64) are currently employed, compared to 62% in the USA and Japan. Moreover, on average Europeans work 10% fewer hours than their counterparts in the labour market in the USA and Japan. Young people have been severely hit by the crisis, unemployment rate within this group of population has exceeded 21% what becomes alarming.

The main objective of Europe is to achieve intensive growth - a high-employment economy contributing to economic, social and territorial cohesion. Intensive growth involves empowering the role of citizens through high levels of employment, investment in skills, fighting poverty and modernising labour markets, training and social protection systems in order to help people to anticipate and manage changes and build a cohesive society. It is also essential that the benefits of economic growth spread to all parts of the Union, including its outermost regions, thus strengthening territorial cohesion. Europe needs to make full use of its labour force potential to face the challenges of an aging population and rising global competition. Policies to promote employment at regional levels will be needed to increase labour force participation, thus contributing to growth and social cohesion.

The European Commission is putting forward seven flagship initiatives to catalyse progress under each priority theme: Innovation Union, "youth on the move" (to improve the results of education systems and to facilitate the entry of young people to the labour market), a digital agenda for Europe, resource-efficient Europe, an industrial policy in the

globalisation era (to improve the business environment, notably for small and medium-sized enterprises, and to support the development of a strong and sustainable industrial base able to compete globally, and to maintain competitiveness in a global context)., an agenda for new skills and jobs (to modernise labour markets)., European platform against poverty. These seven flagship initiatives represent a commitment on the part of the EU and the Member States that will translate the targets and initiatives of the EU into national targets and procedures with respect to their own conditions. The proposed targets are interrelated, for instance, higher educational level will help to increase employability and progress in increasing the employment rate will help to reduce poverty. Greater capacity related to the area of research, development, and innovations across all sectors of the economy combined with increased resource efficiency will improve competitiveness and foster job creation.

## CONCLUSION

Orientation on knowledge economy is a challenge for all economies having the ambition to succeed in a global competition among countries in order to provide their population with employment and rising living standard. This particularly applies to countries that want to bring their economic level closer to economically advanced economies.

With a certain detachment, we can observe that each society still has its potential resources, even in times of economic crisis. These are “hidden” within the plane of grey and black economy, but also in the area of social joint liability of transnational corporations. Activation of these resources will require both political will and real executive and accurately targeted actions taken by the state and the European Union. Therefore, not the premise of “less state”, but the premise of redefining the role and functions of the state within the global/world economy and national economy of the society, represents the apparent present-day challenge. The current financial and economic crisis shows that despite its nationally modified manifestations mechanism of its origin is analogous, and thus requires systemic solutions at both national and supranational level, in accordance with the new Europe 2020 Strategy.

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# ANALYSIS OF SELECTED PROJECTS OF URBAN AREAS REVITALIZATION

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## **Abstract**

*The article refers to the possibility of acquiring knowledge for the implementation of renewal urban areas in Slovakia through the analysis of international approaches to restoration of urban areas. It is possible to analyze even seemingly different types of restoration projects. The article analyzes two renovation projects, which differ not only by functional use but also by the approach to rehabilitation. The analysis shows common features of the projects. Based on the analysis results, positive experiences can be reported and generalized, and those applied in solving of renewal projects of urban areas in our country. For the needs of analysis, also other foreign approaches were considered, such as.: Revitalization of the City of Malmö, Gasometer in Vienna, and more.*

## **1. FOREIGN EXAMPLES OF APPROACH TO THE RENOVATION OF URBAN AREAS**

From the number of foreign approaches, there are two approaches to urban renewal area mentioned in the article. They are two different projects. The first project, revitalization of Westergasfabriek in Amsterdam, is an example of brownfield regeneration in close proximity to the city center. Another example is the renewal of urban district of Ferencváros in Budapest, where the renovation touched predominantly the residential area. Both are examples of successfully implemented projects of comprehensive urban area renewal.

### **1.1 Revitalization of Westergasfabriek in Amsterdam**

The project is an example of restoration of already urbanized area. After the Westergas plant closure, the area remained abandoned and contaminated due to industrial production. Implementation of the revitalization process in this area was difficult and time consuming also due to changing environmental legislation in the Netherlands. The project Westergasfabriek is a combination of classical "green" park with a "cultural-business" park.

**Characteristics of the territory and its original use:** Westergasfabriek is the area of former gas production plant, located near the center of the capital city of Amsterdam. The factory was closed in 1967 and since that time it was falling into disrepair for several years. In 1992 it became the property of the city district Westerpark. 19 buildings were built in this site with an area of 15 278 m<sup>2</sup> and a gas storage tank with an area of 3 000m<sup>2</sup>. Thirteen buildings had been stated as protected monuments. The soil in Westergas territory is contaminated by the effects of industrial production. There are heavy metals, organic compounds and benzenes in this area.

***Geographical location of territory:*** Territory Westergasfabriek lies northwest of the city center and is part of the city district Westerpark. The boundaries of the plot are, from the North a railway line, from the West it is Westerpark, from the East a territory partly used for recreation and from the South it is a channel, Mark Westelijk Canal.

The area is accessible by foot, by urban mass transportation: bus and tram, by car along the road Haarlemmerweg that connects the inner city ring road A10.

***Procedure for renovation:*** Project and the idea of realization of the park were created in cooperation with the local community and the city district, whereas the local community advocated for the establishment of more classical park. Part of the territory consists of water areas and channels connected by "nature typical for polders" and the renovated industrial buildings of former gasworks are part of the area.

At the beginning of a successful renovation projects realization and decontamination of the area, it was necessary to find a temporary use of abandoned properties. Because it is known that the area has a high incidence of squatters seeking illegal occupation of empty buildings to get their possessions, this site has seen worse real estate market evaluation.

The second moment in order to make the project successful was to create a skillful implementation team. Evert Verhagen was entrusted as a coordinator of local activities and the temporary use of buildings. His primary task was to build a team of people from various areas who would be involved in the project realization and would engage in contacts with all parties concerned. This task was accomplished, as the parties worked together, whether in planning of the future park, or in organizing cultural activities. This was also a key moment for a positive image of the project.

Team responsible for realization of the park realized that it is not able to reconstruct the old facilities and fill them with cultural life without the involvement of private funds, therefore it concluded an agreement with MAB (the company that deals with development and investing in real estate). (Szekeres, 2006, p. 41) When asked how to attract private capital, several options were evaluated. Finally, they decided to sell the objects with certain restrictions on their future use and long-term lease of land under the objects (for about 100 years). This solution has the great advantage that the government can monitor what is happening in the park and in case of undesirable activities it can interpose. On the other hand, limitations from the contracts will make it difficult to the management to attract private investors.

For the needs of restoration of the site, a restoration plan was drawn up. It counts with soil decontamination in two phases. In the first phase, in the places where it might come to direct contact of the soil and visitors, the soil will be drawn aside. In the second phase, barriers will be created throughout the area to prevent ingress of contamination into the groundwater, while creating a monitoring system to control groundwater. Most contaminated soil will be covered by asphalt cover.

The Restoration Plan counts with the fact that after the gas companies area revitalization it will be linked to Westerpark. It is located in the neighborhood and it is an area

of 5 ha. This would create an integrated locality of the 50 ha area, which would serve as a cultural and social Park.

The success of the restoration project of Westergasfabriek was a subject to a balance between a classical park which was promoted by people living close to the park, and a culture and ecology that was advocated by the municipality. Therefore, the implementation team tried to make a compromise. They suggested that the buildings can be used for cultural events and they created the park from unoccupied area. The implementation team had to count with the private sector at restoration of the buildings, which had the resources and experiences in management. Thus, the link was established between the municipality and private investors.

Local municipality is responsible for financing, restoration and maintenance of the park. Private organizations are concerned with reconstruction, repairing and hiring of the former gasworks objects to organizations that are active in cultural area and cultural events planning (Szekeres, 2006, p. 41). The advantage of this connection is obtaining of resources and know-how of private companies and so on.

## **1.2 Rehabilitation Ferencváros district in Budapest.**

Also this project is an example of restoration of already urbanized area. Bad technical condition of the buildings caused by neglected maintenance due to lack of funds is the main reason for the rehabilitation of the territory. The first attempt took place already in the 70s of the last century, but rehabilitation was not successful. The second attempt to raise the profile, to restore and develop this part of town came in the early 90s of the 20th century.

***Characteristics of the territory and its original use:*** Ferencváros City district was built in the 19th century. It is characterized by a thick wedge shaped houses. It has an area of 72 ha and by 2004 it had 20 000 inhabitants. The main function of the city district is to provide housing for residents. But since it is located in the center of the city, there can be found such services as: parking, hotels and so on. Before the restoration, it was the poorest and the least lucrative urban quarter of Budapest. People did not like to move here and that led to social segregation.

***Geographical location of the territory:*** Ferencváros (District IX) is an urban area, located approximately in the middle of the town. It adjoins directly to the city center and is accessible both by road (M1, 2 and 7 motorways to the city and then the local communications), as well as by shipping and public transport (tram, bus). Its boundaries are the Danube river from West. The other parts are the urban areas (districts V, VIII, X, XIX, XX): Belváros, Angyalföld, Kőbánya, Kispest, Pesterzsébet.

***Procedure for restoration:*** The first step was to develop a project of restoration. It divided the concerned area into smaller units and determined the timetable for reconstruction of individual units. Project of restoration is based on the ground plan, which envisages the preservation of original structures and facades of the buildings, creation of green spaces and specifies for what purpose the land may be used. It also defines the maximal possible height



of building construction, building density, the external appearance of buildings and so on. Conservation of the original facades was one of the basic requirements of the municipality.

Very challenging task for the municipality was to remove people living in the blocks of flats which should have been sanitized into a compensatory housing. These buildings could not be otherwise renewed. According to the law, the municipality had to give a choice to the citizens of at least three apartments that were on the category of a higher standard than the flats owned by them. The municipality had to explain their intentions to citizens and convince them of the importance and need for restoration and their contribution to it. Following the eviction of residents from the apartments, the buildings were demolished and the land prepared for sale. Municipality also insured the communication between the participated parts.

The second step of the municipality was to solve funding of the city district renovation. The municipality had to rely solely on its own resources. It could not count on state support or Budapest government support, and also could not draw funds from the European funds. Obtaining funding from the private sector at the time was almost impossible because the prestige of the urban neighborhood was very negative and private investments did practically not exist. The municipality saw the solution in public-private partnership and in funding from the private sector. The resources were obtained from the sale of lands for much lower price than they were sold in other parts of Budapest. The urban infrastructure had to be repaired and then built new communications in this area to make the private sector thinking about investing in this district. The investors could have chosen a land for their business activity based on the offer.

The private sector, which wanted to invest in such project, first bought the land with a use in which it wanted to operate. Consequently, it could have realized the construction of the building, which was in compliance with the land use plan. It also had to meet certain conditions of the municipality, such as.: Parking in underground garages.

In this way, 4 hotels, 3 administrative buildings, 2 car parks and office buildings of Hungarian Railways Orchestra, construction of the monastery were carried out.

As the first part of the project, the street Tompa restored. This street does not directly connect to downtown, but nonetheless there was busy traffic. A new road was designed within the restoration, where the heavy traffic was avoided and the street was extended to the pedestrian walkways and park greenery. Residential area is proposed on this street. Parking is largely transferred to the underground garages.

## **2. ANALYSIS OF SELECTED EXAMPLES OF URBAN AREAS RESTORATION.**

The aim of analysis of the foreign examples of urban areas restoration is to find their positive and negative sites with the possibility of using the positive sites in similar reconstruction projects in Slovakia.

*The main common "indicators" of foreign approaches to the restoration of neighborhoods:*

- *It is already urbanized area* - it is clear from the nature of "urban area restoration", is always at least once already urbanized area. The examples are mostly industrial areas in cities such as Westergasfabriek. Other urban areas may be more times renewed like the renovated city part Ferencváros.
- *Project of restoration* - each of these examples or other projects have developed a restoration project, which mainly deals with the appearance of the street, shared spaces (streets, sidewalks, roads, parks, recreational places, etc..) and the use of particular parcels in solved area. In other words, the project should include: the existing buildings to be demolished, buildings to be renewed, parcels to be developed, functional use of buildings, max. sealing height, roof type, width, sidewalks, roads, park areas and other recreational areas, bicycle paths, pedestrian zones, parking and more.
- *establishment of the restoration team* - a need for creating a team for the restoration project management resulted in both these examples, but also the others, from the need of experts to solve emerging problems. The team is mostly prepared by city municipality, what is confirmed by both these examples. It consists of urban municipality staff and external experts (in law, city planning, architects, planners, finance, project management, from public relations, etc.). It is not a condition that it always must be a complete team. In some cases, the team usually provides the only solution to a particular problem like: establishment of project documentation, project management,... (an example of urban restoration Ferencváros). In other cases (Westergasfabriek) the team is established to compile a complete maintenance for the entire project lifecycle.
- *Cooperation with citizens* - if the city does not cooperate with the citizens, it may cause a denial of the project. This refusal may be accompanied by protests. This happened in Westergasfabriek. The city had mainly the commercial and cultural land use in the proposal against people who voted for a classic park. Also from this reason, it is appropriate to invite the public to the project at the earliest possible time (preparation phase) and to discuss with them the city's intention. The public should then be part of the entire project lifecycle. On the other hand, it is common that the public has no interest in public affairs. Therefore, it is necessary to inform citizens about the plan and in case of their lack of interest, the city can solve the project under the intended purpose.
- *diverse funding* - it is appropriate that the project was financed from several sources. At present, if it is a comprehensive restoration, it is almost impossible to finance from only one source. The most common is the financing through private sector (public-private partnership), followed by a loan obtained from banks and funds received from EU funds. These three forms are also frequently occurred in the projects of international approaches.
- *increase the share of green* - this trend is based in both these examples from the urban area citizens. In particular, they have an interest in increasing the share of public or private green areas in cities. This requirement is one of the most common that people have towards „new" projects undertaken in cities.

### **Concrete „indicators“:**

Here all "variables" that are not common to all restoration projects should be included. But it includes also the "indicators" common to certain types of restoration projects such as Brownfield Revitalization. These "variables" vary depending on the project, but their general use is impossible.

### **3. CONCLUSION**

It shows that projects of urban areas restoration are demanding not just financially and materially but also administratively. Therefore, it is necessary to cooperate with experts in particular area for the successful implementation of large projects, whether it was the creation of a joint team or expertise.

The second pillar for successful restoration project is a thorough preparation phase. At this stage a detailed recovery plan should be elaborated (whether the project will be divided into smaller projects, which is recommended especially at large and complex restoration projects, or will be addressed as a whole), a detailed financial plan and timetable should be prepared. At the beginning of this stage, it is appropriate or even necessary to inform the public and all interested parties of the intention to renew the urban area. If the intention presented by the Municipality is not accepted by public, it is necessary to find a compromise in the shortest possible time.

The fact that the restoration projects have common features does not mean that there is a universal manual for how to carry out reconstructions. As the "reconstruction" of the urban area is being considered, it must be noted that each project is different and therefore each project must be approached as a new - different project. Of course, some of the processes from other projects will be able to apply, but it is not obvious. One must consider carefully which tools to use to successfully complete the project of restoration.

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# ACTUAL METHODS IN MANAGEMENT PROCESS

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## Abstract

*Management process is therefore a complicated process which is interdisciplinary and dynamic in character. It must account for various aspects of the creation of the built-up area – economic, political, technical, sociological, legal and others which carry along risk not quite immaterial. This risk may be suitably moderated by the employment of methods such as controlling which represents a high-quality advisory capacity for the boards of management. Controlling is a methodological tool of management as its employment may result in quality information necessary for efficient management. The present paper is therefore aimed to justify the employment of controlling in the management process. Controlling plays very important role nowadays. It can analyze and uncover weaknesses inside a company. It provides a real picture of company to the management, if the plan was met.*

**Keywords:** management process, organization, controlling, dimensions of controlling, cost analysis, strategic controlling, and operational controlling.

## 1. Introduction

Decisions that the management board implements must be expeditious and efficient. Correct decision-making requires the supply of appropriate, precise and timely information, which may be effected by controlling as a progressive management tool. One of the basic desirable qualities that an organization should currently display is that of flexibility enabling a prompt reaction to the market demands. New requirements mean new approaches which enable a company to enter the market competition successfully. Permanently changing environment requires that the company's management be able to take decisions in limited time space and ground them on true and complete information. This fast changes of conditions in the company's environment burden the work of the company's management.

It is necessary that participants of management process should realize that and start improving their management strategies. Industrial, office and housing buildings, shopping centers, roads and the rest of infrastructure do not originate separately. Here is the role for a organization as a co-ordinator of origination, management, maintenance, renovation and reconstruction of the premises where we live and work, etc.. Controlling is a method which may help an undertaking to improve and better arrange their management work.

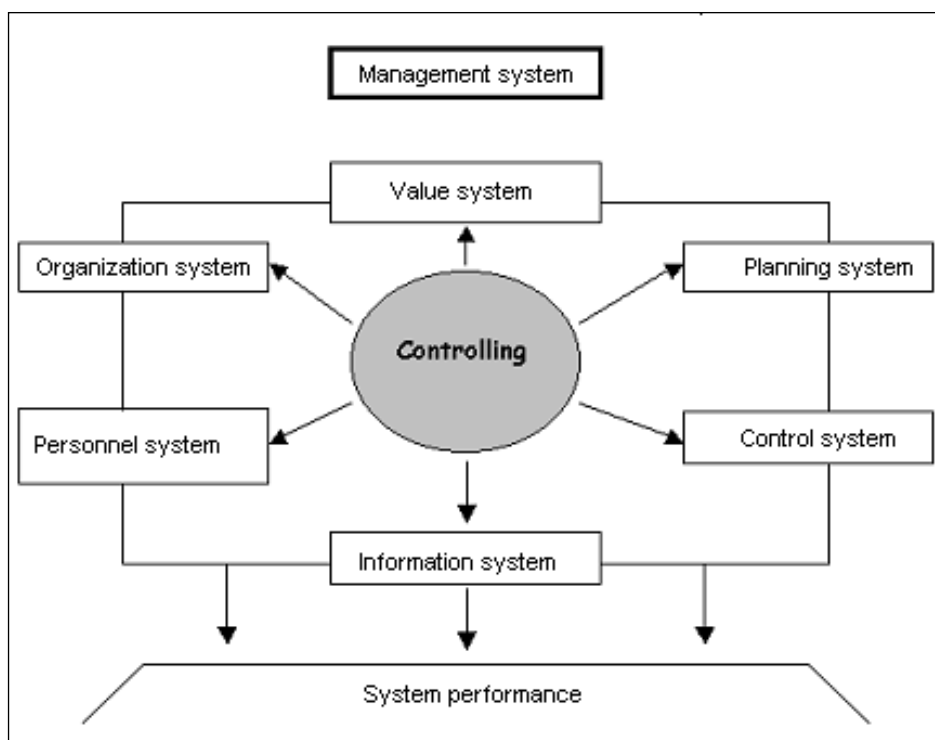
## 2. Controlling in organizations

Controlling plays very important role nowa days, it is for the management of organizations may be of assistance in performing the following tasks[2]:

- comparing plans and reality and budget control
- employment of information from accountancy of costs/management accountancy
- financial planning
- reporting
- analysis of deviations and their reasons
- information interpreting
- budgeting

- investment planning
- internal advisory services in decision-making process *etc.*

It is important to determine the relationship between the functions of management and controlling in a business entity. Management of the organization takes decisions, assumes responsibility whereas controlling inspires, evaluates, analyses, controls and gives recommendations. Controlling should be a highly qualified advisory body for the board of managers. Its successful introduction requires that there exist substantial elements of interrelation of information system such budgeting and recording of costs (recording according to types, place of origination, performance) [1]. While accountancy is subject to statutory rules regulating obligatory quality standards, with budgeting and costs recording the rules are less strict. This might count as the first impediment for the introduction of efficient controlling. Before the introduction of controlling, the quality of management information tools has to be inspected and accommodated with view to controlling fig.1. Otherwise there may arise danger of controlling being supplied with devaluated information.



**Fig.1 controlling in management system.**

Organizations should be responsible for construction works, investments as well as management of plots of land, renting of constructed premises, trading operations at the property market *etc.* In this respect organizations assume considerable risks as they frequently manage long-termed investment portfolios, which requires high quality management work[3]. If compared to other enterprises such organizations, as a rule, assume greater risk as the premises constructed are designed for a long-term occupation and any

conceptional mistake that does not respect market requirements may become a source of considerable financial loss. It is sometimes rather difficult to foresee market trends and investors may be financially successful on the one hand or they may lose their investments as well. Every mistaken decision in the conception which does not respect market requirements may bring about serious financial risk. Decrease in the risk connected with management decisions may be achieved through the supply of relevant information that must be processed in proper time and amount. It is controlling that plays an important role in this respect.

### 3. Dimension of controlling

Controlling may be efficient only if it is targeted in accordance with the aims of the business entity. Planning, decision-taking and management in a development organization may be performed only in conjunction with goals set in advance. These are also the grounds for a controlling organization which may take the following forms:

- working position – controlling
- division of controlling
- external controlling.

**Working position – controlling:** it is suitable mainly for small-size business entities, it is designed as a single working position subject to the head of the financial department,

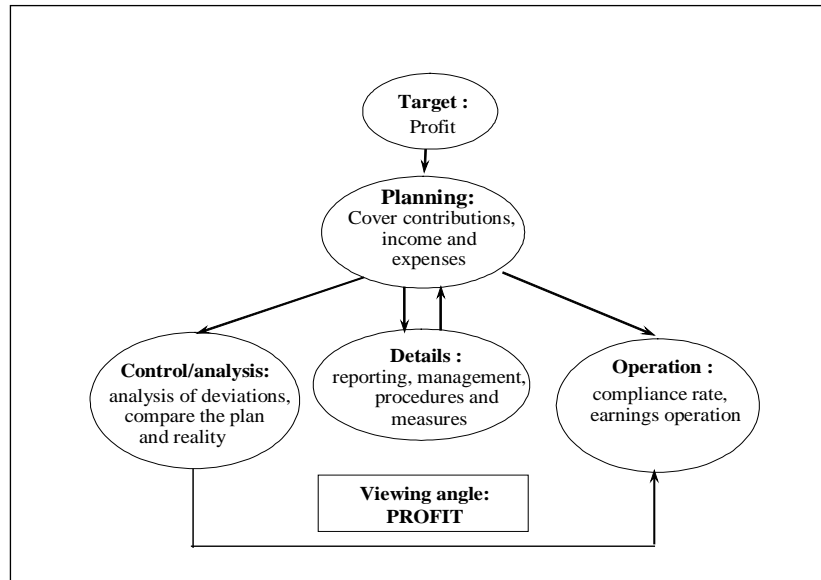
**Division of controlling:** it is a higher form of controlling organization, headed by a person, trustworthy for the organization board of management, responsible for the selection of employees for this division who will perform partial tasks of controlling,

**External controlling:** represented by transfer of controlling tasks to an external entity, advantage of this sort being external view of production and non-production process.

There are two dimension of controlling in respect of time projection:

- **strategic controlling** – it is a long-term, future-oriented type aimed at current initiating measures that will safeguard future existence of the business entity
- **operational controlling** – it is aimed at short-term management and is targeted at the present period and the achievement of immediate business goals. It is centered on the formulation of the profit management system. Operational controlling operates in the horizon of between one and three years fig.2. Operational controlling is based on annual planning and its articulation into monthly success goals according to functional areas. This is accompanied with monitoring of monthly results. Running deviation analysis primarily serves the aim of determining a certain place as well as defining necessary management measures[4]. Operational controlling is based on current personnel, machinery and capital capacity of an undertaking.

Controlling requires that the board management of organization should set clear, definite, binding and realistic goals. It should also recommend the company's employees to receive further systematic training as an efficient mode of discovering internal resources necessary for the satisfaction of the employees' needs.



**Fig. 2** Controlling operational focus

#### 4. Conclusions

Management of the organization takes decisions, assumes responsibility, whereas controlling inspires, evaluates, analyses, controls and gives recommendations. Controlling should be a highly qualified advisory body for the board of managers. Its successful introduction requires that there exist substantial elements of interrelation of information system such budgeting and recording of costs. Before the introduction of controlling, the quality of management information tools has to be inspected and accommodated with view to controlling.

Controlling itself and its components in the company's management are justified, but that was controlling usable, it is necessary when applying the practice to ensure the linkage of information flows from the individual instruments. We want management organizations note that the information obtained by controlling the activities are qualified advice, because attention can navigate officers to "bottlenecks" preventing the achievement of stated objectives, which are still often underestimated. Controlling is a methodological tool of management as its employment may result in information necessary for efficient management. Controlling is a method which may help an undertaking to improve and better arrange their management work.

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# GLOBALIZATION AND GOVERNMENT INTERVENTIONS

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## *Abstract*

*A solution for the world overproduction crisis may be found in lesser economic interventions and government support of certain areas and in the creation of savings in times of economic growth. There are other factors that should contribute to the improvement of the situation: morality of society, business ethics, the reduction of an individuals' dependence on the help of society, increase of responsibility for one's own existence ( provided one enjoys good physical and mental health). Government interventions into society, the economy and the behaviour of both companies and individuals and by politicians or political parties are a significant, unfortunate phenomenon. This trend results in the growth of political power (nationalization), growth of protectionism and, unfortunately, also the growth of the tax burden. This approach of the countries that are generally considered rich will decrease the standard of living for countries worldwide.*

Another year has come and we are standing on the start line again. Government interventions have brought nothing but the postponement of an economic recession. Hundreds of billions, or rather trillions of US dollars granted to the banking sector in 2008 and 2009 provided only breathing space, not a solution.

Resolving this economic crisis will not at all be easy because the fiscal stimuli do not help in the long term. The Countries which provided it (mainly the G7) are financially exhausted now, their citizens are losing their jobs; moreover, European citizens, especially, are used to their "social standard" and state paternalism and do not want to accede to even a temporal decrease in their living standards. These countries have learnt how to give even in the times of budget revenue growth. Many economists prop themselves upon J. M. Keynes, the British interwar economist who helped the USA out of the Black Friday crisis in the autumn of 1929.

However, Keynes supported government interventions, both monetary and fiscal, only in the times of crisis when debt creation is inevitable. When the crisis is over, economic revitalization and the growth of budget revenues must lead to the payment of the debts previously created. Additional revenues should be saved for the time of another crisis.

This is not a difficult procedure in terms of how to behave and what attitude to adopt towards public finance management. Unfortunately, governments in Europe and also in the Czech Republic did not use common sense at the beginning of the 21<sup>st</sup> century and they accepted only the part of Keynes's theory concerning expenses, but not the one about savings.

The crisis "the rich part of the world" is troubled by will be accompanied by a very unpleasant effect: the production capacity will have to be decreased. This is most visible in the automotive industry. The capacity of car companies which was not utilized was 15 % in

the period of time before the crisis. The figure applicable for the period of crisis has not been provided yet but it is estimated at 25 %. Using common sense, it is possible to deduce that 20 % of the capacities are not necessary. However, that is only one side of the coin. The other side features employees losing their jobs because of this and that is a real problem.

Back to the social states of Europe which “care” about discharged employees and provide them with unemployment benefits, thus creating, like it or not, nothing more than market disequilibrium. On the one hand, economic performance decreases and so do budget revenues; on the other hand, expenses increase in forms of unemployment benefits and social security benefits. All this results in the growth of public sector debts.

If the premise postulated by the economist Keynes was valid, there would be a “cushion” in the form of public funds summoned during the period before the crisis and these funds could be used now. It would have a motivational effect too, because the recipient of the benefits may think: “This is my money I put off for later use when I had a job and paid taxes.” Nevertheless, our governments and political representatives behave quite irrationally in this respect.

When a depression comes it is basically a standard property of a market economy that “no tree grows to the sky”. Allow me to speculate a little and shift the problem from the economic reality into the political level. What brought about the crisis at the end of the summer 2008 in the USA? It is said that it emerged from the property market, which was based on unrealistic (overestimated) prices of properties, and overselling debts (mortgages), which were too expensive and citizens often got into a debt trap because, in order to pay for the unpaid mortgage, they had to take out another one with a higher interest rate and for a property of higher value. Hence revenues were increasing and good news was coming from financial markets, supported by commodity markets as well. Finally, warnings came that the cash flow from citizens was about to stop, which it eventually did. The bubbles burst and the prices aimed towards a balanced level (i.e. down).

This has been an excursion into the economic causes. The political causes consist of the rise of commodity prices, especially oil and natural gas, in the decline of gold price and in the rapid decline of the US currency rate. This combination was advantageous for US oil companies because they could mine for oil in US territory and stop importing it. That is, however, not the policy the US government would support politically as the US tries to save its own oil resources till the taps have dried up in Russia, the Far and Middle East or in South America. The moment this happens, the United States will become the real power controlling the world.

To conclude, let me quote what was said in 1932 by a remarkable Czech manufacturer and businessman who have won worldwide recognition, Tomáš Bat'a: “I do not believe in any turning points just for themselves. What we usually call a crisis, is another name for moral misery. Moral misery is a cause, while economic decline is a consequence. There are many people in our country who believe that economic decline can be expressed in terms of money. I shudder at the thought of such a mistake. In the position where we are now, we need no breakthroughs or sophisticated combinations. We need ethical attitudes towards people, work

and public assets. Let's not support bankrupts, let's make no debts, let's not throw values away for nothing and let's not exploit workers.”

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# THE EFFECTIVENESS OF INTERNATIONAL LEGAL REGULATORY MECHANISM AND GLOBALIZATION PROCESSES DURING ECONOMICAL CRISES

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## *Abstract*

*This academic research is devoted to the analysis of effectiveness of mechanism of international legal regulatory of the international relations in conditions of globalization of economic crisis processes. International practice of internationalization of economic crisis processes during XIX-XX centuries confirms the thesis stating that globalization processes, for the most part, develop in the mode of self-regulation. Such status of international processes development drives the necessity for the formation of effective model of legal mechanism as subsystem being part of the general system of the international relations governance. Only reconsideration of fundamental canonical postulates on which classical (contemporary) international law is based on, may I lay the foundation for the formation of an effective model of international legal mechanism.*

**Keywords:** law, international law and globalization, international relations system, international legal regulatory mechanism, United Nations Organization.

Member States in their Millennium Declaration (2000) emphasized that heads of the

State and Government are “determined to establish a just and lasting peace all over the world in accordance with the purposes and principles of the Charter”... and ....” to support all efforts to uphold the sovereign equality of all States, respect for their territorial integrity and political independence, resolution of disputes by peaceful means and in conformity with the principles of justice and international law, the right to self-determination of peoples which remain under colonial domination and foreign occupation, non-interference in the internal affairs of States, respect for human rights and fundamental freedoms, respect for the equal rights of all of all without distinction as to race, sex, language or religion and international cooperation in solving international problems of an economic, social, cultural or humanitarian character” (1).

Declared social values including international cooperation in solving world problems of an economic are priorities for directions of international community. Development of world-wide cooperation presupposed the question: by what international legal mechanism to make world- wide cooperation more effective? In general it's possible to ensure through the mechanism of governance of international relations partially by means of international legal regulatory mechanism for establishing grounds in order to support the implementation of declared goals and to prevent the threats and challenges for international community, for the

first, in the sphere of economy and not only over the future years ?

Radical changes which took place in the system of international relations at the end of the 20<sup>th</sup> century – beginning of the 21<sup>st</sup> century reinforce the necessity to create an effective international legal regulation mechanism. Contemporary controversial evolutionary practice of international relations system drives the necessity for reconsideration of approaches to interpretation of effectiveness of mechanism of international legal regulation of international relations?

Non-availability of generally recognized universal formula applicable to the mechanism of international legal regulation as law subsystem of international relations governance initiates and drives for the study of legal regulation models. The key element for understanding of phenomenon of effectiveness of mechanism of international legal regulation of international relations is creation of pragmatic models for legal regulation of contemporary practices, and accordingly, application of these models would create opportunities for anticipation of global challenges and minimization of these challenges for international community.

It makes it necessary to reconsider classical approaches to fundamental postulates on which classical international law is based on, namely:

A/ Refusal from linear (traditional) interpretation of the role of classical state actors, inter-governmental institutions, inter-governmental legal institution (non –state actors as well as inter-governmental legal institution) in contemporary system of state-to-state relations, as well as transnational corporations, individual persons;

B/ Recognition of international litigation practice as foreground for achieving of effective operation of system of international legal regulatory mechanism.

C/ Conceptual supporting rationale for the necessity of subordination of activities of transnational private actors to a particular public agency at the level of an inter-state institution;

D/ Searching for models of harmonic balance of mechanisms applicable for international legal regulation of state-to-state and international private relations complicated by civil element;

In my point of view, mechanisms of international legal regulation of international relations, including economic ones, have the first and foremost position in the international relations governance system. However, it is not realistic to find adequate responses to the challenges of contemporary crisis environment, primarily in the sphere of international economic relations, confining ourselves merely to the capabilities of active status quo of currently operating international law mechanism.

In this respect it is of interest to refer to the doctrinal point of view of scholars, for example, Paul Schiff Berman and Sandra Day O'Connor (USA), who formulate the idea of what it might mean to consider law and globalization, rather than simply international law, namely: "International law's traditional emphasis on state practice has long been questioned, as scholars have paid increasing attention to other important - though sometimes inchoate - processes of international norm development. Yet, the more recent focus on transnational law, governmental and non-governmental networks, and judicial influence and cooperation across

borders, while a step in the right direction, still seems insufficient to describe the complexities of law in an era of globalization. Accordingly, it is becoming clear that "international law" is itself an overly constraining rubric and that we need is an expanded framework..." (2).

Globalization of law is an active recent trend in the development of law, declared in some references (3). What kind of law? Global law or international law in the meaning of "fragmentation of international law: diversification and expansion of international law. (4).

A grand mosaic of different conceptual approaches to the mentioned problem are of great interest. As it was previously emphasized, the main reasons of this trend are international trade and business. The reasons of ineffectiveness of active international legal regulation mechanism are the prevalence of non-state actors in international relations, as well as creation of inter-governmental institutions which have decreased the sovereignty of nation-states (the example of member states of European Community' legal practice).

Prevalence of non-state actors in international relations, in the first place, such as transnational (multinational) corporations (TNC) as well as creation of inter-governmental institutions which has decreased the sovereignty of nation-states through mechanism of redistribution of limits of authority from state organs to the address of both state-members, individuals/private persons or legal entities (see: Consolidation version of the Treaty on European Union and the Treaty on the functioning of the European Union. Council of the European Union). (5). In this context the implementation of doctrine of European Union direct action maybe the convincing example from the Court of European Union' legal practice: Case Nr.26/62, VanGend en Loos( Van Gend)) (6).

Legal analysts depending on the approaches to the characterization of the phenomenon "globalization of law", recognize the convergence of laws in the commercial field, enlarge the volume of global litigation in trade, business, (7). In broad sense scholars of law, underline the interdependence of the traditional nation-states is increasing and not only but interdependence refers to other transnational entities as actors within the system of globalized international relations. As the result of process of globalization of international system it's observed deviation from classical concept of the state sovereignty. Scholar Dr.Kanishka Jayasuriya found out, that the "... exclusive jurisdiction sovereignty, no longer exists in the modern era of globalized legal systems... Consequently, there is an increase in power of non-state actors."(8).

The concept of sovereignty was closely related to the growth of the modern of XXth century to the nation-state and today the term is used almost exclusively to describe the attributes of a state rather than other legal entities. A sovereign state is often described as one that is free of any outside public authority and independent. In its internal affairs it has undivided jurisdiction over all persons and property within its territory. It claims the right to regulate its economic relation without regard for its neighbors and to increase agreements without limits. In this connection for effective researching of the international legal regulative mechanism' problem, it's of high importance the conceptual ideas for understanding the reasons of limitation and consequences concerning phenomenon "sovereignty" expressed by scholars [Daniel Philpott](#) (9) and [Eric Brahm](#) (10).

The new world-order and corresponding law-order of globalized international community initiated the interest of the lawyers in all over the world to mentioned problem. The basic tendencies of development of international law under condition of globalization are the subject of research made by well known scholars Igor Lukashuk, V.Budkevich, O.Tiunov,

A.Kovler, B.Zupancik, Abdul Koroma, V.Vereshchetin, Luzius Wildhaber, Christos I. Rozakis, Lucius Catlisch and many others. The main arguments the scholars makes the tendencies of universal and unification of international law, increasing the whole level of the legality, guarantee of the supreme law in the international and internal affairs, the promotion the role of judiciary law, application of practice) of law (11).

Finally, the general observation (review) of the main juridical features of phenomenon “globalization of law” shows that the wide spectrum of scientific approaches is similarly different. At the same time there is not enough attention paid to the problem of effectiveness of international legal regulatory mechanism. Practically permanent sustainment of economical crises dictates the necessity of foundation of new world order, ingredient part of which is effective international legal regulative mechanism based on requirement of contemporary systems analysis approach.

In this respect it's necessary to identify the juridical contexts of definition “international legal regulatory mechanism” on practice and in scientific doctrines of international law. The only term “entry into force and provisional application of treaties” is used by Vienna Convention on the Law of Treaties (12). International Law Commission is uses the term “international legal mechanisms” (13). The term “International legal instruments and mechanisms” or “international legal instruments” is applied in a documents of United Nations General Assembly (14). Sometimes the term “implementation mechanisms” can be used in the contexts of law international legal mechanism.

At the same time the general tendencies of fragmentation and diversification of international law are reflected by application of the term “international legal regulative mechanisms” law are reflected in the branches of international law such as: Humanitarian Law, Environment Law, Law of Protection of Human Rights and Freedoms, Criminal Law Justice and etc. A distinctive feature of the development of international legal regulative mechanism is the absence of adequate participation and contribution of developing countries into this legal process. Mentioned tendency is minimizing the effectiveness of international legal mechanism and instruments as a whole. “Many of the existing international legal instruments and agreements in the field of environment have been developed without adequate participation and contribution of developing countries, and thus may require review in order to reflect the concerns and interests of developing countries and to ensure a balanced governance of such instruments and agreements”. This issue is considered by United Nations Commission on Sustainable Development (15).

The analysis of the effectiveness of the international legal regulative mechanism confirms that the principal judicial organ of the United Nations - the International Court of Justice and Tribunals are integral part of international legal mechanism.

In accordance with international law the Court's role is to settle legal disputes submitted to it by States and to give advisory opinions on legal questions referred to it by authorized body of the United Nations and specialized agencies. The United Nations also supports other judicial mechanisms, such as the ad hoc criminal tribunals and tribunals, established mainly to address past international crimes in the war-torn societies, and fact-finding/investigatory bodies. From legal point of view in international economic relations, various international arbitration mechanisms are essential in world business and trade. Due to the highlighting differences in cultures and regional legal practices, practical needs of private actors-legal entities are not only involved in international trade, but also stimulate the process

of improving different kind of international arbitrations based on global set of standards and rules. The perfection of harmonization and unification international arbitration in the field of trade and business are set up under the auspices of the United Nations Commission on International Trade Law (UNCITRAL).

Research of international legal practice of application of the conceptual apparatus for international legal regulatory mechanism conditions the need for researching the scientific doctrine of such phenomenon, the peculiarities of the legal nature and essence of the legal regulation mechanism, as well as the approaches of the scientists analyzing the issues of functioning of the legal mechanism and related instruments. Research of international legal regulatory mechanism contains the peculiarities of the legal nature and essence of the legal regulation mechanism, as well as the approaches of the scientists analyzing the issues of functioning of the legal mechanism and instruments specifically related to the individual branch of international law. For example scholar Chase, A.E presents the analysis of the legal mechanisms for improving the status of people affected by armed conflict. Some are established in international humanitarian law, but increasingly multiple actors contribute to implementing this law outside its original implementation framework. Such approach may result in different approaches to ensuring compliance with international humanitarian law, namely: judicial recourse, public pressure on parties to a conflict, or even recommendations of the use of force (16).

At the beginning of eighties of XX century the conceptual doctrine of international legal regulative mechanism was presented by Professor Igor Lukashuk\*. In his study “Mechanism of international legal regulation, which is an invaluable resource for anyone international – lawyer, seeking to understand the doctrine theory of international legal mechanism. Professor Igor .Lukashuk suggested the definition of international legal regulation mechanism sketched in the following way, namely: international legal mechanism represents a dedicated authoritative impact on international relations, established by states jointly or individually by the means of international legal principles and norms (17).

Based on stated legal formula, worked out by professor I.Lukashuk essential key elements of the mechanism of international legal regulation at the beginning of XXI century may be classified the following:

a/ Classical structure of international legal mechanism includes: legal norms, legal relationship, legal rights and legal obligations;

b/ Additionally mentioned phenomenon may includes international legal consciousness, international law ascertainment and law application (enforcement), UNO International Court of Justice, UNO Security Council;

c/ The sovereign state constitutes the key actor in governance responses to globalized economic crises through creation legal principles and norms, rules, rights and obligations, different multilevel institutions to promote international cooperation;

d/ The decreasing effectiveness of state activity require the redistribution of competence between the actors of international law into the interest of non-state actors, such



as transnational corporations and non-government organizations, whose participation may become much more effective during globalized crises;

e/ The practice of application of international legal mechanism prove that during globalized economic crises the only establishment of certain public organ in a status of

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inter-governmental instituon but not United Nations Organization based on universal international treaty may be optimal model for unite of opportunities of all actors of international relations;

f/ A recognition of international litigation as a priority grounds for achivement effectiveness of the functions of international legal regulatory mechanism;

g/ The absens of state or other authority that may act over the sovereign state or inter-governantal institution;

h/ Because the interdependence of state in progress, implementation of high tecnologies into governance, increased volume of international trade and business, the nation states are forced to apply to the international governance in the form of different inter-governmental organizations; the case of European Union may be used as a model for effectiveness of international legal regulatory mechanism in the interest of international community.

First, the international law is the internatinal politics. It's author's paraphrase of University Professor Emeritus,Columbia of University, School of Law L.Henkin' idea that „First, law is politics.“(18). In response to the constant crises in the international relations system including economic segment there is only one way of evolution of the model of international legal regulatory mechanism for the effectiveness with the aim at first to prevent and after to regulate the international relations during economical crises.

In general, globalization is changing the nature of international community. As the result, the international law obligatory juridical principles and norms are also changing and amending with the exception of jus cogens principles but as usually in the legal form of de lege lata. It means that the legal opportunities of active international legal regulatory mechanism are limited in a certain extent to act effectively.

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# EFFECTS OF GLOBALIZATION IN DEVELOPING COUNTRY – KENYA.

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**Abstract:** Globalization has become a major topic of discussion since the mid 1990s. What are its implications particularly in African countries? What are its potential benefits and risks? Are there any reason for developing countries to fear? What already has globalization caused in developing country Kenya and what effects it has had for some groups of society. We are trying to explain the changes on an example in Maasai community. Besides their negative consequences, the paper also explores positive aspects of Kenyan's globalization.

## 1. GLOBALIZATION IN AFRICA

Globalization is first and foremost a result of the expansion, diversification and depending of trade and financial links between countries, especially over the last years. But is it the situation same in America or Europe as in Africa?

Globalization is a process of advancement and increase in interaction among the world's countries and people facilitated by progressive technological changes in locomotion, communication, political and military power, knowledge and skills, as well as interfacing of cultural and value systems and practices. Globalization is not a value-free, innocent, self determining process. It is an international socio-politico-economic and cultural permeation process facilitated by policies of governments, private corporations, international agencies and civil society organizations. It essentially seeks to enhance and deploy a country's (society's or organization's) economic, political, technological, ideological and military power and influence for competitive domination in the world. (Nsibambi, 2001)

Globalization has always affected Africa. The slave trades in East and West Africa profoundly shaped the development of many African societies over hundreds of years. Today, most African countries are extremely open to the international economy as exports plus imports constitute a very significant share of the total economy. However, African countries have probably failed to take advantage of the opportunities offered by the globalized economy of the twenty first century: they receive little foreign investments, fail to produce many processed goods for export, and are less "wired" than almost any other region of the world. However, despite their overall poor performance, African countries are becoming increasingly differentiated in all areas, including their ability to benefit from globalization. A few African nations are now poised to take advantage of the new international economy while, at the other extreme, there are significant number of countries that are simply trying to preserve

their basic institutions with little hope of successful engagement with the world. (Herbst, 2005)|

No other region has suffered during this period of globalization as Africa has. African countries now face all the usual problems associated with this economic phenomenon. Problems range from heavy debts to unfavorable trade and all the bad conditions imposed by the International Monetary Fund (IMF) and the World Bank. African people from South Africa to Algeria are now starting to fight back. And their leaders are complaining about these problems. (Mutethia, 2000).

Africa is for many people connected with slums, the poorest societies living in undignified conditions in many countries like Kenya, South Africa, etc. Slum life often entails enduring some of the most intolerable housing conditions, which frequently include living in overcrowded, insecure neighborhoods, constantly facing the threat of eviction, crime and abuses of all kinds. The slum dwellers are in fact more often victims than perpetrators.

The slums are not only a moral affront to the rich world, but also the hot zones of the globalization. This challenge of the slums, along with the persistent growth of poverty and inequality, is nourishing the emergence of globalization's new left, with the combination of spreading democracy and impoverishment of a majority in developing nations "the state might come back," especially when social mobility is blocked. (Gardels, 2006)

It is very important to focus not only on the negative and disruptive aspects of globalization, but on the other hand the globalization brings some benefits, innovations, dynamic aspects to everyone and offers great opportunities. The process of globalization has not only economic features. It includes a lot more than economic and political ideas, like cultural, religious beliefs and practices, it affects environment, education, administrative and managerial concepts and practices across borders and organizations. It involves internationalization of conflicts that would otherwise remain in local concept and a lot more then we see.

## **1.1 Globalization in Kenya**

Kenya belongs to the "medium human development" countries of the world, placing it 148th out of 177 countries according to the 2007 UNDP Human Development Report with a GDP per capital of around US\$1,240 (2007 World Bank). Kenya is generally a peaceful country in terms of political activism, but it is common during elections, referendums and other political votes for sporadic campaign violence to occur around the country. Kenya remains critically rated for both crime and transnational terrorism.

Kenya is facing a new Urban „time bomb“ with millions of Nairobi residents suffering a daily struggle for food and water as the division between rich and poor widens. A combination of falling household income, rising prices, and poor governance is making life a misery for the poor majority in Kenya's capital. Rapid urbanization is changing the face of poverty in Kenya. Nairobi's population is set to nearly double to almost six million by 2025, and 60% of residents live in slums with no or limited access to even the most basic services such as clean water, sanitation, housing, education and healthcare. Whereas the starkest poverty has previously been found in [remote rural areas](#), within the next ten years half of all poor Kenyans will be in towns and cities. (Taylor – Goodfellow, 2009). Is this also impact of globalization?

The reach of globalization includes all the parts of the country, savanna in its remotest corners and activities of daily life. Many families hold on to the traditional way of life but accept and incorporate outside tools, goods, and practices that suit and benefit the family's well-being and general security. Poverty and lack of access to the outside world play, however, a significant role in the observed cultural and economic isolation. It is a big challenge of today to be wise and take good leadership to guide the African tribes,

communities into the new period, maintaining their culture while adapting to the changing world around them.

The globalization of African cities has grown significantly in the past two decades in response to domestic and global economic, social, cultural and political forces. In particular, the World Bank-IMF's Structural Adjustment Programs of the 1980s and 1990s played an important role in liberalizing the economies of many African countries to the benefit of domestic and global capital. As one of Africa's most global cities, Nairobi has witnessed significant development and reinforcement of its global trade, transport, communications, financial, and investment linkages since the 1980s due to greater tourist flows to Kenya and the ongoing concentration of multinational corporations, international NGOs, and UN agencies in the city. Moreover, the city's global distribution and consumption (and to some extent production) role has benefited from the increased emigration of Kenyans to richer countries and the subsequent increase in remittances, continuing regional political instability in East and Central Africa and the ensuing relocation of wealthy Somalis, Rwandese, & Congolese to the city and, the increasing role of Nairobi in aspects of the global underground economy. Nevertheless, the city's increased globalization has heightened its socioeconomic cleavages, with the local and global elite increasingly retreating to gated residential, office, commercial, and leisure spaces even as the relative deprivation of average Nairobians has increased; raising serious questions about city's, and indeed Kenya's, future social and political stability. (Otiso, 2009) |

### 1.1.1 The positive and negative side of globalization in Kenya

The extreme optimists see globalization as a glass three quarters full of opportunities. On the other hand the extreme pessimists see globalization as a crisscross, full of problems, especially exploitation, socio-economic injustice and international political domination. Mid-point strategists must see globalization as a change process full of opportunities and challenges that must be carefully and skillfully harnessed and managed for human development. We can say that globalization has also two sides of the coin. We try to give some examples of effects of globalization in Kenya.

<b>Positive effects of globalization</b>	<b>Negative effects of globalization</b>
Information and communication technologies have increased interaction among people and communities, etc.	People are divided between the connected, who know and the isolated, who do not know and who practically have nothing
To share the culture, values, traditions, beliefs, creativity, ideas, etc.	Some cultures are diluted and destroyed, negative values are spread, losing cultural identity,
International trade, commerce, foreign investment, flow of capital, new rules of local markets etc.	Encouraged illicit trade in drugs, prostitution, pornography, human smuggling, dumping of dangerous waste and depletion of the environment, etc.
Free labor movements across boundaries, facilitated „brain trade“	Reducing further human capacity, economic and social stagnation, etc.
Global village out of wide and diverse world, etc.	Global village of privileged people whose borders are impenetrable to the poor, unconnected and unskilled. The citizens of the global village are very few.

Reinforcement the position of women, women rights, more possibilities, etc.	Loosing the women identity, change of role
Health care institutions, HIV/AIDS treatment	Limited Access of poor communities to the equal services, etc.

### 1. 1.2 Globalization of Maasai community in Kenya /

In Kenya there are living forty-two traditional ethnic groups which can be broadly divided into three groups: the Bantu, Nilotes, and Cushites. These three categories of ethnic groups are spread all over the country, and no particular group can be tied to one region. The regional boundaries do little to separate the similarity of customs and beliefs possessed by each group, owing to their common heritage and contacts over hundreds of years. Special status has the Maasai community. One of the most legendary tribe in Kenya are Maasai people, warriors are the poster people of conservative African culture. Most Maasai have resisted colonial and national government efforts to integrate into modern society. The life of rural Maasai has been governed by their love for cattle: in the past, present, and perhaps tomorrow. Maasailand straddles the border of Kenya and Tanzania.

The Maasai are a semi-nomadic people who lived under a communal land management system. The movement of livestock is based on seasonal rotation. Contrary to many claims made by outsiders, particularly the Hardinian school of thought, this communal land management system allows us to utilize resources in a sustainable manner. Each section manages its own territory. Under normal conditions, reserve pastures are fallowed and guarded by the warriors. However, if the dry season becomes especially harsh, sections boundaries are ignored and people graze animals throughout the land until the rainy season arrives. According to Maasai traditional land agreement, no one should be denied access to natural resources such as water and land. (Maasai Association, 2009)

Regional and local changes have impacted Maasailand for about 100 years. European colonization, a cattle rinderpest epidemic, and an outbreak of smallpox in 1892 weakened the entire Maasai population. More recently, wealthy and poor Maasai alike endure enormous stress from different things, like urban and suburban sprawl near the city of Nairobi, establishment of game reserves and other conservation areas restricting or forbidding access of Maasai livestock to watering places, etc. (Walter- Hamfler, 2009)

Through tourist eyes, the scantily dressed Maasai women and warriors are reminiscent of the 1800s. However, the signs of globalization in Maasailand are strong and include a lot of changes in their daily life. There is a big progress on the occupation and professional positions. You can meet Maasai doctors, administrators, teachers, priests, politicians, etc. They are having a community acceptance of veterinary care and public health care. Maasai community accepted a modern transportation, especially bicycles, buses and trucks. They accepted and are buying imported goods from China and India like soap, plastics, metal spears, and textiles, and they are using them daily.

Maasai society has been very successful in adapting its economic and business life to national and world trade. Leading Maasai entrepreneurs have applied for and received titles to their traditional lands. They diversified their activities by growing wheat and maize crops including high yield varieties of the green revolution, built fences to exclude the livestock of other Maasai from their fields. (Walter- Hamfler, 2009)

Some opened elementary schools to educate Maasai children. They accepted non-Maasai neighbors in the rural environment. Significantly contributed to the work force in tourist facilities and national parks, serving all positions from waiters to game scouts and park

directors. Despite the growing Maasai community, Maasai who operate agricultural machinery, use solar energy panels, and collaborate with international non-governmental organizations live side by side with very traditional Maasai. Evidence of resistance can be seen in maintenance of traditional practices and age-old rituals. For example they still consider the cattle as symbol of wealth. To their traditions belongs teenage circumcision as rite of passage, and Moran (warrior) age sets. They still practise polygamy. Majority of them are dressing traditional clothing and tools, including weapons, are using traditional cosmetics, beading, ear-stretching, etc. They are living in their traditional houses, called an 'enkaji' and 'manyattas', temporary home based on a simple frame structure and made from mud, soil, cow dung and grass.

### **Conclusion**

The great question in the decades ahead is how the poorest of the poor can harvest the benefits of globalization. Leaving a billion people behind is not an option. Globalization is not sustainable for the few if it also doesn't work for all.

It is hoped that the global actors will realize that it is not beneficial to them or to anyone else to play the globalization-game without the poor. For globalization to ultimately be beneficial to everyone, the rich and the poor, all must have certain levels of capacity that permit them to effectively participate in the game. The current world, where resources and benefits are concentrated in the hands of very few, is not a comfortable world for anybody. And to sustain it is to breed future insecurity as the mass of the poor strives to get a share of the riches concentrated in the hands of the few. It is clear that globalization benefits those who have the capacity to harness it but can be very detrimental to those whom it finds not prepared. Most African States are not prepared, especially in terms of having the requisite capacity. (Nsibambi, 2001)

Kenya is the country where globalization is present in every action, every day life. But for ordinary people is not easy to think globally and act locally, like the government is urging their population. Unfortunately besides the positive effects, globalization is sometimes like a train in the desert, it is on its way somewhere, but no one knows exactly where it is going. The questions which are coming are not set only for the politicians, but for all of us. How to reduce the marginalization, social and economical inequalities and disadvantages, to concentrate more on effective programs, export production, regional organizations, strengthening the position of women, etc. There is not clear answer, but what is an acknowledgement that globalization has enormous potential to improve a lot of humankind. There is space for every human being, but the state should create the condition for everyone. People need to feel that they are not only caught in a massive global movement, where they don't have any power, they need to feel that they have choices, opportunities and chances to change their life in positive way.

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# THE IMPACT OF THE STANDARD OF LIVING ON THE QUALITY OF LIFE OF PEOPLE WITH DISABILITIES

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## ***Abstract***

*This paper focuses on the impact of the standard of living on the quality of life of people with disabilities. The survey was realized by using the questionnaires WHOQOL-BREF, SWLS and London handicap scale. We chose the selected items from the questionnaires. The results of our survey revealed that the greatest impact on the subjective assessment of living standards among our respondents has the kind of disability. The worst perceive the standard of living persons with physical and combined disabilities.*

***Key words:*** The standard of living. The Quality of Life. People with disabilities.

Unemployment with the increasing globalization and the tendency to unify the economy of the countries of our continent has become a common European problem. For most people the income earned from work is the main source of their livelihood. The lack of earned income for a longer time due to loss of employment leads to poverty and social exclusion. Involving the greatest majority of people in economic activities is therefore the crucial program not only for the European Union but also for the individual governments (Čabanová, B. In Tomeš I., 2002).

Employment is not only a macroeconomic category – being one of the pillars of societal considerations, but it is also a microeconomic and social category with a significant impact on the life of almost every citizen. "Work as natural and cultural activity, as the unity of physical and mental effort refers to human biological need to adequately burden the being forces, to confront them with gender-related forces and structures of nature" (Šmajš, Buchtová In 2002, p.11).

According to Law No. 5 / 2004 on employment services § 14 article 2 a citizen has a right of access to employment without any restrictions in accordance with the principle of equal treatment in employment relations and similar legal relations provided by special law. In accordance with the principle of equal treatment also the discrimination based on marital and family status, race, language, political or other opinion, trade union activity, national or social origin, disability, age, property, birth or other status is prohibited.

The citizen does not have the right on the particular job, but on the work i.e. that he would be offered a job if he requests the responsible institution, or that he would be paid unemployment benefits.

For people with disabilities or for the handicapped adulthood is a period of freedom of making decisions associated with the responsibility for the decisions made and the ability to obtain and perform the particular roles. An adult person with a disability proves the maturity by the creation of a certain identity taking into account also the particular handicap. Such person calculates the restriction that the handicap brings but is not always able to handle all the requirements of adulthood. A handicapped person may then remain dependent, not self-sufficient, not being able or even willing to decide about himself or to bear the responsibility for his decisions. Therefore, decrease in quality of life in relation to one's needs that are not met for everybody may be assumed. In adulthood it is important to master three basic roles: professional, partner and parental.

An individual with a severe disability is often limited in career choice and in finding a suitable job. Such a person must seek employment with the reduced employer's demands or with the modified working conditions. Professional activity can satisfy a wide range of needs including the feeling of the own usefulness. It also activates a number of abilities, skills and the preservation of the necessary habits (Vágnerová, M., 2004).

The new legislation supported the employment of people with disabilities in accordance with the provision of Law No. 389/2006 Z. z. SR on employment services, and its Amendment No. 139/2008 with effect from September 1<sup>st</sup> 2008.

Due to the different understanding of a good, quality life from English Quality of Life (QOL) there are many definitions and theories about the quality of life. Features relating to the quality of life are often of remote content or contradictory and authors have often dichotomic views on quality of life. The most popular definition concerning the quality of life is provided by the WHO which defines it „as a man understands his position in life, in the context of culture, in which he lives, and in relation to the objectives, expectations, lifestyles and interests" (WHO, 1991). To evaluate the quality of life the WHO created the questionnaire WHOQOL – 100 in which domains such as physical health, psychological state, level of independence, social relationships, personal beliefs, relationship to the environment as well as personal beliefs (spirituality) are subjectively evaluated in a comprehensive manner. Even if the shortened version of WHOQOL – 100 named WHOQOL - BREF contains only 26 questions divided into 4 domains the results achieved are very similar as in the questionnaire WHOQOL - 100 (Dragomirecká, E., 2006).

Satisfaction with life, in English original Life Satisfaction (LS), is one of the indicators of subjective quality of life. Life satisfaction is usually determined as either satisfaction with life or overall satisfaction with certain fields of life. It may be influenced by personal factors of the evaluated person as well as his internal setup. Material income, health status and other factors may have positive but also negative effect on the evaluation of one's life. If we let people to evaluate every field of life individually, there would be a finding that people may be dissatisfied with one area of their lives but satisfied with other areas of the life resulting in their general satisfaction with life. To evaluate the level of satisfaction with life a

range of freely available Dienerova SWLS - Satisfaction With Life Scale is successfully used (SWLS, 2007).

According to Sirgy, 2005 (Sirgy M. J. In Babinčák, P. 2008) in the hierarchy of satisfaction work is placed on the second place providing a solid basis for overall satisfaction with life. Not only work but also other life domains form the basis of overall satisfaction with life. Besides the fact that a job provides a man with material things and thus enhances his quality of life, which was also proved by several studies, it also gives a man a feeling of independence and increases his self-confidence. This is the healthy core of the life, a man is satisfied and serene what have no disturbances on the other domains of life. If a common person loses a job and is not employed in the shortest possible time, various psychological changes and problems such as feeling of not being useful, despair as well as the loss of sense of life may occur in his life resulting in suicidal behavior of some people. A similar problem is in populations with disabilities where the problems such as finding of the proper meaning of life and sense of human dignity become important. For such people it is a great problem to find a job in the open market having a consequent impact on their families which have to take care about the handicapped. This may also reflect on the quality of their lives.

In the 60s and the 70s sociologists, philosophers and politicians began to show interest about the concept of "quality of life" and "standard of living". Their interest arised due to the fact of disproportion of distribution of resources and well-being (subjective satisfiction) in society, as well as the problem of population growth and economic problems in developing countries. Multidimensional concept of quality of life includes well-being and satisfaction in different fields of life, functioning in social roles and outdoor living conditions (living, social support). The standard of living is defined as the level of satisfaction of people life needs and a summary of conditions in which the needs are met. A large number of studies currently focuse on observing the relationship between quality of life, values, self-image, perception and evaluation of social situations, living standards or satisfaction with life. We could say that in evaluation of the quality of life of people with disabilities a significant level of personal well-being, level of ability to care for physical needs (self-service), the level of mobility and ability to influence the development of their own lives is reflected, what may be also expressed as the self-sufficiency (Babinčák, P., 2008).

### **The aim and the method of the survey**

The aim of the survey was to compare the perceptions of the standard of living of people with disabilities. Comparison was made according to socio-demographic attributes such as gender, age, education, state, region, occupation and the kind of disability.

The standard of living is determined by factors including the basic necessities of life, liberty and the possibility of making decisions, health, good social relations and security. Because there is no a special methodology to detect life in the context of quality of life of people with disabilities we used in the presented survey only selected items from the WHOQOL-BREF questionnaire proposed by a group of the WHO which was oriented to objectively evaluate the quality of life. We were also inspired by the questions from SWLS

(Satisfaction with Life Scale) and the London handicap scale. These questions focus on the subjective evaluation of living standards. The observed fields include:

- ☐ Do you have enough money to meet your needs?
- ☐ How satisfied are you with conditions in the city you live?
- ☐ How satisfied are you with the availability of health care?
- ☐ How satisfied are you with the traffic?
- ☐ What are the conditions for my life?
- ☐ Can you afford the things you need?

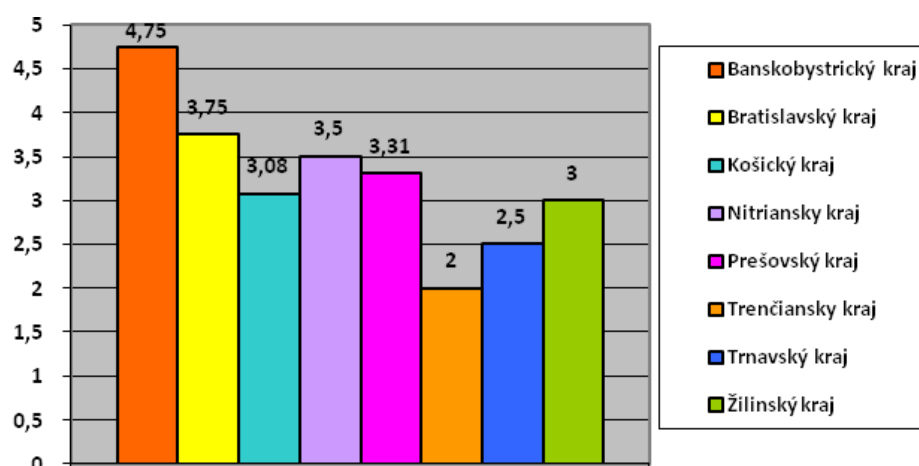
### **Material and results**

The survey was conducted in year 2010 on a sample of 76 people with disabilities. From this number 39 were women and 37 men at the age of 18 to 65 years. 28 respondents were employed in a protected workshop – protected environment. Respondents were asked to fill in a questionnaire WHOQOL-BREF, SWLS scale and the London handicap scale. In the questionnaire they have to express their attitude to their life, its quality and their satisfaction with it. Relations between the observed field and particular variables were analyzed using analysis of variance (ANOVA).

When evaluating the differences in the assessment of selected items concerning the level of life of people with disabilities the existence of statistically significant differences were observed when comparing the question "Do you have enough money to meet your needs?" with the region in which people with disabilities live. The obtained values indicate the subjective assessment of the financial situation by region. The best evaluation of the situation was provided by the respondents from Banská Bystrica and Bratislava region and the worst by the respondents from Trnava and Trenčín region. However, we must take into account also the fact that the number of the asked respondents from those regions was relatively small, which may distort our values.

**Tab. 1 Differences in evaluation of financial situation according to the regions of the Slovak Republic**

<b>Region</b>	<b>n</b>	<b>Average</b>
Banská Bystrica region	4	4,75
Bratislava region	8	3,75
Košice region	12	3,08
Nitra region	2	3,50
Prešov region	39	3,31
Trenčín region	4	2,00
Trnava region	2	2,50
Žilina region	5	3,00
<b>Regions together</b>	<b>76</b>	<b>3,29</b>



**Graph 1 Differences in average evaluation of financial situation according to the regions of the Slovak Republic**

**Tab 2 Differences in evaluation of the selected itmes among the people with disabilities**

	<b>Without specifying the type of disability  (n= 3)</b>	<b>Physical disability  (n= 55)</b>	<b>Sensory disability  (n= 10)</b>	<b>Combined disability  (n= 8)</b>	<b>p</b>
<b>Enough money to fulfilled the needs</b>	4,33	3,16	3,90	3,00	,024
<b>Satisfaction with availabilty of the health care</b>	4,00	3,13	4,10	3,13	,010
<b>Satisfaction with traffic</b>	4,66	3,16	3,90	3,13	,018
<b>Can you afford the things you need?</b>	4,66	3,32	4,40	3,12	,007

Statistically significant differences were monitored only in four items (Enough money to meet the needs; Satisfaction with the availability of health care; Satisfaction with traffic; Can you afford the things you need?) which are negatively judged by the people with physical and combined disabilities. Analysis of the impact of selected socioeconomic attributes on the subjective assessment of the living situation of people living with disabilities brings the interesting results. The factors that show no statistical significance in any of the observed items include age, sex, but also employment. Of the 78 respondents, 28 state to be employed in a protectedworkshop. No statistically significant differences were found between the groups working in protected workshop, unemployed and people with disabilities. The result raises the question: Why people who are employed do not perceive their standard of living better than people who are not employed?

Differences in the evaluation of living standards in groups divided according to the education achieved show statistically significant relation in the selected fields. We found the relation between the education achieved and the answers to the question "How satisfied are you with conditions in the city you live?" on the level of statistical significance  $p = 0.044$ . People with basic education are the most satisfied with the conditions in the city they live, the

less are people with higher education.

We proved a statistically significant relation between the education achieved and the answers to the question "How satisfied are you with the traffic?" on the level of statistical significance  $p = 0.001$ . The best evaluation of the traffic is provided by people with basic education and the worst by people with higher education.

### Summary

Although the findings of this survey, which show a negative assessment of individual fields by people with physical and combined disabilities, are not surprising, we can conclude that the results may be affected by a small sample of respondents in survey, but also by the use of the general quality of life assessment methodology. Nevertheless, we believe that it is necessary to pay attention to the needs of people with any disabilities. The results of our survey show that the greatest impact on the subjective assessment of living standards among our respondents has the kind of disability. The worst perceive the standard of living persons with physical and combined disabilities.

Their standard of living based not only on finances but also on the wider surroundings. Access to institutions, traffic, access to health care are their everyday barriers together with the bureaucratic barriers. To affect it the involvement of all sections of society (law, institutions, organizations and individuals) is required.

Due to unclear definition of the concept of the standard of living we cannot objectively evaluate all of its components only bring nearer the unmet needs of people with any handicap.

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# BUSINESS CRISIS

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## ABSTRACT

*The contribution discusses business crisis in contemporary world that is known as global, competitive and very quickly changing. Today crises are very different from these of twenty years ago. Now, there are crisis, which have larger size, frequency and influence on business. Reasons and basic type of business crisis, which depend on time given for responsible reaction, are discussed. Also the attention is paid to the best practice of crisis management and crisis communication. The emphasis is put on effective crisis communications that consist of operational, management and communications responses. Effective crisis communications has its own basic steps and rules.*

## INTRODUCTION

Dealing with crises today is one of the high priority topics of policymakers, civil servants and executive staff. Scientific support is extensive and crisis researchers agree upon the point that still more has to be prepared for future challenges in crisis management.

At the present time, companies face more difficulties to deal with risks and crises. This worrying evolution requires that conception of crisis management is revisit and that it adopts a process view of crisis versus the traditional self-contained event view.

Tendency towards the systematic reduction of risk exerts a strong pressure upon companies. The demand for risk zero intensively relayed by the media is still persistent even though most authorities, governments and companies keep on explaining to consumers, shareholders, employees and more generally citizens that it remains a myth.

## 1. CHARACTERISTICS OF BUSINESS CRISIS

In 1991 year, Lagadec [7] defined a crisis as the result of an accident and of a destabilization. Since then, this equation has considerably influenced corporations, ministries and consultants in their approach of crisis management. Thus crisis management has mostly consisted in quickly containing accidents or unexpected events and in deploying mechanisms to handle the urgency and the destabilization. As a side-effect, this equation has given to crises an exceptional, acute, urgent and dramatic character and has emphasized how critical it is for companies not to become overwhelmed by the events. Crisis management has thus taken a significant place in organizations and to say the least, the distance between the

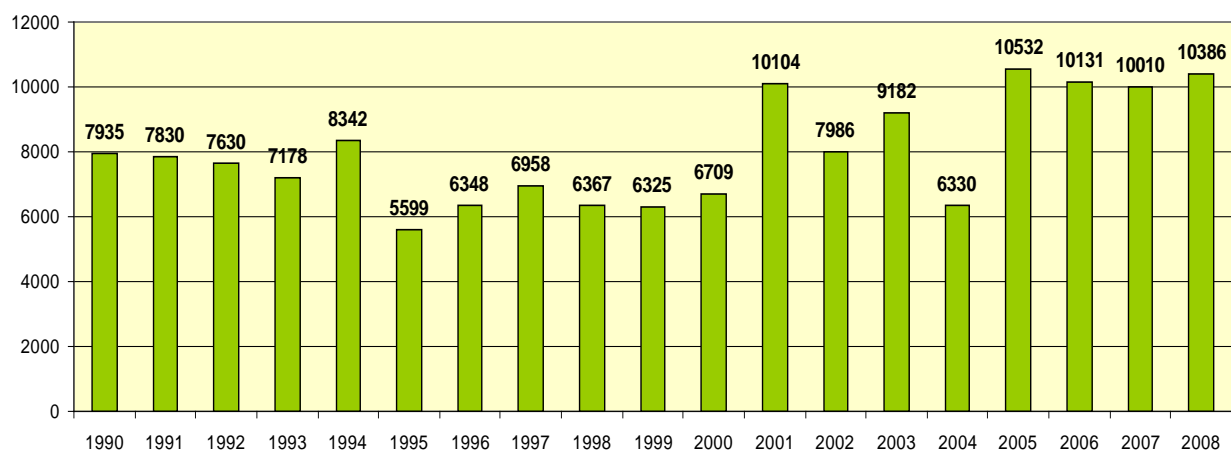
mainstream managerial and crisis management practices tends to diminish progressively. As such for the last ten years, companies have prepared in this field.

Yet, the number of crises affecting firms, administrations or whole sectors of activity has not dropped. Although the terrorism acts of September 11th are a symbol rather than a starting point, they represent the very type of events that forces us to recognize our inability to anticipate and the accumulation of weaknesses and ignorance that made these acts possible.

One of the basic definitions characterize **business crisis** as *a significant business disruption that stimulates extensive news media coverage. The resulting public scrutiny will affect the organization's normal operations and also could have a political, legal, financial and governmental impact on its business.* [1]

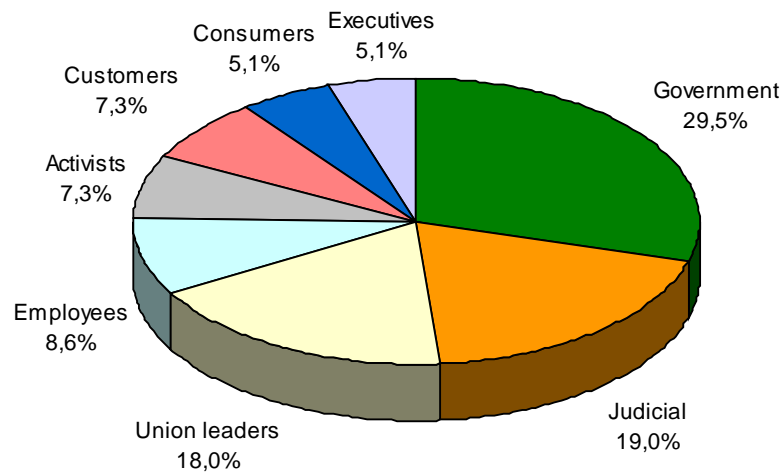
The definitions of business crisis of the Institute for Crisis Management [1] evolve during the time, as listed below:

- In the 2000 - Crisis is any problem or disruption which triggers negative stakeholder reactions and results in extensive public scrutiny.
- In the 2003 - Crisis is any problem or disruption that triggers negative stakeholder reactions and results in potentially damaging public scrutiny.
- In the 2004 - Crisis is any problem or disruption that triggers negative stakeholder reactions that could impact the organization's business and financial strength
- In the 2006 - Crisis is any problem or disruption that triggers negative stakeholder reactions that could impact the organization's financial strength and ability to do what it does.



**Figure 1.** Crisis news index in years 1990 – 2008, Source of data from [1]

Figure 1 represents the Crisis news index during some years, but this does not represent every crisis, but those business news editors determined of interest to their readers.



**Figure 2.** Sources of crisis information, Source of data from [1]

In 1990, ICM began monitoring 1500 print business sections of newspapers and magazines, business and financial wire services, regional business publications and industry and trade publications world-wide. They use also another information sources and their usefulness is illustrated on figure 2.

### 1.1 Differences between event and process approach to crisis definition

The business crisis can be defined by event or process approach.

An **event approach** of crises definition focuses mostly on the nature and the consequences of a crisis. In this view, crises are explored through the lens of the triggering event, even if authors are not usually explicit on this point. Definitions actually concentrate on the visible part of crises. Authors attempt to define the concept in terms of impacts and damages. This perspective is very helpful to understand the crisis in its acute phase and contributes to nourish the literature on how to react in times of crisis in order to reduce its impact and resume activity as soon as possible. In spite of this contribution, this view privileges a reactive stance amongst managers and is not very helpful to improve prevention measures and learning capacities.

The **process approach** brings a complementary perspective. Whereas the event approach focuses on the nature and the consequences of crises, the process approach includes more definitions referring to the causes and the dynamics of crises. It suggests that crises must be embraced in an extended span of time and space. The process perspective usefully complements the event approach to the extent that crises are seen as being the result of a long period of incubation which bluntly occurs through the influence of a triggering event. The tenets of the process perspective mostly lie on the idea that crises manifest in phases. Different stages are traditionally distinguished: warning signals, triggering event (acute phase), amplification, resolution.

According to the process approach, crises result from the combination of two parallel cumulative processes. First an undercurrent accumulation of organizational imperfections, as anomalies, vulnerabilities, and so on, that lay a favorable ground for crises to occur. Second the development of a growing ignorance that keeps managers blind to the presence of these imperfections. The central idea is to demonstrate that organizational imperfections are

allowed to build up and grow into vulnerabilities because they are not noticed or taken into consideration.

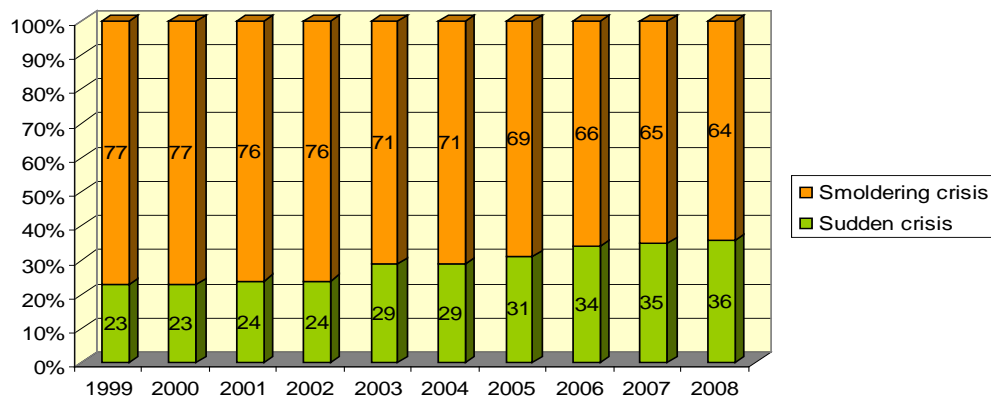
## 2. BASIC TYPES OF BUSINESS CRISIS

Crisis events generally fall into two basic types based on the amount of warning time:

- sudden crisis,
- smoldering crisis. [1]

In some instances crisis situations may be either sudden or smoldering, depending on the amount of advance notice and the chain of events in the crisis.

Empirical research into business crisis events and the crisis consulting experience indicate that most sudden crises also generate aftershocks in the form of smoldering crises, which occur as the government, media and internal investigations into the cause of the crisis uncover specific problems that were not known previously.



**Figure 3.** Sudden and smoldering crises, Source of data from [1]

On average, over the past ten years, only a third of all business crises were the sudden type – fires, explosions, natural disasters, workplace violence, etc. They still often generate the biggest headlines and are the first kind of business crisis to come to mind when an executive thinks about crisis planning. The majority of crises are smoldering crises. In other words management knows about them before they go public. A smoldering crisis is a problem that starts out small and someone within the company should recognize the potential for trouble and fix it before it becomes a public issue. They are the kind of issues and problems that could be spotted and fixed before they ever get big enough and out of control.

### 2.1 Sudden crisis

A sudden crisis is defined as a *disruption in the company's business, which occurs without warning and is likely to generate news coverage and may adversely impact:*

- employees, investors, customers, suppliers or other publics,
- offices, franchises or other business assets,
- revenues, net income, stock price, etc.,
- reputation and ultimately the good will listed as an asset on our balance sheet. [1]

A sudden crisis may be:

- A business-related accident resulting in significant property damage that will disrupt normal business operations.
- The death or serious illness or injury of management, employees, contractors, customers, visitors, etc. as the result of a business-related accident.
- The sudden death or incapacitation of a key executive.
- Discharge of hazardous chemicals or other materials into the environment.
- Accidents that cause the disruption of telephone or utility service.
- Significant reduction in utilities or vital services needed to conduct business.
- Any natural disaster that disrupts operations, endangers employees.
- Unexpected job action or labor disruption.
- Workplace violence involving employees/family members or customers.

The following crisis classifications have been established to ensure consistency in assessment of any sudden crisis situation so that the proper level of communications response can be provided.

- **Sudden Level 1** can be handled by on-duty personnel responsible for responding to and managing this kind of situation.

- **Sudden Level 2** can be handled by the personnel who respond, with support from other employees on duty or who may have to be called in from their homes.

- **Sudden Level 3** requires additional resources and people beyond the regular personnel. These managers and employees may be from other facilities or the corporate office, and may be supplemented by outside vendors or consultants.

- **Sudden Level 4** is if the situation is out of control and will impact an extended area and numerous people indefinitely. Business will have to be curtailed or discontinued and employees diverted from their normal duties until it is resolved. Other employees may have to be furloughed, vendors ordered not to make deliveries, etc. [8]

## 2.2 Smoldering crisis

A smoldering crisis is defined as *any serious business problem that is not generally known within or without the company, which may generate negative news coverage if or when it goes public and could result in more than a predetermined amount in fines, penalties, legal damage awards, unbudgeted expenses and other costs.* [1] Examples of the types of smoldering business crises that would prompt a call to the Crisis Management Team would include:

- Sting operation by a news organization or government agency.
- OSHA or EPA violations which could result in fines or legal action.
- Customer allegations of overcharging or other improper conduct.
- Investigation by a federal, state or local government agency.
- Action by a disgruntled employee such as serious threats or whistleblowing.
- Indications of significant legal/judicial/regulatory action against the business.
- Discovery of serious internal problems that will have to be disclosed to employees, investors, customers, vendors and/or government officials.

The following crisis classifications have been established to ensure consistency in assessment of any smoldering crisis situation so that the proper response can be developed to minimize the potential of the crisis going public or to reduce the damage to our business if public disclosure cannot be avoided.

- **Smoldering Level 1** - an internal business problem or disruption that can be dealt with and resolved by management responsible for responding to this kind of situation.

- **Smoldering Level 2** - an internal problem that can be managed by those who are responsible for this area of business, with support from other management or employees who may have to be brought in to assess the situation and help resolve it.

- **Smoldering Level 3** - an internal problem that has the potential of going “public” via the news media and generating negative reactions from government officials, plaintiff’s attorneys, competitors, investors consumer activists, labor unions, etc.

The crisis can still be contained but will require specialized assistance beyond the management capabilities in place to deal with normal business problems. This assistance may be from corporate headquarters, outside legal counsel, and/or consultants who specialize in resolving this kind of problem.

- **Smoldering Level 4** - the situation is very serious and is likely to be disclosed publicly in the very near future. The public reaction will have a significant adverse impact on the business for a period of weeks or months and top management along with numerous employees and outside consultants will have be diverted from their normal activities to resolve this situation. The financial impact will be substantial and will have a direct and indirect effect on operating results. [8]

### 3. TYPOLOGY OF BUSINESS CRISIS

Anyone dealing with crises will be confronted with a crisis typology sooner or later. Some classifications appear to be almost natural, for example the distinction between man-made and natural causations. Evidently, practitioners and scientists search for an efficient classification of crises as the references cited above and the discussion of the previous typologies in the forthcoming section demonstrate. Therefore, it can be stated intuitively that such a typology must be of great value.

So classifying crises is the first step to keep them under control since they can be named and analysed. In this regard, analysing does not only mean carrying out theoretical research but it also includes progress in practically relevant measures, hopefully made possible by a typology serving as sufficient analysis framework. The benefit of a typology can hence be seen in its capacity to facilitate the deduction of consolidated findings about crises and auxiliary countermeasures. But, as mentioned several times, the sought-after typology has to be sufficient, a property seeming to be seldom fulfilled. Thus, in a further step, it is necessary to reflect what exactly determines a sufficient typology. Finally, any typology should be pragmatic, thus the number of subsets should be manageable and heterogeneity between the subsets should be ample to avoid classifications only of scientific use. To summarize, a crisis typology should allow for the clear allocation of all actual and forthcoming crises to only one of mutually exclusive classes and should furthermore facilitate the handling of crises.

#### 3.1 Traditional typologies of crises

There exist several basic typologies of different crises in the relevant literature, supporting our suspicion that there is a need for such a concept and that this need is still not covered. Beside the general requirement, latest developments reinforce the impression of the typologies available at present not being suitable for the different and complex crises occurring today and presumably in the future. [3]

The presumably oldest and most common typology distinguishes between man-made (technological) and natural causation. Similar extensions of that typology even differentiate

between man-made, natural and social crises. Though this distinction has some merits, mainly the chance to identify fundamental influence possibilities, it is now controversial. Today, the argument of its critics is that it is almost impossible to separate multiple, often linked but geographically widespread causations of crises based on the fact that modern crises come as an ongoing process. Using the characteristics established above, the typology is exhaustive as all crises can be traced back to social, natural or man-made origin, but the subsets are surely not mutually exclusive. There are more examples than the one named above that prove that a crisis may have two or even three of the distinguished origins. Therefore, the allocation to only one class is often impossible. [4]

The today typologies usually characterise crises by only one attribute, which can be either fulfilled, or not. Examples are the differentiation between national or international crises, episodic or continuous crisis management and corporate or public crises.

Such typologies allow in the majority of cases for a clear allocation but they must be quite general and therefore of only dubious utility for a decision maker who wants to prevent or counteract crises. Furthermore, many of them are surely not exhaustive. A combination of different attributes to characterise a crisis will be more detailed but also more complex due to the large quantity of possible combinations.

The review of the typologies used today has proved that it is very difficult to allocate all types of possible crises to a manageable number of mutually exclusive classes with the analysis framework available at present. Furthermore, the usefulness of the typologies discussed nowadays has to be assessed cautiously. The main problem seems to be the use of quite narrow classification criteria which are often expected to reduce the need for interpretation but make typologies static, impeding time-invariant application when new events arise. Therefore, since progress in the occurrence of crises and in crisis management is unstoppable, a new typology should be based on different classification criteria. In the next section two possible new classification criteria, namely the predictability of a crisis and the influence possibilities before or while it occurs, will be introduced and discussed to establish such a new typology consisting of four subsets.

### **3.2 Contemporary typologies of crises**

The typologies today hardly meet these requirements as they are often outdated or generate heterogeneous subsets of crises. So, a new typology with new classification criteria, the predictability of a crisis and the influence possibilities before or especially while a crisis occurs, was launched, highly useful because of the now possible deduction of class specific countermeasures. Two main traits distinguish the new typology from other typologies.

First, it is elastic as the classification criteria used allow for adjustment over time. Therefore, the reallocation of crises to the four subsets is possible if new insights are reached. Furthermore, we expect the typology to allow for the allocation of all future crises since the two classification criteria are defined broad enough and important traits of any crisis. Nevertheless, as history does not repeat itself, it is hard to decide that once and for all.

Secondly, it is the first typology launched which exists of only four classes and facilitates the deduction of class specific countermeasures. Its usefulness is hence a considerable step forward as other typologies are most of the times not launched for practical use but for classifying as an end in itself. Since the countermeasures sketched



above can be seen as starting point only, it might be possible to allocate all applicable approaches to crisis research to one or more of the four subsets, providing decision makers with a veritable tool kit. Beside the need for further development concerning the countermeasures, other improvements should occur over time.

The main focus of the typology discussed now is to identify crises, which share common features, especially common features concerning the proactive or reactive measures that have to be carried out to avoid or combat crises. That property of a typology would generate the usefulness required. Therefore, two criteria helpful in this regard will be introduced now. Almost inevitably, the question of a crisis being predictable or not seems to be one of the most important traits, allowing for proactive planning if necessary, and therefore will be discussed first. The influence possibilities as criterion will be analysed thereafter. [2]

### **Predictability**

Almost every time a dramatic crisis occurs, debates about its predictability take place in public. The media establishing that the relevant decision maker was not aware of a crisis in his or her sphere of influence finished more than one political or economic career.

Barry Turner introduced the concept of predictability for the first time to the scientific arena. Keeping in mind that any definition of predictability must be incomplete since the assessment of information is subjective, a more abstract concept of the term is needed in this context. The concept used here therefore deals with a more general predictability.

A crisis is predictable, if place, time or in particular the manner of its occurrence are knowable to at least a third competent party and the probability of occurrence is not to be neglected. [3]

At the first sight this definition seems to be not very helpful since almost any crisis could be knowable. Due to that, two special attributes have to be fulfilled before one can classify a crisis as predictable. First, the special kind of the crisis has to be knowable. Nevertheless, to judge if a crisis is knowable or not might be a severe problem from time to time, but the expert witness called for may serve as a dependable solution. Furthermore, the probability of occurrence should exceed a threshold value, probably fixed by conventions or precedents. With these two caveats, application of this criterion is possible and, most important, it is elastic to future developments. Indeed, there only exist few crises that are predictable in the narrow sense as they are certain events for the decision makers with time, place and manner exactly known and a considerable probability of occurrence.

If one wants to address technical, natural and social crises and considers for example generally predictable natural catastrophes like earthquakes, the need for another criterion of classification dealing with the influence possibilities is obvious.

### **Influence possibilities**

Apart from the predictability, the influence possibilities are another functional identifying feature of crises. Only in case of crises and disasters that can be influenced directly, emergency managers are able to return to normality by reactive response within a reasonable timeframe or at best anticipate the event by prevention. A selective definition of

that term is nevertheless even harder than above because it is necessary to distinguish between proactive and reactive influence possibilities. In this regard reactive possibilities are most pertinent because measures of prevention strongly depend on the predictability. Nevertheless, prevention of a predictable disaster will be much easier if the response is known and efficient. Measures of prevention then can be established without problems after the event first occurred and minimise risks of recurrence. Reactive countermeasures should furthermore have two attributes: They should have a sufficient effect as there are often desperate deeds to fight disasters, doing more harm than good, and they should exceed simple measures like evacuation. This leads to the following definition of interference:

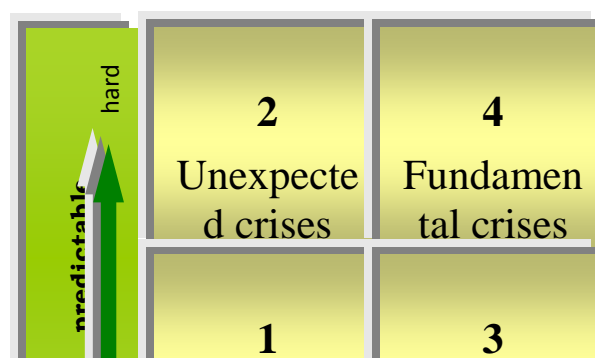
*A disaster or crisis can be influenced if responses to stem the tide or to reduce damages by antagonising the causes of a crisis are known and possible to execute. In other words, R (ck) should be well known and practical application of them should be proved and tested. Notice that the definition allows for discretionary graduations, meaning that a crisis is not necessarily easily influenced, or it can even be impossible to be influenced. But, as mentioned above, interference should exceed insignificant measures. [3]*

Insufficient influence possibilities result from diverse causes. One of the relevant reasons is unforeseen and uncontrollable interactions in complex technological systems as stressed by Perrow. Once an unexpected and dangerous process has started, it is hard or even impossible to stop it within a reasonable timeframe. Nuclear power plants are indicative of such technological systems. But beside technical facilities other systems include the potential of intractable processes, too, namely social systems like crowds under stress, for example during demonstrations. Here, measures to control panic-stricken human beings are still missing. Natural systems like earthquakes or the atmosphere and its ongoing pollution are hard to influence as well.

### 3.2.1 Crisis Matrix

With the classification criteria established above several classes of crises and disasters can now be separated. Therefore a four-area matrix is used, allowing us to make a rough estimate of the exposure of different types of crises, of their frequency and later on of the relevant countermeasures. Four types of crises are distinguished (Figure 4.):

- conventional crises,
- unexpected crises,
- intractable crises,
- fundamental crises.



**Figure 4.** Crisis matrix [10]

The different classes of crises will be discussed in detail. First of all, this procedure includes the description of their characteristics and the brief introduction of relevant examples. Furthermore, as the usefulness of the typology is its presumably most important feature, generally valid proactive and reactive countermeasures will be introduced for each of the four subsets. In this regard two levels of intervention matter since both organizational and regulatory measures usually deal with crises and thus will be discussed. [10]

*1. Conventional crises* are located in the first quadrant. They are predictable and influence possibilities are well known. Disasters of any scale in technological systems take the bulk of responsibility for such events, as the risks associated with engineering research are often easy to anticipate and to handle. Thus, conventional crises can be traced back to the use of dangerous or maybe even ill-structured technological systems, whereas social or natural disasters will seldom be classified as conventional crises. For the organizations threatened by conventional crises, planning seems to be no great challenge since the relevant disasters are known and emerge isolated, countermeasures are proved and tested and interventions can be carried out rapidly.

Although conventional crises may differ in some individual traits, recommendations how to prevent or counteract them can be given. In consequence of the known risks and the integrative approach needed to cope with conventional rises, organizations threatened with such occurrences could implement an integrated system of quality and crisis management, allowing them to implement wide countermeasures like qualified staff, ergonomically designed equipment or regular maintenance of the machines in an economically efficient way.

Beside the advantage that such a procedure would possibly generate surpluses during disaster free periods by influencing the quality of the services offered, the coordination of economic, safety and quality targets could be carried out simultaneously. Therefore, this proposal is not only regarded as a suitable solution to prevent or counteract conventional crises but should be the base of any corporate crisis management. Regulatory policy is, beside countermeasures of organizations, another important instrument of achieving high reliability. Based on the well-known catastrophic potential of the systems

or operations concerned, regulation counteracting conventional crises is existent ever since the relevant activities were performed. Furthermore, problems could arise when limitations of liability impede the payment of compensation as the responsible companies often go bust. A conceivable solution might be to connect the permissions for dangerous activities with a firm's capital resource to guarantee that compensation can be paid if a disaster occurs.

**2. *Unexpected crises***, thus sensitive to influence but otherwise unpredictable crises, are, compared to conventional crises, rare. Nevertheless, they are more menacing due to the fact that influence possibilities are given but concerning the lack of preparedness the rescue squads have to implement them first. Again, unexpected disasters are caused by technological systems, now showing attributes that are anomalous, or infrequently by natural systems, developing over thousands of miles in spheres hard to see through by humans. Even though it is ex-post hard or even impossible to size if a disaster was really unexpected or not since astonishment resulted from false assumptions made by the decision makers and the number of relevant events is limited in general.

All unexpected crises have in common that the manner of their occurrence was not predictable and therefore prevention has not been carried out. Most important tasks for the persons in charge of organizations, especially rescue squads and regulatory agencies, must be the improvement of information exchange to reveal coherences before a crisis occurs and to prepare the emergency managers for fighting unexpected and hitherto unknown disasters. Possible instruments could be the employment of higher qualified workers both as a think-tank and an insurance device, the implementation of better information technology to facilitate information processing and the formation of homogeneous, long-lasting teams to tackle difficult and unexpected tasks effectively. A productive organizational measure could furthermore be the decentralisation of decision making-powers to guarantee that interventions are carried out rapidly.

**3. *Intractable crises*** can be anticipated sufficiently but interference is almost impossible due to the attributes of the systems concerned, making responses difficult and preparedness hard, or the conflicts of interest surrounding them, impeding proactive countermeasures. Beside the fact that the possibilities of influence are rare, intractable disasters often bring up a degree of damage far beyond unexpected disasters, so that they are apparently more dangerous. Furthermore, some of these damages are irreversible. Technological, natural or social systems can be affected, for example nuclear power plants, crowds in stadiums or regions at risks of earthquakes.

Intractable crises have in common that the danger in principle is well known and often easy to locate in time, space and kind, but as mechanisms of action are not explored in detail on account of the complexity, encroachments are hard to carry out into execution. Preparedness therefore is hard to achieve, keeping in mind that some of the activities described above like football matches or nuclear power generation are of use for society and hence the abolition proposed by Perrow does not seem to be an appropriate procedure. Organizational countermeasures against intractable crises should deal with unknown mechanisms of action by exploring the system involved and should focus on anticipating such disasters by promoting something like a safety culture. Nevertheless, counteracting

intractable crises by only one organization will be rarely effective. Usually numerous organizations or societies are affected so that political solutions and regulation represent the most important measures. Here, the activities of organizations and individuals bearing the risk of these intractable crises have to be regulated in an internationally unique and strict fashion. The abovementioned conflicts of interest and expert uncertainty, for example concerning power generation by coal-fired power plants or exhaust gas pollution in threshold countries and their effects on global change, often impede such an international regulation.

**4. Fundamental crises** are located in the fourth quadrant and represent the most dangerous class of crises due to the fact that they are neither predictable nor susceptible to risk. Responses are unknown or not sufficient and, since fundamental crises appear surprisingly or are even beyond comprehension, preparedness cannot be achieved. In fact such crises are rare but the combination of absent predictability and restricted or even missing influence possibilities supplies fundamental crises with an enormous potential of destruction. It is not only impossible to estimate all parameters necessary to prepare for such disasters, particularly time, place, probability or countermeasures, but also the extensive degree of expert uncertainty is problematic. While conventional or unexpected disasters take place as an event isolated in space and time, fundamental disasters furthermore often also start off swiftly but proceed for long periods of time and change in the meantime. Due to extent and duration of the crises, a lot of organizations, communities or persons enter the scene as victims or rescue squads, in the majority of cases with international background. A future fundamental crisis could result from the application of gene technology, a domain relatively unknown but bearing hazardous risk of inexplicable new developments.

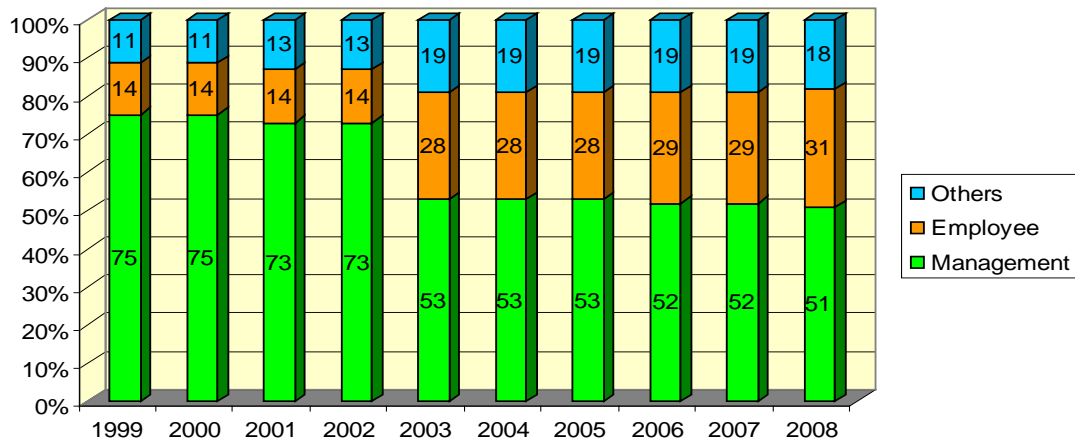
Recommendations how to counteract or even prevent fundamental crises are hard to find, as most of the germane future events are unknown and often impossible to forecast. Both organizational preparedness and safety regulation therefore have to deal with a high degree of uncertainty, a severe problem since possible countermeasures may include undesired effects like, for example, barriers to economic growth. The most important task to be performed should thus be the establishment of expert groups, allowing for all possible future crises and exploring appropriate countermeasures. Fundamental crises will call for expert skills and scientifically proven countermeasures, a challenge almost impossible to cope with by executives of crisis prone companies. Hence, the importance of expertise in think-tank cannot be overemphasised. [10]

#### 4. FACTORS AND REASONS OF BUSINESS CRISIS

The basic causes of a business crisis are four in number [1]:

- **Acts of God** - storms, earthquakes, volcanic action,
- **Mechanical problems** - ruptured pipes, metal fatigue,
- **Human errors** - the wrong valve was opened, miscommunication about what to do,
- **Management decisions/indecision** - the problem is not serious, nobody will find out.

Most of the crises fall in the last category and are the result of management not taking action when they were informed about a problem that eventually would grow into a crisis. Show the figure 5.



**Figure 5.** Origins of business crisis, Source of data from [1]

The fallacy is that most crises are caused by employee errors or natural disasters. The reality is that most newsworthy business crises are the results of management decisions, actions or inaction.

The most frequent mistakes by businesses faced with a crisis are:

- Failing to plan in advance.
- Ignoring warning signs that precede most crises.
- Making decisions too slowly.
- Failing to communicate with all those important to the success of the business - employees, customers, suppliers, investors, news media.
- Failing to prepare information materials in advance.
- Failing to solicit input, feedback, and questions from constituencies important to the success of the business.
- Failing to return phone calls inquiring about the crisis from customers, reporters, employees' families.
- Saying "no comment" to the media.
- Being unwilling to make necessary adjustments to correct the crisis.
- Being misleading or dishonest.

Generally, the crisis occurrence in a business is caused by a number of factors, which can be divided into two basic categories:

♦ **Internal factors**, as follows:

- negative development or company's culture absence (no interest in customer, no interest in own company development),
- internal disintegration,
- unsuitable organization structure of management,
- low competitiveness of the products, low quality, ecological defects,
- absence of vision and strategic scheduling.

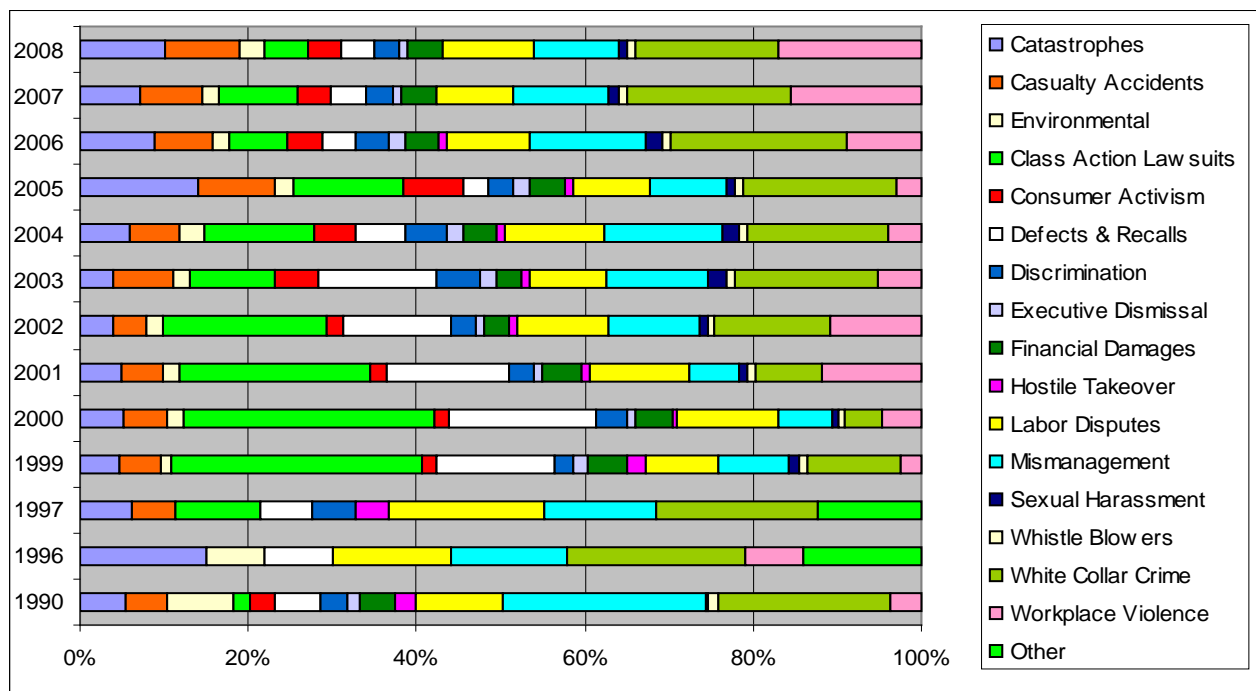
♦ **External factors**, as follows:

- reduced production of main groups of customers and their default,
- the ability of quick getting of new markets,
- negative macro-economic conditions (variation of exchange, traditional markets losses,
- restriction politics of banks, indebtedness, irrevocable debts, etc),
- natural disasters, ecological catastrophes, military conflicts, terrorist attacks.

The most effective crisis management occurs when potential crises are detected and dealt with quickly, before they can impact the organization's business. The reasons of the business crisis are different. They can be divided into sixteen categories that are the most frequently:

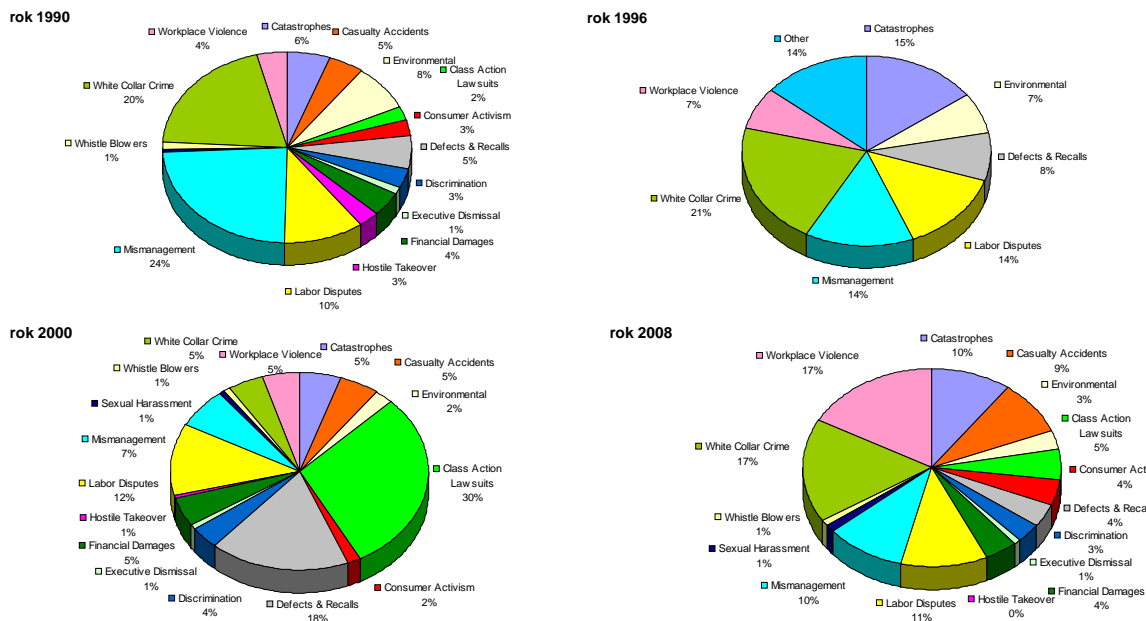
- Catastrophes,
- Environmental,
- Class Action Lawsuits,
- Consumerism Actions,
- Defects and Recalls,
- Discrimination,
- Executive Dismissal,
- Financial Damage,
- Hostile Takeovers,
- Labor Disputes,
- Mismanagement,
- Sexual Harassment,
- Whistleblower,
- White-Collar Crime,
- Workplace Violence,
- Casualty Accidents.

The reasons of crisis are changing from year to year. Every category of business crisis reasons is evaluated in per cent of total business crises each year (figure 6).



**Figure 6.** The biggest crisis in years 1990 – 2008, Source of data from [1]

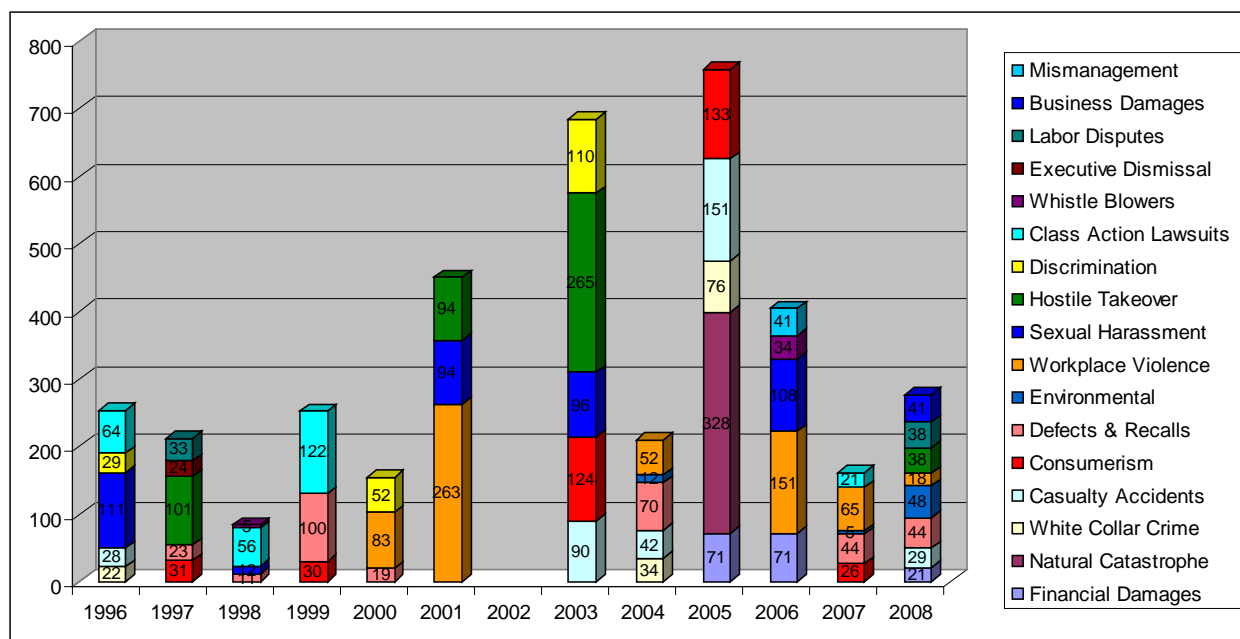
Year 2008 was particularly difficult for companies and organizations that faced defects and recalls and economic challenges. In fact, it's hard to remember that the underlying crises began making economic headlines in 2007. Workplace violence made up 17% of all negative business and school news in 2008 and was up 18% over 2007.



**Figure 7.** The biggest crisis in some year, Source of data from [1]

The nature of business crisis has been changing throughout the 1990's. The major shift during the past 19 years has been a decrease in the amount of mismanagement, white collar crime and labour disputes and an increase in class action lawsuits, defects and recalls (figure 4).

The biggest changes of business crisis reasons during years 1990 – 2008 are illustrate on the figure 8.



**Figure 8.** The biggest changes of business crisis reasons during years 1990 – 2008, Source of data from [1]

As the picture 8 shows, the biggest changes in crisis categories were in 2005 nature catastrophe, the next is in 2003 hostile takeover and in 2001 workplace violence.

In 2008 negative news coverage of 16 broad crisis categories were eight categories, they were up 18 % or more. Environmental incidents only accounted for three percent of all



crises in 2008, but were up 48 % over the year before for a total of at least 305 cases. The percentage numbers are relatively high, but the actual numbers of crisis events are relatively small.

Class action lawsuits increased slightly from 2006 to 2007, but soared in 2008. There were 525 class action cases that made headlines in the U.S. Class action lawsuits are still unique to the United States. 51 hostile takeovers were big enough to make headlines in 2008 and that was up 38% from the year before. Defects and recalls were up 44% compared to 2007. There were 410 defects and recall issues that got the attention of editors.

## **5. CRISIS PRONE INDUSTRIES**

The most of crisis prone industries repeated from year to year (table 1). Eight of the ten most crisis prone industries in 2008 repeated from the previous year. The new prone industries in top ten crisis prone industries in 2008 were food industry and insurance industry, in 2007 it was automobile manufacturing and in 2006 computer manufacturers.

The American Big Three and all of the top selling European and Japanese carmakers struggled with ever worsening “bad news” throughout 2008. Product defects and recalls accounted for 15% of all crises in 2008, including recalls by GM, BMW, Nissan, Ford, Honda, Pontiac, Chrysler and Porsche. There were major toy recalls, including problems with dangerous and tainted toys. China’s toy industry was devastated, as a result, and 3,600 factories were closed and thousands of workers out of work.

## **6. BEST PRACTICES IN CRISIS MANAGEMENT**

Businesses that had a plan and were prepared lost just as much as those who were not prepared, but they were able to begin rebuilding and many were back in operation within months. Benefits of a well-managed crisis are:

- Increased visibility and name recognition for the company, which can help increase market share.
- An opportunity to demonstrate the competence and leadership of the CEO and any other executives involved in managing the crisis.
- Improved relationships and stronger bonds with those important to the success of the business.
- Changes made in the business that are necessary for long-term success.

Two-thirds of all crises should never make it to the level of crisis. From the top of the management chain to the bottom of the organization food chain, everyone should always be on the lookout for those little problems or issues, that ignored, or under estimated, can grow into a full-blown public nightmare.

There are also four broad areas every company should be planning to manage:

- cash flow or lack of it,
- human resources issues/policies,
- legal issues/contracts,
- communication.

However big or small company should have:

- a crisis operations plan,
- a communication plan,

- a business recovery plan,

In a perfect world, those three plans should be integrated into one document and it should be kept up-to-date and tested regularly.

**Table 1.** The most crisis prone industries during years 1996 – 2008, Source of data from [1]

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
1.	Automobile manufacturing	Security Brokers	Auto and truck manufacturers	Medical/Surgical Manufacturers	Telecommunications	Computer software manufacturers	Telecommunications	Securities & Commodities	Pharmaceuticals	Pharmaceuticals	Airlines	Software Makers	Banking
2.	Banking	Banking/Financial Services	Financial holding companies	Software Manufacturers	Computer Services	Security and Commodity Brokers	Pharmaceuticals	Supermarkets	Software Makers	Software Makers	Software Makers	Pharmaceutical Companies	Food Industry
3.	Security brokers	Airlines	Telephone companies	Pharmaceutical Manufacturers	Tire Manufacturers	Scheduled airlines	Software Companies	Gas/Oil Production	Insurance Companies	Airlines	Pharmaceutical Companies	Petroleum Refining	Security Brokers/Investment Co.
4.	Govt. environmental agencies	Healthcare Delivery	Insurance carriers	Telecommunication Companies	Pharmaceutical Manufacturers	Telecommunications	Investment Banking & Securities	Investment Banking	Airlines	Petroleum Refining	Computer Manufacturers	Natural Gas Companies	Petroleum Industry
5.	Labor Unions	Motor Vehicles	Security and commodity brokers	Computer Manufacturers	Scheduled Airlines	Pharmaceuticals	Insurance Companies	Restaurants	Health Services	Gas/Oil Extraction	Natural Gas Companies	Security Brokers/Dealers	Insurance Industry

6.	Aircraft manufacturing	Primary Metal Production	Prepackaged software	Commercial Banks	Aircraft Manufacturers	Communications equipment	Communications Equipment Mfg.	Aerospace Industry	Gas/Oil Extraction	Insurance Carriers	Petroleum Refining	Banking	Automobile Manufacturing
7.	Software development	Petroleum Production	Airlines	Solid Waste Disposal Companies	Security Brokers	Telephone communication	Scheduled Airlines	Telecommunications	Telecommunications	Banking	Health Services	Telecommunications	Pharmaceutical Companies
8.	Insurance carriers	Software	Depository institutions	Security and Commodity Brokers	Banks/Depository Institutions	Motor vehicle manufacturers	Electric Power Generating	Accounting/Audit Services	Supermarkets	Health Services	Banking	Automobile Manufacturing	Software
9.	Retail grocery	Aircraft Manufacturing	Radio/television	Life Insurance Companies	Life Insurance Companies	Banks/bank holding companies	Oil & Gas Extraction	Discount/Variety Stores	Banks	Telecommunications	Security Brokers/Dealers	Airlines	Aircraft Industry
10.	Steel manufacturing	Retail Grocery	Computer/Office Equipment	Airlines (scheduled)	Filmmakers	Computer/office equipment?	Commercial Banking	Electric Power Gen.	Auto Manufacturers	Security Brokers/Dealers	Telecommunications	Computer Manufacturers	Telecommunications

Reputation of company changes as the public perception of company changes. Company cannot afford to waste a minute when its reputation is in trouble. Confront bad news, fix the cause and send your best spokesperson out to explain what it is doing.

The number of crises affecting firms, administrations or whole sectors of activity has not dropped. The business crises have changed. The today crises are different from these of twenty year ago. The business crises are faster and deeper. Contemporary world provides more different reasons for business crises and the whole number of business crises increase. The company would like to be prepared for incoming crisis, because each company has some problems. There are some rules what to do:

- You need a plan: an operations plan, a communication plan and a continuity or business recovery plan.
- You need to identify and train spokespersons and agree on what you will say, to whom you will say it, and how you will deliver it and do it before the next crisis hits.
- Your internal audiences are almost always the most important. You can develop a multi-million dollar external communication program and wipe it out with one uninformed and unhappy employee.
- Pay attention to what your employees are talking about, your customers are doing, the media is reporting and bloggers are writing.

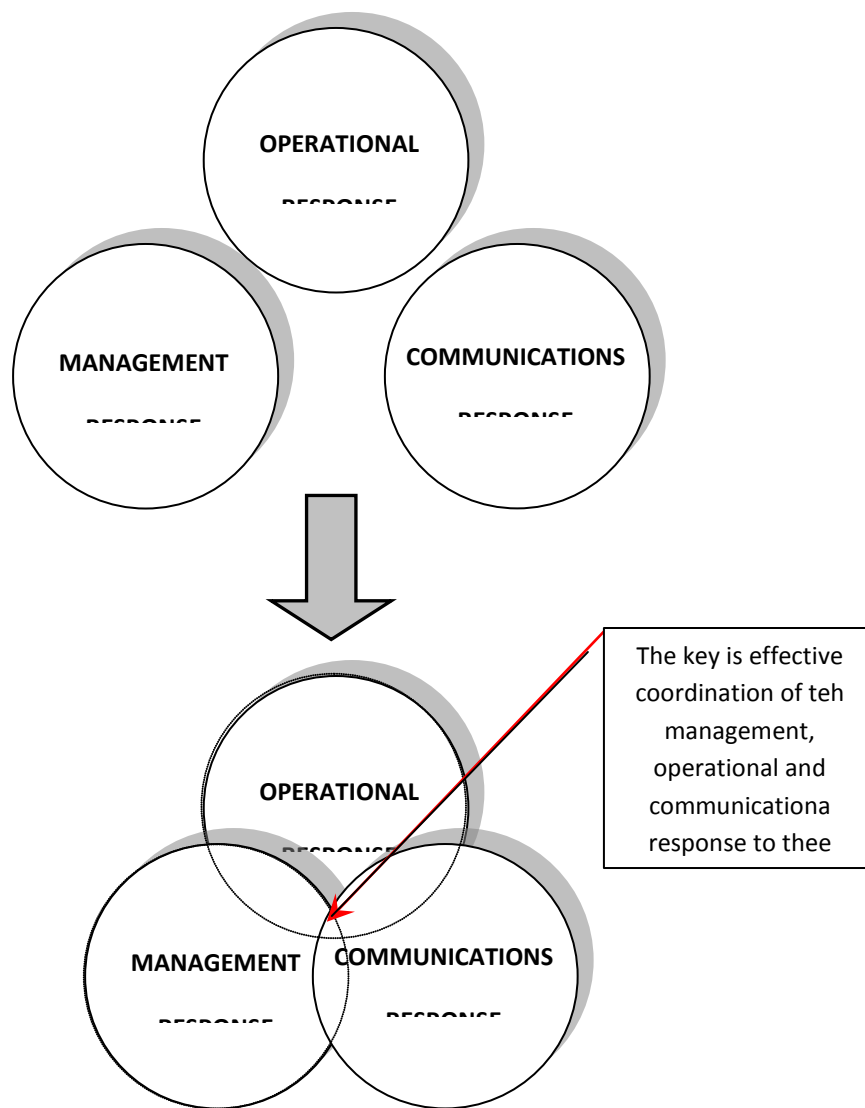
## 6.1 Crisis communications

If you don't prepare, you will take more damage. And when we look at existing crisis management plans when conducting a crisis document audit, what we often find is a failure to address the many communications issues related to crisis and disaster response. Companies do not understand that, without adequate communications:

- Operational response will break down.
  - Internal and external stakeholders will not know what is happening and quickly be confused, angry, and negatively reactive.
  - The company will be perceived as inept, at best, and criminally negligent, at worst.
- Criteria, which describe the severity of the problem should be used to determine what type of response will be provided. There also is a question of timing:
- how soon the crisis should be declared,
  - who will make that determination.

Those criteria are an integral part of business continuity planning and should be built into both the operational and communications contingency plans for any business disruption. They will trigger separate responses by [5]:

- **The operational members** of the response team who have to get the disruption under control as quickly as possible so normal business can be resumed.
- **Top management** in allocating resources and making critical decisions needed to resolve the situation.
- **Communications staff people** in making sure those stakeholders who need to know are briefed initially and then kept informed until the crisis is played out.



**Figure 9.** Elements of an Effective crisis Response [5]

The key is in having an integrated, coordinated approach by all three groups. The process starts with defining the organizations vulnerabilities to business disruptions and developing realistic workarounds and contingency plans. That's the basis of the business continuity approach that has emerged as companies, non-profit organizations and government agencies worldwide prepare for any type of business disruption including a pandemic.

The contingency plans are in two parallel areas:

- operational response,
- communications response.

While the operational response team is focusing on resolving the problem as quickly as possible, the communications team is responsible for informing the organizations key stakeholder groups to ensure their understanding and support can be maintained. The process itself is remarkably simple if it is implemented correctly.

### **6.1.1 Internal and external crisis communication**

Any company can and should have a policy whereby only certain individuals are officially authorized to speak for the record. If a reporter calls and you have a designated spokesperson policy, the call will be probably be routed correctly, but that doesn't prevent your secretary, an intern or a junior executive from giving their version of the facts to family members, friends and anyone else they know.

Reporters come to any interview with an agenda based on the editorial demands of their employer and their own desire for high-level visibility. The newsroom is a very competitive place and if an interview with you can help propel the story to the front page. It's difficult for most journalists to retain complete objectivity.

Media training teaches you to let your agenda direct an interview in a manner which still gives a reporter what he or she is looking for newsworthy information while reducing the chances of inaccurate facts and quotes being used.

The media training process typically includes education on how to prepare for an interview, what the rules are, how to make sure your key messages get across no matter what's being asked, and very specific, personalized instruction on how you can be a better interview subject. The latter is accomplished by videotaping, replaying and critiquing a series of mock interviews during the course of the training session and then giving you the tape to take home and study again. Many people who thought they were great interview subjects pre-training have been shocked at the initial results when viewed on tape, but then pleased with the positive changes evinced as training points are integrated into subsequent interviews.

Typical audiences include clients/patients/customers, the media, employees, investors, community leaders, and regulatory agencies. Each of them requires a specific type of communication (e.g. phone call, fax, mail), and has differing information needs. If an organization is prepared, in advance, to respond to those needs promptly, confusion and damage is minimized.

Internal audiences are as, if not more, important than external audiences during a crisis, and yet those who aren't actually on the crisis response team often receive the least consideration when the stuff hits the fan. It is vital, during the crisis communications planning process, to formulate key messages not only for employees, but also for others who are close enough to the organization to be considered internal.

Here are some tips for preparing internal audiences to be an asset to crisis response:

- Develop one to three key messages about the situation which are simple enough for everyone to understand, remember and use in their day-to-day affairs.
- Brief all employees in person about what's happening and keep them informed on a regular basis.
- Identify your best "unofficial spokespersons" and your "loose cannons."
- Create a rumor-control system.

### **6.1.2 Basic steps of effective crisis communications**

The basic steps of effective crisis communications are not difficult, but they require advance work in order to minimize damage. The slower the response, the more damage is incurred. So if you're serious about crisis preparedness and response, read and implement

these 11 steps of crisis communications, the first eight of which can and should be undertaken before any crisis occurs. The basic steps of effective crisis communications are following [5]:

**1. Identify Your Crisis Communications Team.** A small team of senior executives should be identified to serve as your company's Crisis Communications Team. Ideally, the team will be led by the company CEO, with the firm's top public relations executive and legal counsel as his or her chief advisers. If your in-house PR executive does not have sufficient crisis communications expertise, he or she may choose to retain an agency or independent consultant with that specialty. Other team members should be the heads of major company divisions, to include finance, personnel and operations.

**2. Identify Spokespersons.** Within each team, there should be individuals who are the only ones authorized to speak for the company in times of crisis. The CEO should be one of those spokespersons, but not necessarily the primary spokesperson. The fact is that some chief executives are brilliant business people but not very effective in-person communicators. The decision about who should speak is made after a crisis breaks - but the pool of potential spokespersons should be identified and trained in advance.

**3. Spokesperson Training.** Spokesperson training teaches you to be prepared, to be ready to respond in a way that optimizes the response of all stakeholders.

**4. Establish Communications Protocols.** Initial crisis-related news can be received at any level of a company. A janitor may be the first to know there is a problem, or someone in personnel, or notification could be in the form of a midnight phone call from an out-of-town executive. An emergency communications tree should be established and distributed to all company employees, telling them precisely what to do and who to call if there appears to be a potential for or an actual crisis. In addition to appropriate supervisors, at least one member of the Crisis Communications Team, plus an alternate member, should include their cell phone, office and home phone numbers on the emergency contact list. Some companies prefer not to use the term "crisis," thinking that this may cause panic. Frankly, using "potentially embarrassing situations" or similar phrases doesn't fool anyone. Particularly if you prepare in advance, your employees will learn that "crisis" doesn't even necessarily mean "bad news," but simply "very important to our company, act quickly."

**5. Identify and Know Your Stakeholders.** Most organizations, for example, care about their employees, customers, prospects, suppliers and the media. Private investors may be involved. Publicly held companies have to comply with Securities and Exchange Commission and stock exchange information requirements. You may answer to local, state or federal regulatory agencies.

**6. Decide on Communications Methods.** For each stakeholder group, you need to have, in advance, complete emailing, snail-mailing, fax and phone number lists to accommodate rapid communication in time of crisis. And you need to know what type of information each stakeholder group is seeking, as well as the best way to reach each of your contacts.

**7. Anticipate Crises.** If you're being proactive and preparing for crises, gather your Crisis Communications Team for long brainstorming sessions on all the potential crises which can occur at your organization. There are at least two immediate benefits to this exercise:

- You may realize that some of the situations are preventable by simply modifying existing methods of operation.



- You can begin to think about possible responses, about best case/worst case scenarios, etc. Better now than when under the pressure of an actual crisis.

**8. Develop Holding Statements.** While full message development must await the outbreak of an actual crisis, holding statements - messages designed for use immediately after a crisis breaks - can be developed in advance to be used for a wide variety of scenarios to which the organization is perceived to be vulnerable, based on the assessment you conducted in Step 7 of this process. The organization's Crisis Communications Team should regularly review holding statements to determine if they require revision and/or whether statements for other scenarios should be developed.

**9. Assess the Crisis Situation.** Reacting without adequate information is a classic shoot first and asks questions afterwards, situation in which you could be the primary victim. But if you've done all of the above first, it's a simple matter of having the Crisis Communications Team on the receiving end of information coming in from your communications "tree," ensuring that the right type of information is being provided so that you can proceed with determining the appropriate response. Assessing the crisis situation is, therefore, the first crisis communications step you can't take in advance.

**10. Identify Key Messages.** With holding statements available as a starting point, the Crisis Communications Team must continue developing the crisis-specific messages required for any given situation. The team already knows, categorically, what type of information its stakeholders are looking for.

**11. Riding out the Storm.** No matter what the nature of a crisis...no matter whether it's good news or bad...no matter how carefully you've prepared and responded...some of your stakeholders are not going to react the way you want them to. This can be immensely frustrating. [1]

Bernstein [1] has been involved in crisis communications for multiple recalls and offers companies these tips:

- **Remember that rapid response to a known product problem minimizes damage.** The time to examine the systems you have in place for recall is now, not when you already have a product needing recall.

- **Have a product recall plan ready to use anytime**, one that covers the operational, legal and public relations (internal and external) components of making a recall. Hint: "We'll wing it" is not a product recall plan.

- **Have the core members of a product recall team identified and trained in advance.** It may be necessary to have one team at a corporate level to direct recall activities overall, and individual teams more focused on the operational aspects of product recall at the sales/marketing and/or manufacturing levels. And you'd be amazed at how some people you think will be cool in a crisis actually aren't, and vice versa - behavior that often is identified through training that includes simulating a recall.

- **Have back-ups for critical people and recall systems.** Assume that some recall-related lead personnel will not be available when you need them. Assume that the computer system where you maintain your stakeholder contact lists has crashed. Assume other similar worst-case scenarios and make your back-up plans accordingly.

- **Have contact lists for all stakeholders set up on automated notification systems.** This is particularly important for end-users and distributors of your products. You can't rely on the media alone to reach them.

- **Consider the use of virtual incident management.** There are a number of Internet-centered systems that allow recall team members to exchange real-time information, access current communications documents, and keep team leaders updated even if the team is geographically scattered.

- **Make recall-related decisions that are based on protecting your brand/reputation and not just on your legal risks.** The infamous Bridgestone-Firestone recall started far too late because the company's leadership was considering risks other than the most important one -- the risk of aggravating the court of public opinion.

- **Communicate internally and externally.** Remember that every employee and, often, dedicated contractors are public relations representatives and crisis managers for your organization, whether you want them to be or not. You must empower them with reassuring messages about the recall suitable for use at their respective levels of the company, and you don't want them to learn of the recall from external sources before they hear about it from you.

- **Don't wait for the regulatory agencies to protect your reputation.** While each regulatory agency that can get involved in product recalls has its own process to follow, that process can often delay how much time passes before product consumers and distributors are notified -- a delay which, in worst-case scenarios, can cause injuries or deaths. In that event, the court of public opinion may react very negatively to both your organization and the regulator -- but you're the one whose revenue and reputation will be most impacted.

- **Focus special communications on highly disgruntled customers and distributors.** In this Age of the Internet, and in a litigious society, a few angry people can make waves completely disproportionate to their numbers or even to the injury suffered (if any). The recall process should include an "Escalated Cases" team to focus on such complaints when they're received.

## CONCLUSION

Companies are affected by the number of crises. According to the statistics, each company achieves crises approximately every five years. Business crisis is the inherent part of company's life cycle. The business crises have changed. The today crises are different from those of twenty years ago. The business crises are faster and deeper. Contemporary world provides more different reasons for business crises and the whole number of business crises increase.

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# COMMUNICATION MANAGEMENT IN PUBLIC ADMINISTRATION

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## ABSTRACT

*Communication is a decisive part of every social, administrative or technical system. It is valid also for public administration the effectiveness of which is distinctively conditioned by the level of communication. Communication should be systematic and purposeful. It should have strategic targets and it should fulfil its essential purpose of a means of control - thus it should be managed. The term of maturity and effectiveness of communication is not only related to technical devices and media by the means of which the subjects in public administration communicate but it is also a direct mirror of the competence of people who are entering the system of public administration its representatives and employees on one hand and citizens on the other hand.*

*Key words: public administration, active citizen, partnership, verbal communication, forms and types of communication, communication preferences of the citizens, structured interview, sociological inquiry, proposal of systemic measures.*

Communication is a decisive part of every social, administrative or technical system. It is valid also for public administration the effectiveness of which is distinctively conditioned by the level of communication. The term of maturity and effectiveness of communication is not only related to technical devices and media by the means of which the subjects in public administration communicate but it is also a direct mirror of the competence of people who are entering into the system of public administration – its representatives and employees on one hand and citizens on the other hand.

People who read specialist books and journals know that communication is one of the most frequent topics in current theory of public administration mainly of an applied research. A great attention is paid to informatization of public administration, i.e. an extensive use of modern computing methods in public administration on one hand and in the communication between public administration and citizens. Projects that are aimed on building the so-called *e-government* (“electronic government” or “electronic public administration”) attract great attention of politicians at home and abroad and they lean on specialized institutional organizations and on resources from a domestic budget as well as on EU structural funds. General problems of communication and particularly the issues of collaboration of both communication methods – the “classic” and “modern” (i.e. electronic) one stay out of the attention of politics, science and public administration itself.

At the same time it is more than sure that:

1. the number of households in Slovakia that are equipped with computers and the Internet is relatively low and the number of citizens who will e.g. declare and pay taxes via the Internet will be small especially in countryside,
2. not all agenda that requires communication between public administration and citizens can be realized by the means of modern computing technology, there are many problems that can be solved more successfully by a personal contact only,
3. a personal contact between a public administration representative and a citizen will remain an important tool for building the relationship based on mutual reliance also in the times of an extensive use of computing technology.

In the times when modern techniques and new methods of management and administration of public affairs using automated management systems prevail, it is just the right time to examine the issues connected to classic forms of communication in public administration and in this way not to allow communication as an important tool of public administration and building mutual relationships get away from our attention so that it will not be degraded but just contrary to that so that classic communication forms will adapt to a new situation and its requirements.

It will be only possible if representatives of public administration as well as citizens will realize the importance of mutual communication and understanding and if both parts of this communication chain will be prepared for the contact. This assumes not only a theoretical analysis of the situation but also practical preparation whether within general and specialized education or within systematic improvement of communication abilities of a civil servant or a public administration representative on one side or of a citizen on the other side.

By the research (October 2005) dealing with communication in public administration we wanted to contribute to monitoring, analyzing and solving some aspects of this issue.

We used two ways to analyze the problem:

1. a qualitative analysis of opinions of a group of experts from the field of public administration as well as leading representatives of governing and self-governing authorities. Interviews with individual experts served as a basis for defining the tasks of public administration in the field of communication;
2. a quantitative analysis of opinions of population of public governing and self-governing entities in the Eastern Slovakia the samples of which help us to characterize the situation of communication of public administration and citizens from the point of view of a citizen.

Comparing these two opinion platforms allowed us to point out the most urgent problems in the field of communication between public administration and citizens and to suggest several possible systematic provisions. Data collection using the method of a questionnaire was carried out from 27 September 2005 to 5 October 2005 in the towns and villages of *Vranov nad Topľou* district. In the district of *Vranov nad Topľou* - apart from the district seat - also *Hanušovce nad Topľou* has the status of a town. In the district there are 68 villages. The questionnaire was distributed to 23 of them, i.e. to approximately 1/3 of villages. There were respondents from the following villages: *Banské, Čaklov, Čičava, Davidov, Dlhé Klčovo,*

*Hencovce, Hlinné, Holčíkovce, Jusková Voľa, Komárany, Kučín, Kvakovce, Majerovce, Merník, Michalok, Ondavské Matiašovce, Sačurov, Sečovská Polianka, Skrabské, Slovenská Kajňa, Sol', Továrne, Zámuto.*

Aims of the research:

1. at a theoretical and empirical level to explore a partnership relation between a state and a citizen and its dependence on the level of communication of public administration with citizens,
2. to find out opinions of a group of experts from the field of public administration about the required level and content of traditional communication forms,
3. to study individual forms of communication and their connection to the content from the point of view of effectiveness, quality and preferences of citizens,
4. to analyze a current situation and the forms of communication of public administration with citizens,
5. to point out some formal and content aspects of communication, besides other also in connection with preparing automation of public administration,
6. based on the study of empirical facts to suggest a catalogue of actual tasks and solutions by the means of which the communication of public administration would reach higher quality which would reflect also tasks resulting from a reform and decentralization of public administration,
7. in the field of methodology to verify the techniques of collecting empirical data using the form of a controlled interview and a sociological probe/inquiry and the methods of its evaluation.

From the historical point of view the ability of a state to solve the issues of common interest, that by its requirements exceeded the possibilities of individual citizens, has proved to be the first-rate asset of the state. Concentrating financial resources and power into one center has created conditions for managing many tasks important for an individual as well as the society. On the other hand it has proved out to be true that decision-making bodies of a state with maximally centralized competences were not able to define the needs and priorities mainly of regionally defined groups of citizens. More over, a state that was making decisions from distance did not have either infrastructure or organizational assumptions to fully use the knowledge, experience and labour potential of groups related to the problem. By this, a great moral power of an interested citizen that is able to motivate him/her to create firmly integrated and effective interest groups has started to disappear.

Giving competences and resources to local and regional authorities and self-governments is a solution that reveals a great potential hidden in an interested and activated citizen.

On the other hand, this retransfer brings also new problems related to the change of political thinking and behaviour. For many years local authorities used to serve mainly the centres and they have not acquired habits that would allow them to enter into a creative dialogue with citizens focused on searching common solutions, i.e. solutions that will meet the needs of the majority of population of a given village or a region and that will be in compliance with given financial, material-technical and human resources possibilities of self-government. After all,

citizens still have an “ideal” of local official who is able to acquire resources for a project that he/she made himself/herself and who lets his/her relatives to carry out the project. For an official, this model is very suitable, for a citizen, it is comfortable but at the same time it creates conditions for elected officials to make a private business from a village or a town.

A new model of co-operation of an elective self-government and state administration assumes the *awareness of common responsibility* for a given village – town – region which creates a platform for common definition of problems, common searching for best solutions and after all also for co-operation by their realization. Moreover this model creates conditions for a natural control of self-government authorities and for an effective prevention of corruption and clientelism that is a problem not only of less-developed countries but practically of the whole world.

Such partnership, built on mutual trust between citizens and officials and public administration employees, whether they are representatives and employees of state administration or officials and employees of local self-government, assumes *functioning communication* of all elements of public administration with citizens. Forms, content and a method of this communication must meet not only formal and content criteria but they also have to correspond with the *categories of honest and decent behaviour*.

Usually only the aspect of public administration service to a citizen is pointed out. But it is also needed to emphasize the aspect of a *citizen's responsibility* towards a town he/she lives in, i.e. the aspect of his/her co-operation with public administration. As a town cannot behave paternalistically, so also a citizen should not rely on the fact that “authorities” would manage and do anything for him/her. After all, natural disasters such as floods, hurricanes or snow storms best show that a village, local authorities can only co-ordinate rescue work, they never have and will never have enough energy and resources so that professional workers – firemen, healthcare workers, road menders etc. would carry out all needed tasks and operations. The interest of the whole requires the participation of all parties. And it is true not only about catastrophic situations but also about solutions of all important projects that need *common sense, will and abilities*.

If we deal with the problem of communication from the point of view of building such a *partnership alliance of local government and citizens*, we find out that it is far not at a needed level. It is difficult to recognize whether the shortcomings in the communication of a citizen and local authorities of public administration are the results of insufficient communication ability of communicating partners or as a result of the unwillingness to communicate. There are still representatives and bodies of self-government that consider citizens' requests of information to be the obstacles of their active work. But we can say the same also about the citizens who consider their participation in public meetings to be a waste of time or who think that a meeting between a mayor and the citizens in order to solve a certain problem is only an effort to get rid of the responsibility for a solution.

To solve problems related to communication of public administration with citizens is a systematic task that assumes especially the recognition of the importance and role of

communication for executing the tasks of local development in a partnership alliance of state as well as elective officials and authorities with citizens.

Also experts from the field of public administration clearly emphasize *the significance of communication* in fulfilling the tasks by public administration at a level of actual conditions and current tasks. Actual analyses of the opinions of a group of experts, representing the elite of public administration in Slovakia in the field of state administration as well as self-government, and this not only in the field of theory of central administration but also of particular practice, show that *conceptual and governing elements fully realize the dependence of the results of public administration on the maturity of communication*.

The group's focus is on political and practical aspects of communication and we were surprised by the fact that they do not pay much attention to the issue of the *quality of information*. It is true that parameters like truthfulness, sincerity, availability and topicality of information are to a certain extent taken for granted. We automatically expect from a public official and state administration or self-government authorities to give statements that will meet these criteria but it is proven that ethic qualities which, after all, decide about law enforcement, are the most difficult area - demanding not only its observation but also its control, explanation and disciplinary or criminal sanctions. Breaking the rules in this area is just an important tool to question a political rival and also a tool used in the battle of getting positions at a local level.

By the significance, which the experts attribute to communication, we would have assumed a greater *emphasis on systematic provisions* that would improve communication competence of the representatives and employees of public administration. From the opinions of experts it is clear that communication should be *systematic, purposeful, it should have strategic aims and it should fulfil an important role of a control tool – it should be managed*.

As to communication forms, the most important and the most effective are probably *personal communication acts*, whether direct (public meetings) or mediated (local media). There are many villages that do not hold public meetings because of its effectiveness, so many mayors avoid public meetings. A disadvantage of public administration is reflected also in the opinions of citizens that many officials and employees of public administration consider public meetings to be only a formal issue or that many representatives of public administration are arrogant at these meetings. Besides basic systematic solutions, solving the problems of communication will assume also carrying out model programmes which would enable the public administration representatives to organize effective and mutually beneficial public meetings and events where there is communication between a citizen and public administration. The development of local media – regional televisions and press should take into account also the needs of public administration and it should reflect their importance for communication of citizens with public administration.

Apparently, citizens expect from *informatization of public administration* a radical change in communication. Even though there are many expensive provisions carried out for informatization at a central governing level, the results show that only a very small number of citizens get information about the activities of public administration through the Internet. It



means that together with a preparation at a central level there should be conditions created for the Internet expansion in Slovak households.

To improve the communication of public administration with citizens it is possible to take many system provisions that make a base of a newly emerging term – communication management. For example:

- to make *training centres* to increase the communication abilities of public administration employees, to insure that every employee will take part in such a training and certified exam of the fundamentals of good communication as well as the forms of communication in public administration, a special attention should be paid to the *training in solving conflict situations*, in communication with a claimer, in handling some complaints etc.;
- to give a special *training to spokesmen* of public administration bodies;
- to provide employees who are in charge of public relations with instructions how to make a *communication plan of a particular event*, a communication plan for a certain period and communication strategy of a given element of public administration;
- to explain to the officials and concerned employees the *importance of marketing communication*, the possibilities of using marketing methods in the activities of public administration as well as the importance of various communication acts for *public relations*;
- to teach representatives and concerned employees of public administration how to *co-operate with media*, how to improve the relationships of public administration with media and with citizens;
- to carry out *methodical letters* related to particular communication situations and their qualified handling from organization until their realization;
- to make a *handbook of model speeches* that public administration representatives could use with slight changes at various civil events, opportunities and various situations
- to make the level of communication competence to be a *criterion for recruitment and assessment of employees*;
- to take actions so that communication nets and acts of public administration are not used in political propaganda, mainly in the time before election;
- to make from the results acquired in the section of communication an important *criterion for evaluating the abilities of an employee and his/her performance of the function as well as for setting salary and bonuses*.

The mentioned possibilities create the characteristic of the term communication management in public administration.

Effective communication is a basic prerequisite of successful interpersonal relationships. The effectiveness of communication is influenced by several factors including specialist knowledge, smart thinking, cultivated speaking, behaviour itself, and decisive behaviour in the terms of social intercourse principles.

The effectiveness of these factors is influenced not only by the level of knowledge and skills but also by the participants in a communication process and their knowledge from some fields of psychology mainly from the psychology of personality (it studies factors which create the personality of a man, it classifies and characterizes various features of personality, it searches the ways and methods of its studying), from the psychology of acting and behaviour (it studies conditions and types of human activities, factors that influence human activities, conditions, components and phases of human voluntary behaviour and decision making, human behaviour in conflict situations), from social psychology (it studies the character of mutual relationships of people in groups and collectives, the position of a personality in these groups, it looks for factors which influence social human activities and explain them).

The communication of a man with a man is in the centre of attention not only of psychologists but also of the representatives of other fields - sociologists, economists, philosophers, lawyers, teachers and others. By the information transformation into an appropriate form for transmission as well as by information interpretation it is needed its right comprehension which depends on the knowledge, experience, feelings, attitudes and perceptions of an expedient and a percipient. If the expedient should communicate effectively, he/she has to formulate information in the way so that the percipient is able to understand it. The percipient has to understand and interpret the information correctly. Feedback is an integrated part of a communication process.

Communication does not only mean to speak or write but also to listen. It is important to let the other speak to the end, to give him/her time and a space to analyse the given situation and to think over problems, the possibility to express oneself, not to interrupt the speech etc.

***A society, which wants to provide its citizens with high quality public services, cannot tolerate unqualified, incompetent and helpless labour force as well as chaotic improvisation, decomposition of management or un-cooperativeness and intrigues within public administration.***

### **The functions of communication management:**

1. Planning – tasks which have to be carried out to reach the goals of communication. By planning the focus is on communication successes in the near future and on fulfilling long term communication aims.
2. Organizing – it can be reached by giving tasks set during individual or group planning in an organization. The tasks are organized in the way so that they contribute to reach the communication aims.

3. Influencing – leading – it is mentioned as motivating, leading, managing and co-ordinating people in an organization. It is a process directing the activities of organization members. The mentioned function can be characterized as leading people to required direction to reach the defined communication aims.

4. Controlling – control – managers get feedback information about the activities within the organization and they compare the results with a stated standard. It is a systematic process.

**In general we can say that communication management requires managerial skills that we can divide into three groups:**

1. Technical skills – they include using special knowledge, expertises and skills by doing activities related to communication. Language skills, the ability to work with modern communication forms – web, mail. The ability to co-operate with media.

2. Human skills – based on the co-operation of a leading manager with a team. They include working with attitudes, communication between an individual and groups, individual interests and working with people.

3. Conceptual skills – they include the ability to see a communication aim, only a manager with these skills is able to comprehend how different communication forms complete each other and what kind of effect they have on a planned communication aim.

The field of communication is a very broad area. In our conditions for preparation of a training programme for building up a partnership we have to focus on the main attributes of effective communication. What actually communication means, how to identify communication barriers, why communication is so important.

Communication is precisely defined in the following quotation: *“Communication is a path by which thoughts, information and opinions get from the place of their emergence to the finish. This path may be full of rocks, rounds and bad excursions or it can be smooth and trouble-free”*.

If a man is a master of communication – he/she can listen well, he/she is able to share his/her thoughts and he/she regularly requires a feedback from his surrounding – than he/she as a personality has surely a more successful path.

The environment and methods of communication are changing as the time passes by. New technical possibilities and their use in everyday life create new possibilities for the communication between public administration and a citizen. It is needed to regularly carry out an analysis of the effectiveness of different communication forms. It is probable that based on a technical development the need to carry out the analysis of effectiveness will increase in the future and that the intervals of its realisation will be shorter.

The results of the analysis of the communication forms effectiveness should be a base for modifying a communication strategy. The creation and modification of the communication strategy of a public administration body should be a part of the work of managing officials in public administration bodies.

In the introduction part there are described various systematic provisions to improve the communication in public administration. They could be further worked out into methodology of implementation with interrelation to a strategy and methodical techniques and education content could be prepared as well.

# **THE MUTUAL TRADE RELATIONS BETWEEN THE ECONOMIES OF USA AND EU WITHIN THE WORLD ECONOMIC CRISIS**

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## **Abstract**

*Article deals with issue regarding the global economic recession. Mortgage later financial crisis emerged in the economy of the USA spread all over the global world and the main affected economies are USA and EU. This article analyses the mutual trade relations between the EU and USA, to what measure they have been affected by the global economic recession. The point is that those two economies are the main engines of the international economics system and the overall world economic growth and quality of life depends on their development of which base is their economic partnership within their foreign trade relations..*

## **1. AN INTRODUCTION – A BRIEF HISTORY OF THE UNITED STATES AND EUROPEAN UNION RELATIONSHIP**

Since World War II the relationship between the United States and the countries of (Western) Europe has been a special one. The continent of Europe had been devastated during World War II. Infrastructures and industrial capabilities had been virtually destroyed, and as a result their economies were in shambles. The United States was the leader in helping to rebuild Europe and provide security for the region. Major contributing actions by the United States to the post-war rebuilding and security of Europe included, establishment of the Bretton Woods system and institutions, the Marshall Plan, leading involvement in creation of the United Nations and its “family,” and providing support and funding for the North Atlantic Treaty Organization. In addition, when European countries began the early stages of what has become the European Union by forming the European Coal and Steel Community, in 1952, the United States was “the first country to accredit diplomatic representation to the European Coal and Steel Community.” Likewise, the United States was “the first to accredit representation and ambassador to the European Economic Community (EEC) and European Atomic Energy Community (Euratom)” in 1958. [1] The importance that the United States placed on European integration after World War II resulted in “making it almost a condition for further Marshall Plan aid.” During the forty years since the signing of the Treaty of Rome

by six countries, which created the EEC, the organization had grown to 15 members in 1995 and changed names twice, now being called the European Union (EU). [1]

### **1. 1 Importance of the economic partnership in the late 20th century**

The importance of the United States and European Union relationship as we enter the 21st Century is highlighted by several factors: [2]

1) By late 1995, the EU had over \$315 billion invested in the U.S., and the U.S. had over \$320 billion invested in the EU, making the EU the United States' largest investment partner (European companies are the number one investor in 41 states and second in the other nine);

2) The EU is also the United States' largest economic partner and second largest trading partner, with \$270 billion in trade in 1996, directly and the EU (investment in Europe supports 12% of U.S. manufacturing jobs);

3) The EU is playing a larger role in foreign aid in regards to humanitarian and development assistance, spending more than \$36 billion between 1995 and 1998. By working cooperatively, these two government entities have both benefited economically. By working together in the future, the United States and the European Union will both continue to prosper and at the same time help the rest of the world develop and prosper in the late 20th and early 21st centuries.

## **2. THE TRANSLATLANTIC AGENDA**

The development of the EU has resulted in a united economy and marketplace that challenges the United States' as we head into the 21st century. Yet, the United States understands the importance of this unified trading and political partner in the post-cold war period. One result of the desire of the United States and European Union governments to work together closely in the post-cold war era is the development of the Transatlantic Declaration on EC-US Relations adopted in November of 1990. [3] Subsequently, agreement to the Transatlantic Agenda, which was signed by President Bill Clinton, Spanish Prime Minister Felipe Gonzalez (president of the European Union), and European Commission President Jacques Santer in December of 1995, has resulted in a common agenda and deeper commitments for the United States and the European Union to work together. [4] [5]

The 1990 Transatlantic Declaration was designed to be a relationship of consultation, whereas, the Transatlantic Agenda is a relationship of joint action. The opening two paragraphs of the preface of the Transatlantic Agenda sum-up the relationship of the United States and the countries of the European Union over the last fifty years and where that relationship may be headed as the 21st century begins: "We, the United States of America and the European Union, affirm our conviction that the ties which bind our people are as strong today as they have been for the past half century. For over fifty years, the transatlantic partnership has been the leading force for peace and prosperity for ourselves and for the world. Together, we helped transform adversaries into allies and dictatorships into democracies. Together, we built institutions and patterns of cooperation that ensured our security and economic strength. These are epic achievements. Today we face new challenges

at home and abroad. To meet them, we must further strengthen and adapt the partnership that has served us so well. Domestic challenges are not an excuse to turn inward; we can learn from each other's experiences and build new transatlantic bridges. We must first of all seize the opportunity presented by Europe's historic transformation to consolidate democracy and free-market economies throughout the continent." [7] Developing the Transatlantic Agenda is a response to the desire to strengthen the relationship between the United States and the European Union in order to enhance and maintain world stability. The Transatlantic Agenda is based on a framework for action with four major goals:

1) "Promoting peace and stability, democracy and development around the world. Together, we will work for an increasingly stable and prosperous Europe; foster democracy and economic reform in Central and Eastern Europe as well as in Russia, Ukraine and other new independent states; secure peace in the Middle East; advance human rights; promote non-proliferation and cooperate on development and humanitarian assistance.

2) Responding to global challenges. Together, we will fight international crime, drugtrafficking and terrorism; address the needs of refugees and displaced persons; protect the environment and combat disease.

3) Contributing to the expansion of world trade and closer economic relations. Together, we will strengthen the multilateral trading system and take concrete, practical steps to promote closer economic relations between us.

4) Building bridges across the Atlantic. Together, we will work with our business people, scientists, educators and others to improve communication and to ensure that future generations remain as committed as we are to developing a full and equal partnership." [7]

The future activities of the United States and the European Union in implementing the Transatlantic Agenda will be guided by the Joint EU/US Action Plan. This joint action plan, which sets activities that will be undertaken to accomplish the four major goals, will be coordinated by a group of senior level officials. The senior level group will make reports and assessments of progress and necessary adjustments will occur at "biannual EU-US summits.

## **2. 1 EU-US Summit**

On May 18, 1998 was held EU-US Summit in London, England. At the summit, progress was reported on coordinating foreign policy to address problems and issues in the Republika Srpska, Bosnia, and the Ukraine. In addition to condemning India for its recent nuclear testing, a new high-level EU-US coordination mechanism on the Middle East Peace Process has been established. In working closely on human rights issues in Geneva, the United States and the European Union have both taken steps in regards to pressuring Burma on both democratic principles and human rights. Through coordination of the actions of the European Commission and USAID programs, problems in Central and South America, North Korea and Bangladesh have been jointly addressed. Many coordinated actions have taken place on global problems concerning international law enforcement and environmental problems. The bilateral trade and economic relationship has been enhanced, while cooperating on multilateral trade issues, including activities related to the World Trade Organization and preparing for the 50th Anniversary of GATT.

Within this Framework, they have developed an extensive Joint EU/U.S. Action Plan. They gave special priority between now and their next Summit to the following actions:

### **2. 1. 1 Promoting peace, stability, democracy and development**

Work together in the Former Yugoslavia, particularly Kosovo, Bosnia, and throughout the Western Balkans. Implement our programme of cooperation in Ukraine. Continue to work closely together on Cyprus and Turkey. Pursue with all parties concerned, in the first place the Russian Federation, our joint agenda for nuclear waste management in Northwest Russia, and report on progress by the Spring 1999 EU/US Summit. Increase coordination on other nuclear safety issues. Put into practice the consultative mechanism set up to ensure better coordination of our efforts on the Middle East Peace Process. Continue to cooperate on Iran, particularly on issues of shared concern. Examine the possibility for cooperation on technical assistance to develop the rule of law in China. Continue to work together and with African partners to promote human rights, good governance and conflict prevention. Continue active consultations on UN reform and finances. Use our High Level Assistance Consultations in October to reinforce our cooperation on economic, development and humanitarian issues. Assess ways of further enhancing our demining cooperation in specific areas such as mine action institutions and capacity building in afflicted countries, the development of appropriate technology and information exchange on mine-exporting countries. Work for the successful completion of the Biological Weapons Convention Protocol by the end of 1998. Further enhance our cooperation on non-proliferation and export controls. Consider scope for a joint EU/US code of conduct on arms exports. Consolidate cooperation in KEDO, together with Japan and the Republic of Korea, to ensure the continued viability of the organisation and success in meeting its objectives, thus promoting stability in Northeast Asia and strengthening global non-proliferation efforts. Continue cooperation to advance our goals on human rights and democracy in countries which are of mutual concern.

### **2. 1. 2 Responding to global challenges**

Continue to work closely together on counterterrorism, exchanging information (eg on terrorism fundraising), raising awareness of new threats, and encouraging universal adherence to all 11 international conventions. Explore extending cooperation on drug issues in other regions such as Central Asia and Latin America, including the Andes. Maintain close cooperation between US law enforcement agencies and the EU Multidisciplinary Group on Organised Crime. In the light of our evaluation, consider whether to expand to other countries our initiative to discourage trafficking in women. Review the possibilities for cooperation on stolen vehicles. Following signing of the charters inaugurating the Regional Environmental Centres (RECs) in Moldova, Georgia, Russia and Ukraine, ensure they become quickly operational and consider supporting the establishment of a Central Asia. Continue our dialogue on environmental issues, including on the Biosafety Protocol and the follow-up to the Kyoto Protocol. Work to resolve outstanding issues before the November climate change meeting in Buenos Aires. Plan for a Transatlantic Chemicals Conference. Focus the work of the Task Force on Communicable Diseases on surveillance of certain priority diseases, in



particular foodborne diseases, and the problem of antimicrobial resistance, as well as on training exchanges, field investigations, and the Exchange of information on outbreaks of diseases.

### **2. 1. 3 Expanding world trade and closer economic relations**

Follow up on our recent discussions on how to take forward our shared trade goals. Continue to implement our joint statement on electronic commerce, giving priority to the urgent issues of data privacy and domain name allocation. Continue to enhance our dialogue on regulatory issues, including those relating to biotechnology. Implement the MRA and seek early signature of the new annexes on veterinary biologics and fasteners. Identify ways of further deepening our cooperation on Intellectual Property Rights with respect to both bilateral and multilateral issues. Building on our ongoing bilateral consultations, explore ways to cooperate in a mutually acceptable framework to develop a global navigation satellite system. Support the various projects of the Transatlantic Small Business Initiative, in particular the EU/US Partnering Meeting in Chicago which will bring together 400 small and medium-sized enterprises. Continue our exchange on macro-economic issues as the EU approaches the third phase of the Economic and Monetary Union (EMU). Within multilateral fora, reaffirm the importance we attach to our efforts in the OECD to achieve a comprehensive multilateral framework for investment with high standards of liberalisation and investment protection that has effective dispute settlement procedures and is open to non-member countries. Pursue the current work programme on investment in the WTO. Once that programme has been completed, seek the support of all our partners for next steps towards the creation of investment rules in the WTO. Continue work on accession of new members. Pursue our common efforts in the WTO to conclude the negotiations, already well advanced, on expansion in the coverage of the Information Technology Agreement (ITA II). Work to implement the outcome of the May WTO Ministerial.

### **2. 1. 4 Building bridges**

Under our Science and Technology Cooperation Agreement, encourage the launch of collaborative projects. Cooperate to ensure a successful, broad-based Vienna Conference on People-to-People Links in October. Implement our projects in Ukraine on civic education, municipal and public administration, transparency, and parliamentary exchange. Seek progress on the establishment of the Transatlantic NGO Dialogue on development, economic, and humanitarian assistance. Support the July visit by Supreme Court Justices to the European institutions. Contribute to a successful TABD Conference in November and take its recommendations into account in our future work. Actively support the Consumer Dialogue following its launch this summer. Support the work of the Transatlantic Labour Dialogue. Hold a seminar on work organisation in Brussels in June, a conference on disability in the workplace in Madrid in October. Fully support the partnerships established at the Akron forum. Support the follow-up to the successful February symposium on Codes of Conduct and International Labour Standards.” [8]

## **CONCLUSION**

Through cooperation and coordinated action, which should be enhanced by the Transatlantic Agenda, the United States and the European Union are poised to have dramatic impact on global politics, economics and trade. A coordinated multilateral foreign policy between these two government entities has the greatest opportunity for success in the next few years. This is due in large part to the economic difficulties most of the Asian economies are experiencing. Even though several of the European Union countries are experiencing some economic difficulties while they struggle to meet the requirements for the unified currency the Euro, as a combined economy they are poised for tremendous growth. The European Union is beginning to rival, and in the next two decades is likely to surpass, the economic and trading power of the United States. The influence on the policy and actions of multilateral international organizations (i.e. U.N., WTO, WHO, etc.) that these two powers could exert through coordinated actions could very well result in redefined institutions. The positive implications of a successful and prosperous relationship between the United States and the European Union, as facilitated through the Transatlantic Agenda, hold great possibilities for creating a new global political and economic order that will transform the world in the early 21st century.

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# **SELECTED ASPECTS OF TRANSFORMATION PROCESS AND ENVIRONMENTAL CONDITIONS OF MINING VILLAGES AFTER THE STOPPAGE OF MINING ACTIVITIES (ON THE EXAMPLE OF RUDŇANY AND SLOVINKY).**

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## **Introduction**

The middle Spiš region represents the middle part of a large historical Spiš region. There are rich supplies of mineral resources, mainly cupriferous and iron ore. In this region was an intensive mining and industrial activity in the past. In recent years this activity has been gone down. Because of resource depletion and uneconomic mining, its activity has been stopped and all mines have been closed. Today, more than fifteen years after stop mining, we can still investigate the consequences of mining, not only its effect on the environment but also villages which were directly influenced by mining.

## **1 Characteristics of selected mining villages**

Rudňany and Slovinky represent a classic example of mining villages in Spiš region. Very intensive mining activity was in these villages in the past. The beginning of mining activity is stretching back to the end of 13<sup>th</sup> century. Nowadays the mining activity is stopped, mines closed and enterprises were liquidated. Only abandoned seedily buildings, covered up shafts, by vegetation perfoliated dumps, dessicantioned setting pits and unemployed people are the memories of the past. The mining itself as well as its stop meant so much for the region and people living there. Operating mine and its stop negatively influenced all land components, people's health, mainly mineworkers. Stop mining meant job loss and social insecurity for a large number of unemployed mineworkers's families.

### **1.1 Rudňany**

Rudňany is located in northern part of Slovenské Rudohorie, in geomorphologic unit Volovské mountains, subunit Hnilecké mountains. Rudňany is approximately 11-16 km southeast from Spišská Nová Ves. Its altitude is 475 to 959. The midpoint of the village is in the altitude of 547. Through Rudňany village runs the road of third class number 536005 from the village Poráč, through Markušovce to Spišská Nová Ves.

Company was until the year 1993 the biggest polluter of the air and all environmental components of heavy metals – Hg, Cu, Cd, Pb, Sb... The main sources of air pollution were mercury and baryta operations. After stop mining and production in 1993 the problem of air

pollution has been simplified. Till the end of the year 1996 the mining was decreased on 15 % original capacity and some operations were layed up or liquidated. It is estimated that after 60 years of old company operation on heat processing ore leaked into the air some thousand tonnes Hg mainly in metal form.

## 1.2 Slovinky

Slovinky is located in northeast part of Slovenské Rudohorie, in geomorphologic unit Volovské mountains, subunit Hnilecké mountains. The village is 5 km southwest from Krompachy city. Catastral area is 46.45 km<sup>2</sup>, from the area point of view it is the biggest village in Spišská Nová Ves district. Altitude is among 400 to 1081 (Ostrý vrch). The midpoint has 442 altitude. Through Slovinky runs byway which connects the road II in Krompachy number 547, which runs from Spišské Podhradie through Krompachy to Košice. There is no railway in the village.

Ore area Slovinky belongs to the biggest deposit of modern ores in Spis region. The main items of the mining were copper and silver ores for a long time. Building of a company started in 1898. The main aim was the supplying of metallurgical factory in Krompachy by iron ore with the parallel using of copper, which had to be eliminating from iron ore, so that it could not spoil a quality of raw iron.

## 2 Mining and its environmental impact

The influence of mining activity on land and its components presents a complex problem. Mining of mineral resources leaves inconvertible changes underground as well as surface. Underground worked out arises a system of shafts, stopes and chambers. These worked-out spaces represent *mining basement*. In undermined areas very often drop come up.

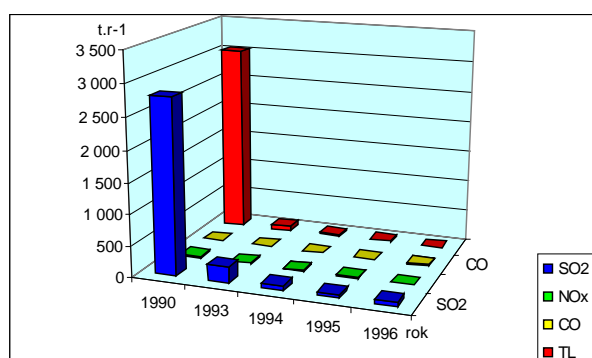
They can have different vertical extent and spatial distribution. Besides this fact we can observe on surface whole scale of mining anthropogenic forms. The most frequent are dumps and setting pits. These forms rise during mining, but they still stay there after its finish. There are several ways of their recultivation. Dumps exist in bigger amount as setting pits and offer wider possibilities on their reconstruction. Material from dumps is often used on planation, but not only of mining terrain. It is very often used on planation of cave-in areas, which rose from a mining activity.

From the time of the active mining till today many changes have occurred in order of dangerousness of influences each mining forms. During active mining of mineral resources the biggest problem was formation of drops and cave-in areas. These forms occurred in Rudňany and Slovinky. Subsequently, reconstruction of endangered houses was started. Drops and cave-in process occurred more frequently in Rudňany. We can observe one big cave-in belt nowadays between Rudňany and Poráč, in "Baniská" part. Second problem of this area were dumps. They took relatively big area and reach big high. Several years, after stop mining of mineral resources, the situation has changed. Several experts who study this problem in this area agree that the biggest problems are setting pits and water leaking from mining spaces. This water is contaminated by a large content of heavy metals and causes e.g: fish kill. Setting pits are not covered by vegetation. When the wind is strong, soft ludge spread around surroundings.

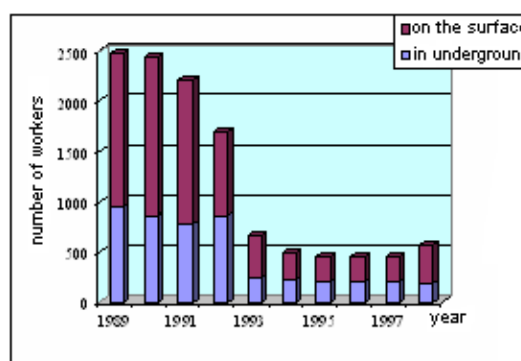
Mineral resources extraction has always been not only technical and economical concern, but also a problem of environment. Expert's opinions of influence of dumps and setting pits on environment are different. We can sometimes come across the opinion that dumps and setting pits only accumulate material which is homogenous with minerals build up the area and therefore this activity does not present an important danger factor. Advocates of this opinion mention the fact that each dump sooner or later will be covered by vegetation and causes only change of a land picture. On the contrary, most of experts agree with the fact that dumps and setting pits represent a negative element in the land. Therefore, it is very important to choose appropriate areas for location of these forms before starting of mining. To prefer modern and environmental technology during mining. After mining, not to leave them like that but eliminate and liquid them and effectively use possibilities, which they purvey, accordance with modern technical means and current environmental requests.

After 1989 extractive and repair industry in this region has soften. An important turning point happened in 1992 and 1993. In march 1993 in Rudňany serious enterprises (copper and baryta) and mining shafts (Zimné, 5RPIL, Mier) were layed up. We can see on the table that after stop mining, the content of heavy metals in the air rapidly decreased.

**Chart 1 Production of emission by Želba Rudňany mine of Rudňany**



**Chart 2 Number of workers in**



Copper mining finished 30.6.1993 in Slovinky. On that day was mined the last copper cart in Slovinky mine, which is symbolically located in front of today seedily office mine building.

After stop mining and revitalization remedies environment in this region has improved. The content of emission in the air has rapidly sunk. Nature and vegetation have restored. Slovinky and Rudňany are located in very beautiful surroundings and tourism has developed. Citizen like these changes, mainly clean air. Regenerated power of nature and effectiveness of remedies we can see in Rudňany. Near the mines all forests were destroyed and were replaced by hollow hills reminding "moon land". Rudňany was famous not only for its mines but also devastated nature. By stop mining the situation has improved and vegetation has restored.

### **3 The social impact of mining slump**

Stop mining had a significant negative impact on economic and social situation in the region. Unemployment and social insecurity increased and the standard of living decreased. The process of mining slump and the final closure of mines affected these villages as well as the life of people living in them from different points of view.

The most affected were families of miners and mining employees. For miners, considering the specificity of their profession, is very hard to find a new job. The worst is the case of group after fifty approaching retirement age. For these people is difficult to retrain and start again. They feel the sense of injustice and undervaluation for many years of hard work. Young people have begun to leave. This fact did not contribute to the region from the demographic aspect. In Rudňany even discovered the phenomenon of homelessness among former unemployed miners. If someone does not have family background and loses a job in this region, it is very easy to lose the roof over the head. Each of them has a different fate. Many of them came here as very young in the times of mining bloom, they graduated mining school and stayed here to work. The mayor of Rudňany is trying to help them. He has involved them in activation work in the village and permitted them to sleep in an abandoned office building of mine. People in such difficult life situation often succumb to alcohol addiction, a labour discipline is declining etc. Despite the assistance, the solution of their problem is not easy. Sometimes a dead body is found after a few days, so the municipality must pay the funeral.

Another problem is the existence of Roma settlements in environmentally precarious surroundings. In Rudňany are two such localities:

**Pätoracké** – in the place of former office mining buildings, undermined territory

**Zabíjanec** – a former farmyard surrounded by dumps and contaminated by industrial activity

After the closure of mines, Roma people occupied the abandoned mining buildings, in the course of time the big settlements sprung up there. In terms of environmental quality and strong contamination by heavy metals, this environment is absolutely unsuitable. The settlement Pätoracké is situated in undermined territory. Recently in September 2009, when a ceiling of empty space was falling and 10 meters deep crater was created. This colonisation took place with the tacit approval of local government and management of mines, even though they had been aware that this territory is completely inappropriate for residential areas. These areas are threatened by industrial pollution and in the case of Pätoracké also by permanent threat of falling with fatal consequences.

The situation of Roma people has begun to change for the better. In 2001 with the assistance of the state the first 270 flats were built for the most vulnerable people in Pätoracké. Regardless in the threatened area still live more than 300 people. The municipality estimates that for the relocation is necessary to build a further 55 flats. Then probably the whole area of Roma settlements will be close. However, Roma people threaten their lives with their own negligence and breaking the rules. Despite the measures and prohibitions, they still enter the underground of mines in order to get iron from armature; thereby they seriously endanger their lives.

The closure of mines affected also villages. During the largest development of mining in the region, the common feature of these villages was very good equipment in terms of

health, recreational, school, sport and cultural facilities serving the mining employees as well as other residents of villages. In Rudňany was a health facility where a dentist, a paediatrician, a local doctor, an internal medicine doctor, a throat specialist and a surgeon worked. There was a bed section, a physiotherapy, a laboratory, an X-ray machine and a 24-hour medical emergency. Cultural life was realised in the multifunctional cultural centre, in which was also a cinema. Today, the homeless sleep in it; moreover, it is in a devastated condition and it is thinking about the demolition. Such a fate affected several buildings of former mines. Plundered and dilapidated buildings cause wrinkles to mayors of these villages. Some belong to private people, who refuse to communicate with the mayors. Some were occupied by Roma people, other were looted by residents of the villages. But some were saved. According to Miroslav Blišťan, the mayor of Rudňany, the positive is that the village has managed to purchase a large mining abandoned area for one million crowns. "In the former office building of erstwhile ironstone mines we want to build 42 flats. It will be small and attic flats, we would like to keep young families in the village," said Miroslav Blišťan.

**Image 1 The homeless in Rudňany**



**Author: J. Krokusová**

**Image 2 Roma settlement on the dump Pătoracké**



**Author: J. Krokusová**

**Image 3 Cultural centre in Rudňany**



**Author: J. Krokusová**

**Image 4 Dilapidated mining building in Slovinky**



**Author: J. Krokusová**



## CONCLUSION

The mining country has undergone significant changes over the past several decades. Although in most of localities the mining of mineral resources did not realise, it deserves our attention. A piece of history of this region is connected with it. The former mining villages and the mining country would deserve more attention than they received until now. Stop mining and the closure of mines took place quite inconsistently. A substantial part of the documentary material was destroyed, so now it is very difficult to get some information.

Mine shafts and stopes were covered and closed, but today it is still possible to enter. Buildings which reconstruction cost a lot of money are today dilapidated. The mining, as a part of history, represented a significant proportion of incomes to the state economy. A positive solution for such localities is the creation of a mining museum. In Rudňany, experts, authorities interested in this issue and representatives from the Ministry of Environment met and discussed the possibilities of creating of a mining museum in this village. This solution can contribute to the boost of this village and its surround, a development of tourism and to the increase of interest in the issue of the mining country and its history. Residents and visitors of Rudňany will be able to enjoy the view from a viewing tower, a carillon and a mining knocking tower. Around the mining shaft will be a natural mining museum. The village wants to get money for the project from Eurofunds. At present, they disposed of elaborated studies. Also, they want to preserve the history of mining in the village. Five mine shafts are destroyed; the last shaft will be preserved as a technical monument.

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# IS GLOBALIZATION A PARADIGM SHIFT?

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## *Abstract*

*The topic is formulated by a question which will, sooner or later, be asked to the “global elite”, to find, in a historical context, the terms of social consciousness forming paradigms, the right solution for the crisis of today’s world. The world has become a single social system in which everyone is dependent upon everyone and all people are connected by various links. This paper is concerned with spatial and temporal globality and their solutions for the future. It is based on primary information and no statistical data or assessment are used because this would shift our purpose in a different direction. One of the most significant paradigm shifts of today’s world is the integration of the systemically holistic approach into exact sciences, especially physics and biology, hence entering the fine-matter reality and once more connecting the pairs which René Descartes divided years ago: value/fact, consciousness/body and spirit and matter. This reconnection cancels the long-lasting separation of sense and sensibility and the control of reality over the “power of the spirit”. The European Union is now trying to find its identity in the global world which the EU can find if it forms valid and inviolable spiritual principles, superior to other laws incurred by human agreement; if it does not find it, it may realistically end in global chaos.*

## 1. GLOBALIZATION

In order to be able to answer the question, we need to understand the meaning of these terms first.

The actual term globalization first occurred at the beginning of 1960’s when new quantitative and qualitative changes in the development of the world began to be reflected. Individual authors differ in their opinions on when globalization as an actual process started. From a broader historical perspective, it is a process of interconnection beginning at least with the expansion of European civilization at the beginning of the Modern Age.

This introduction focuses on four interconnected relations of the global character of today’s world: spatial and temporal globality and issues from both human and global perspectives.

## **2. SPATIAL GLOBALITY**

If we search the history of the past five centuries for events which have shaped the fates of the six inhabited continents, we will find that events affecting two or more continents spread very quickly prevailed, and set the tone for the others. Let us return to the history of the unification of Europe. History has clearly shown by the example of the European wars that further development and strengthening of nationalistic identities of individual European nations are a safe way into a continual and continental disruption – such disruption that has been characteristic for Europe so far and has been continually ravaging and destroying it since the fall of the Roman Empire, which was the first successful unification of the continent. However, after its military fall, it turned out that the Roman Empire was based on spiritual grounds too. It has endured in a certain way and so even after thirteen centuries after the breakdown of the Roman Empire by the Barbarians, it is possible to recognize where its cultivating power and influence reached.

Today, after some time, it may be said that the pursuit of harmonization and the imitation of power which would unify Europe simultaneously in terms of economy, culture and religion, might be a hidden motivation for the conception of the European Union.

## **3. TEMPORAL DIMENSION OF GLOBALITY**

We have got used to living in globality and subconsciously relying on it. It affects air quality, water quality, the prices of common groceries but also the level of unemployment, inflation and the price of petrol. However, it affects much more: the survival of species that are dying out, the topics of books and magazines and also the changing roles of men and women in society. We have crossed the line of the 21st century and we are witnessing ongoing changes of the world from a cluster of many countries and nations into systematic organization.

Long before the modern physics of the 20th century, eastern physics came to a conclusion that time and space is inseparable and linked phenomena. This philosophy understood the connection of the past, the present and the future as a dynamic and interconnected relation, not as a linear sequence of time periods as it is perceived by the Newtonian paradigm. Richard Slaughter says on this subject: “Our reality builds on our history, but is significantly formed by the future we believe in. In other words, whatever we do influences our future one way or another. Realizing this is very important for understanding the historical processes, interconnected in time and space.”

Interconnectedness of the world and its changes is not a new issue. What is new, however, is the degree of these changes. In many areas of human activity, the exponentiality of growth of changes may be observed, as a matter of fact, in the recent past.

To illustrate this, let us imagine a clock dial divided into 60 minutes. Let us shift its beginning to the times when people learnt how to write. Our 60 minutes will then represent a period of 3000 years, and every minute will equal 50 years. On this scale, the first substantial changes occurred nine minutes ago. It is the time when printing was invented. Three minutes ago: telegraph, photography, the steam-engine. Two minutes ago: the telephone, rotary printing, film, cars, airplanes and radio; films with sound – a minute ago. Television occurred ten seconds ago, computers five seconds ago and relay satellites a second ago. One of the most efficient information bearers – laser – occurred only a fraction of second ago (Neil Postman – Charles Weingartner, *Teaching as a Subversive Activity*, Penguin 1971).

Mankind has got into a situation in which changes happen so fast that further survival will require constant assessment of values we recognize, our needs, desires and behaviour patterns. But the question is whether we realize the necessity of doing so and whether we have the skills for it.

Basic principles of the global concept of the future world:

- the future requires conscious choices, participation and sensible conduct
- people's decisions and conduct form the future
- the present is unique and critical for all the following generations
- it is better to prevent a wrong development tendency than to learn from a crisis
- the holistic, global and long-term concept of the world is important

This knowledge implies a thought that mankind should not allow to leave its development only in the hands of "experts". "If we leave the experts to think about the future for us," says James Robertson, „we thereby choose a certain kind of future – a future dominated by experts."

Robertson is one of today's philosophers who are concerned with possible, probable and desired futures. In *The Sane Alternative*, he described five scenarios of the future that mankind might accomplish:

- 1. Business as usual:** our methods, attitudes and problems will not change in any way
- 2. Disaster:** the future will bring the intensification of problems threatening mankind such as famine, pollution, nuclear threat or increasing terrorism. These problems will, at certain point, cause total collapse.
- 3. Authoritarian control:** the disaster is deferred by strong government of a totalitarian type.
- 4. Hyper-expansion (HE):** It is an abbreviation suggesting that this scenario is typically advocated by men. It usually concerns the state of war.
- 5. Sane, Humane, Ecological (SHE):** The future requires a radical change, including decentralization, acceptance of an ecological approach to life and a change in human relations. This vision understands the ongoing crisis as a crisis of masculine, exploitative values.

#### 4. SYSTEMIC CHARACTER OF THE WORLD

This concept of the world looks like a cobweb. Touching any part of the web may cause terrible vibrations in a different, often considerably remote place. Political unrest in the Arab world makes Prague airport accept stricter measures, violence in India starts a wave of demonstrations in East London and an accident in a Ukrainian nuclear plant influences meat production in Scotland.

The theory of systems says that nothing is possible to understand by itself but everything must be understood as a dynamic, multilayer system. Everything is linked; everything is in a certain relation to everything. **A system is always more than a simple sum of its individual parts.**

If the systemic understanding of the world is accepted, some traditional and “sacred” terms will lose their meanings. If everything is judged through the global, interconnected system, where is room for “national culture”, “national history”, national interests and, of course, the “nation-state”? There is a tendency to interchange the terms “global” and “multinational”.

Globalization is a set of many processes, including economic, technological, social, cultural and political aspects. These processes are interconnected and mutually affect each other. Managing these inconsistent processes and reactions to these processes represents an increasingly urgent challenge.

Even though authors describing globalization differ in many opinions, it is possible to find a few common points they agree on:

**Unprecedented character and comprehensiveness** – Notwithstanding the disputes about when globalization actually started, most problems connected to it have not been faced by mankind before. New and new links and activities cross traditional geographic, political and mental boundaries.

**Impact and mutual dependence** – the impact of globalization, whether positive or negative, affects all countries, all communities and all individuals. Their increasing interconnectedness, so-called interdependence, also involves faster long-distance transfers. The idea that some may only use globalization for their benefit while others are overloaded with its problems appears very illusory.

**Intensity and speed** – globalization is typical not only for shrinking distances but also for accelerating time. A number of key global processes are not of linear but of exponential character, which complicates their predictability and foreruns the ability of human institutions to react appropriately.

**Collective (in)ability to take action and crisis of governance** – despite the expanding awareness of interconnectedness and interdependence, collective ability and the will to manage globalization lag behind. Global governance does not have to face only weak and

rigid institutions but also the particular interests of the participants, double standard policy, imbalance of power, and the absence of leaders.

## 5. PARADIGMS AND PRINCIPLES IN THE LIFE OF SOCIETY

In order to be able to answer the original question, it was necessary to explain the basic principles of globalization. Let us proceed to a paradigm as a new category of perception of the world and orientation in it.

The word paradigm comes from Greek and it means model, theory, perception of something, interpretation, premise or frame of relations. Figuratively speaking, it is the way in which we “see” the world in terms of its understanding and interpretation. A theoretical paradigm is a piece of knowledge. Every one of us perceives the circumstances of life through our own paradigms.

Paradigms are divided into two main categories:

1. **Paradigm of what things are – so-called realia.**
2. **Paradigm of what things should be – these are values.**

A paradigm may be, for illustration, called a map. What can be expected of this map? What does this map actually mean? A map is never a precise copy of nature but an aspect of a place. If the map is not correct but we make an effort, deal with our behaviour or double our efforts, we may arrive at a destination that does not necessarily need to be the right place. If we are positive, we may find new possibilities in the new place.

Therefore the fundamental problem does not consist in behaviour or attitudes but in the fact that we do not have the right map. Our paradigm has led us to a different place than we intended to go to.

**Our attitude and our behaviour must be in compliance with our perception.** The more we realize our paradigms (maps) and the degree, to which they affect us, the more we can take responsibility over them.

What we see, observe and experience form our **hologram of life**. We are the creators of our hologram, nobody else. That is also why we cannot see in our surroundings what is not in us. For example when a slope with blooming trees is observed by a poet and a real estate agent, each perceives something else. The world is such as we are conditioned to see it. Other metaphor concerns the point of view: “Two men looked through prison bars, one saw mud; the other saw stars.”

The source of our behaviour and thinking is the way we see things. Everything around us – family, school, friends, work environment, colleagues and partners form a social paradigm and hence influence our own maps that navigate us through life. Without knowing it, they determine and condition us very much. It often happens that our attitudes and

behaviour are not in compliance with our perception and therefore they are not in compliance with our inner paradigm. Clashes, conflicts and stressful situations arise.

If we harmonize our attitudes with our perception, it will result into the regeneration of the relationship with ourselves for the relationship with ourselves is the only real one, hence priority relationship, while the other relationships (all of them and with anyone) “mirror” the priority relationship. Indeed, all the other relationships are only energetic mirrors of one’s own self-realization and self-acceptance.

Similarly, the paradigm is also inseparable from one’s character. We all tend to think that we are objective, that we see things as they are that the world is as it is and that is why we see it that way. But this is not true. We do not see the world as it is but as we are conditioned to see it. If we describe what we see, we actually describe what we perceive, ourselves and our paradigms. It is important to be open to perception(s) of other people, to be able to listen to them and, by doing so, gain a broader perspective.

## **6. PARADIGM SHIFTS – SHIFTS IN PERCEPTION AND THINKING**

This term was introduced by Thomas Kuhn in his highly valuable publication “The Structures of Scientific Revolutions”. It shows that every scientific breakthrough is a violation of traditions of the old ways of thinking, or old paradigms. Violating old ways of thinking often causes a shock or a scandal and it requires increased efforts and resistance on the part of the author or the scientist in order to endure.

For Ptolemy, a great Egyptian astronomer, the Earth was the centre of the universe. However, Copernicus made the paradigm shift and caused resentment because he had placed the Sun in the centre of the universe.

The Newtonian model of physics was the driving paradigm for 200 years and it is still the essence of modern engineering. However, it was partial and incomplete. The world was revolutionized and determined by Einstein’s paradigm of relativity.

Descartes’ mental rationalism is substituted by a systemic holistic way of thinking.

In giant accelerators, an important shift of paradigm of mass and energies has taken place and their definitions have had to be changed.

The acceptance of a new world view – the systemically holistic was a significant paradigm shift. David Bohm (theoretical physicist, a former co-worker of Albert Einstein) draws upon the theory of “holography” in quantum physics, which motivates him to create a holographic model of the universe. The holistic relation is expressed by the term “holomovement” meaning a floating, undivided whole of reality. However, there are still traces of Newtonian-Cartesian rationalism in today’s society. It is rooted very deeply in western atheistic society, which accepts other than the sensual perception of reality only with difficulty.

There are other significant paradigm shifts, such as the theory of morphic and morphogenetic fields, which Rupert Sheldrake introduced to the expert public at the ITA conference in 1992. As overwhelming a paradigm shift as the previous one, there are new theories of the human consciousness and new definitions of a human being as a complicated energoinformational and polydimensional entity growing by its consciousness into hierarchically ordered quantum sets of the “Universe”.

A similar shift is being experienced in psychology and a possibility for a paradigm shift is opening in the field of medicine too.

A paradigm shift may be encountered quite often in the events of our lives in which a shift in thinking occurs when we understand the reasons for, or causes of, a problem. Notwithstanding in which direction paradigms shift, whether positive or negative, they lead us from one way of thinking to another. These shifts create great changes.

In the global concept, examples of a paradigm shift may demonstrated by the discovery of America or the annexation of Tibet by China in 1959 etc.

## **7. IS IT POSSIBLE TO CONTROL PARADIGM SHIFTS?**

It is because these shifts cause great changes which could create new thought patterns that they are not always welcome by leading groups with strong impact over key areas of human life, conditioned especially by cash flow, territorial demands and power.

It is necessary to mention the other side of the coin too, which is the question who a paradigm shift could put at risk, e.g. in science, let us say in physics.

There is always a group which, for some reason, is not ready to give mankind new, revolutionary discoveries because they would disturb the accustomed patterns of thinking, systems of belief and axioms but also then cash flow dependent on a certain lobby. There is a number of instances, for one, let us mention the case of a significant physicist, an inventor of a revolutionary technology generating pure energy – the free-energy battery inventor DeGeus. The Official statement does say he died of natural causes but scientists, aware of the great impact of his invention upon current power structures, believe his death to be an assassination. The new technology for acquiring pure and cheap energy could sidetrack oil. Today, it is not religious dogmatism that hinders the enforcement of new discoveries important for mankind. It is often the opposition to proven discoveries which threaten the intangibility of outlived paradigms and the egotism of some scientists unduly protecting their dogmata.

**Now we may clearly and with responsibility say that globality is currently a significant paradigm shift which substantially affects all areas of the human community.**



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# CULTURE AND SOCIAL EXCLUSION

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## *Abstract*

*The subject of this thesis is intercultural relations between the Roma minority and the majority population, quality of mutual interaction processes, determinants influencing this coexistence and above all the concept of social segregation. It focuses on and analyses the theoretical self-contained complex of knowledge about social segregation and culture of the Roma minority of the Slovak and foreign authors.*

*It is an approach to gather theoretical fragments of whether the identity of the Roma nation, the ethnicity of the Roma, their cultural values, habits and traditions, the romahood – romipen – is the decisive factor influencing their behaviour. The main focus lies hereby on social-pathological and socially not accepted phenomena or whether the reason for their behaviour is a consequence of segregation, exclusion from social activities and particular spheres of social life. The problem in the present time is social exclusion in-group of the settlements. The causality of these effects unfitted to „ROMIPEN“ are breakdown of the family cohesion, crime, usury, „entrepreneurs“ – strong and wealthy families which deepen these problems.*

## **1. Culture and social exclusion**

Research for root cause of the life pattern of the settlement population following their culture (we are walking on thin ice, as they stop living their Roma hood) as well as from social severance by majority population is a basic question.

In segregated settlements of villages in Hornad Valley: Vikartovce, Kravany, Spišské Bystré a Hranovnica we miss all the romantic associations with the life of Roma such as colorful clothing, carriages, horses, dance, music, fire, laughter and lust for life. Positive attributes of Romahood – Romipen are successively disappearing under the influence of increasing poverty. Negative feelings of Roma are getting to the top of the agenda – feeling of injustice, isolation, incrimination of others for their own life – mostly the majority – and are perceived with big disfavour.

While researching the culture vs. social segregation it is important to cling to researched areas and dimensions. Every particular component among them might have a different meaning and explanation.

Community of villages in Hornad Valley – Romas and majority. They have been living next to each other for centuries. Close but still far away. Very fragile relationships, which need the contribution of both sides for their development. It concerns those ones behind the

Poprad River, railway crossing and football-playground, but also those living behind the road far away from village and their citizens.

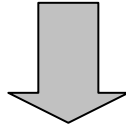
We used an idiography approach of qualitative methods in the research and tried to avoid generalization. We wanted the specification, direct knowledge of the effects and processes based on uniqueness of the research subject. Because of that idiomatic meaning „comprehension, comity, empathy, acceptance and playing roles by the researcher, with the accent of daily routines“ (Ondrejko, 2005) plays an important role and is very significant as well.

The answer is the understanding of hard life situation of „Roma people“ and their exclusion by the majority, but especially routing of ambition to elimination of conflicting, stereotypes and prejudices, incorrect myths so that we could learn to live side by side and create a better community life. Not only a quality life in local area, but especially bigger ambition and effort of achievement and acceptance of equality principle in all their spheres.

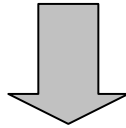
## **2. Research framework – Grounded Theory**

How did Romany become social excluded community? There is our framework:

- 1) History (historical cognition, holocaust)
- 2) Culture (religiousness, philosophy of Romany thoughts, authority, „Romipen“)
- 3) Relation Romany – majority, „Romany – Romany“ (in-group)
- 4) Social exclusion:
  - Social dimension (family coherence)
  - Spatial dimension (typology)
  - Individual dimension (educational meaning, loss of childhood, vision of better future)
  - Community dimension (devastate dwelling)



**Social exclusion and poverty**

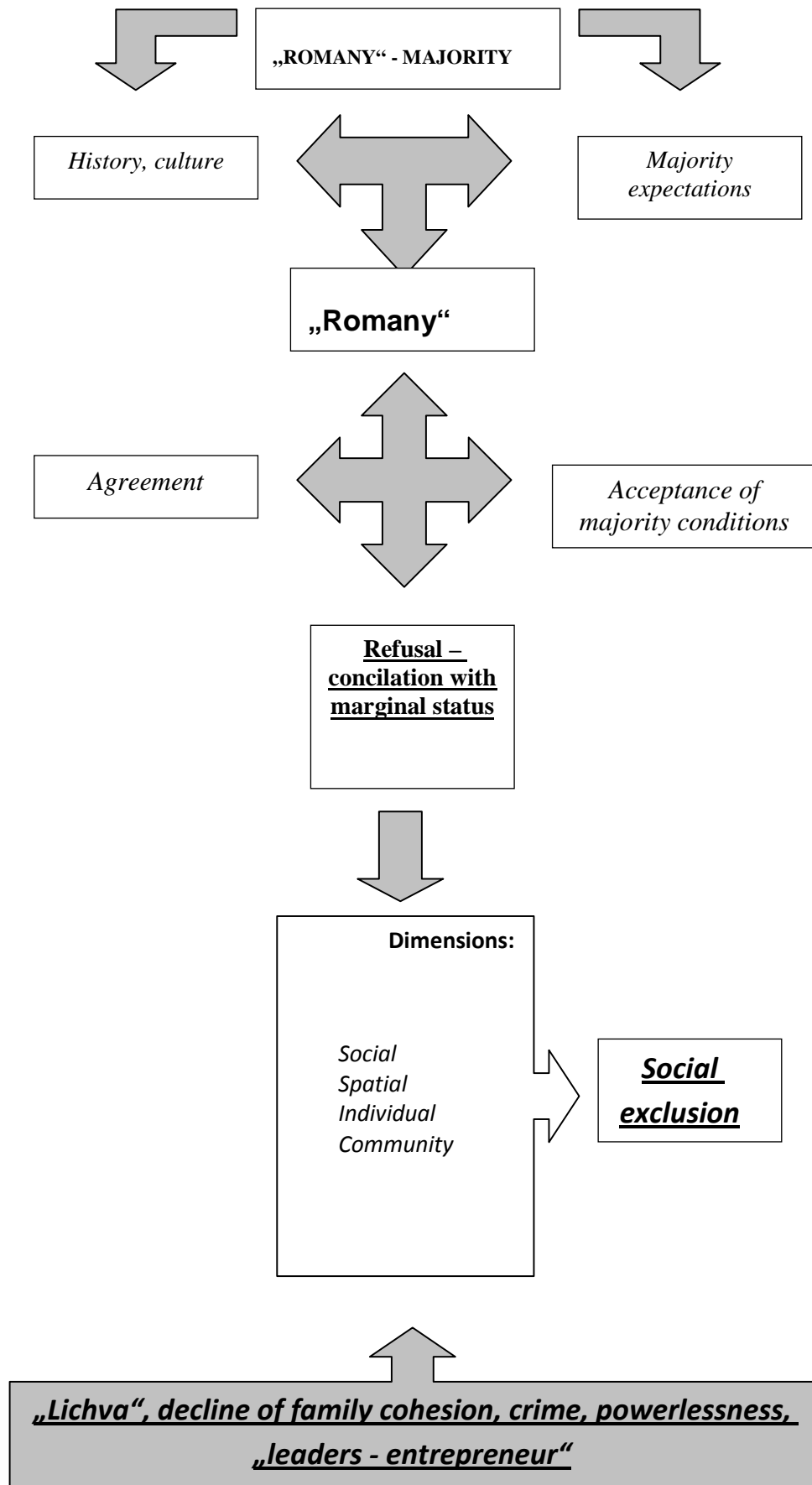


**„Lichva“, decline of family cohesion, crime, powerlessness, „leaders-entrepreneur“**

*After approaching a framework we state auxiliary categories in relation to central category and afterward we state thes categories in realation to dimensional level:*

**GROUNDED THEORY**

(method of theory creation focuses on interaction „Romany“ – majority)



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# THE IMPORTANCE AND ROLE OF CRM IN CURRENT PERIOD OF GLOBALIZATION AND ECONOMIC CRISIS

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## *Abstract*

*The current period is significantly affected by exposure to the global economic crisis and its implications. Current state of the economy reflects the enterprise's ability to acquire new customers, develop new technologies and the like. At a time of economic recession, the company has to strongly consider where put investments. Attract new customers at a time of economic decline is a major challenge. The organization, whose goal is not only succeed but also to ensure the survival it is a CRM solution that gives them a quick look at the market and bring value to the business for a longer period. The current crisis is a crisis in relations, in particular, namely trust. CRM is one of the preconditions for the prevention of corporate crises. It offers a variety of tools for anticipating and acting alone reducing corporate crises. The paper deals with the influence of risk on CRM, the CRM proposed model as a tool for reducing the potential risk of crises. At the end of the paper are formulated recommendations for the successful building and use of CRM.*

## 1. INTRODUCTION

CRM has a lot of definitions. CRM is everything what it is related to satisfaction of customer's needs. Interesting view on the term CRM has been brought by Payne (2005). He understands customer relationship management as a strategic approach concerned with creating improved shareholder value through the development of appropriate relationships with key customers and customer segments. In his opinion CRM unites the potential of information technologies and relationship marketing strategies to deliver profitable, long-term relationships. Glazer (1997) believes CRM as integrating element. In his opinion the customer relationship management provides strategic bridge between information technology and marketing strategies aimed at building long-term relationship and profitability. Another view of CRM is that it is technologically orientated.

In present conditions of global economic crisis there is very important for every business team or unit to have knowledge about customers, to know their needs and motivations of their buying behaviour. In hard economic times there is comprehensible that businesses doesn't have needed accounting data and confidence for big investment decisions for time and capital demanding CRM implementations. Therefore is necessary to offer customers CRM applications that will be based on their own requests and will reflect their real needs.

## **2. CRM IN THE CURRENT ERA OF ECONOMIC CRISIS**

The current time is significantly affected by impact of the global economic crisis and its effects. Current state of the economy reflected in the ability of the enterprise to acquire new customers, develop new technologies and the like. In times of economic boom has not mostly business problem to invest the funds, on the contrary at the time of economic recession has strongly consider where to put their investments. CRM is an area that cannot be omitted due to lack of funding. Instead, it is possible to choose another way of CRM in the economic boom, and another in the economic recession. Don Peppers of the Peppers and Rogers Group, compares the economic boom period of growth and economic recession to the period of harvest. During business growth creates the conditions for future harvest. Expanding its customer base and mainly invests in new technologies and communication channels. During harvest, the firm maximizes the effect of disruptions. Adds value to their customers and optimize the state of technology. CRM is also important and has its application in business during the economic boom, as well as during the recession.

CRM strategy in the period of economic recession it is marked by the company seeking the best use of existing customers. They focus solely on current customers who are trying to encourage more trade. In the field of marketing communications the use the communications channels that show a low of cost. The main role of CRM is to obtain maximum value from every customer by building the relationship with him. Businesses do not have available funds for investment in new technologies. On the contrary, they should seek to optimize existing technologies in order to ensure their better utilization for the CRM. In the area of product policy firm devoted their attention to key products. It seeks to enhance their competitiveness. Companies look for strategic partnerships in order to save costs and achieve synergies. In this period, the company reassessed its relationship with customers with low value. If it fails to transition to more value, to take steps to end relationships with them.

Get new customers at a time of economic downturn is a challenge. For organizations whose goal is not only succeed but also to ensure the survival, a CRM is solution, that provides a quick view of the market and bring value to the business in the longer term. The current crisis is a crisis in particular relationships, therefore confidence. The company cannot afford to have bad reputation. Must effectively manage relationships with their customers and communicate with them. Constantly improving customer service and active communication to the enterprise can sustain.

## **3. CRM AS A BUSINESS TOOL TO PREVENT CRISES**

Nowadays companies face escalating demands, which calls for constant change and the potential risk of crises. Company crisis is a distortion between the interests of business enterprise and the environment. It is a situation in business where stability, development, or mere existence is a direct threat.



Management and subsequent management of the crisis will depend mainly on the quality of management skills of senior management and its ability to anticipate crises and prepare for it, catch it at the stage of symptoms, prevent the development of higher stages, determine respectively diagnose the causes leading to a crisis situation, how to find solutions and implement effective remedial measures. The crisis can be also prevented. One of the prerequisites for the prevention of corporate crises is the application of TQM philosophy and implementation of CRM in the enterprise, which offers a variety of tools operating on the prediction and actual reduction of corporate crises. Customer relationship management is focused on building long-term profitable relationships with customers based on their satisfaction. We monitor customer satisfaction is one of the factors preventing the possibility of corporate crises due to changes in market situation.

Customer relationship management is a comprehensive strategy for the process of acquiring strategically important customers, their maintenance, and association with them, using information technology to create superior value for the company and the customer. This includes cooperation and integration of marketing, sales and customer care, backed by high quality personnel to achieve greater electivity and effectiveness of the delivery value to customers, creating customer-acceptable environment.

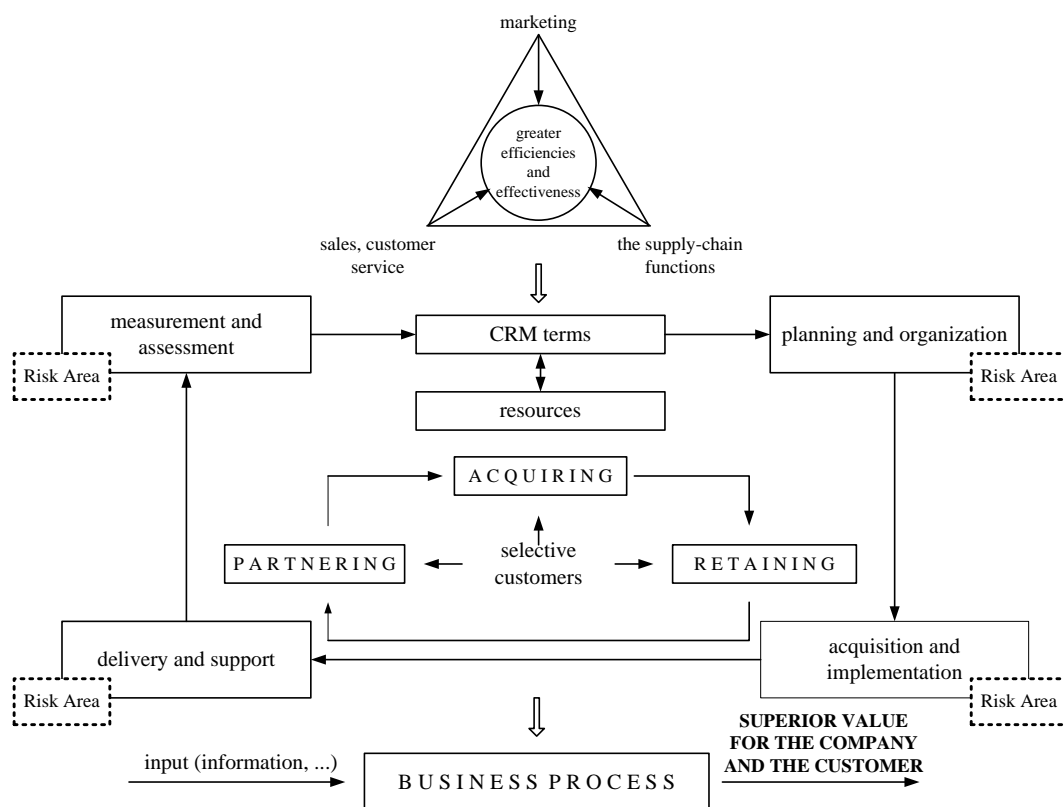


Figure 1 Model of customer relationship management and the impact of risk

Source: own elaboration

An essential part of customer relationship management is an integrated understanding of the processes of marketing, sales and services. Prerequisite for the functioning of the CRM business is to ensure *smooth information flow* between these processes. A comprehensive model of customer relationship management will allow the company to constantly adapt the strategy and the current system of *external and internal conditions and requirements* and thus avoid the potential risks (Figure 1). Well-designed model will ensure effective long-term durability of the system for customer relationship management, and greatly contribute to reducing operational risk in the enterprise. Operational risk involves the possibility of crisis, business continuity process disruption operations. Therefore, it received increased attention in various stages of the proposed model of customer relationship management.

The area of *planning and organization* encompasses a number of important processes. The first it is about the definition of a CRM strategic plan and defining the architecture of CRM. These include human resource management, investment, risk, quality and projects. An important role is to define the organization and individual relationships in CRM. It must be ensured communication strategy. The entire training strategy must be supported by analysis performed by the external and internal environment of business. For the smooth implementation of the planning and organizing the focus should be on early identification of potential risks in the planning process: [8]

- Incomplete and inconsistent planning,
- Planning only certain stages of the vertical structure,
- Inappropriate approval procedures of the planning documents,
- Pointless application of new technologies,
- Poorly resolved relationships with third parties, and dependence on them.

It is also necessary to pay increased attention to the risks of organizing and conducting the operations process: [8]

- Incomplete disclosure or secrecy of the conclusions of the problems in the management of the company,
- Insufficient and vague division of responsibilities,
- Lack of delegation of authority,
- Inappropriate restructuring effort to merge the different operations and business practices, which are unable to cooperate,
- Loss of confidence in the leadership in design, the brand and product range.

Field *acquisition and implementation* mainly involves working with tools and technology necessary for the proper functioning of the customer relationship management. These are the necessary tools to identify, adjust internal processes, installation and certification system and, of course, the involvement of workers. At this stage it is necessary to model CRM timely identifies and anticipates *risks to personal security*: [8]

- Loss of key employees,
- Inappropriate behaviour of employees,
- Errors and omissions workers,
- Insufficient level of education.

A supply and *support involves* the definition and management of operations, CRM, performance management and capacity, control and continuity of operations services. This

area includes training and education of staff, data management and information security system.

Field of *measurement and evaluation* provides feedback to the monitor proper functioning and efficiency of the system. It is important that the company had revised the current system of measuring the level of CRM. This area includes the processes of monitoring, measurement of the level of management and evaluation of CRM itself, the level of CRM. Field measurement and evaluation will allow a permanent, stable and correct their information, which may thus become a basis for anticipating and identifying changes in the environment with the risk of crisis. This area of the model is characterized in particular the possibility of risk control activities: [8]

- Inadequate monitoring of production and management activities,
- Weak operating-control mechanisms,
- Lack of work with the results of inspection activities.

#### **4. RECOMMENDATIONS FOR THE SUCCESSFUL CRM**

The most common cause of CRM failure in the enterprise may be a lack of customer-driven strategy. Managers undertaking may be advisable to review business objectives and current business strategy and reflect the expectations and requirements of customers in business strategy.

The most common problem is to eliminate human factor from the process of CRM building in business. It should be noted that the most important change is technical change. Top management should allow employees to participate in change, to welcome their ideas and explain the importance of CRM. Their actions should lead primarily to ensure trust between management and employees. Top management must consider the impact of change on people, involve them in preparing for change and warn them of the reasons leading to the change, including the effects and benefits resulting from the changes.

Poorly drafted plan is often a common problem in CRM building process in the enterprise. Managers are too reliant on technology and based on insufficient documentation of business processes and information flows. Managers undertaking may be encouraged to focus their attention on three areas of security: people, processes and policies, use the tools of project management process, undertake a detailed analysis of the current situation in the enterprise and to understand the role of technology in CRM building (just as a support tool).

The most common problem in process management is the automation of previous failed procedures. Managers must identify the missing processes; detailed knowledge processes related to customers, their evaluation and, if necessary, must accede to the re-engineering processes and to optimize them. Sufficient attention must be devoted to analyzing the current state of business processes. Creating own process model of CRM can be as a suitable tool for this analysis for managers. A key prerequisite for a successful transition to Relationship Marketing and CRM building in enterprise is a perfect mapping of current

business processes. Attention focuses on processes for customers. It is necessary to identify and follow-up optimization.

## 5. CONCLUSION

To create and ensure a successful organization, it is necessary to senior management recognized the need for disposal, sources, methods and tools to enable them to anticipate the crisis, to accept change and adapt to change. It is require, inter alia, measure and monitor information on customer satisfaction, to what extent is full of expectations and needs. For this purpose, inter alia, the proposed model is customer relationship management.

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# THE EFFECTS OF THE GLOBAL FINANCIAL CRISIS TO THE CURRENT ECONOMY

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## Abstract

*The characteristics of the current trend of human civilization can not miss the concept of globalisation. Now it is a basic phenomenon of human progress in the economic and non-economic sphere. It is the result of historical development of the facts and shows us the possible direction of mankind in the future. Globalisation and its manifestations intervene and change the whole world. The aim of the article is to deepen the knowledge of globalisation processes, to reveal the causes, relations, threats and risks and to assess the implications of the changes made in the world in connection with the world globalisation. There is given a special attention to the financial crisis as one of the negative manifestations of globalisation and its effects to the current economy.*

## 1. THEORETICAL AND METODOLOGICAL STARTING POINTS OF GLOBALISATION

Globalisation is a radical change in the worldwide social-economic relations; it is not an intentionally organised change in the worldwide social-economic relations and although it is not a single change in the worldwide social-economic relations.<sup>14</sup> Globalisation means geographical dispersion of production and strong reliance on trade.

At globalisation we make speak about the following reasons of its emergence and accompanying features<sup>15</sup>:

- Development of international trade,
- development of information and communication technologies,
- growing power of supranational societies,
- universal principles of democracy and entitlements to human rights,
- examples of mass culture and industry of culture,
- international policy of non-state organisations and societies,
- questions of global poverty and combating it,
- ever-cheaper workforce and ever-more-expensive capital,
- questions of global jeopardy,
- transcultural and transreligious phenomena.

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<sup>14</sup> PLAVČAN, P.: *Knowledge-based society in Slovak Republic..* Bratislava: Merkury 2006, p.124. ISBN 80-89143-32-6

<sup>15</sup> ONDREJKOVIČ, P.: *Globalizácia a individualizácia mládeže (Globalization and Individualisation of Young People)*. Bratislava: VEDA 2002, p. 132. ISBN 80-224-0689-0

## 1.1. New economy and globalisation

„At the beginning of the 90s of the 20<sup>th</sup> century the pace of hitherto profound changes in the world society and economy has remarkably accelerated. The arrival of new information and communication technologies in all areas of social and economic life brought new quantitative or qualitative arrangement of the world social-economic relations. Today we call this change of arrangement in the society and economy a new economy.”<sup>16</sup>

The new economy is characterized as:<sup>17</sup>

- the global economy, which is developed on a world-wide scale,
- the economy, which gives priority to nonmaterial goods, first of all, intellectual production and information processing,
- the interlinked economy, which is internally networked.

In the new economy we distinguish two mutual connected trends. The first trend consists in the effort of enterprising entities to apply to their production as quickly as possible the latest knowledge of science and technology. The second trend implies increase in universality in all areas of economic life of society. We mark high success of those national economies which make use of the possibilities brought along by globalisation.

Globalisation thus influences the nature of the new economy to such great extent that today it is also called a global economy. The globalisation effect has an impact on the interconnectivity of global financial markets. This can be seen in the ongoing financial crisis, which currently solves the entire world.

## 2. THE GLOBAL FINANCIAL CRISIS

J. Musílek (2004) as well as the financial crisis is defined as the marked deterioration of the great majority of indicators, as lack of liquidity of the financial system, extensive insolvency of financial institutions, significant falls in value of the financial and non-financial assets and a substantial reduction in the scope of the allocation of savings in the financial system. The financial crisis can be decomposed into individual, sub crisis:<sup>18</sup>

-credit crisis

-a crisis of liquidity

-monetary crisis (foreign currency)

-investment crisis.

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<sup>16</sup> PLAVČAN, P: *Knowledge-based society in Slovak Republic..* Bratislava: Merkury 2006, p.124. ISBN 80-89143-32-6

<sup>17</sup> KELLY, K.: *New Rules for the New Economy.* Paris: Penguin 2002, p. 192, ISBN 978-0140280609

<sup>18</sup> MUSÍLEK, J.: *Analýza příčin a důsledků České finanční krize v 90. letech. Výzkumná studie, 2004.* (*Analysis of the causes and consequences of Czech financial crisis in 90 years. Research study, 2004.*) [online 20.3.2010] [http://nb.vse.cz/kbp/TEXT/Grant\\_krize\\_1a.pdf](http://nb.vse.cz/kbp/TEXT/Grant_krize_1a.pdf)

In the period of creation and the outbreak of the financial crisis often there is a combination of different types of crises. Thus segmenting construction financial crisis is not easy. Among the underlying causes, which clarified the nature of the financial crises are:

- Excessive credit expansion,
- bad macroeconomic policy, financial liberalization,
- excessive
- financial panic
- popping price bubbles, market
- excessive influx of foreign capital,
- institutional shortcomings of the economy
- economic cycles and structural problems
- other factors.

## **2.1. The consequences of the global financial crisis**

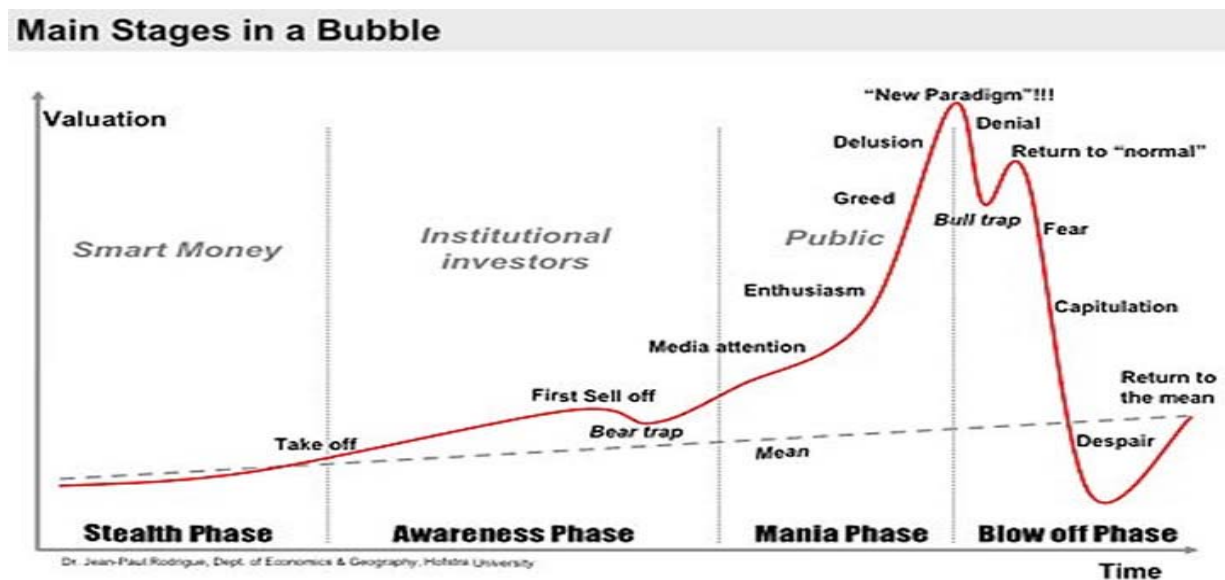
We are seeing, which already leading economists say as much as the historically and the most global financial and economic crisis in the history of mankind. Maybe so, but supposedly don't feel yet the economically more phenomenon as the greatest crisis, has until now been launched by crash on a stock exchange in New York in 1929. In modern history, especially in the last two decades, the world economy is more prone to congestion. Economic crises are not without pollution nor mature economies (Japan) and very rapidly growing and emerging markets (Newly industrialized countries in Asia, Russia, and Czech Republic).

How I mentioned before, one of the biggest reasons of the outbreak of the crisis are the price bubbles. The term bubble economy appeared thanks to the Japanese Publisher Asahi, it marked the processes in Japan in the early 1980s. Bubble has three properties:

1. the rapid growth of prices of financial assets,
2. economic activity
3. and still increase the supply of funds and loans.

The bubbles have a long history of existence. The first publicly known callout, Scottish economist John Law held in France in the years 1716-1720. Designed to complement the turnover of gold coins paper money, which gave the separate private bank Banque Générale Privée. Dr. Jean Paul Rodrigue from Hofstra University in New York developed very nice model (figure 1) summarizing the main stages in bubble, where the "irrational exuberance" represents the final "Mania phase", which ends with the "New Paradigm" and subsequent crash of the bubble.

Figure 1: Main Stages in Bubble<sup>19</sup>



Most analysts stated that in the long term the current financial crisis was caused by improper policy of low interest rates, which the Federal Reserve conducted by Alan Greenspanom has chosen after the year 2000. After popping the bubble of internet shares and then declining shares of equity markets in 2000 and, in particular after 11. September 2001, the Federal Reserve's policy of low interest rates, tried to prevent the global economic recession. Interest rates in the United States decreased from 6.5 per cent in 2000 to 1 per cent in 2003.

<sup>19</sup> FRISBY, D.: Why UK House Prices Crash is Set to Continue. [Online 20.3.2010] <http://www.marketoracle.co.uk/Article9372.html>



**Chart 1: The development of interest rates FEDu<sup>20</sup>**

	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
<b>2001</b>	<b>6,50</b>	5,50	5,50	5,00	4,50	4,00	3,75	3,75	3,50	3,00	2,50	2,00
<b>2002</b>	1,75	1,75	1,75	1,75	1,75	1,75	1,75	1,75	1,75	1,75	1,75	1,25
<b>2003</b>	1,25	1,26	1,25	1,25	1,25	1,25	<b>1,00</b>	1,00	1,00	1,00	1,00	1,00
<b>2004</b>	1,00	1,00	1,00	1,00	1,00	1,25	1,25	1,50	1,75	2,00	2,00	2,25
<b>2005</b>	2,25	2,50	2,75	2,75	3,00	3,25	3,25	3,50	3,75	3,75	4,00	4,25
<b>2006</b>	4,50	4,50	4,75	4,75	5,00	<b>5,25</b>	5,25	5,25	5,25	5,25	5,25	5,25
<b>2007</b>	5,25	5,25	5,25	5,25	5,25	5,25	5,25	5,25	4,75	4,50	4,50	4,25
<b>2008</b>	3,00	2,25	2,25	2,25								

Source: Federal Reserve system

Many banks have thanks to low interest rates in years a very liberal approach in the provision of loans, many customers were used to purchase real estate. Easily accessible mortgages (so. subprime mortgages or hazard mortgages) gradually led to the construction boom and thus increased the price of real estate. A consequence of this policy financial institutions resulted in the establishment of price bubbles on the real estate market, which reached its peak in 2005. In some areas during this short period House prices have increased by more than 100 percent. Development on the American mortgage market inspired other financial markets and thus price bubble on the real estate market has hit Ireland, Great Britain and Spain. However, the Policy of cheap money change and in the second half of 2006, the Federal Reserve has increased the interest rates to 5.25%.

Full Credit crisis erupted in August 2007 and caused the fall of the great speculative price uncoordinated bubbles on the US mortgage market. The highest increase in property prices in the USA was recorded in early 2006. Credit crunch or credit crunch, the availability of loans is sudden or dramatic decline in the prices of these loans. Profiled in the August 2007 as the reluctance of commercial banks to lend to each other at the inter-bank market liquidity and subsequently took US to the inter-bank market in the UK and in the Eurosystem. The cause was the fact that companies which provide mortgages and poor clients, cars, the risk associated with such dealings, through financial products so that these mortgages are sold by third parties – banks, investment funds, pension and management companies and individuals in the U.S. but also abroad. Providers of mortgages through innovative financial instruments weed risk loans and remEDIATE their balance sheets, to acquire new resources to finance other

<sup>20</sup> LAWSON, C. - ZIMKOVÁ, E.: *Medzinárodná finančná kríza a jej potencionálny vplyv na slovenských podnikateľov* (The international financial crisis and its potential impact on the Slovak entrepreneurs), [Online 20.3.2010], [http://www.profini.sk/index.cfm?Module=Activeweb&Page=WebPage&s=medzinarodna\\_financn\\_2](http://www.profini.sk/index.cfm?Module=Activeweb&Page=WebPage&s=medzinarodna_financn_2)

similar activities. Conversion of financial assets in the form of loans to securities we call securitisation transactions. In addition to the above instruments were created their modifications, such as CMO (Collateralized Mortgage Obligation), Collateralized Debt Obligation (CDO), CDs (Collateralized Default swap) and SIC (structured Investment Vehicles).

In May 2008, the fourth largest investment bank went bankrupt US Bear Sterns along with numerous hedge funds. In Europe, the Government of Great Britain nationalized the fifth largest domestic commercial bank, Northern Rock, the largest Swiss Bank UBS Announces depreciation at a height of 38 billion. The US dollar, the German Landesbank is likely to become part of larger financial groups. In May 2008 Global depreciation for the previous 9 months amounted to 200 billion USD. Since August 2007, there is no market with CDO bonds, there is no market value. It is assumed that the value of the bonds issued CDO fell to about half.

Problems with non-mortgage loans whereas banks are trying to provide not only mortgage loans but also more risky clients. In the US while mortgage bonds they bond market (early 2008 amounted to us \$ 7 trillion mortgage bonds, while the total volume of bonds was 27 trillion USD. It should be taken into account that the total volume of GDP (in the United States is 14 billion USD). Prices increased financial distrust of loans for Government, consumer loans, loans and car rental deals. Interbank markets affected the financial distrust of Great Britain and the European Union. Domestic demand is in continental Europe in the substantially funded loans. The crisis came as the deadly tsunami and hit all the economies of the world and the next years we will recover.

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# UNEMPLOYMENT OF YOUNG PEOPLE – A RISK FOR COMPETITIVENESS OF EUROPEAN ECONOMY

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## *Abstract*

*The aim of article is to add some points to the discussion on the appropriate actions in regards to investment in employment of young people during time of economical crisis in context of globalization and world competitiveness of European economy. The content takes a look how risky are current indicators of unemployment in group of young people for EU market. The main source of this situation is actual recession but problem will increase together with recovering economy. The questions arise how to create job possibilities for young people and to protect the negative impact of deskilling of this group, especially in context of future labour shortages expected after crisis time and ambitious goals to sustain building competitiveness of European economy in coherence with redefined Lisbon strategy.*

*Key words: unemployment, globalization, competitiveness on labour market, skills.*

## 1. INTRODUCTION

Globalization is a process that causes different effects in the all economy segments. By liquidating borders, brings separate companies, national markets or individuals into many benefits, but also - in shorter or longer perspective - leads to many threats. The unique exemplification for this double, but unfortunately mostly negative, results of globalization, is time of current economical crisis. The area which suffering especially during crisis time is always labour market, but additional disturbances on it is exaggerating just by globalization. The goal of this paper is to pay attention on one but important issue - the problem of unemployment of young generation on European Union labour market during crisis time. The current costs of this problematic situation are mostly individual but the future costs could be global for whole European economy. The lack of young 'brains and talents' makes unable to develop competitiveness based on human capital efficiency. It means basically weaker position of European Union in compare to faster developing – even during crisis time - economies (like are for example: USA, Japan, China)<sup>21</sup>.

## 2. UNEMPLOYMENT OF EU STATES IN GLOBAL CONTEXT

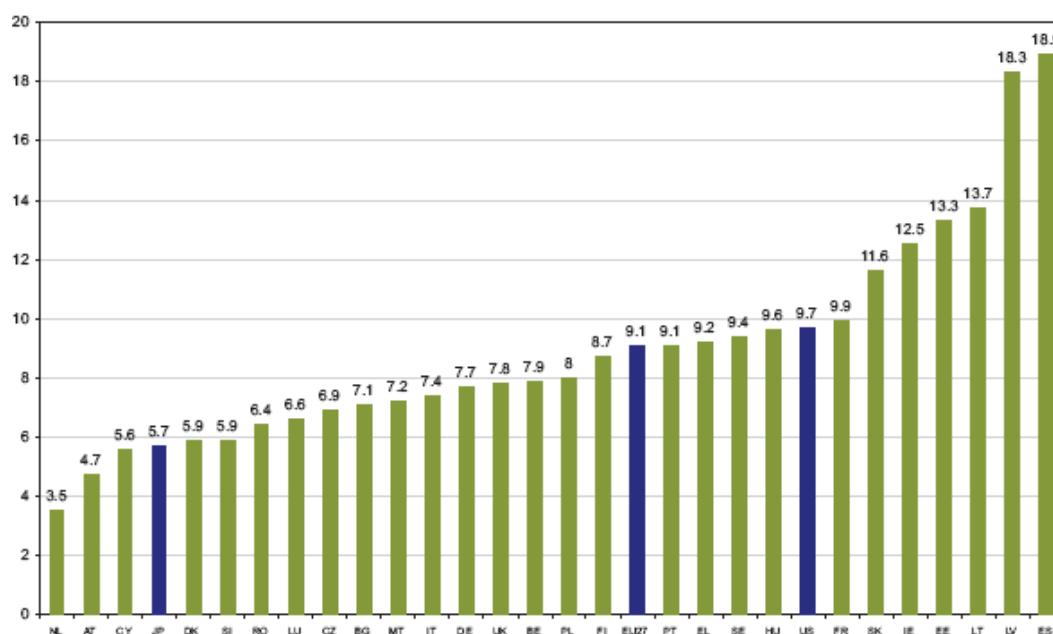
The evidence from previous economic crises clearly suggests that increased unemployment accompanying to job places reducing processes may push a number of people into long-term unemployment and labour market withdrawal, and may therefore negatively affect overall participation rates in labour markets in the longer term. And this is the main

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<sup>21</sup> world bank press, 17.03.2010.

pessimistic result of actual crisis. As it is reported in many countries across Europe and world, the sharp fall in global economic activities that began in the closing months of 2008 and have been lasted through the whole year 2009, had led to a number of problems in the world's labour markets, one of which is large-scale job losses. In August 2009, unemployment in Europe stood at 9.1% (according to: *European Labour Force Survey – ELFS*), corresponding to 22 million men and women – what is five million more than a year earlier. There is however much variation among EU Member States: the lowest unemployment rates were recorded in the Netherlands (3.5%) and Austria (4.7%), and the highest rates in Spain (18.9%) and Latvia (18.3%)<sup>22</sup>. Compared with a year ago, all Member States generally recorded an increase in their unemployment rate between the second quarters of 2008 and 2009. The smallest increases were observed in Belgium (7.5% to 7.9%) and Germany (7.2% to 7.7%). The highest increases were registered in Latvia (7.4% to 18.3%) and Estonia (4.1% to 13.3%)<sup>23</sup>. This differentiation is illustrated below, together with indexes for Norway, United States and Japan which are generally better than analogical measures for most of particular EU States (see Fig.1). This seems to confirm the assumption of weaker position of global EU labour market in compare to at least Japan market. And weaker labour market in conditions of KBE (*Knowledge Based Economy*) - simply means - weaker economy.

Figure 1: Unemployment rates in EU 27 Member States, Norway, United States and Japan, August 2009



Source: Eurostat. Data for JP from July 2009. Data for EE, EL, IT, LT, RO, UK from June 2009

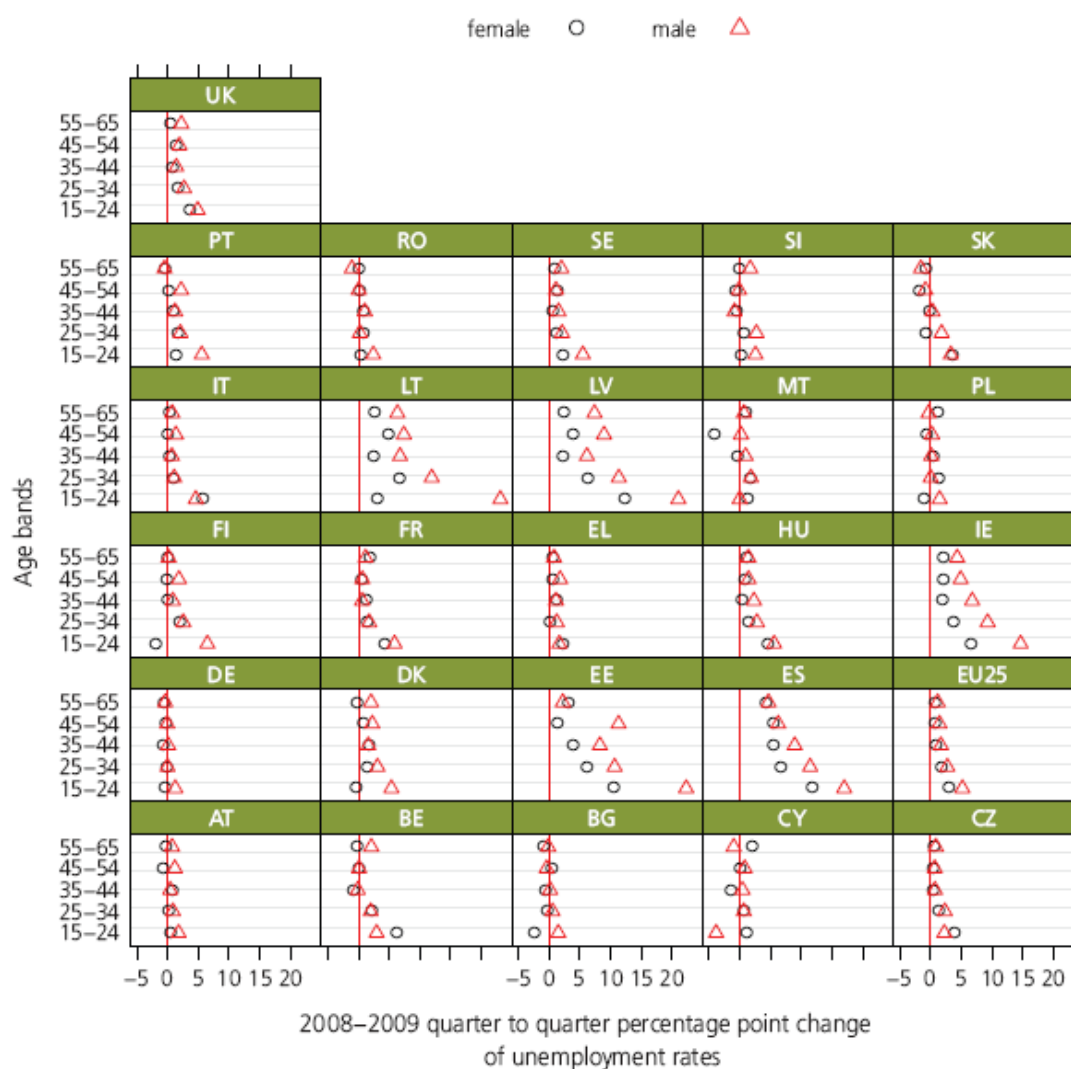
<sup>22</sup> Eurofund , Global recession – Europe's way out , background paper from 4th Foundation Forum, Dublin Castle, Ireland, 5-6 November 2009, p.11.

<sup>23</sup> Ibidem, p.11

### 3. UNEMPLOYED YOUNG PEOPLE AS HIGH COST OF CRISIS

The experiences of current recession so far show that the cyclical pattern of restructuring is in qualitative terms not much different from the structural trends: it only speeds up and accentuates these longer-term trends. Job loss is concentrated most among young and male, but probably the most striking impact on the labour market is the massive increase in the unemployment of the younger members of the labour force in most Member States (see Fig.2).

Figure 2. Change in unemployment rates by age and sex in 25 EU Member States between first quarter 2008 and first quarter 2009.



Source: Eurofund, *Global recession – Europe's way out*, background paper from 4th Foundation Forum, Dublin Castle, Ireland, 5-6, Nov. 2009, p.12.

The absolute solution for unemployment is finding job vacancy. In the EU27 in second quarter of 2008, around 3.0 million people managed to find a job within the previous three months. A year later, this number had fallen to below 2.4 million, a drop of around 22%. For young people the drop (around -26%) was however greater than for 25-74 year olds (around -21%)<sup>24</sup>. This is another indication that young people are being hit relatively harder on the

<sup>24</sup>

Hijman R., Population and social conditions, Statistisc in focus, Eurostat, 79/2009, p.7.

labour market. And longer unemployment in case of this group of workers is particularly dangerous – quickly guides to deskilling, could lead to demoralization.

#### 4. CONCLUSIONS

Questions arise: why young people are not competitive on labour market in spite of their mostly - in compare to the older workers - better professional education, stronger mobility and more modern vocational skills? They are the population who exactly represents, so important for KBE, young ‘brains and talents, the key issue for innovative economy. They urgently have started to be subject of special attention of labour policy makers in UE Member States and the common European labour market strategy.

What kind of proactive strategies unemployed young people can use?

They can simply prolong time of their professional preparation staying longer at school; studying, updating education, adding new specializations, etc. And very often they are choosing such option. But it represents not only positive but also very risky strategy. Such behavior postpone their economical independency, what seems to be enough negative effect, but at first – postpones the opportunity to build their own professional experience – the highest advantage of potential worker as it is perceived by employers. Endless training for a job that may never appear finally can be just as demoralizing as long-term unemployment.

It is clear, that if this is not tackled quickly, there will be very serious implications for the lives of many of these young people and for society in general. Such situation obviously makes unable to plan competitive European economy in time of dominancy of new technologies and key value of innovative human capital. This is dangerous in context of probable labour high skilled shortages, expected after crisis time. Finally - it can cancel ambitious goals to sustain building competitiveness of European economy in coherence with actual redefinition of Lisbon strategy<sup>25</sup>.

It could be concluded, that eliminating current high rate of unemployment of young people is the most acute labour and social policy problem facing policy makers in Europe – just in time of economical crisis and especially - in context of globalization.

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<sup>25</sup> European Commission, *E U R O P E 2 0 2 0, A European strategy for smart, sustainable and inclusive growth*, Brussels, 3.3.2010 , COM(2010) 2020.

# GLOBALIZATION AND ECONOMIC CRISIS – THE CAUSE OR CONSEQUENCE OF GLOBAL PROBLEMS ?

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## *Abstract*

*According to Durkheim, rapid economic changes in societies accelerated by globalization have resulted in a discrepancy between the cultural and social objectives and legitimate institutionalized means that should lead to their achievement. According to Merton, an uncontrolled social behaviour arises. Emerging feelings of being lost, helplessness and no perspectiveness are, above all, the first signs of violence, social and individual pathology. They relate to concerns about the loss of "we" feelings. According to P. Ondrejko (2000, p. 40) "individualisation is often perceived from the negative side of view".*

We must realize that we live in a global world. Companies in the world are getting not only into increasing economic dependence, but also into other dependences. This process is called globalization. It would be a very short-sighted effort to examine only the economic impacts of this process. Differences in the development and living standards between developing countries and developed countries have extremely deepened in recent years. Ecological problems, migration of a large number of people, different epidemics, famine, climate changes and extinction of various animals concern each individual existing on this planet. Several millions of inhabitants of this blue planet die annually from malnutrition. A. Giddens (1993) explains the process that led to global imbalance by the following three theories:

1. The theory of imperialism and neoimperialism says that there are such forces behind this process that had an influence on the external expansion of business in the industry.
2. Theories of dependency say that the industrialized countries have the opportunity to decide on the conditions for cooperation with countries of the Third World.
3. The world systems theory refers to the network of core countries, semi-peripheral countries, peripheral countries, as well as to the countries of the external pre-area.

Of course, in the globalization process there is an expansion of transnational joint-stock companies, which operate in two or more countries. The development of telecommunication

technology has enabled us to realize that we are all citizens of one, the same world. Advanced industrialized societies play a major role in the process what is called the imperialism of the media, therefore some believe that Third World countries are sufferers of the media imperialism (A. Giddens, 1993).

There are enormous cultural, social and economic differences among individual countries that result in incredible tension. We feel this tension to a small extent as the social tension among groups of people in one and the same society. It is evident to a large extent as hidden or open hostility among larger groups of people and also as a war.

From less dangerous manifestation of the different subcultures in different musical formations (Emo - typical eye painting also by boys, black clothes and rejection of conforming life), it is globally evident with the media support as tension among the countries.

According to Csepeli (Csepeli, 2002), aggression is such relationship among people or groups in which the activity of one person/group is turned against other person/group causing him/it mental, physical or material damage. It is a destructive behaviour with the aim to devastate. The aim of aggression is non-existence and its precondition is the existence of something from where one can take what can be destroyed. It seems that at first it is "the good" that must excel in the world that may be later destroyed by aggression. The more perfectly the aim of aggression is performed, the more the own existence is destructed by it. Destruction finally ends by self-destruction.

A little arbitrary aggression in interpersonal relations raises tension and disturbs coexistence in partner relations. The examples of such aggression are provoking, quarrels, slandering, schadenfreude and speaking ironically, what often brings joy to the person acting like that, but such behaviour spoils the social atmosphere. Manifestations of such aggression in the group are vandalism, lynching, pogrom (from Russian - mass violent act against a group of people, Dictionary of Foreign Words, 1977, p. 721), where a group indiscriminately destroys everything what comes in their way - people, buildings, benches, wagons, etc.. They try to destroy everything in the society that is regarded as a value.

It is an illusion to think that aggression will disappear from our life and there will be only good in our life. The truth is also the fact that there is often an aggressive behaviour in the name of good. In the case of instrumental aggression, the antisocial conduct within the



implementation of ideology of good appears as pro-social acting. Salec, 1994 (In: Csepeli, 2002).

This is very important in the case of anomie. According to Durkheim anomic tendencies arise as a part, result of sudden **economic changes**, even positive ones. Both generate cultural and political crises in adaptation by members of the society. This crisis and the way of coping it often leads to deviant behaviour, crime or even anomic suicides. Merton explains this as uncontrollable social behaviour. He explains anomie as disproportion, discrepancy between cultural and social objectives and legitimate institutionalized means that should lead to their achievement. For Merton, anomie equals to instability and is associated with demoralization. Currently, the issue of anomie is confronted with the aim of social success and material wealth. Its achievement is becoming a central value, on the other hand there is the lack of ideas in the society how to achieve it. There is social pressure to achieve success and less intensive pressure to the legality of achievement. Social control fails and emerging feelings of being lost, helplessness and no perspectiveness are, above all, the first signs of violence, social and individual pathology. They relate to concerns about the loss of "we" feelings. According to P. Ondrejko (2000, p. 40) "individualisation is often perceived from the negative side of view".

## **Crime**

Current science about crime as a social phenomenon is of the opinion that crime is not a genetically inherited defect of the personality. The society or state authorities decide what behaviour will be considered a crime (Ondrejko et al., 2000).

The objective of criminal offences is consistent with the objectives adopted in societies and criminals seek to achieve the same objectives as the majority of the society. They want money by which they could reach objectives that are applicable in a respective society. However, the major difference is that they all want to achieve it through illegitimate means. This difference has the consequence that there is a change of lifestyle and insight into the world. A subculture that praises aggression is created. It needs no apology and it becomes an arbitrary aggression.

## **Violence**

According to Ondrejko (1998, p. 362) violence "is the most common term for a single physical act or procedure in which a person causes injury to another person. However, it is

also used as a term for a certain kind of intervention in the relations, which sphere is regulated by law, or for far-reaching direct or indirect influencing of people. Violence can be incorporated into the structure of the social system itself".

### **Public violence**

Public authorities often use violence. In some cases, it is advocated by pro-social arguments. Every day we can read where the police authorities use coercive measures. The second example in this category is the army. The ideological context decides whether a murderer is a hero in the name of good or a personified killer. It is interesting to find out what different reasons have been used to defend a beginning of the war or the initiation of any violence, e.g. in the name of God, fate, natural law, responsibility, peace, freedom, security, independence, truth, agreement, will of the majority of people, right from the birth, blood alliance, culture, status quo, public opinion, vendetta, liberation, etc..

Violence is often justified by defence (defence of the society). In a modern society there is a great desire for just world, where the desire for justice rules in interpersonal relations and where the long-term insufficiencies cannot exceed the benefits.

### **Discrimination**

Discrimination is a form of violence that is directed against minorities. In any case, it means unequal conditions for the minority. Colonization is a special form of aggression, where e.g. the aggression to occupy islands was justified by modernizing indigenous inhabitants.

### **Revolution**

Revolution is a fundamental change that served to overthrow the old system and bring the new system, often by violent means. It is a sudden and big change, a social process. It may be a cultural, industrial or political one. Revolutions in the name of social progress release aggression in the society.

### **Terrorism**

Terrorism is a special type of violence which arouses fear and dread. It usually has a provocative character in a sharp contradiction to accepted standards of conduct in the society (Ondrejko, 2000). Terrorism is actually threatening by violence with a particular political objective. We can thus define an aggressive behaviour by individuals or groups that

usually do not have formal political power. Terrorism in the society relies on the same symbols as the legitimate power against which it is fighting. Terrorists often stress that their actions are legitimate and often choose legitimate names of army, brigade and others, e.g. Irish Republican Army (IRA).

### **Aggression of the belief**

Various religious movements that are convinced of their authenticity and rightness, in order to protect their ideology, are capable of aggressive actions against individuals having different views, e.g. turning unbelievers to faith, inquisition, witch burning, political destruction in times of normalization and others.

Expansion of these problems on a global scale with the help of the media has caused various economic problems nationwide. Economic problems result in widening the gap between the groups what causes greater tension. This difference has the consequence that there is a change of lifestyle and insight into the world. A subculture that praises aggression is created, then it needs no apology and it becomes an arbitrary aggression.

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# **A STRATEGIC FRAMEWORK FOR OUR FUTURE EDUCATIONAL SYSTEM HAS BEEN COMPLETED TO STRENGTHEN THE ROLE OF MAN IN GLOBALIZATION PROCESSES**

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## ***Abstract***

*The definition of globalization is too technocratic: it does not include much of the human factor, except for references to the workforce. However, as regards the inner globalization structure, the active role of humans and their education have to be a substantial element with a qualitative impact upon globalization in favor of sustainable development. Activization of this element is considered both by the EU educational strategy and by the new curriculum developed by the Ministry of Education of the Czech Republic.*

**Key words:** globalization, financial crisis, education system

Globalization is defined as the processes and the trends in social and economic life arising from new technologies that enable information transfer and processing quickly and cheaply and allow information to move independently of the carrier, all of which is supported by the developments in the field of mass transport and travelling worldwide. Economic globalization includes movement of goods, financial means, capital, production capacities, companies, workforce and development of transnational companies. It is information and communication technologies that are considered the driving forces of globalization. A general condition of any globalization whatsoever is a generally accepted idea of effectiveness as the criterion for economic and political decision-making. Following from the UNO Human Development Report, one of the latest negative consequences of globalization is the fact that the fortune of the upper 358 global billionaires equals the total income of 2.3 billion of the poorest people, which is 45 % of the total population.

Hence, it is obvious that the area of education - as one of the building elements of globalization - is a huge instrument to direct further development of globalization and its inner structure. It is possible to gradually change the current state in all its elements and - through quality education - involve a high percentage of the population in deeper influencing of globalization processes and system crises arising during its development. What I mean is, for example, the current financial crisis. If, on one side, globalness in terms of the present elites means mobility - while mobility means, in general, a capability to escape, hence avoid, the consequences of negative phenomena, the same is applicable vice versa, i.e. there is a positive influence of mobility, hence - and logically - mobility means the capacity to influence processes in the sense of generally purposeful development. However, education, with its non-substitutable role, needs a structural change - simply a prospective program whose articles, at the moment, may seem visionary. Only in this case, step by step, will we be able to

achieve innovations at high levels, which will positively affect the inner globalization structure and its displays in the sense of sustainable development achievements.

In regard to this, the question is, where are we now in the EU educational system and, somewhat closer, where are we in the Czech Republic? The European Union has reflected the consequences of the financial crisis quite quickly through workforce re-qualifications. Financial resources were found for training programs and new qualifications for professions indicating a potentially lower demand before the crisis has ever begun. It is important to stabilize employees within the present economic structure, with the aim of not laying them off - and waiting until the crisis comes to its end. The inner globalization structure stays unchanged. The fact is that the financial crisis - in the present, globalized world - came earlier than any creation in terms of essential changes in EU education systems or in national education systems, and it was not very different in other parts of the world, either.

Do we have any education system that would take into account influencing of globalization processes - so that this phenomenon would support further purposeful and (not only for the elites) effective development of individual globalization factors? No doubt we can analyse the past, the facts we know. Here, we are able to extract statistical data and use them in comments about the past or the status quo. We already know that, in our globalized world, crises are unavoidable, and we know that the economy will be continuously changing, too. We know that in a couple of years these changes will be capable of exerting a considerable influence upon viability of large branches. We find that in our continuously changing economic environment it is more and more difficult to match a specific offer to the demand at the given time and location.

Anyway, even under these circumstances the EU states managed to adopt the Strategic Framework for European Cooperation in Education and Training (ET 2020). The framework was designed to provide necessary coordination of education and training and to ensure that finances will be functionally spent in order to attain the strategic goals, such as developing lifelong learning strategies and removing obstacles to mobility, supporting effectiveness and quality, provision of equal access and social inclusion, and development of business thinking, creativity and innovations.

How can we join this strategic stream for future education at the national level? If the economic structure is changing, it is vital to change the structure of the education system, too. What we need to do is to move the creation and the offer of new study programmes closer to the market demands and to monitor the numbers and the structure of unemployed graduates within time sequences, the outputs of which should be used for subsequent changes in the offer of study programmes accordingly. Fluctuations in the demand should be reflected through educational courses or other short-term forms, which will enable those people to find new jobs. The intention of the Czech Ministry of Education to support - and in the long-term view - the transformation of schools into institutions that will actively implement the concept of lifelong education is one of the factors that will enhance the capability to be employed for a long time and with good prospects.

In regard to the fact that the main elements of the concept of the new curriculum prepared by the Ministry of Education of the CR are four sectional themes, The Citizen in a Democratic Society; People and the Environment; People and the World of Work; and Information and Communication Technologies, this is a clear signal of the effort to influence globalization elements, now mainly appearing as information technologies, in an active and positive way. They may become the driving power of globalization. However, people must be the qualitative element and the main power to influence globalization, the factor that will be capable to use its advantages for general development - not only for development of elites. At this point, education systems bear immense responsibility for the future. At the same time, this clearly means huge responsibility for the political sphere as well, as it is the political sphere that is most influential in terms of directing financial flows. In the interest of the future, politicians must be prepared to allocate necessary funds from state budgets, and not spend them for the sake of temporary and - as far as possible - conflict-free comfort of their voters. When it comes to the elements of the definition of globalization, an education system focused on the active role of people within the globalized world is missing. It is our duty to add this missing element, and to activate it, too.

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# SCIENCE, EDUCATION AND GLOBALIZATION

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## *Abstract*

*Globalization is a long-lasting and culturally and socially complex process that we come in touch with every day. Globalization interconnects human fates in all areas of human activities. The role of information and communication technologies is very important as due to the technological boom they are present literally everywhere. In the present globalized world, information plays a key role in economic and social development. Developed societies are well-aware of this fact, and they widely invest in the field of science and technology, development and research. Satisfactory support of research and development is one of the greatest priorities for every developed country. Maintaining the level of research and development, you enable continual development of the society and increase the economic competitiveness. Research and development is one of the basic driving forces of any economic growth whatsoever. High-quality education represents a primary competitive advantage in today's world. In the interconnected world, international cooperation is very important. Through international cooperation, not only is a common forum formed to compare and increase the quality of the science; in addition, it gives opportunities to implement major international projects whose needs go beyond the financial and material resources of single countries. Globalized science shows a satisfactory potential in order to address various issues of today's world.*

## **1. GLOBALIZATION**

Globalization is a long-lasting and complex process that we come in touch with every day. It interconnects human fates in all fields of human activities. Globalization is a set of different processes that are connected to each other, conditioned by each other, and often cause a variety of tensions within the society. Globalization is an uncontrolled process, very spontaneous and stimulated by technical competences of humankind. One of the main driving forces of globalization is the effort of entrepreneurs to achieve the highest effective profit possible. Globalization eliminates market barriers and maximizes psychological aspects that rule over the market. Consequences of globalization include, in particular, the growth of giant transnational companies that operate throughout the world, keeping immense power in their hands; the shift of the economic power from Europe and North America; and establishment of new, global economic players in developing economic systems.



Globalization has supporters and dissenters, and their opinions are often polarized in a very distinctive way. The most important argument on the side of supporters of globalization is that global problems i.e. the problems troubling the whole of civilization can only be solved with worldwide effort. One of the arguments on the dissenters' side is that globalization is an opportunity for the powerful while it poses a threat for the weaker: advanced economies take advantage of globalization and development in this way is useful for them, while other, economically weak, countries suffer from globalization.

## **2. ELECTRONIC MEDIA AND INFORMATION**

The globalization process was partly induced by, and it is further accelerated by electronic media, especially through television and information internet networks. Information and communication technologies greatly influence the life of every individual and the whole society, too. The internet network allows instant communication, includes enormous volumes of information and provides access to it. The internet is an amazing information and communication tool that connects people all over the world. On the other hand, people are becoming more isolated than at any time before. An internet user just sits in front of the computer, at one of the great many stations, and there is an immense quantity of contradictory data, non-homogenous news, advertising attacks and purposeful communication. An individual often cannot manage the information inflow and use it for their benefit and development. Modern methods of communication and sharing information result in alienation and certain independence of individuals. In the interest of global development of the society, an individual loses their personal and national identity. People are educated to use impersonal, indirect communication. From this point of view, the present globalization trend brings rather negative consequences. In this regard, education is of utmost importance as it is education that enables not passive but active and critical searching, processing and utilization of information. Effective usage of all aspects of new information channels may have - and certainly has significant and positive effects.

At the present time, developed societies are concentrating more and more job opportunities in the area of collection, evaluation and provision of information by means of effective tools, information and communication technologies. They understand that information and knowledge are essential and key factors for economic and social development. Modern information and communication technologies provide access to the latest information that would otherwise be available with a delay. Those who do not have access to and the possibility to use information and communication technologies are disadvantaged, and the gap between them and the advanced societies becomes even wider. The delay assumes importance for provision of economic success and represents a profit resource.

### 3. SCIENCE AND EDUCATION

Science and technology, research and development and its results are very important factors for economic competitiveness in developed countries. Hence, the importance of support to research and development is growing. Scientific cognition of the world has become an inseparable part of spiritual needs, and overgrown in the economic factor as well. Satisfactory support of research and development is one of the biggest priorities for any developed country. By maintaining the level of research and development, you enable continual development of the society and increase the economic competitiveness. Research and development stands for one of the essential engines of any economic growth whatsoever.

There are statements that question the importance of scientific and technological achievements. What have these achievements meant to humankind in terms of a better life on the planet? During the development of civilization, people gained knowledge and learned to influence and control some powers, yet the volume of "unknown and uncontrolled" is never-ending. People have become the excessive and dominant species on Earth, they adjust nature to suit their own needs regardless of the needs of other species, exploiting resources without the slightest consideration for ecosystems. On one hand, human life has become more convenient; you find your subsistence by going to the supermarket, heat by switching the central heating on, water with a single touch of your kitchen tap. On the other hand, a lot of people live under stress, lose awareness of their own identity and affiliation to a group, and distinguish just individual fulfillment in the conditions of economic competition and consumers' behaviour patterns. In the past, people used to be a natural component of nature. They identified themselves within the community. Their lives were filled with searching for food and caring for neighbors, being a part of a community and unity. The community would let them know where their place was, providing a sense of safety and usefulness. At present, people stand apart from the community, and they are offered individual freedom and independence. The global economy does not need people tied to their home, people with roots: you are expected to live for the company and its growth, you are free, mobile, usable anywhere and at any time. Under the pressure of dynamic market relationships, people feel unsafe and uncertain. They are afraid of losing their job, not being able to keep pace with changing requirements - hence losing their existence.

The main task in the field of science and technology is to find a solution for sustainable development and teach the people how to live so that their life is positive and rewarding both for themselves and for others and in harmony with nature. Globalization is projected in science and research, too. Internationalization is very important. Internationalization creates great opportunities. In the field of science and technology, propagation and introduction of outputs and results into practice proceeds very quickly. Strong international competition needs research and development that is more efficient and more intensive. Along with that, quick communication stimulates the growth and the intensity of the competition. This trend is well-visible in the area of the most dynamic scientific disciplines, such as information technologies, biotechnologies and nanotechnologies. Technologically sophisticated products represent a source of high added value, and reflect the capability to carry out research and development and apply the results in production

processes. If you want to produce sophisticated products, you have to invest in research, development, innovations and technologies. Products are changed very often and changes are expected and required again and again.

In response to this trend, strong multinational consortia have appeared. They establish development and technological centres with the aim of helping the area of research and development work more intensively. The centres put single research units together and support the development of consortium members. These consortia are able to attract huge financial resources, including funds granted by governments. The centres make great efforts to hunt for well-qualified experts. There are countries that do not invest in research and development much so their qualified specialists tend to leave their mother country and move to technologically-advanced states that offer much more attractive scientific careers and higher salaries. Hence, the technologically weaker countries lose many experts and, in addition, the finances that had been invested in education of these experts, too. The so-called "brain drain" may result in a lack of top qualified specialists needed for research and development in the country.

High-quality education represents one of the main competitive advantages in today's globalized world. In regard to the development of our society now, investments in education and knowledge are of utmost importance. As for investment effectiveness, preferences go to areas of education and science that provide the highest returnability. Information, science, knowledge and technologies have become the key words. In technologically advanced societies, one may come across more and more products that do not require much raw material but extensive knowledge. The price of modern products does not reflect the price for raw materials and labour but it is derived from the knowledge and information needed for their production.

Here, the most valuable capital is information, knowledge and innovation, which is understood as a condition for success on world markets. Knowledge and innovation are very important means of increasing competitiveness and provide a functioning environment in this area as a necessary precondition for the future prosperity of the country. Science and technical science are considered the most important source of information. At present, it is often emphasized that we need to pique interest in science and technical branches. Research, development, innovation and technological progress, and improvement of education, knowledge and competences influence productivity and greatly contribute to the competitiveness and employment rate. They are the principal force of the economic growth of the society. In countries that are able to compete, the standard of living grows faster, and effective investments are the key to further growth within medium and long-term horizons. Investments in education and human resources bring valuable assets for further development of the society. However, this trend is rather in contrast with the real situation in most European countries. Due to the variety of the offer and the degressive level of the primary and secondary education, the present young generation shows a considerable shift of interests. In consequence of flagging education, science and technical science are too demanding for most of the youngsters - hence our society does not produce enough specialists for operation of

technologies. At this point, enhancement of education is one of the key moments in order to manage the future requirements.

Investments in human resources and research must be used effectively. The investments should be laid out so that the effects of the process of generation, processing and use of new information can be the best possible. With consideration, finances should be invested in the educational system as this leads to higher performance of research and development and, consequently, to development of internationally competitive production and services whose added value is higher. Globalization has priority technologies to which the biggest investments are directed. The main areas are: computerization, miniaturization, digitalization, nanotechnology, satellite communication, optic fibre and internet. It is obvious that natural resources are depletable and we do need to address the problems related to raw materials, energy and environment. Medical research teams search for methods of fighting cancer, cardiovascular diseases, Alzheimer's disease, diabetes and other serious diseases that are considered a serious problem especially in developed countries. Funds are directed in this direction in particular. Poor developing countries do not have enough finances for medicine research and their inhabitants suffer from many diseases, such as AIDS, malaria and tuberculosis. In these countries, a certain part of their finances is sent to the research area while a considerably better effect would probably be achieved through health education aimed at risk behavior and observance of elementary hygienic rules. There is an immense gap between the medical care in developed and in developing countries, and it is impossible to close it easily or quickly.

Another aspect of global science is its internationalization. In the past, a lot of production branches used to be connected with specific regions or a relatively low number of states. At present, many scientific fields seem to reach certain limits and any further progress in terms of the knowledge in the specific field calls for common effort and collaboration of many centres or production plants. Scientists ask questions that only transnational teams are able to answer - as the scientific capacity and financial needs are somehow limited. In the field of science, this is especially connected to, for example, energy (thermo-nuclear fusion) or elementary particle physics (e.g. CERN). Scientific problems are divided into sub-problems and specific tasks are delegated to particular cooperating groups. Hence, the result and the success of the whole project depend on the capacity of the individuals and on the talents of leaders to complete the specific elements in a complex mosaic and form the whole picture.

Modern research brings many ethics-related problems. For example, in the branch of genetics, knowledge of a DNA problem area enables extracting information about the risk of certain diseases from a single cell. Information may serve but, on the other hand, information may be misused, too. Information may lead to discrimination of some individuals. One can imagine that sometimes it would be economically disadvantageous for employers to hire certain individuals and it would be disadvantageous for insurance companies to insure them. Only a society that is rich in information and - at the same time - wise, too, is capable of addressing those issues.

We search for new energy resources. Nuclear fusion seems to be very promising. An international thermo-nuclear experimental reactor, one of the most expensive facilities in the world, has been built in France. The system is designed for acquiring new knowledge about possibilities and opportunities offered by thermo-nuclear fusion.

## 5. CONCLUSION

Globalization is a positive force, both in society and in the field of science. Science and research is the motor of globalization. Without international cooperation it would be impossible to implement major international projects. Only globalized science may find answers to many problems of today's world.

Education is very important. It is necessary to increase efficiency of the educational process and attract young people to science and technical science.

Globalization is advantageous for people who live in developed countries - they profit from globalization. One of the biggest problems of globalization is the fact that globalization has the potential to generate processes that cross the borders, hence addressing issues related to such processes requires a coordinated procedure with participation of many countries. Globalization has two faces, and produces multivalent assessment and evaluation. Alternatively, it seems to be a threat or a big hope. Globalization is a process that began a long time ago. It touches our common fate and cannot be stopped.

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# WORK MOTIVATION IN MODERN ECONOMY

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## **Abstract:**

*It is not new knowledge that work motivation is an important part of personnel management. The organizations can make the big mistakes in this field. To understand the people's behaviour is not so simple as it seems to be. This observation is well known. The results of our research are very interesting and the outcomes are not only for theory but also for practice. We studied the differences between private and public sector in work motivation area. Now we know that the differences between private and public sector are really huge. The research specified the divergences between suppositions and the reality in practice. We have to mark that we recommended some useful advices for managers in practice.*

**Keywords:** employees, work motivation, public sector, private sector

## **INTRODUCTION**

A deep and widespread crisis affects modern economic theory; a crisis that derives from the absence of a 'vision' - a set of widely shared political and social preconceptions - on which all economics ultimately depends. This absence, in turn, reflects the collapse of the Keynesian view that provided such a foundation from 1940 to the early 1970s, comparable to earlier visions provided by Smith, Ricardo, Mill, and Marshall. (The Crisis of Vision in Modern Economic Thought, Robert L. Heilbroner and William S. Milberg).

It sounds very incredible but the aspect of work motivation has a lot of in common with crises in Modern Economy. Crises in Modern Economy are a very big topic. We would like to focus our ideas to the thema of work motivation. The one side of this aspect is the manpower as the production factor and the other side is the manpower in terms of performance as a prerequisite for business success.

Few months ago we did the small research about work motivation and we would like to attach to our results which would like to interpret the partial view of the status of work motivation in Slovak republic.

During 2009 we undertook a field study in the Slovakia to find the situation about work motivation. We interviewed more than 100 employees in companies (private sector) and institution (public sector). The purpose of the study was exploratory; much of our effort went into the search for hypotheses rather than tests of specific ones. We invited the employees to tell us what they thought was relevant. In the situations after respondents had spoken at length did we ask questions to cover points that interested us. We have to say that some questions sometimes stopped conversations because the questions led respondents to try to think like an researcher (economist).

Most interviews with employees were obtained through personal contacts or by telephoning employees and persuading them to cooperate.

The explanation of work motivation given by more than 100 employees. In this paper we presentate the results of work motivation research and are stimulated by what we heard.

Through values of each person (worker) we can see the basic of work motivation. Value is a principle held in high esteem of work life. Values develop so that individuals can meet by an individual and is also related to all aspects their needs in socially acceptable ways. (Rokesch, 1973)

The values play a central role in human motivation and achievement (Mankoff, 1974) and decision making processes (Brown & Associates, 2002). Work values are thus one aspect of an individual's values.

In our research we study the values through of motivational factors.

## **APPLIED MOTIVATIONAL BACKGROUND**

In actual fact, considering the role each employee plays in a company's success. It is the big appeal for the managers to learn more about work motivation and its relationship to management. It is well known that Maslow was one from the group of scientists who gave the basics to the theme about work motivation. We can say through his theory that each person has specific needs, drives, aspirations, and capabilities, at varying degrees of intensity, people's basic needs are the same. Maslow's model illustrates the needs in special order. His model is known as Maslow's hierarchy of needs. The basics of this model were incorporated to our qualitative research.

We have to recommend that one side of the research is theoretical view to the core of work motivation and the other part includes our knowledge about work motivation which were incorporated to research. We mentioned Abraham Maslow as the one who classified the needs but in the theory of work motivation we also know the Frederick Herzberg. His work about motivation factors (satisfactors and dissatisfactor) is also much known. In literature we find a lot of critic to Herzberg and Maslow theoretical results. The one very important fact is that they are the big persons who establish the different views to issues about employee motivation.

Frederick Herzberg contributed to human relations and motivation two theories of motivation with his classification of satisfactors and dissatisfactors. The core of his study is the one basic for study about motivation factors in practice.

We see through Herzberg theory the other opinion to work motivation. The work motivation must also be viewed from two perspectives, one is inner drives and the other is external motivators. A person's inner drives push and propel him/her towards an employer. The outer (external) motivators are the mirror image of the employer. In dealing about Herzberg we have to say that he was the one who believed that the best way to motivate someone is to satisfy higher ego needs, such as for recognition and sense of achievement.

We examined many work motivation factors that a manager must consider. In order to properly conduct business employees need to be well trained and motivated. We have to state how a manager goes about this task is extremely important. Generally, it is very interesting to investigate different types of motivation, especially one type with its origin in social exchange relationships and one that originates from the job itself, where employees become intrinsically motivated because they experience pleasure, interest and enjoyment in their job. (Deci et al., 1989; Vallerand, 1997).

## **THE PURPOSE OF STUDY**

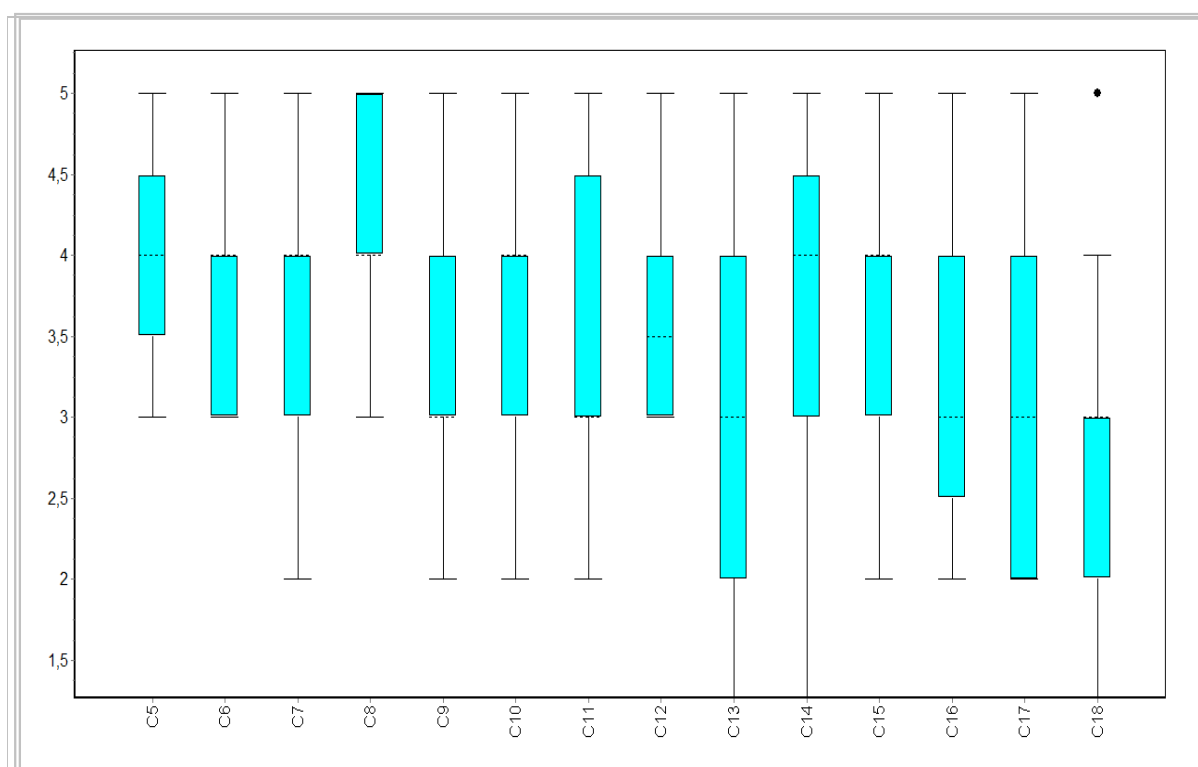
The purpose of our study was to describe the importance of factors in motivating employees at the companies in Slovak republic. Specifically, the study sought to describe the importance of these motivating factors: money, recognition, welfare, staff training, good working conditions, staff awareness, promotions and growth in the organization, approach leading and labor relations. A secondary purpose of the study was to compare the results of

this study in two sectors. The one sector was public sector and the other one was private sector. We occupied also with age of the employees, gender and level of education.

## METHODOLOGY

The research for this study employed a descriptive survey method. Data was compiled through use of a written questionnaire hand-delivered to participants. Questionnaires were filled out by participants. The questionnaire asked participants to rank the importance of nine factors. For the research was used the qualitative research – questionnaire method. For preparation of research we used the primary and secondary resources.

The basic facts about our research represent histogram:



**Graph No. 1 Histogram**

We examined an eighteen motivational factors through qualitative research. We found this record. The initial information about the correlation structure is obtained from the implementation of the correlation matrix of variables. Man can above see the basic correlation matrix.



## Factor Analysis

Variable	Factor 1	Factor 2	Factor 3	Factor 4	Factor 5
Money	-0,215	-0,333	-0,795	-0,230	<b>0,295</b>
Work environment	0,003	-0,809	-0,191	<b>0,286</b>	-0,080
Work relations	0,172	-0,783	<b>0,294</b>	-0,204	<b>0,232</b>
Leader approach	0,278	-0,580	-0,181	-0,273	-0,414
Leadership style	<b>0,561</b>	-0,477	<b>0,525</b>	-0,151	<b>0,296</b>
Team	<b>0,640</b>	-0,584	-0,313	-0,078	-0,077
Employee benefits	<b>0,611</b>	<b>0,408</b>	-0,495	0,059	-0,150
Oral praise	<b>0,684</b>	<b>0,247</b>	-0,315	-0,400	<b>0,386</b>
Written praise	<b>0,656</b>	<b>0,364</b>	-0,100	-0,028	<b>0,330</b>
Job security	0,218	-0,158	-0,240	<b>0,816</b>	0,175
Recognition	<b>0,732</b>	0,114	<b>0,262</b>	0,113	<b>0,387</b>
Staff training	<b>0,771</b>	0,184	0,086	-0,309	-0,403
Staff training	<b>0,803</b>	0,072	0,110	0,098	-0,414
Awareness	<b>0,667</b>	-0,056	0,037	<b>0,523</b>	-0,066

Factor 1 shows the highlight important correlations between the motivational factors. This factors are the parts of the group which is named **Basic motivation factors**. The name of this group was constructed by us to understand the basics correlations between the factors. Factor 2 contains only three factors. This group employee benefits, oral and written praise. We suggested the name –**Basic rewarding factors**. Factor 3 indicated only very weak correlation between work relations, leadership style and recognition. Factor 4 we named - **Information part of motivation**. This part illustrate the correlation between work environment, job security and awareness. Factor 5 contains the factors which are very similar to theoretical results this group involve the money, work relations, leadership style, oral and written praise and recognition. We named this group – **Motivation and human needs**.

## CONCLUSION

The level of application skills for motivating or encouraging workers are very discussed. This thema is often assessed in practice by far the number of satisfied workers in the organization and therefore the fluctuations and not by its results. This assessment is relative. The expression levels of employee satisfaction may be and usually is not identical with the level of work performance. This is the one of the messes. Managers search the answers to questions about decreasing performance of workers. It is not so easy as it seems to be. The practice has found a lot of ledges in this area. How to answer to manager's question? How to find the best solutions? In present, we try to find the particular answers for practice.

It is known that intrinsically motivated employees are found to be more self-driven and more autonomy-oriented than those less intrinsically motivated (Ryan and Deci, 2000; Thomas, 2002).

We analysed the 14 motivational factors in the different Slovak companies. As we can see from the results, the correlations are not so clear. We suggested four motivational groups which specify the potential correlations between the pertinent motivational factors.

The commitment of motivational factors showed us the first point for continuing in the next research. The research specified the divergences between suppositions and the reality in practice.

Nowadays is very important to develop the skills, knowledge and abilities of both individual employees and the organisation as a whole (e.g. Lee and Bruvold, 2003). Our findings may contribute to knowledge how the motivational factors may interact in assumptions of work performance. In fact, we will continue our research and will analyse the commitments between the motivational factors in manufacturing companies. On the basis of our results we create some useful recommendations for managers - (1) examine the motivational factors which you apply with regard to work motivation, (2) try to find the motivational factors in terms of work the whole team. We would like to remind that developing well motivated employees leads to more satisfied customers and higher sales, and this in turn leads to greater employee motivation.

We see that results of our research can be in conjunction with the consequences in period of economic crisis of the modern economy. We will continue in the next research where we would like to compare our results in different periods.

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# THE FACILITY MANAGEMENT AND ITS APPLICATION IN THE TIME OF CRISIS

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## Abstract

*The Economic crisis consequences depend on a many companies, that are looking a using sundries steps to cut down the outlays. One of these outlays is building department, so very important is going to be the specialization named Facility Management. If it is right, it is able to help companies not only in crisis time. Besides finance asset, facility managers plans, manages, controls, evaluates and provides recommendation to the clients.*

## 1. DEFINITION OF FACILITY MANAGEMENT

There are a lot of definitions of Facility Management. International Facility Management association defines Facility management like the profession that encompasses multiple disciplines to ensure functionality of the built environment by integrating people, place, process and technology.

The EN 15221-1 defines Facility management like integration of activities inside the company, that should guard and develop the services, which increase effectiveness of a basic activity in company. Facility management controls all works, that the leadership of company senses them like unprime.

The target of Facility management is to effectively lock up the services for an user, which one could be fully focused on his business. The comfort and [effectiveness](#) is the ideal combination.

## 2. THE PARTS OF FACILITY MANAGEMENT

Facility management is often connected just with the maintenance of building. In fact, facility management contains lots of activities, that we can cut to three parts.



1. **Technical facility management** – contains maintainance, revisions, technical care about devices in building. This part is very important, because technical devices request a huge financial investments. Taking care about elevators, escalators, fireworks systems, airconditioning and climatization, heating, security systems etc belongs in this part of Facility management.

2. **Infrastructure facility management** - first impression and safety is important factor for higher quality of users living. This part include reception, security and guarding of the buildnig, tidying in summer and winter season...

3. **Commercial facility management** – target is to analyse and to optimize all of its incomes and outgoings combined with the property, but not at the expense of services quality.

It include for example:

- *Utilities management* – selection of the contractors, energy contracts, advance payment for energy etc.,
- *Space management* – recording of the rent areas, efficiency of the areas, owners changes,
- *Costs management* ,
- *Billing* – invoices, bills, notes, accounting,
- *Reporting*,
- *Real estate management*.

Range services of Facility management:

It should be able to specialize to the requirements and the financial options of customer. There are three levels of services:

1. *standart* – just the basic services folowing the law,
2. *medium* – include standart services and the regularly inspection,
3. *above standart* – services for high society.

### 3. THE USING FORMS OF FACILITY MANAGEMENT

Facility management sa na základe využitia zdrojov uplatňuje vo firmách dvoma formami:

1. **Insourcing = INside reSOURCe usING** = using internal sources, working with own employers,
2. **Outsourcing = OUTside reSOURCe usING** = using external sources, which could be particular or complex. Each function are measure out to external companies.

#### *The using forms of facility management:*

Facility management following the sources could be used in two forms:

1. Insourcing – using internal sources, working with own employers
2. Outsourcing – using external sources, which could be particular or complex. Each function are measure out to external companies.

Outsourcing has advantages and disadvantages.

#### **Advantages:**

- higher quality, flexibility,
- complexity like „all under the one roof“,
- responsibility for the damages,
- merchant discounts,
- lower and optimized expenses,
- transparency of expenses,
- move responsibility for the managing of assistance works to the contractor of facility management.

#### **Disadvantages:**

- loss the feeling of control about outsourced Works,
- control process.

### 4. SELECTION OF FACILITY MANAGEMENT CONTRACTOR

If the company choose outsourcing, first step for the high quality of services will be selection of contractors.

Between basic benchmarks belong:

- top benchmarks are bid price and bid services in classification: technical, infrastructure and commercial facility management. Important is transparent charges – how much and for what will client pay,
- identification datas,
- references,
- balance sheet for last three years,
- number of internal and external employers,
- list of subcontractors,
- draught of the contract,

- the ISO certificates,
- the insurance contract.

## **5. MODERN ACCESS TO FACILITY MANAGEMENT**

Facility management company co-operate with the participants of capital project in the developing process, in the initiation of project and also in the building process. Facility management is being unapparelled part of building circle, from its beggining to its end.

Implementation of facility management during the building process is able to spare a high percent of operative expenses and to head off the future constructive changes.

### **END**

Why would companies, during the Financial crisis entrust their buildings to an external companies, when they could do it by themselves? The answer is simple: It doesn't mather if it's insourcing or outsourcing, the important thing is, that your facility manager team consists of an experts, which follow legislation changes, needs of the society...

Facility manager is a person with knowledge and experiences from diferent careers, he's asked for technical ability, economic's knowledge, legislation, civil engineering, in-depth knowing of the managed object and at last but not least, communicability and teamwork.

Just now, during the Financial and Real estate crisis in Slovakia, the owners of the buildings need to have a good relationship with the renters, they need to extend their services, be able to increase the building's technical level.

When everybody wants to cut down the charges and not at the expense of quality, the role is not simple. Important thing to ask our selves is: "Where and how to economize most, and where and why not".

## **LITERATURE**

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- [2] STN EN 15221 Facility management
- [3] <http://www.asb.sk/>

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"Technology transfer from the university to the praxis".*

# THE ISSUE OF INTEGRATION AND EDUCATIONAL POLITICS IN THE CZECH REPUBLIC

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## *Abstract*

*Struggle against social segregation is one of the major elements in modernization of European social model. The model includes numerous factors which should play it own role in national strategy. The social protection plays an important role in employment politics, also in education, living, health, information and communication, mobility etc. The effort is so that the mechanisms offset the inequity including material inequity, social, physical character, implicit from ethnic or other difference, and protect from the impact.*

We ordinarily familiarize with goal-directed politics of integration of foreigners in all the West countries and also in the Middle European countries. At present this politics is especially focused on integration with legal, health and social system of given countries, integration in labour market and integration of the local community. The integration programs are strictly related to foreigners living legally in the European countries or people who try to legalize their residency and in some cases e.g. there are victims of human trafficking (Ushered–Skřivánková–Wernerová, 2002). The foreigners are considered to be in various categories. Severally it is talked about application for asylum and the refugees who have specific regime and resident status are protected by International Refugee Laws, further it is talked about labor migration and about family migration which is related to regulation legal of family reunification.

The integration of foreign nationals is mostly related to foreign groups living for a long time in target country. Not all foreigner groups living in guest country are protected by this special international refugee laws. The status of these people adheres to the laws on residence of foreigners in given country and certainly it is supervised by international agreement and norms which are:

- Universal declaration of human rights
- European convention on human rights
- European convention on nationality
- International convention on the legal status of migrant workers
- International convention on the legal status of people without citizenship
- European convention on the participation if foreigners in public life
- Framework convention for the protection of national minorities
- European social charter (revised)

Throughout the binding standards we can notice three different assesses about the integration of foreigners, who are striking especially in branch of education and culture. In some articles the name of three assesses are various (i.e. Brochman, 1999:11; Casles – Miller, 1998:336; Eriksen, 1993:123).

Germany, assimilation France, multicultural Netherlands are considered to be typical of representative working migration.

At present we notice similar trend concepts especially in Western Europe. E.g. Netherlands is considered to be declaratively multicultural country, which implements also homogenization programs, meanwhile Germany also implements naturalization programs.

Until now the Czech Republic has been looking for the optimal options. Today it is clear that it will be compromise. The effective programs are how to keep diversity and how to develop cultural homogenization. If now the institutional field decided to implement the rapid similar policy and more likely that it wouldn't be able to implement. Calculation is necessary because there are more foreigners becoming a citizen of given country and then certainly there are less foreigners living in the country. At the same there two forms which remain with foreigners who are a citizen of the country. Firstly, there is a place for given foreign groups to implement their religion and cultural needs and secondly, there is a place for them to understand the culture of majority populations. Both of polarities are also very important. Diversity is kept but not to libel, forget and isolate. We suppose that the foreigners are dwelling in target country not to reproduce their own cultural model but to learn new things otherwise there is a good question why they travelled here.

The best surety against segregation is an employment. Therefore it's necessary to develop the employment especially by means of politics to support to have qualification and lifelong learning. It's concerning to education, national action programs of the social integration in the Czech Republic have established some measurements. The measurement is about removal of obstacles in availability of education for the populations of social problem, and the example is children from socio-cultural problem or the disabled people. The effort of legislations and further measurements is to ensure the availability of all kinds of educations and provide the opportunity for all individuals during their life to develop maximum their various abilities as the rightness required in the Czech Republic. The legislative measurement is for all populations – from gift people up to disabled people.

The individual assess to children, pupils and students and various options of education enables to understand, improve and utilize all kinds of talent and compensate discrepancy related to the low ability of some individuals to integrate into given educational system and also restrict change of school and adapt to the education process. The goal is to enable all populations during their life to participate in education in any time when it's necessary and the goal is to prepare them to have lifelong education. The purpose is to spread vertical and horizontal availabilities of all grades and all kinds of educational system, and to ensure the populations to go on studying. If some one dropped out of education he shouldn't begin from the beginning again because of the organized reasons.



Many steps have been implemented in areas of the integration for the individuals from social problem background. Preparatory classes at elementary schools have been implemented and established to have an assistant of pedagogue.

The conception of early care for children has been formed from the socio-cultural problem background. The conception is determined for low social and cultural group of children including their families. There are especially for three year old children to preschool children. One of the main goals is to improve the condition of education for the children at preschool ages and also to implement the programs which should be focused on pilot quality assurance. Integrating disabled pupils are also supported to attend common schools.

Until now it's necessary to concentrate on specific need of this group of pupils especially their need of language which is one of the key factors. Language is the means of fulfilling for the integrating foreigners to join into educational system, further utilization in society and labor market.

The quality of education is the main factor how to restrict segregation. However education sometimes helps to adjust the big and national difference comparing with other cultural customs. The developmental and relief programs have an importance, which are funded directly from state budget or EU relief fund. The government establishes preparative classes before children starting going to elementary school and step by step at school the assistants of pedagogue are organized for children.

Since 2005 developmental program has been declared to fund the assistants of pedagogue to take care of children and pupils from social problem background. Budget grants are declared yearly to support integration of Gypsies and foreigners living in the Czech Republic. Next program is to support language for national minorities and multicultural education which is focused on education activity for racial abatement and national intolerance.

In 2004 – 2006 strategy of integration was established for children from socio-cultural problem background which had all-day program at school. The program contained leisure time programs and extra tuitions. In 2005 the conception of early care for children from socio-cultural problem and conception of Gypsy integration was acted by the Czech government.

In second half 2006 two SP fund and ESF fund were implemented to support children, pupils and students from problem background. The programs contained advisory, educational and social services. It's about the project of development advice, education, social services for children from problem background SIM. SIM means Integration of Minority Center. PROPOS means Project of Prevention from Migration and Education Support Programs which are focused on supporting secondary students of this target group.

Ministry of Education, Youth and Sports supported fund programs yearly in following areas:

- Education in language of national minorities, and multicultural upbringing.
- Integration of Gypsy community and Gypsy pupils at secondary schools
- Financing assistants of pedagogue for children, pupils and students from social issue background.
- Activity in the areas of integration for foreigners.
- Integrating refugee children including applicant for asylum and children from EU into basic education.

The Czech educational system was made up like national system which can be good for the previous time of multinational process but it will be one of the serious discrepancies in the future. At present and in the near future the Czech education requires to be internationalized and to provide with European standards, useful quality for the youths in multinational labor market.

Skills of the Czech youths are insufficient for employer's needs and for other employments. It was mentioned by European Committee on Education Policy and pointed out at the European industrial conference that the education is influenced too much by internal guidelines of education. On the other hand the education is insufficient influenced by economy and society.

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# TERTIARY EDUCATION IN GLOBAL COMPETITION

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## *Abstract:*

*In a rapidly changing world of growing global competition the role of tertiary education has significantly increased. Generally it is considered that this is a sector that will determine the competitiveness of developing countries and will significantly affect the prosperity and living standards of society and individuals. Good configuration of the system of tertiary education, together with other factors, is seen as a major tool towards an economy, based on innovation and knowledge.*

The system of tertiary education was in its long history, witnessed many major changes. Qualitative and quantitative development of the system occurred in developed countries, especially after the Second World War through the post-war technological development. He continues to contribute the fact that the general development of education has been attributed by great importance to the implementation of post-war peaceful coexistence of nations. Tertiary education has become a very important tool for social mobility of individuals, which reflected in turn the transition from education for the elite (elite education) to training is widely available (mass education). Another major milestone in the history of the transformation of tertiary education is its irreplaceable role in the development of a "knowledge society" or if we are to "knowledge economy".

Modern system of tertiary education can not be closed to itself, as it was in a long period of history. Universities would not be without a rigorous self-reflection and change. They can successfully operate in the increasing competition from not only its foreign neighbors, but also new educational providers. On the other hand it is clear that, especially in basic research and systematic research work, it is needed to pressure the external environment do not reduced aspirations of individuals and communities to implement projects leading to the dissemination of knowledge in all fields of human activity.

Tertiary education systems of developed and emerging countries have gone through different stages of reform. This can include for example alternating of rigorous and freer state surveillance (economical steering), the introduction of market principles, implementation and cancellation fees, privatization of certain services, the introduction of binary systems, the gradual convergence of academic and professionally oriented institutions, mergers of different providers, etc. All these changes are taking place in largely based on the expectations and objectives of companies and governments. It can be assumed that changes in tertiary systems around the world will continue, given the ever changing expectations, demands and rapidly changing economic environment.

Many advanced countries have realized that the “stone university” can not on one hand to realize long-term and systematic research and, on the other hand, to respond flexibly to the social and economic changing of surroundings. For this reason, in the second half of the 20 century would create the binary systems of education, which forms on the one way university and academia education (universities) and on the other one vocationally oriented education (vocational education). In 1956 United Kingdom, as the first, introduced a binary system (Australia a few months later). In these systems appear polytechnics as providers of professional degree programs. Similar systems known example from Germany (Fachhochschulen) and the Netherlands (Hogescholen). Non-university institutions oriented to the labor market exist in France, Portugal, Finland, Mexico, Norway, and Switzerland and in more other countries.

New institutions or the whole system arose primarily because - in order to form **closer relationship between tertiary education and the outside world - including to better respond to the needs of the labor market would have provided professional quality, but less theoretical study programs, and in order to satisfy the diversified demand (assumptions and expectations) of graduates of secondary schools.** Non-university institutions (polytechnics, university colleges, technological institutes) originated mainly in the last 30th years and thus contribute to greater diversification of the tertiary sector (OECD, 2008).

It should also be noted that due to historical experience with the national tertiary education systems of different characteristics and it is almost impossible to find two identical systems. The world-wide system of education system is constantly evolving and tertiary sectors are among those very dynamic. Academic and theoretically oriented study programs (ISCED 5A) and professionally oriented education (ISCED 5B) in some respects are starting to each other closer together again (curriculum, learning outcomes, etc.). Likewise, the various organizations there are providing curricula at various levels. For example, in the academic year 2006/07, it was recognized in the 13 countries signed the Bologna Declaration, all undergraduate academic degree programs as ISCED 5A<sup>26</sup>, even if they are provided by non-university educational institutions (Eurydice, 2007).

Although it is generally supported the trend that an increasing proportion of the population of each country involved in tertiary education, this policy has its consequences, particularly financial and capacity. For this reason, many EU member states in different ways (models and tools) used to regulate the number of students in tertiary education in general and in different orientations. Generally, for example, the EU continues (though gradual) increase in the number of students in academically oriented programs. In some countries (Slovenia, Belgium) is the number of students in academically oriented programs the same as in professionally oriented programs. Some countries (Denmark, Estonia, Spain, Hungary and Turkey) show greater dynamism and growth of students in professionally-oriented degree programs (European Commission, 2007).

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<sup>26</sup> see [http://www.uis.unesco.org/ev\\_en.php?ID=5069\\_201&ID2=DO\\_TOPIC](http://www.uis.unesco.org/ev_en.php?ID=5069_201&ID2=DO_TOPIC).

Universities and other institutions of tertiary education are not only educational and scientific institutions, but also social, socialization, cultural and political. But in particular, are in increasingly greater integral and important part of national economies, and especially the service sector. In many countries, the so-called "export education" significant contribution to gross domestic product and is an important part of migration policy and human resource development (Australia, New Zealand, United Kingdom, United States of America, etc.). This role is increasingly open to a greater degree of globalization. On the one hand, educational institutions are active mainly in English-speaking countries. Those seeking additional business opportunities in the sector, whose value is estimated at 30 billion U.S. dollars at the beginning of the third millennium. On the other hand, this trend carbonated demand for higher education in countries that are unable to own the public sector to meet this demand. Tertiary education sector is also an important factor in attracting foreign talent, multinationals and technology.

Because the contribution of tertiary education for economic and social development of society engaged in this issue, more and more attention to international or supranational organizations, including OECD, UNESCO, the World Bank or the European Union in its analytical and policy documents.

OECD (OECD, 2008) is of the view that tertiary education is increasingly important for individual countries since it is one of the key factors for economic competitiveness in the global knowledge-based economy. The task of the modern state is to increase the competence of the employees, to maintain internationally competitive research and development base and to improve the application of knowledge for the benefit of the whole society. The system of tertiary education contributes to social and economic development in four main areas:

- 1) development of human capital (particularly through education)
- 2) building a knowledge base (primarily through research)
- 3) extension and application of knowledge (through interaction with those who make use of knowledge)
- 4) retention of knowledge.

With the expansion of tertiary education is the fact that the modern institution with more tasks than in the past. Educational activities are broader - for example in the field of adult education, leisure programs and preparatory courses for participation in tertiary education. Increasingly are more common closer relationships with community employers through private consultations and public spheres. Likewise, the major activities for tertiary education institutions contribute to national and regional economic and social development (OECD, 2008).

Similar messages and materials came from the World Bank. Accumulation of knowledge and their use is one of the most important factors of economic development and underpin the competitive advantages of each country in increasing global competition.

Tertiary education occupies in the process of creating a knowledge society and democratic principles, the most important place. It plays a vital role in developing intellectual capacity, which depends on the production of knowledge and its application in support of the concept of lifelong learning, through which are supplemented and enhanced knowledge and skills of individuals (World Bank, 2002).

This level of education has a direct impact on the productivity of the economy, which will significantly affect living standards and a country's ability to compete in the global economy. Institutions of tertiary education contribute to the implementation of strategies for growth knowledge-based economies and reduce poverty as follows:

- Training of skilled and adaptable workforce, including scientists, engineers, teachers at primary and secondary level of education and future leaders of government and business,
- Production of new knowledge,
- Capacity-building, which will allow access to existing knowledge on a global level and their local use.

Are also unique in its ability to integrate all the three jobs between them to form synergistic effects. Sustainable transformation and growth of economies is not possible without an innovative tertiary education, which is capable of the above-mentioned processes of forming insufficient capacity.

Many studies show the benefits of education (tertiary) to economic growth. Data from the OECD study (2000) for example, show that improving the quality of human capital is one of the key factors of economic growth in all OECD countries. The most notable examples are Greece, Germany and the Netherlands, where this effect was statistically most significant. For Germany and the Netherlands were mainly 80th of the last century. Some studies suggest that while primary and secondary education is an important factor in the growth of developing countries for developed countries is important precisely tertiary education (Gemmell, 1996; Barro Sala-i-Martin, 1995).

Tertiary education systems around the world facing global challenges, challenges that combine the traditional (for quality, economy and equal opportunities) and the new challenges (promoting development based on knowledge and innovation). In consideration must be given to the budgetary constraints on the state, the increasing role of market principles at the national and international equals. Likewise, it should be noted that isolated itself and change the rules (legislative or financial) is not enough to guarantee successful implementation of reforms in tertiary education (World Bank, 1997).

Pressure on continuous change of the system will continue for many reasons. Increases competition between providers of education and the demand is still demanding. Budget restrictions will continue, as global competition for highly qualified graduates and academics. New generation of students will be more interested in the link between research and its relevance for the labor market. Finally, the increasing number and importance of external actors who require constant changes in the system towards greater flexibility, openness and innovation.

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# ECONOMIC CRISIS AND ITS IMPACT ON LABOUR MARKET OF GRADUATES

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*Abstract: This article concerns with the labor market in the European context. It is mentioning the issue of employment of graduates in practice, as well as the interest of employers in graduates, which has a great importance for the long-term development of higher education, as well as the effectiveness of economic growth. The current labor market is affected by economic crisis and it is reflected in particular in the unemployment rate, below which is especially signed the economic situation in each EU country.*

## 1 GRADUATES IN THE LABOR MARKET

On one hand the labour market is presenting the supply of jobs, ie jobs market, and on the other hand the labor supply. In the perfect case, there is a balance between job offers and labor supply. But this is only a theory, in real life such a perfect combination does not exist. Much more likely there appears a case when on one hand there is a number of relatively well-defined job offers, jobs, which need to be filled and on the other hand, there is a certain amount of workers searching for job, job opportunities. Low labor demand is mainly caused by low generation of productive jobs. A key factor in the labor market problems is failure to establish the economic conditions for jobs.

Most people have personal or at least mediated experience with how it works, how hard or easy it is to get a job. From time to time everyone looks for a new job or is at least interested in what are the possible opportunities. But for the fresh graduates, it is necessary. It is the first and biggest problem they have to face after the defense of their thesis and the accomplishment of the state exams.

Work experience, general or special knowledges and skills play an important role in the labour market and for graduates, the just obtained diploma, is one of the major advantages. However, it is important to know how and whether the university diploma of particular faculty improves the position of the holder on the labor market. After graduation and completion of final exams(state exams), graduates get to the labor market, where we often see that even if their commitment to work and pursue a career is great, they are not adequately prepared for job search and possible ways of how to find a job. Graduates are usually very ambitious and zelaous to prove to the companies that it is worth to employ them and pay them adequate wages for their work.

## **1.1 Employer's interest of graduates**

Requirements for graduates that are presented by the future employers are not generally based on purely theoretical knowledge, but on their practical use. They also expect that the graduate will be able to think systemically, adopt changes, will be flexible and communicatively skillful. Their absence and underestimation leads to the fact that universities are falling behind the needs of practice.

Employers expect young people - graduates to be creative, responsible and accurate, to have a logical thinking and general outlook, to understand social control protocol, computer literacy, to be able to communicate in a foreign language as well as to be aware of control of spelling and grammar of their native language, which is not even the matter of course of university students. Also, many students are not ready to face the time stress, they are unable to concentrate and they do not follow the current economic scene.

For employers, it is important that graduates are in the first place internally motivated to work and on the second place they have practical skills. The best graduates find a job by the most attractive employers and go to work outside the region, mostly to Bratislava and other EU countries.

The last few years, it is common that students also work alongside the school. Some have occasional part time job to enhance their pocket money budgets, others, the happier ones, are seeking already during school for a permanent place in the prosperous companies. It is true that a college education provides much more flexibility and it is much easier to gain work experience while studying.

This situation indicates that it is not graduate like graduate, in other words, there are those who are leaving school and looking for their first application in the field they studied and those, happier ones, who do not have to look for a job after their studies.

Comparison of universities according to the interest of employers in graduates clearly shows the dominance of technically and economically oriented universities. However it is clearly known that graduates of foreign universities are significantly better in terms of employers' interest, as the ones with Slovak diploma.

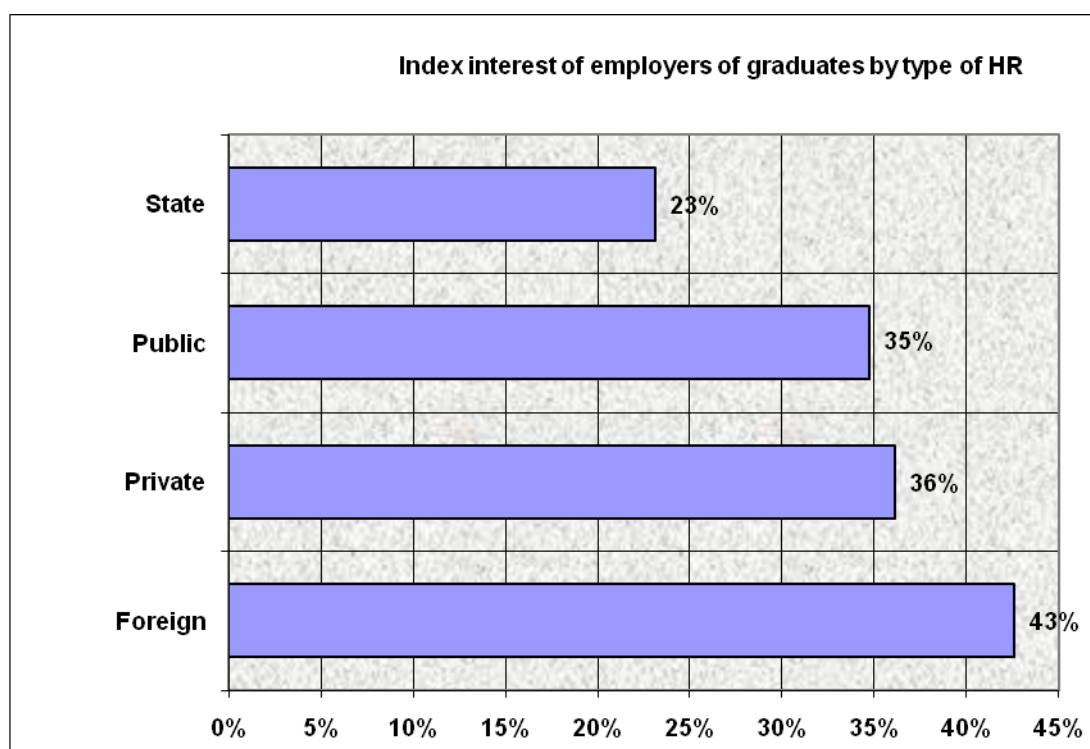
Education gives graduates certain benefits and in almost all developed countries get university students, compared to those with lower education, better jobs. They are less likely to be unemployed, they can choose from a wider range of jobs, their work is usually well-qualified, more interesting and also better paid.

Table 1 Comparison of universities by employers' interest

TOP 10	Index Interest
Slovak University of Technology	53 %
University of Economics	49 %
Žilinska University	41 %
College of Management	40 %
Technical University (Kosice, Presov)	35 %
University of St. Cyril and Methodius	32 %
A. Dubcek University Dubcek in Trencin	31 %
Comenius University	31 %
Slovak Agricultural University	29 %
Matej Bel University	29 %

*Source: Interest of employers in graduates (2009)*

Figure 1 The interest of employers in graduates by type of university



*Source: Interest of employers in graduates (2009)*

## **2 EMPLOYABILITY OF GRADUATES**

Education gives graduates certain benefits and in almost all developed countries get university students, compared to those with lower education, better jobs. They are less likely to be unemployed, they can choose from a wider range of jobs, their work is usually well-qualified, more interesting and also better paid.

Employability of graduates in each EU country is particularly affected by the overall economic and market situation.

The acquisition of skilled labor and its performance largely affects which professions in the labor market are available and how many candidates come from among university students.

Eventhough Europe is certainly highly educated society, only 21% of EU citizens have a university education, which is much lower than in the U.S. (38%). While most of Europe sees higher education as important and available, in other parts of the world, the number of students enrolled in higher education is bigger and it is growing faster, mainly due to much higher private funding.

With an average gross enrollment ratio of 52% of the EU is just slightly ahead of for example Japan (49%), but falls behind Canada (59%) and even further behind the U.S. (81%).

The EU has larger ratio of graduates in science-technical fields and PhD students. Due to recent two studies, the research showed that with the exception of several British universities, any of the EU countries have been placed in the top 20 world universities.

## **3 UNEMPLOYMENT OF GRADUATES**

High unemployment is one of the serious and long-term problems of all EU countries.

The problem is the application of higher education graduates in the labor market. Statistical unemployment among graduates is moving just below the level of society-wide unemployment.

Unemployment of university graduates is caused by two reasons – the lack of work experience → lack of practice and immature work habits and the lack of real preparation for the job → graduate academic profile does not suite their real capabilities.

Current global labor market is affected by economic crisis and it is reflected particulary in the cost savings in all areas of human resources of companies. This situation has also affected all graduates. The number of unemployed graduates in slovakia grows. The crisis reduces the number of job offers. Per one registered unemployed graduate there is only 0.15 free job opportunity suitable for this group of unemployed.

Statistical indicators of unemployment of graduates show that in 2009 there were 19 705 registered unemployed graduates. Compared to April, the number rose up to 9.37%. Today, the number of unemployed graduates has risen above 10 percent. The economic crisis has also increased the difficulties in applying of graduates. Nowadays it is not enough to finish the school. The labor market is changing. One year there is the need of building engineers, next year not. Economists and lawyers have also been thrown out by schools without the

consideration of whether future economists and lawyers find the corresponding application. And yet this economic crisis further shuffled cards.

Maybe, before choosing a school, students should pay more attention to what the employers are interested in and what is now required of prospective employees.

## **END**

Education has a major impact on the opportunity to compete on the labor market. Graduates who have achieved higher educational level, present to employers the highest quality of labour supply and they are more interested in them. They can choose from more attractive positions with interesting wage conditions and the outlook for further career growth. They are better prepared for business and have more opportunities to be employed in foreign countries. Many of them have already gained experience with work activities during their studies, some of them studied or worked abroad and are prepared for further education.

The unemployment rate of graduates is specifically signed by the economic situation in each particular EU country.

Employment of graduates is one of the important aspects of the application of graduates in practice. The range of application of the graduates is important for long-term development of higher education, as well as the effectiveness of economic development. For many reasons it is necessary for each university to gain knowledge about their graduates in practice, for their further development.

For the better preparedness of young people for the labour market, the development of language, communication and also management skills would be appropriate. Those could lead to higher business activity.

Because today's modern companies do not only look for employees with high proficiency, but also for workers with general knowledge and skills, young graduates should represent the highest quality and promote competitiveness of the company and also be able to represent the company through management positions on the outside.

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# **VOLUNTEERING IN RETIREMENT IN THE PERSPECTIVE OF RECENT GLOBAL DEVELOPMENT**

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## ***Abstract***

*The following essay briefly depicts the topic of senior volunteering and its connection to recent global economic, social and cultural development. The author describes the situation of senior volunteers, their motivation to volunteer activities and the benefits these activities provide for the seniors themselves and for the community. The essay also deals with the idea of social capital and the possibility of volunteering being a process which can serve as a humanizing factor of globalization.*

**Key words:** seniors, older people, transition to retirement, volunteering, motivation to volunteering, globalization, social capital, civic engagement.

## **INTRODUCTION**

In this short essay I would like to discuss the topic of senior volunteering and put it into the context of modern economy, which is (at least for the last twenty years) characterized by the processes of globalization.

Much was written recently in social sciences about globalization. Various authors speak about at least three different meanings given to this term. The first one is economic which describes the rise and dominance and pervasiveness of free market development policies at the global level. The second is the geographical approach – the process of integration of a wider range of places into the world economy and the intensification of social and economic relations this has produced. And finally we can speak about the cultural impact – the growth of communication and transportation systems and the ways these influence our social life.

## **THE PROCESS OF GLOBALIZATION AND INTERNATIONAL VOLUNTEERING**

Some authors like for example Anthony Giddens argue that the process of globalization can be seen as a positive development, meaning that the emergence of a global cosmopolitan society will be linked to the revival of ideas and practices of civic culture. In a promise of a global civil society alternative visions can be produced and exchanged. This could be an answer to Robert Putnam's discussion about social capital and civic engagement.

Otherwise many authors claim that this recent development has brought up many negatives such as weaker solidaristic international relationships which bring national self-interest and individualism to the fore. There are calls for new approaches of the governance of relationships between the rich and the poor populations around the world which go beyond

the traditional formal development institutions, national frameworks and narrower understandings of market-based development models.

Maybe international volunteering can be, in a way, seen as a process which could potentially shape a new way of thinking and trying to „humanize“ globalization. Davis Smith introduces the term „cross-national volunteering“. But it is not the aim of this essay to define and discuss international volunteering as a whole topic, but rather focus on senior volunteering and its role in this process.

## **SENIOR VOLUNTEERING**

Volunteering can play a significant role in people's lives as they move from work to retirement. When people retire from paid work and are in good health, one way for them to keep active and involved in their communities is to volunteer.

Many researches into why people volunteer show, that there is often a mix of altruistic and self interest motives. Older people, in particular, are more likely to volunteer for social contact and to be active. They may have time to spare – but whether they choose to volunteer is another question altogether. For some older people volunteering is seen as an opportunity to put something back into society; for others it provides a chance to continue learning new skills and tasting new experiences. For many older people volunteering plays an important role in the transition process. Attention is put to the contribution of volunteering in helping to fill the void sometimes felt upon retirement.

Senior volunteers can (according to Smith & Gray) be classified into three groups:

- Lifelong volunteers - those who volunteer because they have always done so
- Serial volunteers - those who have come back to volunteering later in life following a break for work and family responsibilities
- Trigger volunteers - those who are inspired by retirement to volunteer for the first time

Seniors who had been active in volunteering throughout their lives usually draw attention to what can perhaps best be described as the existence of an 'ethical legacy', informed both by religious and humanistic impulses and a strong history of family commitment to volunteering and service. Older people stress the values their parents had implanted – the importance of lending a hand, helping others and joining organisations – which they see as being fundamental in influencing them in their decision to volunteer. Many authors also point to a link between volunteering and geographic place in that many of the volunteers lived in or near the area they were born, or had been in their present neighbourhood for many years, and had built up extensive social networks based on social capital.

According to Robert Putman social capital refers to connections among individuals – social networks and the norms of reciprocity and trustworthiness that arise from them. He further elaborates that this that „civic virtue“ is most powerful when embedded in a sense



network of reciprocal social relations. A society of many virtuous but isolated individuals is not necessarily rich in social capital.

It is almost indisputable that the community benefits from volunteers through the services they deliver and through a more active civil society. Indeed, it may be that older people have a particular role here. However, the evidence also suggests that volunteers benefit as well. It may be that volunteering meets a fundamental human need to be useful. Researches show fairly clearly that volunteering is associated with better health outcomes, which are particularly important for people as they age. Thus, volunteers are shown to live longer, have better psychological and physical health, and are less likely to be lonely or socially isolated. Researches also show that volunteering can help people withstand some of the losses associated with later life, such as widowhood or retirement.

Thus, volunteering has social and health benefits for older people, but only if it is part of a balanced, healthy lifestyle. Too much volunteering may cause stress, just as too much paid work can cause stress. Flexible options need to be available to older people so that they can include some volunteer activities into their life. In addition, it is critical that assumptions are not made about older volunteers. For example volunteers may wish to undertake volunteering across a span of activities and organisations, and not necessarily in traditional roles.

## **CONCLUSIONS**

The aim of this essay was to very briefly introduce the topic of senior volunteering and to put it into the frame of modern global economy and development. The concept of "civil society" has played a central role in the recent global debate about the preconditions for democracy and democratization. It is evident that there had been a fundamental shift over the last three decades in such topics as civic engagement, informal social ties, tolerance and trust etc. It is also obvious that volunteering can as I mentioned before serve as an important factor in overcoming these problems helping to humanize the negatives of globalization. When we focus directly on senior volunteering, it is necessary to understand the role played by volunteering in the lives of older people undergoing the transition from paid work to retirement. Volunteer organisations should try to maximise the benefits in broadening their base of recruitment to include those groups of older people currently under-represented as volunteers, and to structure and organise volunteering opportunities so as to enhance the benefits for all stakeholder groups – the volunteers, organisations, and wider community.

This particular topic will be further elaborated in my upcoming work on this problem entitled „Volunteering as a motivational factor of older people“.

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# DEVELOPMENT OF HUMAN RESOURCES IN TIMES OF CRISIS SECURITY AND ASYMMETRIC ENVIRONMENT OF THE ARMED FORCES OF THE SR

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## **Abstract**

*Even in the Armed forces of the Slovak republic (OS SR) has often wonder how to address human resource development, where to find inspiration, gain experience and views on developments in human resource development mainly because of continued transformation of the Armed forces, security and asymmetric risks, the security environment and life of professional soldiers and personnel department.*

## **INTRODUCTION**

21. century is characterized by a huge increase in non-military threats. New factors suggest that at the global level there is accelerating the process of disintegration of traditional state sovereignty, which was the cornerstone of the current understanding of international relations. There attack different integration pressures, which are nourished by release, acceleration and circulation of capital, goods, people, information, as well as crime, drug trafficking, international terrorism, political, ethnic, racial and religious violence, environmental pollution and disease. These phenomena require transnational approaches that lead up to integration in various areas of social life. An individual is threatened by continuous crisis situations in a peaceful life. In terms of safety risks is a presence characterized by removing the risk of confronting the global block, resulting in a significant reduction occurred an outbreak of the global threat of war of two blocks, but has grown exponentially the risk of asymmetric non-military threats smaller scale. These can grow up under certain circumstances to large-scale of military conflict.

At least in the Euro-Atlantic area there is not defined specific enemy. Security threats are numerous and varied both in terms of intensity, as well as the causes. They come from different directions and geographic locations, and blur the boundary between the external and internal conflicts. The main characteristic feature of the current security environment is the deepness of development.

In terms of guaranteeing national security, this development puts the politicians need to tackle not only the classical, in principle symmetrical military threat, especially asymmetric threats of non-military nature, and vague non-military and non-state actors committing armed violence. These features of the current security environment can be characterized as threats to state security demilitarization.

The most important hazards and create crisis situations are:

- a) **Individual acts of terrorism and activities of international organized crime of extraordinary scale:** a threat to networks, "cyber attack", computer piracy, a threat to the security of information databases, etc.
- b) **Targeted action against a foreign power players persons associating in the State, property and other protected interests of the State or non-state actors, as a result of participation in international peacekeeping and humanitarian missions, support for**

**armed intervention or political and economic sanctions against another country.** They are rather hidden or open nature and the different forms: bombings spread radioactive, biological and chemical weapons or technology, assassinations, kidnappings, hostage taking, threats and intimidation of persons, state and administrative institutions and facilities, etc.

- c) **Extensive and severe diverse activities** aimed at undermining the country without the infrastructure to prepare for an open armed struggle, to impair the functioning of state, to undermine the state's ability to effectively deliver basic needs and protecting its population, for example.: damage and destruction of pipelines, tanks, fuel, energy resources, telecommunications centers, major roads and junctions, water tanks with drinking water resources of governance, etc.
- d) **Natural disasters and catastrophes, industrial and environmental accidents, the emergence and spread of epidemics.** These threats are consistently high current occur within hours to days, are difficult to predict the extent and the possibility of converting to such unpredictable threats.: fires, floods, landslides, earthquakes, snow storm, prolonged drought, explosions, fires, radiation accidents, leakage of hazardous substances, dangerous diseases and populations of animals can have serious consequences and the authorities generally are considered justified to use any means to address them.
- e) **Large migratory waves,** whose penetration into the country may escalate into violent activities among migrants and illegal infiltration of large unarmed and armed paramilitary groups of economic migrants, often entitles the authorities to use all available means, including armed forces.
- f) **Ethnic and religious intolerance** based on the violent manifestations of separatism, nationalism, ethnic and religious disputes, with the ultimate expression of ethnic and religious feelings of threat, or at the opposite end of the range of feelings of superiority and exclusivity.

At present, therefore, to the fore in all areas of the so-called **asymmetrical threats.** This expression begins to appear at the beginning of the 90th years, which is increasingly emerging attacks by relatively small and vulnerable groups against the industrialized countries. **Asymmetric threats** are based on the interaction between successive dissimilar or unequal forces. The technological level of developed countries in scientific and military areas is well above third world countries. This category also includes, of course, all forms of terrorism.

What does **asymmetric threats** by one of the **hottest topics** in their ability to focus on anything? It is an effort to overcome the technologically weaker opponent using its dominance of enemy weaknesses, and using methods which are very different from the normal conduct of conventional operations. **Asymmetric operation** would be better characterized as follows: The shares of smaller tactical or operational forces against vulnerable points (especially the larger countries or powers), whose purpose is to achieve a disproportionately large effect, to undermine the will to resist the enemy, and thus achieve its strategic objectives asymmetrical.

Asymmetric approach is most effective when the opponent can manipulate psychology. It focuses primarily on his desire, which helps compensate for material weaknesses and other attacker. Methods are tactical, but the psychological has an impact on the strategic level. This is an **essential feature of asymmetry** - a permanent focus on the strategic effect, which consists of psychological elements. In assessing the asymmetric approach is the most important of its effectiveness. The most effective asymmetric operation causes excessive damage with respect to resources, time and money incurred by the attacker. Asymmetric methods are used to fight all levels of warfare. The action against the forces on the battlefield and strategic infrastructure expertise goes at the operational level. At the tactical level, the asymmetric operations are undertaken against troops in the field. The most important **types**

**of asymmetric threats** now include nuclear weapons, chemical weapons, biological weapons, information operations, alternative operational concepts, and terrorism.

### **1. Atomic Weapons**

The world market is now feasible to obtain nuclear material from the vast former Soviet stockpiles, but also other countries. But even though, the owners of nuclear weapons are only states. Any non-governmental actor is available in a combination of skills, technical resources, knowledge and organizational potential that is able to produce (if we exclude the possibility of theft or purchase). Production of nuclear weapons is very difficult for an average of advanced industrial countries. It is highly likely that the biggest impact will be nuclear weapons in discriminating role - such as electromagnetic pulse generators (HEMP-high-altitude electromagnetic pulse), which may seriously endanger all electronic and in particular information systems.

### **2. Chemical Weapons**

Chemicals considered the least harmful of all the weapons of mass destruction. In the early stage of regional conflicts at the operational level (ballistic missiles, aviation, terrorism) threat itself can use of chemical weapons - like the threat of using nuclear weapons - cause unexpected successes (subway in Japan). It is possible that regional aggressor may jeopardize chemical weapons into neighboring countries. This can have a strategic effect for relatively little cost.

### **3. Biological Weapons**

The biggest threat to 20th century was nuclear weapons. It is feasible that already in the 21st century, these weapons are considered secondary and biological weapons will take place. They are cheaper than nuclear, more easily moved, can be easier to hide the sight of inspectors, and what is perhaps most important - they are guaranteed to fatal. It can be deployed in a manner which will not allow the tracing one who stands behind the attack. The use of biological weapons at the tactical level is the same as the Chemical Weapons Convention. It is not quite the asymmetric approach, although their use against civilians may have the same impact as the use of chemical weapons. The main advantage of biological weapons is that it is not possible to reliably determine who is responsible for the attack. If they use Special Forces or terrorists, it would be very difficult to prove a link to a specific regional power attacks. Therefore, biological agents are just perfect asymmetric weapon. An easy manufacture, relatively easy to transport and the possibility of concealment of biological weapons, predispose the use of independent terrorist groups.

### **4. Information Operations**

Today, almost all work activities the rapid and efficient exchange of vast amounts of information. Recently the mass media are one of the ideal targets, but also information resources management operations. It is through the mass media can disseminate distorted or even completely false information to gain access to the huge amount of potential victims of disinformation. Media can be very effectively manipulating public opinion.

If the information operations combined with real threats and real events, it is possible to achieve strong synergy - what people see, hear and read; shaping their perception of the fact that parties to the conflict is right or wrong. Computer attacks are likely to be held through computer networks. They contested open secret systems (military and civilian). For well-protected military and civilian information systems are largely dependent on the public communication lines and communication nodes.

## **5. HEMP - underestimated threat**

Probably by the most dangerous (but still not quite an appreciation of) threat of information war is the electromagnetic pulse HEMP (high-altitude electromagnetic pulse). This is a special combination of nuclear weapons information and war HEMP affects all devices that use electronics. The absolute majority of electronic systems (such as. Televisions, radios, telephone systems, vehicles, aircraft, satellites) of all states is not protected against impulse HEMP. Only few civilian and military systems against HEMP are really effectively protected.

## **6. Alternative operational concepts**

The nature of alternative operational concepts lies in the fact that a greater or lesser extent, the so-called rejects "Western way" of conducting military operations. This attitude is reinforced by the finding that Western society is extremely vulnerable to human victims. But even the most industrial alternative concepts are not efficient when confronted with too strong adversary. The use of alternative operational concepts in the fight against well-armed armies of existing powers can be very diverse. At the tactical level depends mainly on the appropriate choice of terrain and environment where it is impossible to fully use modern technology. It is also possible to use civilians as hostages, live shields or as a means of overloading the health and humanitarian system power, which is involved in a given area. At operational level, there is the main aim of preventing the entry of troops to a territory. For this purpose it is possible to use any means to ordinary weapons, through the use of different types of landmines (as appropriate land or sea), anti-aircraft equipment, to various types of missiles. In combination with the difficult terrain and built-up and adverse weather conditions may be all of these methods surprisingly effective.

## **7. Terrorism**

Terrorist actions may be conducted by various terrorist organizations, which may be supported by states, organized crime, but also various non-governmental organizations that operate outside the legal framework for international relations. Because of increasing availability of various weapons, which until recently owned only states, can be achieved obvious big profits with minimum losses. Terrorists are usually not a specific murder in a particular place. They want to draw attention to themselves and to warn or inspire their potential opponents or supporters. It is not so important, when and where to carry out the murder charge and explodes. It is important that the place will shortly appear before representatives of mass media. It is now clear that terrorist groups are seriously engaged in opportunities for knowledge acquisition and consequently the production of weapons of mass destruction- especially, chemical, biological and toxin weapons. These weapons are compared with the much less expensive nuclear weapons and their production is not accompanied by such technical and technological hurdles. Moreover, it is possible the whole process of the preparation, production and transport and conceal much better than the atomic weapons. It follows that if a terrorist group decided to use weapons of mass destruction were likely to use chemical and biological weapons and is less likely would have used nuclear weapons.

**The aim of any asymmetric approach is to gain strategic advantage and to paralyze the enemy.** This is achieved by intimidation, coercion, and in a case of a conflict rise with an unconventional battle tactics and choice of battlefield. There is a coherent and effective approach to defend against asymmetric threats so far. However it is possible to reduce the number of potential vulnerabilities and try to avoid the asymmetric attacks could be forced strategic changes. Crisis situation, regardless of whether it is caused by symmetric or asymmetric threat, its nature, extent and negative effects will seriously impair or change the

economic or social functioning state, the territorial unit or a specific entity. The reactions of people to individual crises are different and often unpredictable, someone will retain a cool head, someone gets afraid, someone may panic and one can only dangerously aggressive.

Different reactions themselves are also individuals or groups of people in the crowd. Our **research project "Possibilities of modeling the behavior of individuals and crowds in emergency situations"** it is focused on the response of individuals and crowds in emergency situations. The project is focused on the issue of modeling behavior of the individual, group and crowd during the crisis in the asymmetric threats. In his treatment are use the experience of the professionals of Armed forces in foreign missions. The output of the project will create effective models of behavior that can be used both in military and civil conditions. The project is based on an analysis of the current state of addressing behavior of individuals, groups and crowds in emergency situations. The aim of the project is to suppose their behavior in crisis situations with asymmetric threats and to define the behavior to be modeled (behavior - individual, group, behavior in action, etc.). On this basis, there will be tresten models of possible behavior of the individual and the crowd in various crisis situations in which is a soldier can get.

This is just part of the tasks facing the armed forces from the perspective of multinational task of the OS SR. Everything connected with the development of human resources and in particular their further professional and career education. Therefore, today more than ever, you often wonder how to address human resource development, where to find inspiration, gain experience and views on developments in human resource development mainly because of continued transformation of the armed forces, professional soldiers and personnel department.

Although such phenomena have haunted us like: **globalization, regionalization, mergers, acquisitions, reducing budgets and inevitably many changes in the existing forms of education** (a total reduction of investment in education, training postpone the "later") and the overall uncertain development of human resources in times of crisis. Perhaps some starting point and an opportunity could be:

- e-Learning;
- Human resource development as an HR Consulting;
- Human Resource Development as Performance Consulting;
- Human Resource Development as Performance Management;
- Development of human resources in times of crisis;

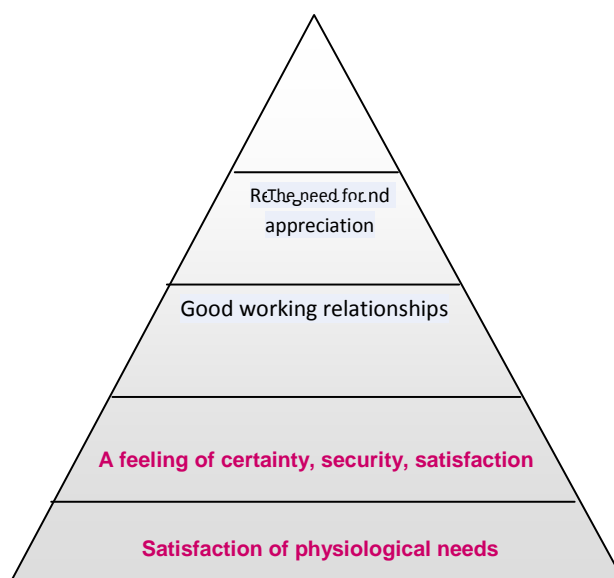
It is important in today's hectic world to be **able to identify key areas of human resource development in times of crisis**, provide a forum to formulate arguments for the justification of educational needs in times of crisis and be able to name the managerial skills for a period of crisis. Constantly it is important a reviewing of priorities and changing needs of human development resources, to find new challenges for managers, human resource development and ensuring the development of managerial skills for performance management, internal communication, motivation and commitment over a period of crisis.

Identifying and developing new management skills for a period of crisis in each organization should focus in particular on:

- Performance management;
- Internal and external communication;
- Promote motivation and commitment of staff;
- Process Management of outplacement;
- Project Learning - savings and investment material;
- Methods of creativity - innovation of products and technologies;

- Standardization processes;
- Talent management, use of coaching and mentoring;
- Participatory methods - increased productivity, process thinking;
- Training of managers at any level of command and control in OS SR particular focus on **productivity, quality, performance and satisfaction;**

Development of human resources in times of crisis is also linked with the ability to be able to build a real emergency plan, continuously measure - evaluate learning, communicate more effectively, use the method of Kaizen + training of communication and creativity, both professional soldiers and employees on the department. Because in the terms of the OS SR is still **improving and learn only satisfied with the security personnel and organizations in perspective.** In terms of Maslow needs pyramid.



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# THE CONTROVERSIAL GLOBALIZATION

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## **ABSTRACT**

*Undergoing global changes and processes bring with them positive and negative facts. At the same time they substantially affect the quality of life of modern man. Some risks, such as the negative aspects of human dimension of globalization, are the individual burden of which must be overcome in order to survive and was able to act effectively. The aim of contribution is to provide “Conflict Scenario” – arrangements to eliminate negative coping and functional overmastering negative realia of globalization process.*

## **INTRODUCTION**

Year after year the business accelerates, competition sharpens and the world becomes smaller and smaller. The living conditions of mankind change dynamically, they assimilate into non-recurring, unrepeatable, unpredictable and uncertain. Challenges, times of turbulence and confusion, endless changes – they are everyday reality, which bear on not only the economy but also commons, place, space and time.

With the rapid advent of new technologies, progressing computerization and globalization of the world, not only increasing economic prosperity, efficiency and quality of work, but also increasing pressure to adapt and Adjustment man, intensifying the demands on the psychosocial and physical fitness. The economic prosperity, affectivity and quality of work increase with fierce access to a new technology, an information science progress and a worldwide globalization and at the same time to accrue from a tension on constraint of the human adaptation and arming, demands of psychological, social and physical ability enhance.

Human of this time is in right of asking the question, whether he has sufficiency of “natural” abilities necessary to behaviour in a social background so as without useless losses and negative after-effects acted as a result of mentioned globalization process in the nature of

extra product of a human labour, lasting, permanent influence of natural patterns and taking up the technical creativity.

We think that a man has learned to change the world around oneself faster than he is able to function in it properly and to adapt it, to use its advantages effectively in his favour. Globalization has entered to lives of people fiercely and irreversibly. It also affected by their privacy. The pressure of extreme urgency does not allow people to make a “rough“decision. That’s what makes it hard – there’s a loss to deal with as well as the uncertainty of the future. It requires reflexes, impeccable planning and wise solutions that effectively deal with unpleasant stressful situations, even if they are by contraries to their own beliefs and ideas.

According to Bill Clinton: “*Globalization is a fact, not a political issue or a personal choice*“. “*Globalization is not something we can hold off or turn off . . . it is the economic equivalent of a force of nature - like wind or water.*”

Undoubtedly, it introduces an important phenomenon of the contemporary world development. As a process of essential qualitative changes, it must not “circumvent and forget“the implementing of these changes - the man himself.

## **1. Globalization and its dimensions (economic, human, cultural, political, environmental)**

Globalization is defining as a worldwide *process of unification of local units* (Šikula, 1999), as *the process of intensification of international links* in all areas (Encyclopædia Britannica, 2007), as *the process of creating network* connecting cultures, nations and regions of the world into a global system, such as *changing the human perception of space and time* (Giddens, 1999), as *the process, in which people, information, trade, investment, democracy and market economy are increasingly crossing the boundaries between different states* (Norberg, 2006), but also as a *phenomenon*, both quantitatively and qualitatively *increased demands on human potential* and its ability to adapt.

The most common plane, therefore, globalization means *the increasing interconnection of the world in all aspects of life*. It represents a diverse set of processes that include aspects of economic, social, cultural, as well as political ones. These dimensions are irreversible, interdependent and interconnected. What are the different dimensions?

### ***The Economic Dimension of Globalization:***

- Free movement of capital, free market, linking the world’s markets and all those companies into the world economic ties, the operation of multinational corporations and the international financial institutions;
- Increase in intensity and the volume of trade;
- Change of organizations production and its transfer outside the borders of nation-states;
- A growing role of cities as the centres of a power and a control in the global economy.

### ***The Human, Social and Value Dimension:***

- A changing social stratification of society, an increasing social inequality;
- Relative validity of traditional values (an orientation towards society values “having mode“ instead of “being mode“), a consuming lifestyle;
- Generalization of freedom, the problems of a personal identity;
- Higher migration rate, the worldwide increasing unemployment and poverty.

***The Cultural Dimension:***

- Intensifying contacts between cultures and the global spread of certain cultural patterns (the problem of Americanization and Westernization of the world, disappearance of diversity of cultures, the emergence of new forms of cultural mixing;
- Hybridization of cultural identities, growing influence of the media for the exchange of individual elements of culture, shaping or unformed homogenous global culture;
- Emergence of transnational cultural expressions within the borders of nation-state.

***The Political Dimension:***

- Decline in political influence in nation-states, linking into larger states, the growing influence of economic policy-making;
- Conversion of bipolar to multi-polar world (the deepening interdependence among countries and economies, growing inequality between rich and poor societies).

***The Environmental Dimension:***

- Sustainable development, global environmental policy, global problems of mankind and the adequacy of processes of global institutions to solve global problems.

### **1.1. Globalization as an antagonistic process**

Controversial and confused opinions on globalization are changed also because of this phenomenon is not interpreted objectively and comprehensively. Supporters of globalization believe that the positive points of globalization include increasing efficiency, prosperity, democracy, peace and fellowship programmes. Critics argue that globalization breaks the security, democracy, justice, social, cultural and legal assurances that poverty brings. The poverty is accompanied by other negativity – social isolation, diseases and illnesses, poor housing conditions, illiteracy, aggression, family breakdown, release of social bonds, radical changes in the hierarchy of values, the marginalization of groups, loss of perspective and personal identity.

David C. Korten (in Hučka, 2001) in connection with that, as one of the greatest mysteries of modern society considers the definition of success of an individual who is only aware of the amount of money earned: *“While in old times people yearned for salvation, beauty, pleasure, power, pleasure, property, explanation, food, adventure, comfort, nowadays everyone wants to have only and only money“.... apart from this we forget the simple truth, that only counterfeits of real values are for sale, we can buy a house, but not a home, we can have a smile, but no luck and happiness, sex – but not love, books – but not wisdom“*. Advanced technological civilization of our times tends to involve human intelligence only in the reduced form of the technical challenges and solutions.

The value of the experience is the psychological aspect of unrecognized and people are frustrated. This creates a simplified picture of success – only its material form – even at the

cost of mental, emotional mutilation. The economy has its own patterns, which must be respected, but also human motivation and the man involved.

## **1.2. Why do we focus attention on the human dimension of globalization?**

Globalization process has revealed a number of difficulties that alter the social perception of today's modern man. American thinker about the future John Naisbitt it perfectly conveyed in his book *Global Paradox* – *“the bigger the world economy, the more powerful its smallest players are. As the overall system grows in size and complexity, the importance of the individual parts increases in direct proportion”*.

*“This apparent contradiction is at work in both business and politics”*, he says. To survive, big companies today are decentralizing and restructuring. As the world economy gets larger, the component nation players become smaller and smaller.

Order is replaced by chaos. The individual succeeds in tension expansion of communication, anxiety from interfering in the huge floods of different opinions and interpretations of the world. Similarly, K. Rieger (2000, p.1) points to that change perceptions of the man – *“the concept of objectivity has completely changed... it is as if we have come to a round surface – there is not the beginning and the end, the observer is also observed and no one can say that his opinion is not universal validity.”*

The need to discover new and different human groups, specific human characteristic is to be able to confront them that closely linked with the need to go beyond current scientific perception, as border crossing themselves, their families, the city, its people and culture. There is an interrelation of discovering and growth of Information and Communication Technology (ICT) so massive, that people are not always able to get and overcome all impulses and then set their functional healthy process. They seem to human experience incomprehensible, strange, abnormal or even a priori evil.

In an interview for the magazine *Psychology Today* (in Rieger, 2000, p.2) psychologist Z. Vybírál gave clearly positive answer on the question of whether globalization is dangerous to humans. *“Bathe Globe in telecommunications, by cars, planes, as well as advertising, noise and bad taste. It is run by the mafia brotherhood, characterized by imposing a unified culture and lifestyle ... leads to cultural extinction of species, not only to the destruction of fauna and flora, changing psychological basis for comfortable, standardized, operated, arrogant human being.”* Globalization characterized by significant technological and intellectual progress is not primarily built on solidarity, welfare and mutual assistance. Psychological life postpones to the periphery. Goodness, empathy and mutual solidarity are evaluated as something that falls outside the normal scope of thinking. Trend cult of youth, success and money devalues the need satisfied and creative lifestyle. Rising unemployment and income inequality are changing people's lives in the endless struggle for competitive advantage, material benefits and values. There are also irregular and inefficient form of saturated these needs. According to Staněk (1999, p.28) globalization is directly and indirectly related to the increase in crime, crime and drug consumption (1999, p.28). Psychological and sociological analysis and surveys show that the drug problem is not

connected only with an economic development but also with feelings without perspectives, a sense of loss of life feeling, loss of fundamental values on which the present generation could rely on, and which could serve as a living anchor and an important foothold.

## 2. Anticrisis Scenario

*“A chain is as strong as its weakest link“.*

It is known that the risks are not always easily solved. Their success lies in how robust, capable, well prepared, informed and educated individual is.

*“Anticrisis scenario“.*

In our opinion it represents a set of activities *to prevent emergence of instability threatening the integrity and viability of human beings*. Its aim is to create a potential for functional management of claims and unexpected negative impacts of globalization.

We believe that these requirements can be achieved through ***the development of information - the learning community that focuses on quality education***. In practice this means to promote the school in addition to vocational education and training and to present Area Studies fields. (Belz, Siegrist, 2001, Hrušková, 2009). With new teaching practices and forms of educational work, a global, multicultural and continuing lifelong education develop:

- ***Key competencies***. Under the Official Journal of the European Union (2006) the Reference Framework sets out eight key competencies: communication in the mother tongue, communication in foreign languages, mathematical competence and basic competence in science and technology, digital competence, learning to learn, social and civic competences, sense of initiative and entrepreneurship, cultural awareness and expression. Managing competences held by individuals leads to specific as it can normally apply the situation, which is learned and integrate. Moreover, evidence to the system personality new alternatives to the behaviour, create own behaviour synergy by combining existing and newly acquired skills.
- ***A creativity and personal growth***. To promote personal development with an emphasis on self esteem, self-awareness, self-perception, personal fulfilment, self-creativity and self-regulation. Developing the potential to be not only creative, critical thinking and evaluation, as well as skilled problem solving, target orientation, existential meaning and personal aspirations;
- ***An ability to accept changes***. Interconnectedness of the world or its changes is not for people in global society nothing new. What is new for them is their degree (Birknerová, 2010, p.4). Strengthen decision-making, accountability and motivation perspective customary behaviour, “reduce” low motives of conduct (envy, selfishness, hatred, greed, enrichment themselves at the expense of others, intolerance);
- ***A new system of attitudes and values***. Attitudes explain human social behaviour. They relate to values, value preferences, the views, evaluations of persons, objects, phenomena, but also the emotions that accompany the assessment. The rate of intellectual, power and social needs in a globalized world varies. It is more often emphasized the importance of needs for achievement, power and affiliation than at the expense of experiential value aspects. This creates a simplified notion of success, power is balanced satisfaction and happiness of its holder;

- **An intercultural sensitivity.** The aim is to provide reflection of their own cultural attachment, but also an understanding of differences, developing a sense of justice, promoting solidarity and tolerance, which on the one hand related to their own vision of the world and on the other hand with personal authenticity, the framing story, self-regulation and self-esteem;
- **A health and balanced lifestyles.** Quality of life affects the balance between physical activity, work, healthy eating, having a rest, relax and exercise. Good physical condition and somatic health contributes to the efficiency of a body's ability to cope with stress.

Understanding “human possibilities” based on the hypothesis that the character and nature of human existence and the nature and condition of the global reality are interconnected. The model does not claim impeccability. Perspectives suggest that we could go in education and training. We realize that the future and prosperity of each country depends on effective and well control school education and training and how we can mobilize individual inner abilities and skills of our students.

## CONCLUSION

There has never been so difficult to reflect and understand the world, to understand ourselves and our surroundings and our own position in it. Economic performance in its microeconomic dimension indirectly reflects specific psychological factors. It is necessary to find a man behind everything. This is doubly true for the globalization. Modern man in the 21st century remains in the position of the object and subject of the globalization.

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# **E.M.B.U AS A RESEARCH TOOL, SURVEY OF CURRENT MODEL FORMULAS FOR EDUCATION RESOURCE IN SLOVAKIA AND BOHEMIA**

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## ***Abstract***

*Contribution to the ambition to bring an abbreviated version of the questionnaire aimed to remembered parental behavior (sE.MBU) and its research potential in identifying the current model formulas education in Slovakia and Bohemia in the era of globalization. Experience with related parties are not only relational genetic role in shaping personality, but also an undeniable impact on the creation of certain patterns of subsequent parental behavior.*

## **1. E.M.B.U**

Relationship life experience seems to have formative influence on the neurobiological regulation (see, for example. Hašto, 2005) and the establishment of an individual formula used defense mechanisms (Kaščáková, 2007). More information remembering his parents' behavior may allow us to recognize the process of creating a more targeted model of education. Educational practices in childhood and the relationship of parent - child are persuading us of their importance as determinants of personality characteristics and available for any subsequent mental disorders.

In our research we used a questionnaire E.M.B.U. This is a shortened version of the original 81-item questionnaire EMBU with 15 subscales and two additional questions concerning the severity and consistency of parental educational behavior. S-E.M.B.U. consists of 23 questions grouped into 3 subscales - denial, emotional warmth and Hyperprotection. The questions are answered separately for father and mother separately for the 4-point Likert scale. Here are our preliminary experience and contribution section sE.M.B.U. with score key. E.M.B.U. is a Swedish acronym for Egna Minnen Beträffande Uppfostran (My memories of upbringing; My memories, as I brought up).

Previous similar from a structured questionnaire were questions to be answered "yes"

or "no" and then there was a large number of questions (in CRPBI Schaefer from their 192). The aim Perris et al. (1980) was used E.M.B.U. in depressive patients with extensive research project, which used a number of questionnaires and other methods, decided to reduce the number of issues by increasing the number of alternative answers to the following four scales:

*Do it appeared.*

*Could this occur, but it was exceptional.*

*Discover this quite often (several times).*

*Always been so.*

It was also decided that the final answer should allow the behavior of the mother and father, unlike previous surveys, which were divided into two separate forms for father and mother. (see we used 4-point Likert scale).

## **2. CONSTRUCTION SUBSCALE BY PERRIS**

Perris team members are inspired and questions from the already available questionnaires. After gathering all the questions did the first screening to eliminate duplicates and to match the final formulation. Selected final 100 questions. These were used in a pilot study in semistructured talks with depressive patients. E.M.B.U final form, is composed of 81 questions grouped into 15 subscale (see Table 1) and two supplementary questions focusing on the severity of parental behavior and its consistency (consistency, complete the case, identity).



Table 1 Average scores and the differences between fathers and mothers across subscales.

Subscales of behaviour	Fathers		Mothers		Differences		P
	x	s	x	s	x	s	
Gross disparities, poor handing	7,85	0,15	7,76	0,13	0,09	0,15	n.s.
Deprivation	8,55	0,18	8,76	0,16	-0,24	0,14	n.s.
Punitive	8,28	0,22	7,69	0,19	0,59	0,20	< 0,05
Embarrassing	7,32	0,20	7,89	0,19	-0,57	0,21	< 0,05
Rejecting	11,11	0,21	11,78	0,18	-0,66	0,19	< 0,05
Hyperprotection	10,70	0,19	11,70	0,16	-0,99	0,20	< 0,05
Extensively involved	9,28	0,24	11,15	0,24	-1,87	0,26	< 0,05
Tolerant	11,40	0,20	11,91	0,15	-0,51	0,19	< 0,05
Sensitive	12,26	0,30	13,80	0,26	-1,55	0,27	< 0,05
Behavioral	11,03	0,28	11,47	0,26	-0,44	0,24	n.s.
Causing fault	7,84	0,20	9,11	0,23	-1,27	0,23	< 0,05
Incentive	12,27	0,31	12,99	0,28	-0,72	0,27	< 0,05
Preferring sibling	5,93	0,21	6,27	0,22	-0,34	0,15	< 0,05
Preferring entity	6,11	0,22	6,30	0,22	-0,19	0,17	n.s.
Unspecified	20,01	0,37	21,47	0,33	-1,47	0,36	< 0,05

Perris et al.: Development of a new inventory for assessing memories of parental rearing behaviour. Acta psychiatr. Scand., 1980, 61, 256-274

### **3. APPLICATION IN HEALTHY SUBJECTS IN OUR RESEARCH**

Perris et al. (1980) tested E.M.B.U. the healthy population. The sample consisted of 152 subjects: 73 young soldiers, 57 medical students, 15 students of vocational guidance, the remaining were from the Personnel Department. It was 108 men and 44 women.

Since E.M.B.U. can be administered by either a self completion questionnaire or by structured questionnaire. May administer in small groups. we chose to administer our research group of 50 subjects, where the questions were in Powerpoint presentation and the subjects filled out pre-printed forms answers sheets. Time allowance was unlimited.

#### **3.1 Statistical analysis and item analysis.**

For statistical analysis we used standard programs Statistica.

- a) frequency distribution (frequency distribution) of each item score calculated separately for fathers and mothers, and later calculating the difference between the scores assigned fathers and mothers;
- b) analysis of the key components throughout the questionnaire to determine whether the hypothetical subškály occur in reality;
- c) frequency distribution of scores subscales for both parents and an analysis of the difference between them;
- d) analysis of internal consistency (using the average correlation koficientov and Spearmen correlation coefficient) of each subscale.

Frequency distributions of both parents' scores of each item in half the cases showed similar average values. In the second half, however, showed significant differences between the scores assigned fathers and mothers. Generally, it is possible to say that fathers scored higher in items related to the severity of punishment and low levels of involvement, while mothers scored higher in items related to the commitment and affection.

#### **3.2 The incremental output of research and measurement instruments**

The results of this study appear to be consistent with cultural stereotypes in the sense that mothers were rated as more participatory, responsive and hyperprotectionist, while

fathers were assessed as more distant, less sensitive and more directly controlling. Mothers were perceived as controlling, in the form of guilt over the fetching and shaming.

To select items for the short form we like Arrindell et al. (1999) used criteria. On the basis of which items had to be selected from among those who sowed the factors most deprecation, emotional warmth, or Hyperprotection identified in the long version of the E.M.B.U nonvarious as in many nations (14). Descriptive statistics, made Arrindell et al. (1999) showed that the analysis above is no appeared "troublesome factor. It turned out that all the items on which it was expected that most will saturate factors deprecation or emotional warmth, and nurtured by their very appropriate manner. we use the same score key.

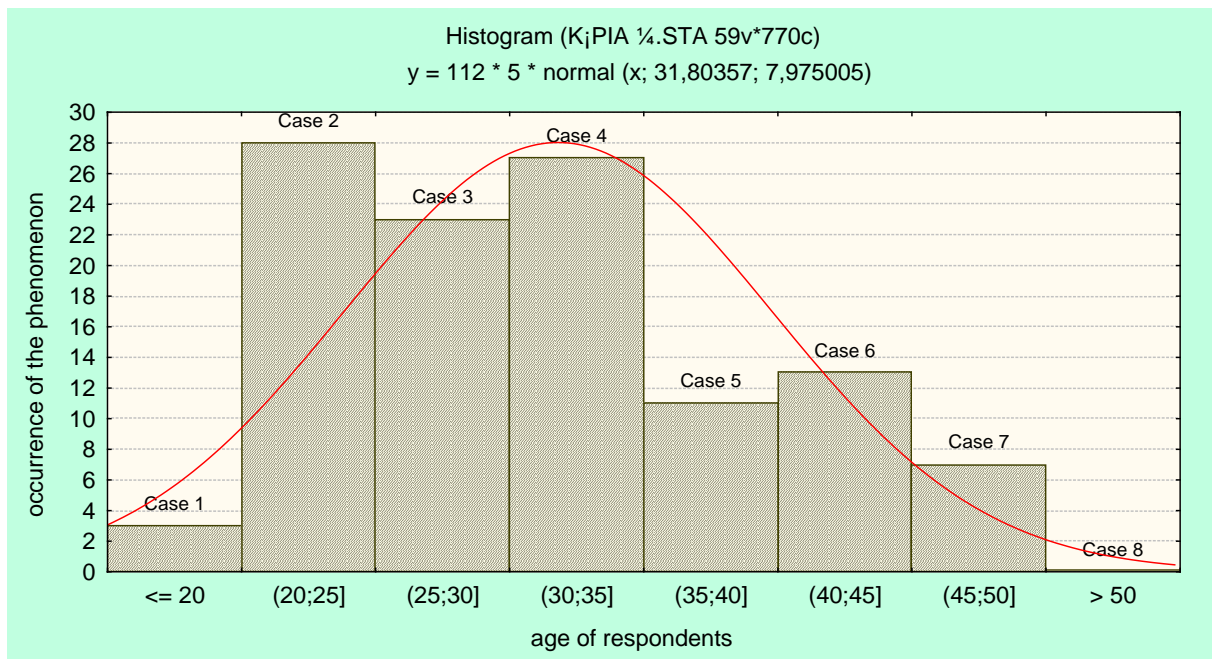
Table 2 Score key s -E.M.B.U

Number of items	
Deprecation	
Emotional warmth	
Hyperprotection	3, 5, 8, 10, 11, 17 <sup>*</sup> , 18, 20, 22
* half- split scoring 1-4, 2-3, 3-2, 4-1	

Arrindell et al.: The development of a short form of the EMBU: Its appraisal with students in Greece, Guatemala, Hungary and Italy. *Personality and Individual Differencies*, 1999, 27, 613-628.

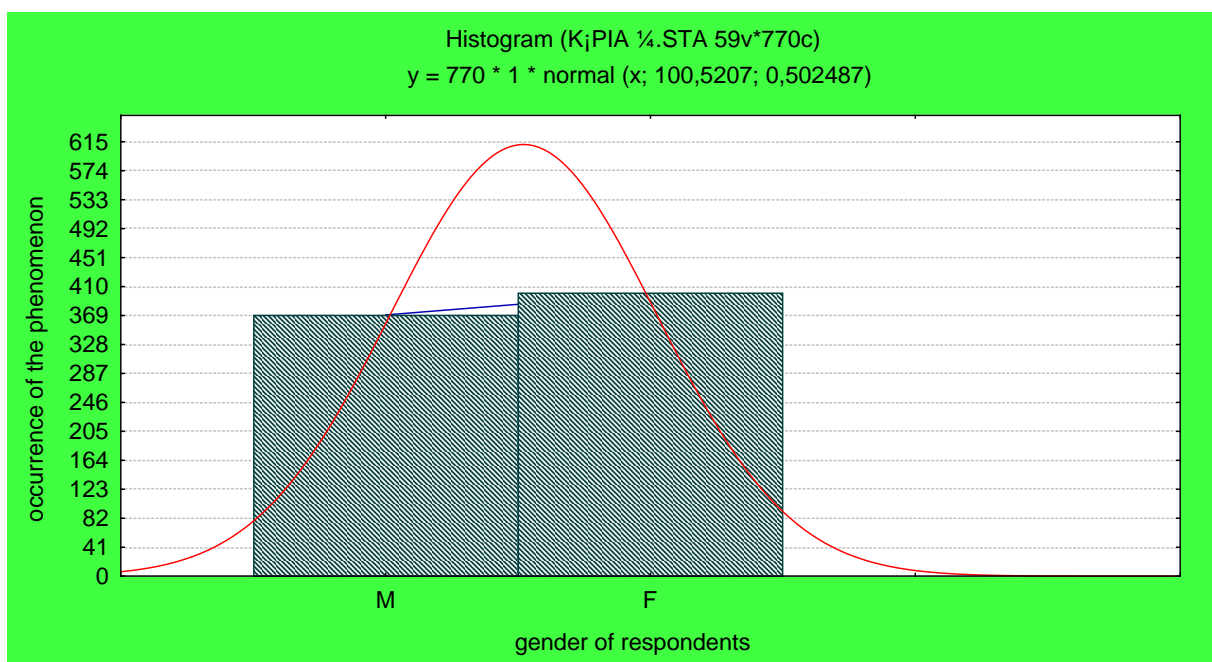
The sample consisted of 770 subjects, from Bohemia and Slovakia. Volunteers were selected to maximize diversity in terms geographic location and the main focus of the study. Represented all regions. Age distribution of subjects was as follows:

Graph 1 Age of respondents

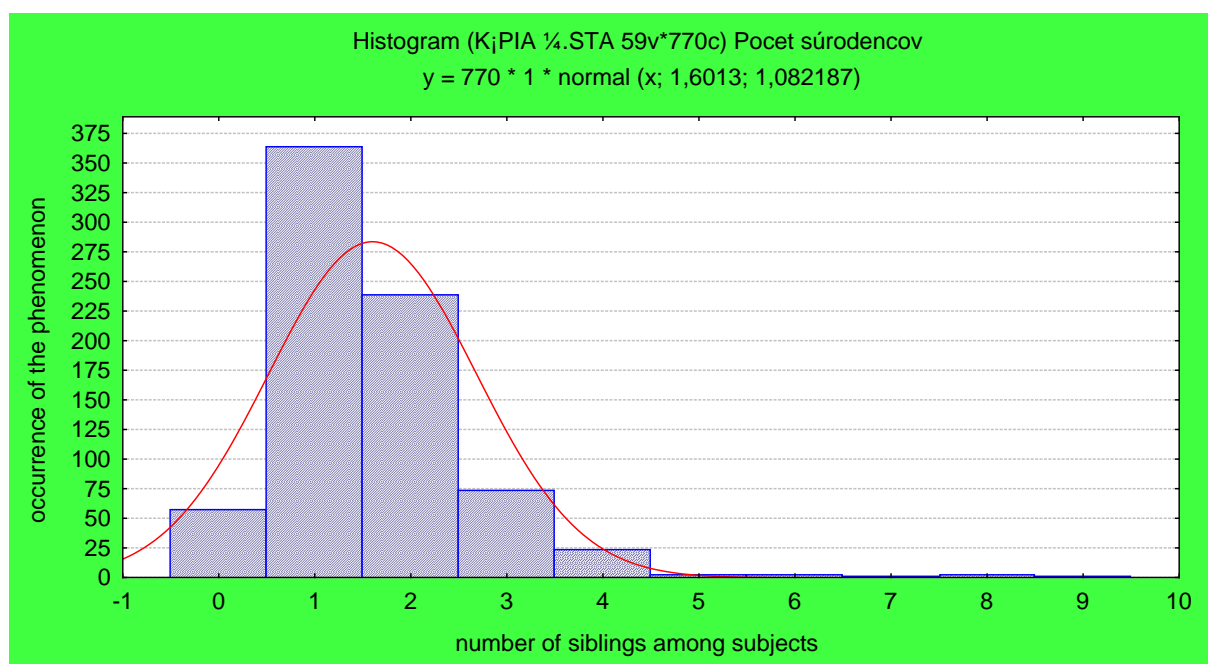


Gender was the statistical treatment of data expressed by the normal distribution histograms in Graph 2, where the number of women in the sample were 400 men and 370th.

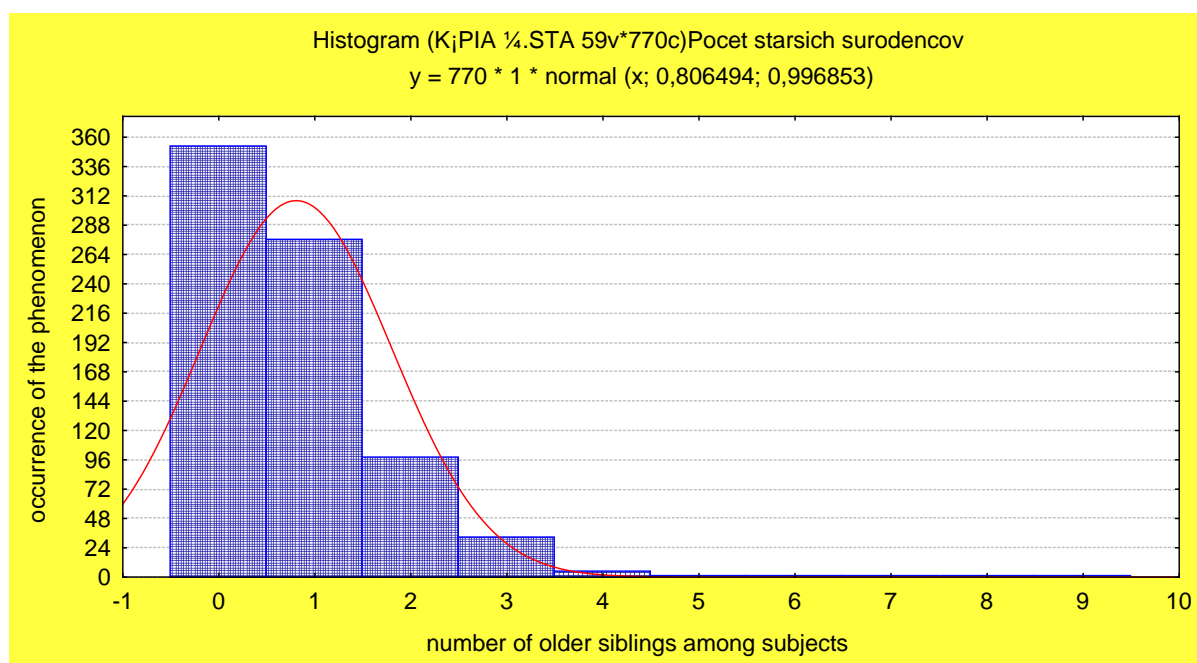
Graph 2 Gender of respondents



Graph 3 Number of siblings among subjects



Graph 4 Number of older siblings in subjects



The previous two charts, No.3 and No.4 shows that the most numerous families are represented with numbers one and two siblings, number of siblings and the elderly while significantly decreasing. Since the vast majority of respondents in the age created level from 20 to 35 years, the family founded in the seventies about the 20th century, which corresponds to only a preferred family model, max. two children.

Other statistical processing output ahead of us, have some partial outcomes suggest differences in the outcomes of Swedish authors, especially the value assigned under hyperprotektivity by parents suggest that the average scores are higher than in the northern areas.

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# EUROPEAN LAW OF BANKRUPTCY DURING THE TIME OF GLOBALIZATION

Ilona Schelleová<sup>27</sup> – Karel Schelle<sup>28</sup>

## *Abstrakt*

*Goal of this essay is to introduce European insolvency regulation and the methods of regulation used by insolvency law in connection with the rationale of implementation of such regulation. The second part of the essay covers the influence of European insolvency regulation on creation of the new regulations in EU member states; moreover, it investigates the influence on the current Czech insolvency law in particular. Since the current situation of the Czech insolvency law is considered by all parties concerned as problematic, the goal of the essay is to find out, if the newly prepared and approved insolvency law, which was adopted with consideration for legally binding European regulation, will make some significant change in this area of law. This essay also attempts to point out other potential factors, which could explain the problematic nature of the current Czech insolvency law.*

## **1. Introduction and history**

### **The Aim of and Reason behind the European Legal Regulation of Insolvency**

The continuing European economic and political integration, which actually began at the end of the twentieth century and became more intense at the beginning of the twenty-first century, significantly influences the economic independence of individual EU Member States. These states support a greater openness of their economic system. The sky-rocketing cross-border business activities are at the same time becoming more and more complicated. This is undoubtedly supported by the four basic European principles of freedom – the freedom of movement for goods, people, services and methods of funding – the non-existence of which would mean limitation of the development. This development also results in an increased number of debtors who have property abroad either for diversification of the risk of loss of own values or for their own profit growth. This usually means certain barriers for the creditors, who would like to achieve full satisfaction of their rights from the debtors. The debtor may, especially in the case of his insolvency, try to hide his property from the creditors by transferring it to a foreign country that does not legally recognize insolvency proceeding abroad. On this account, the aim of the international and European legal regulation of insolvency is to react to these situations by ensuring that no debtor's property remains unaffected by his insolvency, regardless of debtor's country of origin or his place of residence, as this is the only efficient and proper way of dealing with the cases of insolvency.

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Both international and European insolvency law recognizes and differentiates between two basic legal principles in this area:

- a) the principle of universality: this principle states that it does not matter, where debtor's property is located, which enables to include debtor's property located in any country;
- 0b) the principle of particularity (territoriality): it has been the main principle over the last years; this principle is based on the national legal regulations of insolvency where each country will exercise full sovereignty in deciding whether the decisions of foreign courts shall be accepted or not.

As may be obvious from the differentiation above, the real barrier to the prospect for the international as well as European insolvency law is the typical rule of national courts to obey the principle of particularity (territoriality) – the courts in many countries do not recognize the decisions of foreign institutions or courts as legally binding. The obvious solution to such situations therefore is the attempt of the international institutions at unification of national insolvency regulations according to the uniform international criterion, which guarantees common standards in consideration of the rights of the creditors to satisfaction from debtors' property. This idea and internationally applied approach of unification of the national insolvency laws are called the Principle of controlled universality.

The principle of particularity began to prevail and became an internationally known and acceptable approach to insolvency law only over the past decades. This was caused not only by the intensification of European integration, but also by the overall tendencies towards globalization all over the world, which turn the question of common principles for the insolvency proceedings into a more and more important and urgent topic. Together with the academic and politically multilateral discussions held on the international level, many countries slowly try to transform their national insolvency laws and thus achieve greater cooperation and coordination in this area in accordance with the international principles. Nevertheless, the first and really successful attempt at leaving the legislative and national approach, which still prevailed in most countries in the seventies and eighties of the twentieth century, was the „Bankruptcy Law“ of the USA. This bankruptcy law, issued in year 1978, subsequently served as one of the models for other modern legal regulations of insolvency all over the world.

However, the historical development of the legal regulation of insolvency in Europe dates back further than that, long before the foundation of the European Community. Nevertheless, it was only in the twentieth century that the European countries began to make laws and agreements that were accepted also beyond the boundaries of individual countries.

The first pioneer in this area was the Scandinavian Agreement, which was entered into at the Nordic Convention in year 1932. This agreement, signed in the same year by Sweden, Norway, Finland and Denmark, was the first international agreement dealing with insolvency and settlement proceedings. It followed from the principle of universality and comprised also some conflicting rules of law that regulated certain specific cases. It came into effect in year 1935.



Another pioneer in this development appeared some time later and although its implementation was not to a larger extent successful, it managed to extend regional cooperation to real international cooperation, which significantly contributed to further development of the international insolvency law. The Istanbul Convention (known also as the European Convention on Certain International Aspects of Insolvency), which was signed by 7 countries in Istanbul, was prepared by the Council of Europe on the 5<sup>th</sup> June 1990. Unfortunately, this convention was ratified only by Cyprus, and therefore has not come into effect yet (, as this would require ratification by at least three countries). A probable reason for this failure is insufficient scope of questions of the insolvency law, which are dealt with in this convention. However, the importance of this convention lies in laying the foundations for multilateral and international unification of the legal regulation of insolvency in Europe.

Another guideline for achieving the common goal in the area of cross-border insolvency law, besides the European development of the international insolvency law, was provided by acts of international institutions, such as the UNCITRAL – the United Nations Commission on International Trade Law. UNCITRAL started to prepare the model of insolvency law at the beginning of the nineties and the „Model Law on Cross-Border Insolvency with Guide to Enactment“ was adopted by the middle of the year 1997. *“This model law is designed to assist States to equip their insolvency laws with a modern, harmonized and fair framework to address more effectively instances of cross-border insolvency.”* One of the advantages of this model law was the fact that it respects the differences between national legal regulations of insolvency on the one hand, and offers some solutions on the other hand. Proceedings according to this model law in one country do not have to have a direct influence on another foreign country, but rather rely on the authority of UNCITRAL. One expects its principles that have been incorporated into this model law to be generally accepted by foreign countries as the whole. Some countries actually have already accepted this model law and modified their legislation accordingly; among these countries are Mexico, Japan, Great Britain, USA, Poland and others.

The newly developing institutions of the EU also tried to draft and adopt similar regulations on insolvency on the basis of the last-mentioned attempts, such as the EC Directive on insolvency proceedings. However, this specific draft of a subsidiary agreement dealing with unification of the insolvency proceedings within the EU was prepared too early before the adoption of the Treaty of Amsterdam (from year 1997) and has never been signed. On the other hand, it served as the basis for the well-known Council regulation (EC) No. 1346/2000, which was prepared after the extension of the powers of the European Community by the Treaty of Amsterdam.

## **2. General European legal regulation of insolvency today**

Before the present European legal regulation of insolvency can be discussed in more detail, it is necessary to mention those articles of the EU Treaty that enabled adoption of such a

regulation. The following articles of the Treaty establishing the European Community are concerned:

- Article 10 – on fulfilment of the obligations arising out of this Treaty
- Article 249 – on general application of the Regulations and Directives, binding, as regards the result that shall be achieved.

The general European insolvency law is primarily based on Regulations. *“A regulation is a legislative act of the European Union that has general application. It shall be binding in its entirety and directly applicable in all Member States”.*

There are the following EU Regulations that deal with the insolvency law:

- EC Regulation No. 1346/2000

The legal regulation of insolvency proceedings in the EU is on the other hand based primarily on Directives. *“A directive is a legislative act of the European Union. It shall be binding, as to the result to be achieved, upon each Member State to which it is addressed, but shall leave to the national authorities the choice of form and methods. A Directive differs from Regulations, which alone are at the same time implementing and do not require any implementation measures.”*

There are the following main EU Directives concerning some specific questions of the insolvency law:

- Directive No. 2001/17/EC
- Directive No. 2001/24/EC

There may also exist some other Directives dealing with specific issues concerning the European insolvency law, yet these Directives regulate some very specific questions of the insolvency proceedings, such as the questions concerning insurance companies.

### **3. NO. 1346/2000**

#### **General Introduction to the Regulation**

The Regulation No. 1346/2000 on insolvency proceedings, which came into effect on the 31<sup>st</sup> May 2002, like many important and crucial legal regulations, did not originate overnight; the preparation of this Regulation lasted almost forty years. It has 47 Articles and contains the framework for cross-border insolvency within the European Union after the 31<sup>st</sup> May 2002. The Regulation according to the protocol of the Treaty of Amsterdam applies to all Member States of the EU except Denmark, including countries that joined the EU on the 1<sup>st</sup> May 2004. Like most modern international legal regulations dealing with insolvency, this Regulation is based on the principle of controlled universality. Most EU Member States thus still, irrespective of the fact that the Regulation, as an EU regulation, shall be binding in its entirety and implicitly applicable in all Member States, have to modify their national insolvency law within a very short term, so as to be fully compatible with this Regulation and capable of putting this objective into practice. There may consequently arise some problems, which have to be dealt with in most Member States, in order to make the Regulation fit correctly into their

national legal frames. Some EU Member States have already, as a reaction to these problems and their diversity modified their legislation, nevertheless some other Member States are still at the stage of consideration. The following rules that are determined by the Regulation are nevertheless applied directly:

1. international jurisdiction of the court in the Member State that is supposed to open the insolvency proceedings,
2. acknowledgement of these proceedings in other Member States,
3. provisions on the election of law,
4. the power of the liquidator (trustee in bankruptcy) to operate also in another Member State.

The general aims of the Regulation, besides directly applicable rules, which have been demonstrated above, shall primarily enable a more efficient and effective execution of cross-border insolvency proceedings, provide a unified framework for the coordination of provisions that are to be made with respect to the property of the debtor, and last but not least, they should also to eliminate the debtors' "forum shopping" (intentional choice of court of any country).

### **The Framework for Insolvency Proceedings according to the EU Regulation on Insolvency**

Article 1 of the Regulation defines the scope of powers of the Regulation. It is according to this article necessary for direct application of the Regulation to fulfil four cumulative conditions concerning the insolvency proceedings:

- a) Only one set of main collective proceedings is permitted, which means that all relevant creditors may demand satisfaction only by means of these proceedings or by means of secondary insolvency proceedings that have been opened pursuant to these main proceedings, because individual suits will be precluded;
- b) the proceedings concerning debtor's insolvency have to be based only on „debtor's insolvency“ and not on any other reasons. The test of insolvency itself is entrenched in the legislation of the Member State that instigates the main proceedings;
- c) the proceedings concerning total or partial loss of debtor's entitlement to the property have to result in his total or partial loss. Partial loss of debtor's entitlement to the property, concerning debtor's assets or his power of administering these assets, is sufficient. The possible legal character of this loss, depending on the relevant national legislation, does not have any influence on the application of the Regulation on relevant proceedings;
- d) The proceedings concerning appointment of the liquidator should result in the liquidator being appointed. This requirement is a logical consequence of the previous condition. One can generally say that the transfer of rights to another person, namely the liquidator, takes place always in the case of any insolvency proceedings to achieve debtor's loss of entitlement. This transfer involves the power of administering or disposition concerning all or part of debtor's assets and limitations upon debtor's powers by means of intervention and control of debtor's action.

## **Scope of Application of the Regulation**

The conception of the Regulation differentiates between three types of rules: procedural, substantive and collision rules. Procedural rules represent a concrete management policy. Substantive rules are rights and obligations that apply to persons whom they refer to. Collision rules are those, which the Regulation focuses on, because they help to decide in which country, and according to which law, the insolvency shall be enforced and what effect it will have on the material level of the law.

The Regulation provides for two basic types of insolvency proceedings: main proceedings of universal scope and local proceedings of territorial scope. Both types of insolvency proceedings are described in more detail in individual chapters of the Regulation and will be outlined below.

The key point of the Chapter 1 is the jurisdiction and relevant law. Article 3 of the Regulation confers the jurisdiction to open the main insolvency proceedings. Member States are free to designate the national courts that may open insolvency proceedings. These insolvency proceedings should be recognised and effective in all other Member States without further formalities or obstructions. This Chapter further defines the term “centre of main interests”. It stands for the court of the Member State located in the Member State where the debtor has his “centre of main interests” and that has jurisdiction to open the main insolvency proceedings. Debtor’s “centre of main interests” shall analogously be his place of the registered office.

Chapter 2 of the Regulation focuses on the recognition of insolvency proceedings. It makes use of the universality principle for the main proceedings opened according to the Article 3, which affect all the debtor’s assets and technically involve all his creditors. The Regulation guarantees this universality by setting up a system of mandatory and automatic recognition in all Member States.

This principle basically implies recognition of the main proceedings and its consequences in all Member States, where these assets or creditors are located. In other words, this practically means that the opening of main proceedings produces the same effect in other Member States as under the law of the state where the proceedings are opened. This actually provides solution to the key point mentioned in the Introduction to this paper – countries that did not want to accept the decisions of foreign institutions no longer have either the possibility or right to do so, because Chapter 2 of the Regulation puts them under explicit obligation to accept this. The Chapter furthermore deals with the appointment and recognition of the liquidator and with his powers in all Member States. This is one of the crucial effects of the Regulation, because the appointed liquidator is irrespective of the Member State where the proceedings are opened capable of executing his powers equally in all Member States.

Chapter 3 deals primarily with the “secondary insolvency proceedings”. The framework of this Regulation follows from the main insolvency proceedings in the Member State where the proceedings are opened, and where the debtor has his “centre of main interests”, yet it permits the opening of secondary proceedings in other Member States, if the debtor has any place of operation there. Chapter 3 of the Regulation deals with this matter in more detail. Secondary

proceedings may serve two main purposes: firstly, they protect the creditors (usually local creditors) against the main proceedings and secondly, they help the main proceedings and support them. The opening of secondary proceedings may be demanded by the liquidator in the main proceedings or by another person who is duly authorized by the local law. It is worthy of notice that one of the crucial provisions dealing with secondary proceedings emphasises the obligation primarily for the liquidators to cooperate and communicate all necessary information. This may not necessarily be the case between the courts, due to the fact that there are certain problematic issues concerning cross-border insolvency. The Regulation thus follows the principle that various liquidators have to cooperate closely, especially by exchanging sufficient amount of key information. The main insolvency proceedings and secondary insolvency proceedings together may not contribute to effective realization of total assets, unless there is an effective coordination of all collateral and mutually dependant proceedings.

Chapter 4 of the Regulation deals with particularities of information for the creditors and with their claims. In short, each creditor, no matter where within the EU he has a seat, is entitled to set up their claims with respect to debtor's assets in any set of insolvency proceedings that has not been closed yet.

Chapter 5, which is the last chapter of the Regulation, contains final and transitional provisions.

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# **POSITIVE EXTERNALITIES CREATED BY EDUCATIONAL STRUCTURES**

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## ***Abstract***

*Externalities have a positive or negative effect on many social entities. One of the positive externalities is the effect of education. Externalities in education are important that bring with them external advantages. These include schools providing positive externalities in production and nationwide economics, and for the society as a whole. Negative externalities are then inadequate, partial, or in some areas the unappreciated education of populations in certain countries. In the spillover of workers between countries of the European Union, one state can provide another with a higher quantity of educated workers in a certain field, representing a positive externality, while not making use of this potential can be understood as a negative externality.*

## **1. POSITIVE EXTERNALITIES AND EDUCATIONAL STRUCTURES**

Externalities have a positive or negative effect on many social entities. One of the positive externalities is the effect of education. Negative externalities can be decreased inter alia by a goal-directed system of educating experts and the public. Educational institutions, schools and above all universities are important for systematically creating knowledge within the framework of science, research and also education, which has fundamental importance in knowledge-based economics.

Since entering the EU, the Czech Republic has been adapting to the conditions of forming new European markets for labor and schools, which are fundamental components of the educational system, and preparing its graduates to ply their trades as best as possible in the labor market. Simultaneously, companies and their personnel managers, whose activities include the employee selection process, are requiring certain knowledge and skills levels from new employees. Good flexibility and adaptability are necessary for proper self-realization in practice.

Externalities in education are important positive externalities that bring with them external advantages. These include schools providing positive externalities in production and nationwide economics, and for the society as a whole. Negative externalities are then inadequate, partial, or in some areas the unappreciated education of populations in certain countries. In the spillover of workers between countries of the European Union, one state can provide another with a higher quantity of educated workers in a certain field, representing a positive externality, while not making use of this potential can be understood as a negative

externality. Education is therefore one of the key areas that create positive externalities, and not just from the view of society as a whole, meaning the state and public, but also from the view of company education and development and likewise of individual people (increasing and perfecting qualifications create benefits for the individual), since positive and negative externalities in education influence all of these areas. We are heading towards a determination of externalities in education, towards positive and negative externalities in education, and towards entities that can be influenced by education.

The basic approach to externalities in education is derived from an analysis of approaches to human and cultural capital. Sociologists and economists are analyzing human and cultural capital and the management of many companies are focusing on the development of “their own” human resources in the form of employees of companies and organizations, and this is pointing towards long-term positive and negative aspects of this process. Human capital is a fountain of knowledge and skills embodied in the people of a particular country living in a particular region and are the result of traditions, education and knowledge of acquired experience. Occupations that require higher education must be better paid if they hope to attract a sufficient number of workers, because workers expect a return on investing in human capital.

According to P.F. Bourdieu, cultural capital is directly connected to an educational system, the means of which leads to the turnover of the “symbolic capital” of the society – knowledge, formal recognition of professional qualifications and subjective aptitudes, such as the knowledge of correct procedures. To a significant degree, this turnover enables access to individual layers of reigning social groups. An individual’s availability of cultural capital is linked to his social status, privileges, social mobility, professional career and his lifetime trajectory. For the worker, the expected return on investment in human capital is represented by a higher level of earnings, greater job satisfaction, the prospects of better careers, and the feeling of job security. Skills, knowledge and abilities are the key factors that determine whether an organization or people will prosper. A. Giddens addresses this issue: “If we hope to avoid serious and irreversible damage, it will be necessary to face not only external consequences, but also the logic of unbridled scientific and technical development. The humanization of technology will likely lead to growing concerns that call into question the relationship between humans and artificial resources that have so far been chiefly “industrial in character.” (Giddens 1998)

The need to prevent possible conflicts between these two basic goals leads to the necessity of creating conditions for sharing the social goals of both common workers and management and owners. This shared goal should be the prosperity and development of the firm. The theory supports the philosophy of human resources management, which in the form developed during the 1980s claims that workers should be considered more as assets than as costs. Investment by employers in educating and developing their employees is a tool for acquiring and stabilizing human capital, like a tool for achieving a better return on this investment.

## **2. KNOWLEDGE WORKERS, KNOWLEDGE SPILLOVER**

Theoretical literature concerning economic growth and international economics (Branstetter 2000) devote attention to the potential growth of technological externalities that support development and shape business. The models created by Grossman and Helpman (1990) refer to technological externalities. In addition to models of growth, the authors highlight the importance of innovative activities, which are not, however, created only by innovation but primarily by knowledge. Workers who have knowledge capital are known at present as knowledge workers. Profit from innovation belongs not only to innovators but above all to firms that, thanks to this knowledge, are increasing their profit. In view of the redeployment of these types of workers, i.e. knowledge spillover between companies, more than just national, international and global influences can be considered here. These people serve as the motor of economic growth.

Knowledge workers have large amounts of knowledge capital at their disposal which they accumulate principally through modern approaches such as “learning by doing.” The development of education, primarily at universities but also in companies in the form of company education, is connected to this. At present many authors are occupied with the possibilities involving how to measure the contributions of these knowledge workers, e.g. Branstetter (2000), Grossman and Helpman (1990), Coe and Helpman (1995), Coe and Collective (1995), and Bernstein and Mohnen (1998). They use the statistics of relationships between the economic data of individual countries and their growth in connection with the accumulation of capital abroad and in their own country. In their research, Kesidou and Szirmai (2008) like other authors also point out the relationship between local knowledge workers, and between the innovation and economic output of firms in developing countries. The authors attach themselves to a key hypothesis in this issue that regards local knowledge workers as having the same chance to increase the innovation and economic output of companies in developing regions like those in developed economies. Local knowledge workers should therefore receive the same attention as in developed economies. The authors refer to three aspects connected to the work of knowledge workers. The first deals with the relationship between the local and international flow of knowledge, the possibilities to acquire knowledge and understanding it. New knowledge, or information, is transferred to companies in clusters. Innovative firms are concentrated in many regions. An innovative region has more contacts with innovative means on an international scale, e.g. with customers and clients, and is very important for obtaining a head start in acquiring knowledge, e.g. concerning trends in the market, and for acquiring technological information. Technological information better circulates in local environments rather than internationally. External relationships with innovation and qualifications over longer periods of time should be created in connection with these new clusters. (Kesidou and Szirmai 2008)

Knowledge workers and economic output is the second aspect. Many studies are focused on the economic output of companies, either direct or indirect through innovation and productivity. The third way consists of agglomeration possibilities and knowledge workers. An agglomeration enables greater growth in technological and economical development. Knowledge transactions make the formal flow of knowledge through market transactions



possible. A fourth point is the intra-company educational system, which enables the development of technology. Knowledge flows between local knowledge transactions, international knowledge workers and international knowledge transactions.

International knowledge transactions are much more important for export than local knowledge workers. It has been claimed at present that knowledge workers in developed countries have great importance for the output of exports in a market environment, meaning that firms in developed countries should develop both local and international sources of knowledge. Countries that are strongly connected with the global economy should develop their knowledge policies. Very important for absorbing external knowledge is developing it in the educational system of schools and company education, primarily in connection with the development of competencies. When comparing Japanese and American firms, Branstetter (2000) came to the conclusion that intra-national knowledge workers are strictly kept on file, that Japanese firms more likely get more from research than American ones, but the probability in this case has not been verified. The result mostly involves the question of what the barriers to the flow of knowledge workers across individual countries are. Will they become more important? Will they become more aggressive in the transfer of their existing knowledge capital abroad? Pacci (2000) mentions the connection between knowledge workers and externalities. He points out that in academic papers externalities are divided into two types, consisting of Marshall (specialisation) and Jacobs (diversity) externalities, where diversity is understood as a characteristic of the whole environment. Externalities are connected with the sphere of action of knowledge workers, because it is precisely they who create the activities that are difficult to measure in many cases, like those mentioned above, and are multinational and supra-company in their dimensions.

### **3. EXTERNALITIES IN COMPANY EDUCATION**

The development of innovation and knowledge brings benefits as well as unforeseen results that are externalities. The basic rule of doing business and being successful for any organization is flexibility and being ready for change. The flexibility of an organization is dependent on flexible people who are not only ready for change but accept and support it. The care therefore given to the formation of the work abilities of employees in the organization at the same time becomes one of the most important tasks for human resources. It is necessary to ensure that the dynamic and structure of the development of work abilities is ongoing with certain advanced compliance with the dynamic and structure of the development of the techniques used or usable with the organization. The contemporary character of work in organizations and the latest methods in management, however, require employees to not only be properly trained and able to acquire new professional skills and knowledge, but also employees with desired features involving personality. It is clear from this that the traditional means for educating employees (e.g. initial staff training, supplementary training or retraining) are no longer enough. More and more preference is given to growth activities focusing on the formation of a broader spectrum of knowledge and skills rather than just that required by the currently held position, and last but not least on the formation of the

personalities of employees, the formation of the orientation of their values, and the adaptation of their cultures to the culture of the organization. These development activities form the flexibility of employees and their readiness for change.

A company educates its employees in order to increase and perfect their qualifications and thereby influence their productivity, which has an impact on the financial results of the company. The externality consists of individuals increasing their value on the labor market through company education and likewise increasing their knowledge and skills so that they can use them beyond their work performance. For example, if we make it possible for an employee to take part in training centered around communication skills, it will have a major influence on his work performance (his communicative abilities in relationship to his colleagues and clients will improve); but such training can also have secondary influence in the form of better communicativeness, e.g. in the family (thereby increasing his contribution to society), and also increases his value in the labor market. On the other hand, poor treatment of an employee in the firm can create a negative externality, which will also eventually affect him in his private life and subsequently have an impact on society.

The fact that companies educate their employees has positive and negative effects not only on the individual but also on the state and therefore society. A higher level of education among employees also increases the education of the people of a given country (region) and can even lower it. If company education is good and the employee acquires the necessary knowledge and skills from it, then he has a better chance of finding new employment in the event of being laid off and quickly starting in the new position. The state can therefore allocate less expenditure for unemployment benefits (perhaps even for requalification courses). The individual is primarily increasing his own qualifications, which he is doing for himself, but is also influencing the company and state on the secondary level. If the individual is employed in a firm and he already has a good background of knowledge and skills before entering the firm, the firm then has to worry about less costs involved with his adaptation to the new environment and the “routine” discharge of his employment responsibilities is much quicker than if the company had to spend the necessary resources (finance, time, people) to bring the individual, employee, to the necessary educational level.

It is a similar situation for the state. Increasing the educational level of individuals on a private level also influences the state on a social level, increases the overall education of the population, resulting in higher productivity, higher wages and subsequently higher taxes which the state collects from the individual.

**Individual – State:** The individual educates himself for himself but this also affects the state and the level of education in the population; it affects the society, social environment, increases work productivity and therefore earnings and tax levies. On the other hand, if the educational level of an individual is low, which affects his wages, the state is obligated to provide this individual with social support, which negatively shows up, e.g. in the state budget.

**State – Individual:** The state educates its people to increase the level of education and therefore ensure higher tax levies. For individuals, the form of general education can have a

positive or negative impact. If the quality of the schooling is low, the student must complete the qualifications himself, which represents time and money for him. On the other hand, if the level of schooling is good, the student leaves school practically ready for employment. We can see in the examples of developing countries that low (or practically no) education among the people has a very undesirable impact on the entire economy of the country, e.g. in that investors are not interested in building firms in these regions since they do not have an adequate supply of qualified individuals.

**State – Firm:** The state primarily increases the qualifications and education of its people. By creating a curriculum in schools it exerts influence on the companies that hire these individuals. If the individuals are adequately qualified, the firm does not incur any high costs for adaptation and processing these individuals is relatively quick. The state exerts influence on companies in the form of grants which it provides since these grants can have a secondary influence on the development of society not directly connected to these grants.

**Firm – State:** A company educates its employees to increase their qualifications and thereby their productivity, which in turn helps achieve higher revenues and therefore more profit. The company thereby exerts indirect influence on the educational level of the people in a given country. The second effect is the higher tax levies for employees and the firm. It likewise creates jobs which exerts external influence on unemployment benefits.

**Individual – Firm:** An individual educates himself in order to obtain better employment, higher wages or earnings, but also for better knowledge, skills and behavior (which influences his private life, e.g. in the family). Because an employee obtains higher qualifications, he can likewise increase his value on the labor market and has a better chance of obtaining better employment. If the level of his education is sufficient, the employer incurs no high cost for his adaptation and the productivity of his work is sufficient, which influences not only the financial results of the company but also company culture and the social environment within the company.

**Firm – Individual:** The firm educates its employees in order to have a qualified workforce and therefore achieve the goals it has set for itself. But company education is not only about so-called hard skills, but also the soft ones that affect an individual even in his private life and behavior. If an individual is sent to training on how to listen (which should create more effective working relationships for the firm), the individual also learns something for his private life and this can also improve, for example, his relationships in the family. Another example (and a very important one these days) is training in relaxation techniques. Employees are more and more under pressure and stress. Since employers are demanding ever more productivity, it is necessary for an employee to know how to relax. By learning how to relax, the employee brings necessary enthusiasm into the firm and it likewise has a positive influence on his private life (“leaving stress behind at work”).

## CONCLUSION

We have all already met with externalities since they are all around us. Different entities affect one another even if it is not their primary goal. Education is no different. And since education is among the key areas in all areas of business, in all markets, in all countries and for all individuals, it is necessary to pay adequate attention to externalities. Externalities have a chain reaction effect that can have a positive or negative impact, and that is why it is good to study them and create strategies to make their impact the most effective possible. The state can keep up with technological development and adjust school curricula as necessary. Firms can keep up with education in general, demographic developments and their goals and set up company education in accordance with them. Individuals can follow the development of society and obtain education according to their possibilities. Therefore, every entity influences not only its own interests, but also outside interests that need not be the intention of its goals, even if they have some effect on other entities in the final analysis. The position and activity of knowledge workers are linked to the transfer and use of knowledge and these workers create externalities that are difficult to measure. Even though there are many approaches that attempt to quantify them, they can only provide orientation and estimated data. The transfer of knowledge takes place both nationally and internationally and may yield big profits, while the failure to make use of it results in relatively significant economic losses. Education and above all knowledge are therefore major forms of capital that on the one hand determines the competitiveness of companies and clusters and on the other brings about unintentional consequences, so-called positive and negative externalities.

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# FURTHER EDUCATION OF PEDAGOGUES FROM THE ASPECT OF ECONOMIC ASSETS

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## *Abstract*

*The contribution deals with the economic assets of further education of pedagogues. The economic assets of the process of further education of teachers is becoming more and more important both from the point of view of stretched budgets in institutions - recipients - for which this process is necessary, and from the point of view of most of the educational institutions that operate in the branch and provide this type of services. Evaluation of efficiency and effectiveness is continuously developing, from a conservative management approach up to evaluating models described below. Among other things, it is emphasized here that it is extremely difficult to measure the value of the knowledge or the value of the unquestionable role of motivation of pedagogues within influence upon the educational process.*

*Key words: evaluation models, educational process, evaluation of effectiveness, costs and revenue, educational goals.*

## **1. Introduction**

Introduction of information and communication technologies and new forms of education in the educational process make considerable demands on the whole complex of pedagogue's knowledge and competences. This is connected both to their technical competences and the pedagogic competences, too. It is expected that pedagogues will control and organize the educational process more efficiently than now. It is anticipated that pedagogues will apply a variety of modern forms, teaching methods and didactic equipment to educate erudite and active professionals capable of using their communication skills, striving for their self-improvement and further personal development. It is necessary that pedagogues - within the current educational reform, will be able to have a good sense of direction in the new framework educational programs. A pedagogue has an irreplaceable role as a co-author of

school educational programs based on these framework educational programs. A pedagogue is an active element in implementation of life-long educational process and an innovator in the area of educational technologies. All of the above calls for a very high level of teachers' education, adaptability, flexibility and creativity.

For the future, it is anticipated that the competition between schools will be gradually growing, not only in the area of undergraduate education but between schools and commercial educational institutions within further education as well. This is the result of the decreasing number of participants in study programs, which is caused by stabilization of the workforce, finances for educational programs and introduction of information and communication technologies. It is not only the school management that should be prepared for the changes: in particular the pedagogues themselves should keep this in mind since the numbers of students in their schools, hence the allocated finances in the school budget, will be derived from the quality of their work.

It is obvious from the above said that further teacher education is a must, which has been declared, for example, in the previous concept for further education of pedagogues subject to the Ministry of Education, Youth and Sports already, and in the newer concept presented by the Ministry of the Interior of the Czech Republic. It is obvious that present educational activities are not cheaply available, thus their implementation in the future may considerably influence school budgets and their founder's budgets as well. Hence, the school managements have to, among other things, face the challenge and analyse the relationship between the assets coming from the educational activities into the school as a whole and the expenses spent on these activities.

## **2. Theoretical bases**

First, I would like to emphasize that the time when pedagogues would be sent to study "for distinguished service" i.e. the time when study was considered a reward connected with pleasant leisure time is over. School management, in connection with their relatively limited budget designed for further education of teachers is forced to adopt "market behavior" and carefully consider who will be sent to participate in various educational activities and when.

In general, we can identify a shift in the areas of interest, from activities that require a longer time of transformation of acquired knowledge into practice (courses and seminars in psychology, rhetoric, personal development, etc.) to activities that show relatively quick possibilities of applications in the educational process (courses and seminars aimed at higher professional qualifications within the specific subject, teaching methodology, introduction of information and communication technologies, etc.)

It is rather difficult to evaluate any success rate of educational activities since the outputs are not changes in material goods (e.g. increased sales of products in the case of commercial companies) but changes in cognitive, psychomotor and affective target areas.

### 3. Evaluation of efficiency and effectiveness

Evaluation of efficiency and effectiveness of educational activities is usually done by comparing costs (costs of travel and accommodation, subsistence, course fee, absence of the pedagogue at school, etc.) versus assets (changed performance, higher number of students, increased offer of educational programs, etc.) It is obvious that it is much easier to compute the costs of educational activities and present them in real units than to evaluate the assets.

Kirkpatrick complex methodology (Kirkpatrick, 1993) applied in the USA says that first you need to carefully analyse the requirements; among other things, the methodology deals with questions about the purpose of the specific further education. The questions cover, for example, the following areas:

Is education necessary in order to change the current education system?

Is it necessary in order to change teachers' performance?

Is it necessary in order to increase teachers' efficiency (therapeutic application)?

Is it necessary for systemic introduction of new methods (prophylactic application)?

The next step, after this analysis, is a four-stage evaluation:

- Evaluation by means of a questionnaire following immediately after the educational activity
- Evaluation of the knowledge acquired
- Evaluation of the practical potential of the acquired competences
- Evaluation of measurable results

Hence, if you need to evaluate the assets of educational programs for a specific institution (school), you have to process a lot of detailed information (if available). On the input side, questions related to e.g. inclusion of the course fee in the costs of operation (in particular in the case of private educational institutions), costs of the change of the currently applied system, time needed for implementation of the changes, etc. On the output side, where the real contribution to the organization is evaluated, you can see questions related to the contribution of the educational action upon the pedagogues, the subject departments, to incorporation of the activity in recognition, appraisal, etc.; this is also connected with increased professional reputation of the pedagogues and the influence of self-confidence upon the teaching. There are other important questions, such as the time horizon, i.e. how much time is needed in order to achieve required effects, and for how long the "human capital" of higher quality will stay with the organization.

To be able to specify the monetary profit, it is necessary to apply very complicated mathematical operations because, as it is obvious from the above said, most of the values are estimated.

### 3.1. Evaluation models

In order to transform the methods in usable areas, three complementary evaluation models are used:

***Serviceability analysis*** – used for evaluation of short-term effects of the educational activity. The analysis is focused on the connection between the knowledge transfer, change of performance (value of the performance) and the use value. If you apply statistical methods and put together a representative system of equations, it is possible to achieve results relatively quickly and effectively. To evaluate a standard educational activity, you need some 30 minutes/person.

***Cost and benefit analysis*** – it is used for detailed evaluation of real contributions of the educational activity, based on the principle of determination of the cause and the consequence. The performance value corresponds to the sum of partial effects that are specified separately. The success in every effect is determined by means of probability or other applicable evaluating instruments. Therefore, this analysis is influenced by a subjective factor (by the evaluator) and it requires high qualifications. To evaluate an educational activity, you need 1 to 5 hours/person.

***Human resources analysis*** – used in order to determine long-term effects of the education. The evaluation is based on the sum of all personal costs including common costs related to the particular educational activity. To evaluate an educational activity, you need approximately 40 hours to prepare and then approximately 1 to 5 hours/person. The advantage is low costs if you run the analysis repeatedly (approximately 1/3 in comparison with the other above-mentioned methods).

These evaluation models are obviously based on a variety of assumptions and they are not widely used. For now, these methods evoke a lot of incentives for the development and control over the assets coming from educational programs tailored to specific needs. Their importance will be growing not only in commercial educational institutions, but - in regard to presently reduced school budgets - in public schools too.

### Conclusion

The results of educational activities in order to achieve anticipated goals, in particular in the affective area, are difficult to quantify, and any quantification will be very difficult even in the future. The results of educational activities influence the capability of the learners in terms of perceiving, communication and reproduction of acquired knowledge, i.e. they influence the efficiency and effectiveness of the educational process as a whole, which should be included in the evaluation and calculation as well. Any nominal presentation of the assets in this area seems to be rather relative, though.

As regards effective implementation of the impact of further teacher education upon the educational process, the key moment is, without a doubt, the personal interest and the



motivation of the pedagogue. What is important is not only the higher quality of the pedagogic process itself but the personal professional and career development as well.

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# **IMPACT OF ECONOMIC CRISIS TO DEVELOPMENT COMPANIES OPERATING IN SLOVAKIA**

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## ***Abstract***

*The economic crisis also affected Slovakia although forecasts of analysts were initially positive. Felt it and developers operating in Slovakia. Decreased demand for real estate, which resulted in the suspension or postponement of some large construction projects. Banks responded to the crisis by tightening rules on lending and deposits requiring higher initial developers of major projects financed through project financing. On the other hand, are also positive feedbacks from the developers of the crisis, by reducing competition and market clearing from those who enter the market to get rich.*

## **1 PROGRESS AND CURRENT SITUATION OF REAL ESTATE MARKET IN SLOVAKIA**

Construction in Slovakia since 2005, experienced the biggest milestone since the independent Slovak Republic. Construction production from 2005 until 2008 (*Tab. 1*) grew in constant prices by an average of 11.8 percent. Participation in the growth of activities should the public sector such as construction of highways, railways and local infrastructure with the absorption of EU funds. The largest accelerator, the real estate investment exceeded public sector investment for the first time after more than fifty years, the private sector. A favorable business environment and the real estate market, which was in the years 2005 to 2007 specific high demand and small supply of property, caused that Slovakia has become attractive to big foreign companies decide to invest in commercial and residential real estate. Later, in addition to foreign investors come to the forefront as well as domestic companies and developers. Banks responded to this situation, the real estate market and developers have started to offer loans at 60 to 80 percent of real estate prices, in some cases up to 90 percent.

Most implemented and is implementing projects in Bratislava and surroundings, but are of interest to developers and other large cities such as Košice, Žilina, Banská Bystrica, Zvolen and tourist areas, which came to life in recent years the construction industry. In deciding to invest in developers of these sites plays an important role to economic activity, low unemployment and rising incomes of the population of the city and its surroundings.

Tab. 1 Construction production in 2005-2009 (mil. EUR)

Indicator	2005	2006	2007	2008	2009
Construction Production domestic	3 885,6	4 688,6	5 135,8	6066,6	5527,6
<i>new constr., reconstr., and modernisation</i>	3 107,9	3 850,0	4 319,7	4969	4539,4
<i>repairs and maintenance</i>	756,2	813,1	798,1	1077,2	950,5
Construction Production abroad	171,3	156,8	186,1	259,6	222,1
<b>Construction Production</b>	<b>4 057,0</b>	<b>4 845,5</b>	<b>5 321,9</b>	<b>6326,3</b>	<b>5749,7</b>
<b>Index (%)</b>	<b>114,7</b>	<b>114,8</b>	<b>105,7</b>	<b>112</b>	<b>88,7</b>

Note: Absolute numbers are at current prices; indices corresponding period of previous year = 100 (at constant prices of the year 2000 and 2005).

Source: Statistical Office of the Slovak Republic

Impacts of the generated financial crisis and waiting for the arrival of the euro began the real estate market in Slovakia in 2008 slowly stagnate, but what is best reflected in construction output in 2009, which compared to last year fell to about 12.3 percent. Construction companies have struggled in recent years, especially labor shortages, problems have reduced demand for construction work.

### 1.1 The market of residential real estate

Building-up of flats in Slovakia in 2005, has stagnated, the flats were added only publicly funded, but their number was insufficient. The potential shortage of supply of housing in the Slovak real estate market, developers have used in 2005, when Bratislava was initiated several major residential projects. The construction of mostly luxury residential developers files focused on customers of financial investors and speculators who buy such an apartment as an investment took. The return on these projects was high, and for developers and very attractive, as prices of flats have increased from 2006 to 2008 about 20.9 percent (*Tab. 2*).

Mortgage loans have become easily available to the majority of the population and earning interest on housing was still high. This increased demand for housing was also reflected in the prices of older flats, which ranged from almost the same level as the new flats. At the outbreak of the crisis, but housing prices fell and speculators, who bought housing as an investment to get into large losses. Banks have tightened the rules not only in providing mortgage loans to private individuals, but there was a depression in providing funds to developers. Comes to the forefront of middle-class clientele with an interest in apartments with less floor space at a price you can pay. Young people who are forced to solve their housing situation are concerned with job losses and inability to repay the loan for a flat. Such

developments in the market for residential real estate developers to adapt and began construction of such affordable and more accessible housing.

*Tab. 2 Residential property prices by type of flats and houses (€/sq m)*

Type of property	2005	2006	2007	2008	2009
Flats	841	998	1276	1574	1375
Houses	915	1004	1130	1270	1206
<b>Flats, Houses total</b>	<b>856</b>	<b>1000</b>	<b>1238</b>	<b>1511</b>	<b>1344</b>
<b>Changes of prices (%)</b>	<b>89,7</b>	<b>116,8</b>	<b>123,9</b>	<b>122,1</b>	<b>88,9</b>

*Source: Central Bank of the Slovak Republic*

In 2008 and 2009 was completed with 36 018 flats (*Tab. 3*), but approximately one third of them are still occupied. Number of new dwellings in 2009 compared to 2008 decreased by 7,996 flats, a decrease of 28.2 percent. Several new residential projects, has been temporarily suspended, whether some of them were ever implemented, Only time will tell and the development of the housing market. The situation is reversed, whereas previously the master developer to decide on the price of real estate today is the role of exchange and the buyer is the one who dictates terms. Developers come from discounts or bonuses, such as free parking space or free kitchen.

*Tab. 3 Started, under constructing and completed flats*

Flats	2005	2006	2007	2008	2009
Started flats	19 796	20 592	18 116	28 321	20 325
Changes of numbers (%)	119,4	104,0	88,0	156,3	71,8
Flats under construc. as of Dec. 31	48 874	54 086	55 259	66 122	67 597
Changes of numbers (%)	111,1	110,	102,2	119,7	102,2
Completed flats	14 863	14 444	16 473	17 184	18 834
Changes of numbers (%)	118,0	97,2	114,0	104,3	109,6

*Source: Statistical Office of the Slovak Republic*

## 1.2 The market of commercial real estate

In 2005, there was a lack of office space, especially a higher standard. Construction and rental of office space has become very attractive for developers. Demand for office space has increased the arrival of foreign companies in Slovakia, which attract low-cost skilled workforce and a range of benefits from the government. Even if speculative projects wasn't a problem with the sale or rental premises. New office premises meet the highest standards of class A are located in the center or inner and outer the center, with good connection to the traffic communications and with a sufficient number of parking places, which is reflected in a higher price for rent.

Construction of office space in recent years reached a high rate and Bratislava became the center of development. Although the year 2009 had a downward trend until the end of the 4th quarter reached the area of modern office space frontier 1.3 million sq m. Since the beginning of 2009 to increase the area of modern office space of approximately 130 000 m<sup>2</sup>. Prices for rentals here range from 8 to under 17 €/sq m, depending on the location of administrative space (*Tab. 4*).

*Tab. 4 Office Market Indicators, Q4 2009*

	City Centre	Inner City	Outer City
Total stock (sq m)	364 879	611,549	323 355
Vacant space (sq m)	24 654	78,473	50 203
New supply (sq m)	2 000	0	21 700
Headline rent (€/sq m/month)	14.00-17.00	10.00-14.00	8.00-12.00

*Source: CB RICHARD ELLIS*

According to CBRE analysis of most of the planned projects are still suspended or even started. Construction of administrative facilities will be developed in coming years near the center and remote parts of the city of Bratislava.

## 2 DEVELOPMENT PROJECTS AFFECTED BY THE CRISIS

The crisis hit more or less every development company. Some companies have already suspended or ongoing projects not yet started, just prepared. Those who are implementing or have already implemented projects must find solutions to increase occupancy and marketability of their projects.

## Westend Square

J & T Real Estate, inc. the activities of office, residential and hotel projects, which ranks among the major real estate developers and investors in Central Europe, especially in Slovakia and the Czech Republic. The crisis caused by the late autumn 2008 the project had to suspend the 18-story buildings with (*Fig. 1*) a total useful floor area 36 202 sq m, including underground garages, where the rental office area consists of 17 810 sq m [1]. The company expects the project will continue in the first half of 2010, yet was built of construction site (*Fig. 2*).

*Fig. 1 Visualization of Westend Square*



*Source: <http://www.jtfg.com>*

*Fig. 2 The current state of Westend Square*



*Source : <http://www.dscbuilding.sk>*

## Residential complex Rendez

The developer is a group GRUNT, consisting of several companies. Each addresses a specific area of development. Land and projects, directs and manages the investment, carries out project activities, coordinating construction, implements and manages the technical infrastructure to ensure energy supply [2]. In 2008, the company announced the project in a residential complex Rendez part of Bratislava Rača, which consisted of four residential blocks of flats with more floor space with construction beginning in 2009 (*Fig. 3*). The company had reviewed the project and make changes in it to increase its competitiveness. Object structure consists of 14 small residential units with a total number of dwelling 576 the units. The project now offers a simple and functional layout of the apartments with an area of 24.5 sq m to 61.1 sq m (*Fig. 4*). Expected start of construction is the year 2011 [3].

*Fig. 3 The original concept*



*Fig. 4 New concept*



Source: <http://www.reality.etrend.sk/byvanie>

Source : <http://www.grunt.sk>

## Multifunctional complex Vienna Gate

Development company MEI Slovakia, inc. the investor is a Multifunctional complex Vienna Gate, which consists of two different high towers, which brings together the common 3-storey base (Fig. 5, 6). Vienna apartment house consists of 24 floors with 196 residential apartment on the top floor is a space for the cafe. Dwelling house door has 17 floors with 120 apartments [4]. Although the project was completed in May last year, is still 40 percent vacant housing, with the result that the investor has problems with creditors.

*Fig. 5 Visualization multifunctional complex*



*Source: <http://www.viennagate.sk>*

*Fig. 6 The current state*



*Source: <http://www.asb.sk>*

These are just three projects that affect the crisis, but in fact are the tens. Forecasts from analysts in 2008 that the Slovak real estate market crisis has not hit or hit only marginally failed the majority of developers and reached the crisis unprepared. But the reality is that projects that are well adjusted, do not have a problem today with the sale or lease.



## CONCLUSION

The rapid development of the Slovak real estate market to stop the crisis, which led to excessive margins of developers and construction companies are reduced and the individual projects take almost ahead of the potential buyers or tenants. Expensive and not very good space remains unoccupied in the offer months and sometimes years. Banks are no longer active in lending to such projects; each project submitted a detailed evaluation. In the case of obtaining the loan must take into account the developer increased the initial deposit from 25 to 70 percent depending on the type of project. Hopefully this year will bring healing and stabilizing the market of real estate.

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# NEW TRENDS IN LOGISTICS OUTSOURCING

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*Logistics is one of the most outsourced business activity. The outsourcing concept has undergone many theoretical and also practical changes in the past decades to ensure better effectiveness of the buyer supplier relationship. This article cites theoretical concepts, their practical usage and sets recent trends in outsourcing implementation.*

## 1. OUTSOURCING HISTORY

Outsourcing has been used for a long time so that a company can focus on its core business, not care about capacities that are not available at a time, improve process quality or cut operating costs. The goal of hiring an external partner to execute internal services was in the past the focus on costs reduction. However, due to supply chain implementation perspective, the focus on costs has seen a slight turn over the past decades. Reliability of the service provision from the provider's perspective has become an important issue. Companies then started to outsource not only to reduce costs but also to share risks with their suppliers and to improve process quality.

One of the visible theoretical trends in the last decade was shift from single process outsourcing to more complex outsourcing associated with the outsourcing of logistics as opposed to outsourcing of various logistics processes. This theoretical shift had a clear background as the focus on logistics was more on complexity and synergic effects rather than on single process optimization.

Given the facts that companies were trying to maximize their value in core processes and clear supply chain orientation, new theoretical concepts have been implemented. First, 3PL (Third Party Logistics) concept has been presented as the usual up-to-date form of outsourcing when a company hires an external provider to execute complex logistics services (transportation, warehousing, manipulation etc.). Second, 4PL (Fourth Party Logistics) concept has been described as the way logistics will be done in the very near future. The idea was that companies will outsource logistics as a whole to an external provider, who will be in charge of managing the complex supply chain for a company. This 4PL provider will then analyze, plan, coordinate and control the whole logistics chain for its client, hiring other 3PLs to physically conduct the logistics activities. 4PL will therefore serve as an integrator constantly monitoring the supply chain. From the definition, the 4PL should be independent on other 3PL providers so that their choice is free of any financial benefit.

## **2. REALITY OF LOGISTICS OUTSOURCING**

As we mentioned, the 4PL concept was more of a theoretical concept and was not really implemented in practice. There are many hypothesis behind why it has not been implemented. One of the strongest arguments why companies did not want to have someone else managing their supply chains is that putting someone else in charge of such a strategic activity is very risky. First, there are no 4PL providers. The choice of a provider is crucial for business functioning. Choosing a supplier that calls itself a 4PL provider even though it does not really understand a 4PL concept definition is a way to go out of business. Unfortunately most so called 4PL providers on the market seem to be more 3PL providers and use the 4PL marking as a way to promote their business and gain competitive advantage. They are either logistics companies that are not therefore independent on the resource providers because they execute the services themselves, or consultancy companies that are independent but cannot provide the expertise in taking over and managing the supply chain. Second, even if there were providers on the market, taking over such a strategic activity as logistics would be extremely risky. The provider could go bankrupt due to its other business activities, unexpected liabilities from other sides or simply due to unprofessionalism.

These two main arguments have led the 4PL concept not to be broadly implemented. The supply chain is still managed mainly by the client or with help of professional consultants who are hired for this specific service and do not act as logistics providers. 3PL concept is however very broadly implemented, reflecting its apparent benefits. The focus seems to move onto improvement of relationships between provider and client, where inefficiencies are being sought by researchers.

## **3. FUTURE OF LOGISTICS OUTSOURCING**

Services such as transportation and warehousing, in which economies of scale can be achieved, will be the main outsourced activities, with manipulation and other services being outsourced when the scarcity of resources on the market occurs. The crises has showed us that not all the outsourced logistics services we executed in the past decades were cost efficient. Some of the processes executed by an external provider were more pricy than an internal solution. In the time when decision was made to outsource, it was explainable. We did not have enough resourced to execute the processes internally. However, the crises gave us the time to examine the reality and also resources that are not scarce anymore. It also provided us with more knowledge on how to manage our providers so that they can deliver best practice, quality and reliability. We realized that the relationship has to be adequately managed because logistics is the activity bringing values to the customers. If it is delivered on time, we benefit, if it isn not delivered on time and with the quality expected, the customer does not blame our provider, the customer blames us. Therefore we have to pay special attention when executing logistics outsourcing. Planning, coordinating and controlling of a logistics provider is as crucial as if we did it ourselves.

Logistics will always be the most outsourced business activity due to clear benefits of economies of scale on the provider's side. 3PL providers have undergone rapid quality and reliability improvements. They will be the key player on the logistics market offer. Clients will execute supply chain management by themselves, with the help of specialized 3PLs, however outsourcing of the whole supply chain management to an external partner brings too much risk for the near future. The future trend will therefore focus on how to establish and manage an efficient relationship between the client and 3PL provider.

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# **SOCIO - ECONOMIC DEVELOPMENT IN THE SELECTED COUNTRIES OF EU**

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## **Abstract**

*The paper will deal with the economic situation in the country, as well the economic and social situation of household. In a world of globalization, there may be large differences between the income of a country's citizens and measures of domestic production. Gross domestic product (GDP) is the most widely used measure of economic activity. For households the income perspective is much more appropriate than measures of production. Income flows are an important gauge for the standard of living. The existence of wealth is also one reason why income and consumption are not necessarily equal. GDP is a measure of the amount of final goods and services produced within a country in a year, or a quarter, whether they are consumed by households, firms or government. The ambition of the paper is to do the comparative analysis among the selected countries ( V4 ) of these point of view.*

**Keywords:** Gross domestic product, household, income, economic activity.

## **1. Introduction**

The economic world has changed dramatically in the third millenium. Markets have become global but so has competition. The changed Labour markets and new corporate finance models challenge economic participants. The economic crisis and unemployment are commonly used words – you can read them in newspapers and you can hear them from politicians and various means of media.

The paper focuses on the situation in 4 countries (Vysegrad countries): Slovakia, The Czech republic, Poland, Hungaria after their status – the members of EU . The analysis of the situation is done from the GDP perspective, unemployment and the HDI perspective. The V4 countries can have a new strategy how to operate in the EU, how to analyse all of relevant technical, economic, social, financial factors.

## **2. Production measurements**

The evolution of modern economy is characterized by the structural changes. There have been major changes in how households and society function. Companies are forced hard to focus on core competencies and to outsource all other business processes. People received many services from other family members in the past and now are purchased on the market.

Measuring production is essential for the monitoring of an economic activity. Increasing output in some sectors and some countries is increasing the quality of goods than quantity. GDP is the most widely-used measure of economic activity. GDP mainly measures market production expressed in money units. It has often been treated as if it was a measure of economic well-being. (Stiglitz, 2009)

**Table 1.** Population in V4 countries (million habitants)

geo/time	2004	2005	2006	2007	2008	2009	2010
European Union (27 countries)	488,8	491,2	493,2	495,3	497,6	499,7	501,3
Czech Republic	10,2	10,2	10,3	10,3	10,4	10,5	10,5
Hungary	10,1	10,1	10,1	10,1	10,0	10,0	10,0
Poland	38,2	38,2	38,2	38,1	38,1	38,1	38,2
Slovakia	5,4	5,4	5,4	5,4	5,4	5,4	5,4

Source of Data: Eurostat

**3. GDP as a measure of living standards?**

GDP captures all final goods in the economy whether they are consumed by households, firms or governments. Therefore, valuing them with their prices would seem to be a good way of capturing how well-off society is at a particular moment.

We can have a look at a situation in the V4 countries and compare them with the average of the EU concentrating on GDP, the GDP per capita. We can see in the tables 2 and 3 the development GDP per capita in PPS and GDP in the last years.

**Table 2.** GDP per capita in PPS; GDP per capita in Purchasing Power Standards (PPS) (EU-27 = 100)

geo\time	2004	2005	2006	2007	2008
European Union (27 countries)	100.0	100.0	100.0	100.0	100.0
Czech Republic	75.1	75.9	77.5	80.3	80.1
Hungary	63.4	63.2	63.4	62.6	62.8
Poland	50.6	51.4	52.3	53.8	57.6
<b>Slovakia</b>	<b>57.0</b>	<b>60.2</b>	<b>63.4</b>	<b>67.1</b>	<b>71.8</b>

Source of Data: Eurostat

**Table 3.** GDP at market prices

Millions of euro

<b>geo/ti me</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010 (f)</b>	<b>2011 (f)</b>
Europe an Union (27 countri es)	1060786 0,9	1106220 5,6	1168246 7,1	1236266 3,9	1250603 7,8	1181214 4,9	1204543 2,6	1243590 7,6
Czech Republ ic	88262,0	100190, 1	113695, 9	127330, 5	147879, 2	134530, 9 (f)	139036, 1	144683,3
Hungar y	82666,3	88645,8	89894,4	101086, 5	105535, 6	93086,1	98895,8	103813,0
Poland	204236, 5	244420, 1	272088, 9	311001, 7	362415, 1	310075, 1	340623, 6	360656,9
<b>Slovak ia</b>	<b>33969,6</b>	<b>38462,4</b>	<b>44537,3</b>	<b>54897,6</b>	<b>64778,4</b>	<b>63331,6</b>	<b>66433,1</b>	<b>70176,6</b>

Source of Data: Eurostat

In the world of globalization, they may be large differences between the income of country's citizens and the measurements of domestic production. Labour markets demand for mobile, flexible, highly qualified people with entrepreneurial spirit.

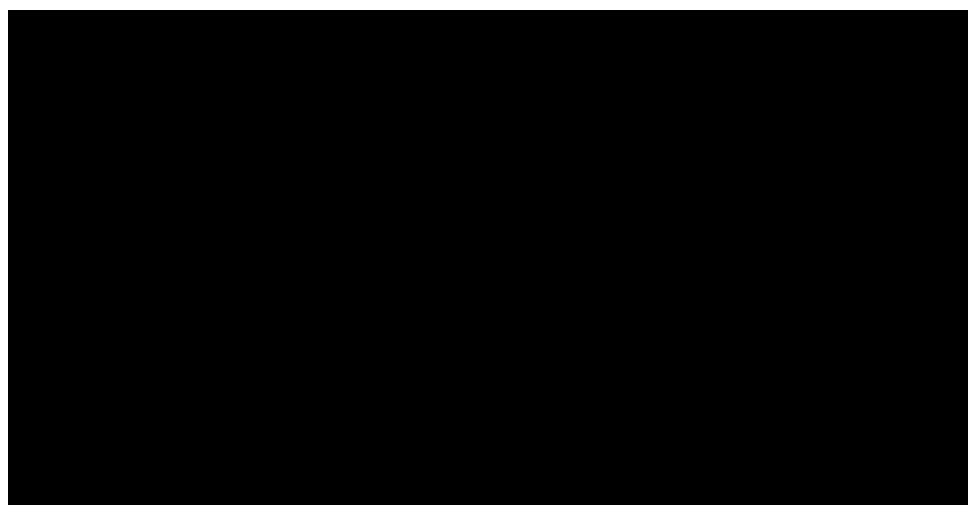
Income, wealth and consumption have to be considered together. The existence of wealth is also one reason why income and consumption are not necessarily equal. During the financial crisis, when income is decreasing, unemployment is growing (see a table and a graph of the unemployment rate in the V4 countries), the consumption can be raised by running assets downwards or by increasing of the debt.

Consumption can be reduced by saving and by adding to assets. As a result, wealth is an important indicator of continuous sustainability of the actual consumption. The same stands for the economy as the whole. (Stiglitz, 2009)

**Table 4.** Unemployment rates (%) in V4 countries

geo/time	2004	2005	2006	2007	2008	2009
<b>European Union (27 countries)</b>	9,1	8,9	8,2	7,1	7,0	8,9
<b>Czech Republic</b>	8,3	7,9	7,2	5,3	4,4	6,8
<b>Hungary</b>	6,1	7,2	7,5	7,4	7,8	10,0
<b>Poland</b>	19,0	17,8	13,9	9,6	7,1	8,2
<b>Slovakia</b>	18,2	16,3	13,4	11,1	9,5	11,9

Source of Data: Eurostat



**Fig 1.** Unemployment rates (%) in V4 countries (Source: Statistics data of Eurostat)

#### **4. SOCIO-ECONOMIC FRAMEWORK**

GDP has often been treated as if it was a measure of economic well-being. But well-being is multidimensional. The commission, led by Stiglitz, identified the following key dimension of economic well-being:

- Material living standards ( income, consumption, wealth),
- Health,
- Education,
- Personal activities including work,
- Political voice and governance,
- Social connections and relationships,
- Environment,
- Insecurity.



**Material living standards:** depend on income, consumption, wealth, which as was said before, have to be considered together.

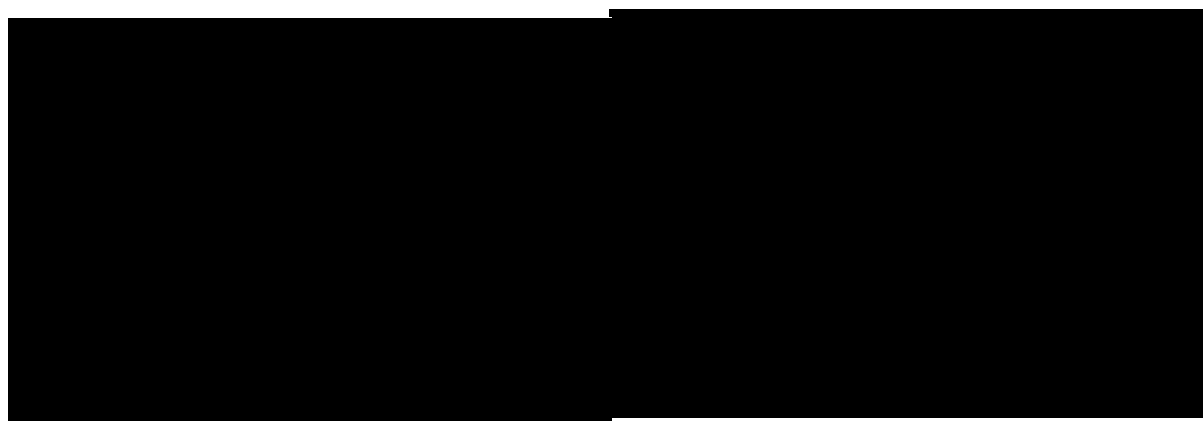
**Health:** is a basic feature shaping both the length and the quality of people's lives. Mortality statistics based on age are used to calculate the expected length of person's life. It is significant that non-monetary measures of people's health can diverge from conventional economic measures.

**Education:** is important in providing the skills and competencies that significantly support economic production. Education is strongly associated with people's lives-evaluations, even for the higher income. Better educated people have better health status, lower unemployment, more social connections ... .

#### 4.1. Quality of life - Human development index?

Almost two decades ago, the first Human Development Report sent a clear message that human development is about enlarging people's choices, allowing them to develop their full potential and lead productive, creative lives in dignity and in accordance with their needs and interests. By ranking countries in a way which is more consistent with this thinking, The HDR helped to shift the debate away from gross domestic product (GDP) per capita as the only measure of development. Instead, the HDI started providing a summary of each country's achievement in attaining:

- A long and healthy life
- Access to knowledge
- A decent standard of living



**Fig 2.** Life expectancy index in V4 countries

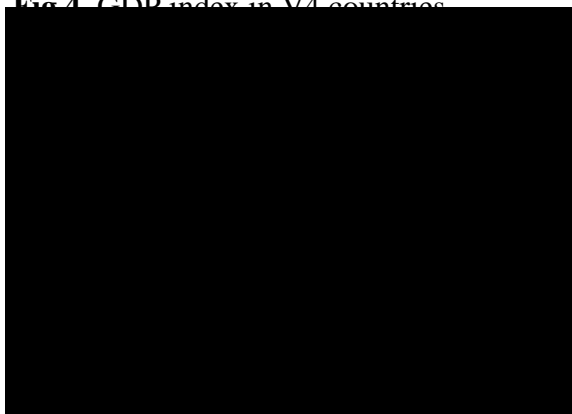
Source: Statistics data of UNDP of UNDP

**Fig 3.** Education index in V4

Source: Statistics data of UNDP

The HDI was introduced through the first Human Development Report (1990) and it is a way of measuring development by combining indicators of life expectancy, educational attainment and income into a composite index. Human Development Index (HDI) can reach a value in a range from 0 to 1.

**Fig 4. GDP index in V4 countries**



**Table 5. HDI in V4 countries**

<b>HDI rank</b>	<b>Country code</b>	<b>Country name</b>	<b>2000</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
1	NOR	Norway	0,961	0,968	0,970	0,971
36	CZE	Czech Republic	0,868	0,894	0,899	0,903
41	POL	Poland	0,853	0,871	0,876	0,880
<b>42</b>	<b>SVK</b>	<b>Slovakia</b>	<b>0,840</b>	<b>0,867</b>	<b>0,873</b>	<b>0,880</b>
43	HUN	Hungary	0,844	0,874	0,878	0,879

Source: Statistics data of UNDP of UNDP

Source: Statistics data

As it is shown in table 5, the highest HDI is reached in Norway. Among the V4 countries, the best situation is in the Czech republic based on the HDI indicator. This has enabled to the Czech Republic to become a member of the Group – very high human development countries. Slovakia is ranked on the 42nd place according to the HDI indicator. The differences between other countries within the V4 are very small. Poland, Hungary and Slovakia are approximately on the same level. They became members of the group – High Human Development Countries. However, what is interesting, the countries such as Malta, Cyprus, Korea and Greece are before them. Education, health care and GDP influence an index of human development.

From a perspective of measuring living standards, it is also of interest to know by how much a broader measure of household production changes measured income and consumption. One reason why money measures of economic performance and living

standards have come to play such an important role in our societies is that the monetary valuation of goods and services makes it easy to add up quantities of a very different nature. But the things are more complicated. Prices may not exist for some goods and services (for instance if households are engaged in child care). Environmental damage caused by production or consumption. (Stiglitz, 2009)

## CONCLUSIONS

According to economists, income and wealth indicate a possible consumption which conditions an actual consumption. Then, the affirmation is valid that many households solve short-term oscillation in income either by saving or by loans. In this context, it is inevitable to mention a public consumption which is financed also from income of citizens. A part of people's income is taken in a form of tax. The government uses these sources on building public goods and services, on investments of, for example, infrastructure and also on transfer payments for other people. More than a half of transfers go into education and health services in developed economics.

From a long-term viewpoint of households, as well as from a macroeconomic viewpoint, it is significant to initiate an economic growth and decrease unemployment. Having a job and income means a social security in the countries of V4. A standard of living of households mainly depends on income, consumption and wealth.

One of many driving motors in economics, we can consider, is a level of innovation and its implementation into praxis. Innovation is a phenomenon in the present time and it has an inevitable value for state economy.

A interconnection of innovation, universities and organisations' cluster all together and research in enterprise, technological incubators leads toward a support of innovative and technological oriented small and middle enterprises. SME have become an important tool for the recovery of economy in the given countries.

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# THE GLOBALIZATION IN THE LABOUR MARKET IN THE CONTEXT OF ECONOMIC AND FINANCIAL CRISIS

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## *Abstract*

*The contribution is focused on mapping the issue of globalization of labour market in the context of global crises and a new strategy for Europe. It is a concept presenting the views on possible solutions to employment issues. The current global financial and economic crisis has opened a number of issues related to the future role of the state in a globalized world. Economic globalization represents the ever increasing integration of previously separate or regional markets. In this context, it is necessary to highlight the importance of the labour market integration with emphasis on the social phenomena such as employment, labour price, social cohesion and global changes in corporate strategies.*

*Key words: globalization, labour market, employment, global development of human resources, economic and financial crisis.*

## INTRODUCTION

Globalization is associated with the transition into a new phase of human civilization, which makes its current course associated with the intensification of several discrepancies, mainly in economic, social and environmental areas.

The current global economic crisis is constantly reflected in different areas of an individual's life, as well as the society as a whole. It affects the economic and social aspects of each country, mainly the labour market, living standard, climate and energy, education and fight against poverty. Slovakia has undergone several qualitatively different and contradictory phases of its economy transformation. It can be stated that despite the significant shift towards the standard model of the market economy functioning, full accomplishing the preconditions for completed transformation was not realistic before the acquisition of European Union membership for Slovakia. On the other hand, the Slovak economy has already managed the critical rate of changes, so that more economically developed states could consider it to be an equal partner in the economic realm.

*Trends of dynamic advancement require responding actively to expected changes, and the successful will be those who will take in the change of values in time and be able to combine the right strategy with the creation of global and regional values in the labour market. Life has shown that pragmatic approaches win, that we look for what works, because it is crucial nowadays. This is a time when we cannot offer only what we know, but also what is necessary. The pace of globalization and modern era requires the integrated working efforts with pressure to achieve the maximum competitive advantage in the labour market. Globalization has also an impact on the social phenomena such as employment, labour price, social cohesion and global changes in corporate strategies.*

## **GLOBALIZATION**

Globalization – is often inflected and assessed in different ways: for someone it is synonymous with the negative human evolution, for others it is an alternative of progress, prosperity, economic growth, or is characterized as a process integrating minority elements into larger units.

According to Klugerová (2009) it is a worldwide phenomenon that

- affects the life of society on the entire planet - with greater or lesser impact,
- unites local units,
- makes an individual to absorb “new”, and adapt to it even at the cost of change
- is not built up on solidarity, courtesy, mutual assistance – however, this trend can be influenced by the population,
- is under pressure coming from prosperity and economic performance abandoning the barriers of social environment providing an individual with more security and safety, at the same time it has to cope with unemployment affecting even the professionals, growing income inequality and injustice ... life becomes a struggle for getting as many material values as possible.

Juroška (2009) perceives globalization as a process of weakening the separatedness of national and regional social subsystems:

- production economic,
- sociocultural
- institutional political.

*These subsystems are mutually interconnected at the global level, e.i. their interdependence is growing - changes in one national or regional subsystem in one place of the world economy tend to influence also the changes in other regions of the world economy.*

The process of economic globalization and international integration results in the significant changes in quantity and quality of economic and social processes, as well as basic principles of market economy. Economics presents it in summary as a concept of new economy. In it, there are core outcomes based on innovations and knowledge. Globalization is exerting pressure on the state. It disrupts the balance between capital and labour, market and state and competition and solidarity. According to Staněk (2005), the answer to more advantageous capital, market and competition, lies in the path on which people assume a greater share of responsibility for their material and social security.

Economy has become a system with increasing competitiveness in vertical and horizontal direction. Globalization has an impact on the social phenomena such as employment, labour price, social cohesion and global changes in corporate strategies. Workie (2006) draws attention to the impact of globalization on the disparity in economic growth in regions of the world economy and states that the greatest disparities were recorded in the 1980s and the 1990s. One of the reasons for such disparity is an unequal status of developing regions in the context of world economy globalization. Finally, when evaluating the development of disparities at the economical level in an era of intensifying globalization trends from Slovak point of view, it can be stated that Slovakia ranks among those countries that, despite considerable divergence of economic growth in the early years of transformation, have observed a trend towards the convergence of economic level in recent years. However, compared with other new EU-27 countries, Slovakia has one of the largest potential (reserves) in the convergence process. Undoubtedly, given the existing considerable gap in living standards among Slovakia and the EU-15, the convergence will require a long term sustainable higher GDP growth rate in the Slovak Republic (Workie, 2006).

## **GLOBALIZATION IN THE LABOUR MARKET**

*Globalization and integration processes as well as social trends in modern democracies have caused that in the last and present centuries Europe has undergone significant changes in economic and social areas. These processes have combined old and new problems. Currently, one of the most significant socio-economic problems is*

*unemployment in the context of the labour market, causing the growth of poverty and unacceptable increase in social exclusion.*

The labour market becomes an objective stimulator of permanent increase in requirements for the qualified labour which subsequently decides the inclusion of its holder in the work process. Benčo (2002) states that the labour market, i.e. demand and labour supply, must function in the developed market economy. The ideal situation would occur if the demand was equal to the supply, but such a situation never occurs and the supply always exceeds the demand. This means that unemployment occurs as a socio-economic problem of any market economy, being the central phenomenon of modern economy.

### **GLOBALIZATION AND LABOUR MARKET**

Globalization signifies a greater intensity of the interdependence among individual economies - regions of the world economy. This means a growing intensity of international economic relations. It is not expected that these processes will avoid national labour markets. Labour market is an integral part of the market mechanism as such. If the globalization represents the tendency toward creation of single global market mechanism, this also automatically means heading towards the single global labour market.

Labour market is characterized by its capacities – the amount of available labour supply and demand for labour, which subsequently determine the level of real wages. Increased demand for labour means a tendency towards lower wages and increased supply of labour means higher wages. Juroška (2009) emphasises that the differences between the remuneration in developed economies and developing economies are relatively significant. Table 1 (Source: Juroška, 2009) shows selected costs indicators - labour price in the textile industry in different countries - it is evident that the level of labour costs is much higher in the developed countries which, at the same time, provide a higher level of social a legal protection, i.e a higher level of social rights.

Table 1: Labour costs in the textile industry

Countries	Labour costs
the USA	12,26
Germany	21,94
France	16,45
the Philippines	0,91
Indonesia	0,58
China	0,52

Experience has shown that provided there are two markets offering the same goods at different prices, it can be expected that, sooner or later, there will be pressures to settle the differences. Undoubtedly, there may be obstacles and barriers reducing or completely eliminating these pressures. It means, to what extent the goods are tradable or can be transported, etc.

Similar consequences can be expected in the progressive labour market integration. Provided that there are markets with cheap labour on one hand, and markets with expensive labour on the other hand, it is expected to come to progressive balancing of the labour price.

In the case of labour market, Juroška (2009) identifies **3 primary ways of transmission of impulses to the labour market:**

1. migration of workforce (international migration);
2. capital relocation (transfer of production capacities from one country to another);
3. international trade.

**1. Impact of international migration on the labour market** is considerable; migration implies an increase in potential employees in the labour market. Thus the labour supply is increasing and due to a stronger competition among potential employees there is a progressive enforcement of pressure on wage reduction. The problem can be demonstrated on the transfer



of incomes earned by foreign employees in host countries - economies – to their home economies as follows:

- foreign employees displace domestic employees from the labour market
- loss of purchasing power in the host economy, which multiplicatively affects the other sectors of the economy.

**2. Impact of capital relocation on the labour market** means the transfer of production capacities from one country to another. It is usually motivated by an effort to save costs, enabling a company to reduce the average product costs, which will at the best increase the profits of company owners. In a worse case scenario, this means the defensive effort to maintain competitiveness.

Between migration and capital relocation there is a substitution relation, simply said, either labour follows capital, or vice versa, capital follows labour.

Whereas in the case of migration there is a pressure to reduce wages by means of increased labour supply in the national labour market, in the case of capital relocation, on the contrary, the demand for labour is decreasing. Job losses and dismissal of employees are occurring within the economy; market competition is deepening and escalating. The positions of employees who could keep their jobs are getting worse, anytime they can be replaced by other employees who are willing to agree to lower wages. The result is again the pressure on decrease in wage level.

**3. Impact of international trade on the labour market** works similarly as capital relocation. The existence of cheaper goods (goods produced in poorer countries by cheaper labour) gradually impairs the competitiveness of producers in countries with expensive labour. Manufacturers thus have to react either by adapting to the market or by disposal of their production. In both cases this indirectly leads to lower wages, i.e. to the increase in demand for labour and to the pressure on reducing wages in other sectors (this is an economic chain in the economy).

Economy is a dynamic system that is able to react to changes. The production structure can, for example, transform itself, instead of the sectors that are labour-intensive and will be integrated into the global labour market as the first, the economies of developed countries can focus on producing sophisticated products. However, practice shows that this logic, substantiated in the 1980s of the last century, no longer applies. It should be noted that in

developing countries (of course, we should differentiate among them), the production structures develop dynamically and many of them are and will be able to enter the world market with a supply of sophisticated products. For example, China's economy – whereas in the 1980s of the last century, the Chinese economy contributed to world exports in the range of 1 to 1.5%, over the 1990s it experienced a significant change. In 2003 China's share represented 5.9% and in 2005 increased to 7.5%. In this sense, China has overtaken many developed economies such as France, Italy and even Japan.

These facts are manifested by the fact that the period of increased integration of other, up to present poorer economies into the global market coincides with the process of progressive deterioration of social conditions in the advanced economies.

In the context of labour market globalization, we should emphasise also the global development of human resources which is related to labour price, performance, motivation and other aspects of personnel management and marketing affecting the labour market.

## **GLOBAL DEVELOPMENT OF HUMAN RESOURCES**

Technology development, advent of information society, economy globalization and labour market transformation underline the strategic importance of education, training and learning of human resources. Global trends towards the knowledge-based society assume that an adult has some knowledge acquired in his/her youth, which s/he is constantly expanding (Competitiveness Strategy of SR until 2010). The interest in the complex lifelong personality development is an effectiveness precondition for new technological knowledge implantation in the society (Millennium, 2002). Further adult education is a necessary continuation of formal school education in lifelong learning. Individual professions are developing dynamically and knowledge of many professions is becoming outdated over the decades and is replaced by new knowledge (Židziková, 2006).

Mutual element affecting the development of human resources is the pressure on performance – based on this principle is the market mechanism which is a symbol of democratic states. A centrally planned economy, though in terms of economics not very effective, but to the human psyche more merciful, has brought peace and comfort for those who came to terms with the political regime, and therefore for the senior citizens the market economy has become a complex problem (a feeling of insecurity).

With technological progress the requirements for staff qualification are increasing. Since the use of progressive technologies requires educated workforce with good knowledge, skills and abilities in various areas, in our opinion, the significance of labour price in a regional labour market is increasing during the business location decisions. Emphasis on the development of human resources, on skills and knowledge, effort and work integrity, trust and cooperation, places an extremely important task on the global development of human resources which can be expressed by the following equation:

$$GDHR = 1 \times 2 \times 3$$

Global development of human resources = number of employees x labour price (remuneration) x performance.

The equation above shows that an employee is motivated by a double salary (remuneration), if s/he gives a triple performance. And this indicates the lifelong education and development of human resources aiming at achievement of competitiveness in the global labour market.

### **STRATEGY FOR ENSURING SMART, SUSTAINABLE AND INCLUSIVE GROWTH OF EUROPE**

The ongoing crisis and its more and more tangible consequences urge us to be aware much deeply and more realistically of the existential interrelatedness between our country's life and turbulent events in the world economy. The crisis that we witness, initially appeared as a financial, later on an economic, has been gradually attributed a deep social character and there are already approaches perceiving it as a qualitatively new crisis process of global civilization nature (Workie and coll., 2009). The crisis struck unexpectedly and, moreover, at a time when most analysts forecast a long-term growth. Although nowadays no one negates the existence of the crisis, but the most attention is paid only to the particular symptoms and their immediate causes.

*The results of many studies affirm that it is necessary to identify the historical roots of causalities, their genesis to the present day and on this basis strive for the recognition of possible future scenarios. Meanwhile, the world economy is constantly developing, and therefore Europe's reaction will have a fundamental significance for our future. In this effort, our period of overcoming the crisis must simultaneously become a period of the birth of a new economy. We have to take measures to continue maintaining high quality of healthy life for*

*our present generation and also the future generations, based on unique Europe's social models. We need a strategy to help us turn the EU into a smart, sustainable and inclusive economy ensuring a high level of employment, productivity and social cohesion. This strategy is the Europe 2020 Strategy, which was approved in Brussels in March 2010 by the European Commission - a strategy ensuring smart, sustainable and inclusive growth called the Europe 2020 Strategy. It concerns all Member States, taking into account their different needs, different starting points and national specificities, and supporting growth for all.*

Sollárová (2009) stresses the topic of European strategy with emphasis on dealing with poverty and social inclusion for its currentness, as the European Union have declared 2010 the year for combating poverty.

*Joseé Manuel Barroso, in the contex of the Europe 2020 Strategy, states that the global impact of financial crisis has shown that the economic reality is changing much faster than the political one. We have to realise that a greater mutual economic independence requires more determined and cohesive reaction also on the political level. Over the past two years millions of people have lost their jobs. The crisis has implied the debt rate which we will cope with for many years, and due to its effect, our social cohesion is facing a new pressure.*

The essence of the Europe 2020 Strategy should be formed by three priorities:

- Smart growth – creating an economy based on knowledge and innovations.
- Sustainable growth – promoting more ecologically friendly and more competitive economy that is able to utilise resources more effectively.
- Inclusive growth – fostering a high-employment economy contributing to economic, social and territorial cohesion.

*These three priorities complement each other. They are images of the social market economy of Europe in the 21st century. The objective of the Europe 2020 Strategy is to create more jobs and higher living standard with emphasis on many Europe's strong points:*

- *talented workforce (skills and creativity of the Europeans)*
- *strong technological and industrial base,*
- *viable services sector,*
- *prosperous and high quality agriculture,*
- *strong maritime tradition*
- *the largest single market in the world, a part of which is a common currency,*

- *social market economy (social security systems helped to protect people from even greater difficulties).*

*For the EU in 2020, the European Commission is proposing to set five measurable targets that will become national objectives in the areas of: employment promoting, research and innovations, climate and energy change, promoting of education and fighting poverty. Instruments helping to shape the new system of managing the economy are mainly the internal market, budget, trade and foreign economic policy, the rules within the economic and monetary union and its support. This new agenda requires Europe's coordinated actions and its cooperation with social partners and civil society. In this effort, our period of overcoming the crisis must be simultaneously a period of the birth of a new economy. We have to take measures to continue maintaining high quality of healthy life for our present generation and also the future generations, based on unique Europe's social models. We need a strategy helping us to turn the EU into a smart, sustainable and inclusive economy ensuring a high level of employment, productivity and social cohesion. This programme – the Europe 2020 Strategy concerns all member states, taking into account their different needs, different starting points and national specificities and supporting growth for all.*

## **CONCLUSION**

The current economic and financial crisis can be regarded as one of the biggest challenges for sustainability of the globalization process. Despite the significant contributions of the world economy globalization, albeit not all countries have the same advantages in terms of liberalization of the global mobility of capital, goods and services, interdependence of the global economy also results in negative mutual influence in times of banking, monetary and economic crises.

In this context, despite the ongoing crisis was initially perceived as a crisis concerning only the U.S.A., it was gradually exposed as the most serious global economic crisis after World War II, both in terms of its scale and its negative impacts on the global economy. (Workie and coll., 2009)

In this connection, there are plenty of still unanswered questions coming into focus such as: why such a massive economic crisis has arisen, why it was not possible to predict it, who is responsible for the crisis, what economic policy instruments are appropriate to stop the crisis and solve its consequences, to what extent the economic stimulus packages can

influence the future conduct not only of businesses but also individuals in terms of individual risk perception, what should be done so that a similar crisis would not recur, etc. Although economic stimulus packages of individual countries are diverse, in fact, their governments agreed that extensive emergency interventions to the economy are necessary to stop the fall of economic growth and the alarming increase in unemployment.

Despite government efforts so far, it appears that economic policy is helpless because the crisis has not been noticeably ceased yet. The impact of economic stimulus packages generally brings effect only with some time delay. In this context, it is expected (although forecasts vary) that in the course of 2010 there should come a world economic recovery. Extremely important are the warnings of many economists that all impacts of the crisis has not been manifested yet and they largely depend on how people and humanity will respond to the crisis. It is very important to realise this at the time of increased crisis uncertainty when there is a fair amount of possible consequences compared to normal times.

*The crisis is a wake-up call also for Slovakia, by which we are aware that if we let things pass as usual, we would be gradually led to the decline and we would get sidetracked in the new world order. It is time to show our courage and ambitions and become aware of the need for a strong political Eurozone coordination. Our short-term priority is to emerge from the crisis. To reach a sustainable future not only in Europe but also in Slovakia, we have to look further now, beyond the short term horizon.*

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