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Preface

Even in the times of global change and uncertainty, companies as well as whole regions and countries are trying to reach the main goal – to stay successful and competitive in the terms of globalization. The current management undoubtedly reflects this trend at a theoretical as well as practical level.

The European Union provides conditions for its member countries to improve their competitiveness in comparison with the well developed economies of other countries of the world, especially of the USA and the countries of South East Asia.

The success of a company in a strenuous effort to gain a leading position in the market is one of the main tools how to measure the quality of management.

The structure of this book publication, in accordance with the mentioned ideas, consists of six sections. Individual fields and selected applications of management are significant for the current development in this area. The issues of human resource management including motivation, value orientation, and education in relation to management of organizations as well as to building a knowledge society, and knowledge management, are all subjects of research and frequent discussions as well. Marketing, as a dominant conception of nowadays management, is an important part of the presented book publication. Studies in the field of business economy and financing belong to the basics of modern business management.

The quality of tourism management in the context of current globalization processes is one of the striking and recognized factors in relation to the level of development of individual countries and to the regional development. The growing share of tourism in GDP is relatively frequent. Environmental management in present global change is very important for every country, region, company, and individual.

The one the final chapters of the publication is dedicated to psychological, ethical, legislative, cultural and other aspects of modern management which are inevitable to take into account if the managerial effort should be successful.

We hope that this book publication will contribute to increasing the interest in exploring the mentioned management areas at an academic as well as general level of interest. We also hope that they will contribute to the theory of management with new and interesting ideas and will enrich the current knowledge in the field of management in general. At the same time we wish they provided a certain and solid background for practical improvements in any kinds of organizations in the times of global change and uncertainty.

prof. Ing. Dr. Róbert Štefko, PhD.

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**I. Management,
Human Resource Management,
Knowledge Management**

Quality of Working Life – Subapparatus of Satisfaction and Employee Participation

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Abstract

Quality of working life like a dominant territory is an idea with a biggies perspective into the future, which many big companies found out long since. If human resources are for company the most valuable capital, which own, she should be interest about them and form good conditions, that employees would be satisfied. Long-time this is possible, that company ensure the high QWL like a prediction of working satisfaction and also quality of life, because working life is his component. This contribution deals, what quality of working life really means and from which parts it is composed, works with ideas, that this expression is not only important for managers but also for employees or employee representatives. As far as managers are concerned mainly in context of stagnation of productivity, drop in grade of quality level, increase in number of wasters and expansion of dissatisfaction from employee side. Participation of employees and employee representatives on the quality of working life program is very important mostly for a big practical advantage which lies in fact, that only employed people are able to best identify, which characteristics should be improved and implemented to have productive employees which are satisfied with their work.

Key Words

Working life. Quality of work life. Quality of work life performance. Employee contemplation.

Introduction

Present quick changing economic environment is creating a request of assurance of longterm competitiveness to companies, organisations and institutions. Determining criteria is not only great technology, ownership of different patents, newest information system nor financial resources. It is human potencial, which, finally, decides about success and competitiveness of company. That is why one of the most important, most determining, but also most difficult tasks of human resources is assurance of quality of work life.

The aim of this report is to look through the exercitation of particular quality of work life determinants, what in practice can bring to companies not only evolution of human abilities, skills and general stronger employees feelings of satisfacion, safety and support, but also improvement of organisation performance and effectiveness.

1. Term and History of Quality of Work Life (QWL)

Most complex expression of individuals place in working process and his general place in company is inherent in term quality of work life. Quality of work life is especially philosophy of approach to individual understanding. Quality of work life as pragmatic program was applied in 70's in european and american companies. To most famous criterias of quality of work life belong eight criterias of R. Walton (1973):

- adequate and equitable reward
- safe and healthy conditions
- immediate opportunity to utilize and improve skills of individual at work
- possibility of continuous development
- social integration into the organisation
- assurance of constitutional rights
- Work and whole life lenght ratio
- Social relevance of working life

QWL is a new concept and there exist many opinions to its meaning. We can split definitions of QWL into two groups. First is coming from proper conditions and practices of organization. This definition says, that QWL exists, if management uses democratic procedures, deals with employees with respect and there exist safe working conditions.

Second approach is coming from the knowledge of how working conditions effect the employee life quality. This definition emphasizes safety of employees against injuries, their good health state, satisfaction and ability of own skills development.

There exist a few ways of QWL measurement. Employee questionnaires and pointing interviews are most used way of quality of work life measurement. For example, we can though questionnaires ask employees, how the work satisfies them, if it gives them authonomy or if they feel fulfilled by work. There are a lot of factors which need to be combined to create complex image of QWL state in proper organisation. In many cases there is a minimal difference between those two definitions, because working conditions, which are connected with good quality of work life, have positive impact on employees.

2. Characteristics of Quality of Work Life

Levering and Moskowitz bring interesting study of characteristics of QWL (In Sojka, 2007). It shows characteristics, which evaluate a hundred best companies „which are profitable to work for“. Sojka (2008) in „Quality of work life and coherent construct“ writes, that „it is following characteristics and subquestions, which measure level of these characteristics:

2.1 Financial rewards and benefits

- does company offer good salaries in proper industry?
- does company offer unusual and unique benefits?
- is health and social security one of best in industry?
- is company sensitive to employees needs?

2.2 Opportunities

- are new knowledge achieving training programmes available to employees?
- how are the possibilities of job progress?
- is company policy of promotion ok?
- how does company treat with women and minorities?

2.3 Employment guarantee

- does company have document in written which guarantees no discharging?
- has company passed through no discharging season recently?
- in case that discharging is inevitable, does company help to discharged employees?

2.4 Pride of work for company

- do employees feel direct connection to products of company?
- are employees proud of personal success in company?
- are employees rewarded for extraordinary performance?

2.5 Frankness and fair dealing

- does communication run between employees and superiors concerning suggestions, critique and complaints?
- are main representatives available for everyone?
- does company have effective evaluation system?

2.6 Friendly spirit

- do employees feel as a part of team, family or particular community on each level of company?
- Do employees enjoy working with each other?
- Do employees associate at different occasions during the year?

If all leaders, human resources managers or company owners in present undetermined environment raise the question, if previous 6 fields are also their priorities at retaining the employee and if it is also their priority to have satisfied, qualified, loyal and committed employee, in who they can have competitive advantage, it would help to avoid present biggest problem: problem of skilled labour shortage.

3. What do the Employees Expect?

Ipsos Loyalty agency has realized barometer of satisfaction and motivation for company Accor Services Accor. This barometer was realized by quantitative survey on adequate sample of labor force in eight countries of Europe including Slovakia. Survey in Slovakia was realized in first half of 2007 at adequate sample of 993 employees at the age over 18 years.

As a tool of survey was used the online questionnaire. Datas were selected according to best possible description of slovak population according to following criteria: industry, position, age and sex.

Working Slovaks, according to that survey, expect improvement in field of QWL from their employers. More than the half of employees presents, that employers don't pay enough attention to QWL, everyday problems and general satisfaction of employees. Almost three fourths of Slovaks expect their employers to improve in field of education and a raise the catering contribution over the legal obligation. Only Slovaks and Turkish from eight follow-up countries has expressed dissatisfaction with catering contribution. In that survey 54 % of enquired slovak employees expressed that their employer is not interested enough in their problems in private life. Half of Slovaks (49 %) is not satisfied with way of management and employee care. Higher rate of dissatisfaction in that fields has expressed employees in field of forwarding and in companies with state supervision. Highest satisfaction has expressed enquired employees, who are working in companies, which support employees health care on working place (65 %).

Almost three fourths of employees presented, that they expect employer to improve educational conditions (73 %), better catering contributions over the legal obligation (70 %). Better education would be welcomed especially by employees working in banks, financial and insurance field and telecommunication. Higher catering contributions are expected by employees in energetics, building industry and retail.

Summary

W.B. Werther and K. Davis (1992) mention, that quality of work life means having good superiors, good working conditions, good salary, social

benefits and interesting, incentive and usefull job. High level of quality of work life can be reached by philosophy of employment relationship, which support utilization of enevour to reach quality of work life, systematic attempts of company to give employees better possibility to affect their work and contribute to general company efectivity. Active human resources department should look for the ways, how to activate brains and abilities of employees, usually by their better integration to decision process. Quality of work life matter, paying attention to its factors and characteristics can finally help companies to prevent loosing of employees and global problem of skilled labour shortage.

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Creativity as Important Potential of Managers

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Abstract

Creativity can be considered as one of the competences required from managers, in addition to the traditional ones such as management, production, finance, marketing, etc. It is not an innate endowment, nor a prerogative of few people, but it is owned by every person and it is possible to improve it through the utilization of the creative techniques. The main problem solved in this article consists in possibilities of creativity utilization in management and the function of creativity for development of managers in decision-making.

Key Words

Creativity, Manager, Management, Development, Enterprise.

Introduction

The condition of the achievement of managers in their work is the utilization of creativity that consists in searching and accepting unconventional ways, new ideas and original solutions and therefore companies in all sectors require high-quality specialist working in management, sales and creative posts. Creativity – it's the sense and the need of constant growth because it becomes a comparative advantage in competitive fight.

Creativity and Management

Management needs to promote creativity, where appropriate, by providing the climate, recognition, and rewards that are necessary to motivate subordinates to be highly creative, more productive, and subsequently more satisfied with their work.

Decision-making of manager in majority cases leans on unstructured basis and it is impacted and runs under the influence of different intuitive and creative factors. Creativity in management connects with all processes of change that bring a lot of unknown and which present uncertainty, risk, and growing potential for conflicts.

The main internal factors that impact on enterprise's competitiveness of utilization of creativity potential and development in management:

- **Organization strategy and resource availability.** The explicit incorporation of innovation in the goals and objectives of an organization is the first step to create attitudes amenable to creativity and to continuous development of management.
- **New technologies.** Enterprise able to develop new technologies can gain competitive advantages through innovative product developments.
- **Organization culture and communication.** Organizations' cultural elements like routine behaviors, shared values and beliefs, influence the level and frequency of creative occurrences and impact on the free flow of ideas that favor innovation. Cultural aspects affect workers' knowledge and satisfaction, and their capacity to communicate and adapt to changes. Openness and dynamic contact between individuals, teams and departments facilitates the acceptance of new perspectives and is a particularly relevant trait in organizational cultures able to stimulate creativity.
- **Organization structure.** For example working teams and interacting groups impact on the ability of organizations to stimulate creativity.
- **Employee motivation and involvement.** The quantity and quality of human resources allocated to innovation initiatives is crucial to the success of creative ideas.

These factors suggest the relevance of management abilities to induce structural attitudinal changes that reinforce creativity.

Blockades of Creativity

For potential blockades of utilization of creativity abilities is possible to consider that they have negative relationship with basic indicators of creativity potential: continuity, flexibility and originality of thinking. But characteristics of personality that have positive relationships with creativity intellect potential can contribute together to efficient utilization of creativity potential.

Creative work of manager or creative process is impacted by many blockades and barriers. In particular:

- barriers of job (job place, limiting paradigms, inappropriate mental models, time factors, definition of problems),
- perception barriers (the attention is focused on details, being unable to widen the perspective),
- physical barriers (tiredness, bodily, condition of environment, non flexibility),
- barriers of culture and environment,
- subjective barriers (shyness, fear to make mistakes or to be laughed).

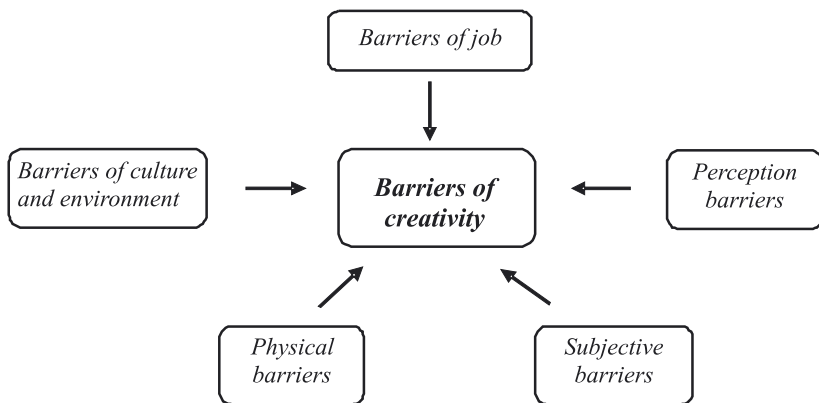


Figure 1 Types of blockades of creativity

For elimination of these factors is necessary:

- to create the good creativity climate that is the possible to understand at summary of internal condition impact propitiously or blockade on creativity performance of person or group,
- or to applicate creative techniques that require the existence of the right climate, style of leadership, resources and competences, structure and organizational systems, and culture on one side, but on the other side, thanks to the surprising results that they let obtain, they encourage a strengthening of those factors, giving start to a virtuous circle. [1]

Evaluation and Development of Manager Creative Potential

Approaches of evaluations of managers results or profiles of

performances to compare in different form have contains different criteria's in that will be creativity. Because creativity is multiplication for another manager characteristic, for example:

- communication skills,
- teams behaviors,
- self development,
- social-psychology competence, etc.

Unforgettable tool of creativity development in enterprise will be also conversations with employees, meeting and research questionnaire action or another action that help to create feedback to human controlling.

Creative Knowledge Environments

Creative knowledge environments mean the environments in which new knowledge is produced by people, especially in their work settings. Creative knowledge environments (CKEs) are those environments, contexts and surroundings the characteristics of which are such that they exert a positive influence on human beings engaged in creative in creative work aiming to produce new knowledge or innovations, whether they work individually or in teams, within a single organization or in collaboration with others.

In addition there is some merit in distinguishing three basic aspects of CKEs:

1. *physical* environment - in which creative activities are carried out. This would include the premises in which the workplace is located, the equipment and other facilities available to staff and the resources available in the surrounding region.
2. *social* environment - which may be characterized by such factors as the degree of openness or closedness to new ideas or innovation, and the relations or tensions between colleagues.
3. *cognitive* environment - in which individuals and teams draw upon various bodies of knowledge and skills and are perhaps encouraged to adopt a certain cognitive work style (for example, adopting an experimental or "trial and error" approach).

The distinction between social and cognitive environments may be difficult to make in practice, since they are obviously closely related (cognitive environment tends to be shaped by social processes, while the social environment is often affected by cognitive factors such as understanding and skulls), but it is nonetheless analytically valuable.

Conclusion

Management needs to promote creativity, where appropriate, by providing the climate, recognition, and rewards that are necessary to motivate subordinates to be highly creative, more productive, and subsequently more satisfied with their work.

Creativity in management connects with all processes of change that bring a lot of unknown and which present uncertainty, risk, and growing potential for conflicts. For managers in most work organizations, one of the most desirable and sought-after talents must surely be that of creativity. The need to be involved with innovation and business success, to discover and develop new applications for products and processes, and to be a leader in the field are activities which many managers would rank highly in their list of attributes for organization success and personal satisfaction. Each of these attributes, in one way or another, is dependent upon creativity activity by members of the organization. [2]

If the management of enterprise wants to achieve a truly creative potential of managers and creative culture, the starting point is also to invest in time. Time is needed to raise the awareness of managers and other employees of what creativity actually is, how they can learn to be creative and how they can use creativity to their benefit both in business and in private life.

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Factors in Building of Innovation Strategies in Small and Medium Sized Enterprises

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Abstract

The article is oriented on an analysis of starting position in small and medium sized enterprises (SME) for building mid-term innovation strategies in context with existing regional as well as national and EU strategies and programs supporting innovation processes in SMEs.

Key Words

Small and medium sized enterprises (SME), innovation strategy, regional innovation strategy.

Foreword

Innovation activities, if they are successfully performed, represent in fact the only way for gaining high level of competitiveness of companies in global worldwide economy (Pitra, 2006, p. 7).

If we are speaking about the company's innovation strategy, we have to be aware, that the keystone of the strategy formulation is an adaptation of the company to the existing and emerging economic environment (Pitra, 1997, p. 11).

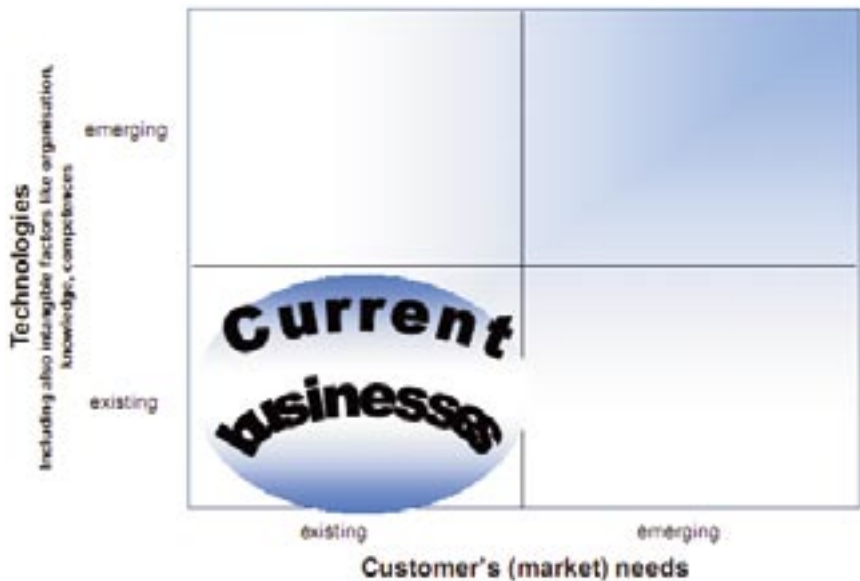
Every proposal of innovation strategy shall respect a complex strategy of company as well regional, national and higher strategies, if they exist (Mariaš, Čimo, 1998, p. 148).

Innovations have significant mean for business strategy of any company. They allow for company to gain new markets, segments, to reduce costs, etc., what results to new factors for price reductions, to increase market share, etc. (Mariaš, Čimo, 1998, p. 149).

Effective application of innovative processes in the company is almost impossible without implementation of marketing and other similar techniques into the strategy building. (Mariaš, Čimo, 1998, p. 147).

Innovation Matrix Method

Building an innovation strategy in SME is formed today by many factors.

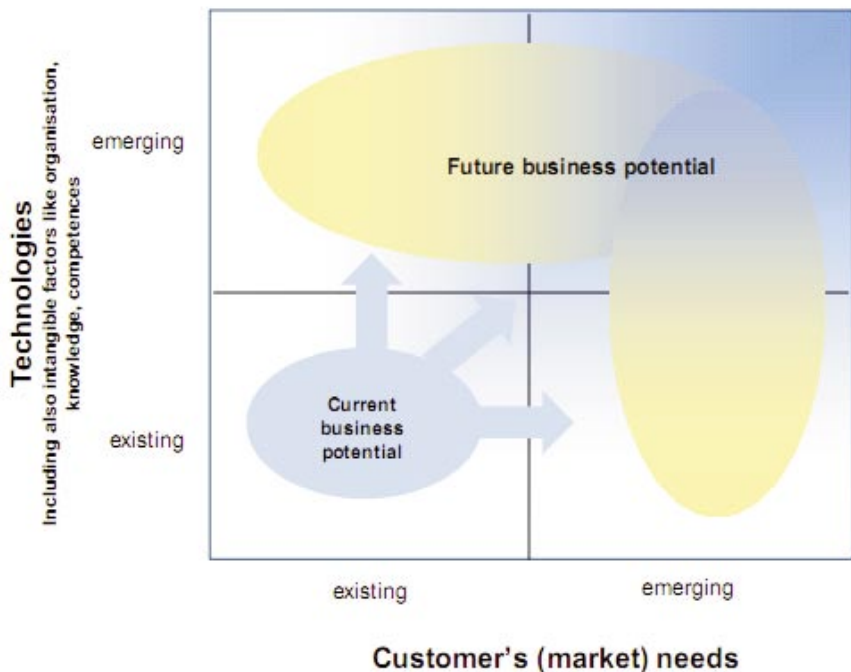


These factors we can simply identify as internal and external ones. Internal factors are formed mainly by level of the used technologies and capacities (but not only), used management and staff structures, R&D capacities, etc.

External factors are formed mainly by market and its requests, where we can mention also position of existing products and services on the market as well as all specific identified requirements of the market and customers.

Based on this we can illustrate the starting position for building an innovation and developing strategy in typical company - SME as a conjunction of both internal and external factors in a current situation of the company.

Considering the coming situation of the company in ordinate of customer's needs we have to work with emerging needs. The same situation is in considering the technologies that are used for existing customer's needs and emerging technologies that could allow the company to cover existing and future market needs by existing as well as by emerging, new technologies.



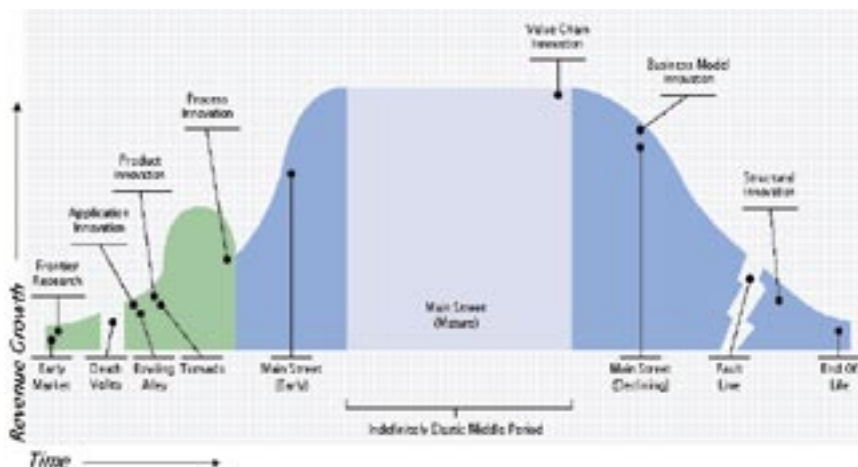
This can create three new standard situations, where the company is in position where:

- matches existing needs with emerging technologies (substitution strategy)
- matches established technologies with emerging market needs (new application strategy)
- matches new technologies with emerging market needs (basic innovation strategy)

The last possible situation is existing current business, where commonly held knowledge or existing technologies are matched with existing market needs.(Meier, 2008).

Lifecycle Innovation Method

Another way how to consider innovation opportunities in company is to consider their development curve of the business idea, or lifecycle innovation method.



This method offers specific view of the revenue growth in case of innovative idea realization in a business. For typical SMEs it is possible to use this method mainly from point of “Application innovation” and further.

This method implicitly contains the innovation matrix method (PERA, 2006).

Regional, National and European Innovation Strategies for SMEs

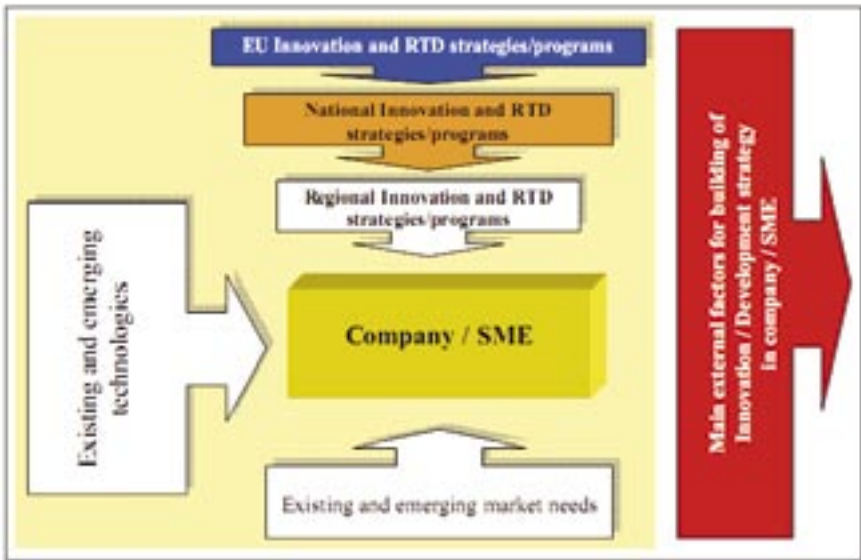
If we want to consider an holistic situation of typical SME (or a larger company), we need to take into consideration also other external factors, that could significantly effect the process of innovation and development of strategy building.

Each company and its business is located in some region, some state as well as in some economic space, e.g. EU.

Most of the EU regions (including regions of new EU members after 2004) have already developed their own RIS – Regional innovation strategy (IRE, 2008).

Those RIS strategies give for regional SMEs some more impulses for building and adapting their innovation strategies to RIS and by this make some benefits from such synergies.

At the national level there mostly exist national innovation strategies usually transformed in some form of supporting programs oriented on financing the innovation processes in companies.



This fact affects the SMEs much more than RIS, since at the regional level there usually exist only non financial effects of the synergies between innovation strategies of companies and regions.

At the top of the pyramid there are international, e.g. EU programs for supporting R&D as well as innovation development in companies (the most typical is Framework Program Seven - FP7). This is an opportunity to co-finance innovation progress mainly for hi-tech and mid-tech companies but not only.

FP7 offers each 6-7 years in prioritized research areas a wide space for participation of SMEs in those programs (some 15% of total budget) (EC-CORDIS, 2006).

Open SME Innovation Strategy Building

Last but not least view on the topics is a need to consider the fact that an innovative company has to be aware of two possible approaches for building own innovation strategy.

The first one is oriented directly on a future business potential and needed innovation process. This is "Innovation opportunity approach" and is oriented mainly into the company core business. Innovation opportunity approach is very close to Innovation matrix method.

The second one is oriented on identification of corporate innovative capabilities/needs and. This can be very useful in case the SME is able

to build an open innovation partnership. If yes, the identified corporate innovation capabilities /needs can be offered /completed to/by external partners of an “open” innovation partnership (MEIER, 2008).



Conclusions

The above mentioned short views create a basic frame for SMEs in case of building a mid-term innovation and development strategy.

For author of the article is interesting to search how companies (SMEs mainly) in Slovakia (mainly, but not only) are aware of the above mentioned or similar methods and ways (e.g. Innovation matrix method, Lifecycle innovation method, Regional, national and European innovation strategies for SMEs, Open SME innovation strategy building) in their effort to build innovation and developing strategies.

There is a serious presumption, that most of the companies; mainly SMEs in Slovakia do not assess enough the mentioned factors and try to build their innovation strategies as some isolate strategies, without effective consideration of the above mentioned factors, what may generate a source of future failures for them.

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Verbal Communication in Corporation and Means of Consigning the Knowledge

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Résumé

Corporate communication has its irreplaceable role. Not only do all its forms communicate content but they also reflect a mutual relation between speakers and their experience with communication. In the article we focus on verbal communication – communication of meanings by words – as this appears to be the most preferred form of communication in corporations due to its airiness, interactivity and flexibility. By means of a questionnaire we investigate the most commonly used forms of verbal communication (individual and telephone conversation, work session, e-mail) and also the effectiveness of vertical communication (between the subordinate and the superior) and horizontal communication (between employees at the same level) in a transfer company in Košice.

Key Words

corporate communication, verbal communication, individual conversation, telephone conversation, work session, e-mail, vertical communication, horizontal communication

Introduction

Knowledge economy is closely related to the concepts of information, knowledge, ability (Buček et al., 2006, p. 14). When information is considered to be a nonmaterial element contained in various sources (e.g. databanks, computer programmes etc.), knowledge can be defined as the capability of giving this information meaning and purpose. Human competence to create, combine and search for information consequently complements the ability to apply the acquired knowledge in different situations. Full use of information, knowledge and the above mentioned human competence is made possible and provided for by communication in organisations.

Thanks to its airiness, interactivity and flexibility verbal communication-sharing meanings by means of words – is the most preferred form of communication in corporations. Workers and employees, who are regularly informed about the meaning and purpose of their work, aims and intentions

, results and problems of their organisation by their manager by means of individual or telephone conversation, meeting or written communication (the most commonly used forms /methods/ of verbal communication in organisation; Sojka, 2007, p. 74), can employ the obtained information and knowledge in vertical and horizontal communication and effectively focus their effort in a desired way. First of all it is necessary to know how to work in teams and how to communicate with one another. Employees must understand that the meaning and usefulness of information is not in withholding and keeping it secret from others. On the contrary, the meaning and benefit of information increase with its availability to more employees (Mesároš et al., 2008, p. 36).

We scrutinised the communication issue in the transfer company in Košice. We carried out research by means of a questionnaire in autumn 2007 and we evaluated the relevant part of data related to verbal communication because of this contribution.

The Main Aim of the Paper

The main aim of the paper is to discover the current status of communication employed by the management and the employees of Kosice transfer company and to suggest changes which would improve communication.

Partial Aims of the Paper

- to ascertain what the most common means of vertical communication are,
- to ascertain what the most common means of horizontal communication are,
- to ascertain the effectiveness of the most commonly employed means of vertical communication,
- to ascertain the effectiveness of the most commonly employed means of horizontal communication.

Procedure

Apart from analysis of company documents we applied a questionnaire method of data collection by which we obtained desired information about the present status of communication in the observed organisation. To meet the needs of this paper we evaluated the part of the questions focused on the finding of the most frequent means of communication and the effectiveness of communication between the subordinate and the superior and among the employees and co-workers in the same position.

Research Questions

Which form of communication between the superiors and subordinates is used most often in the organisation?

Which form of communication among the employees at the same level of supervision is considered to be the most effective by the company staff?

Hypotheses

H1: A telephone conversation is the most commonly applied means of communication between the company superiors and subordinates.

H2: An individual conversation is considered to be the most effective way of communication among the employees in the same position by the company staff.

Research Sample

43 employees (superior and subordinate employees) of Kosice transfer company formed a research sample. The employees from two departments took part in the research (we designated them as a department A – 25 respondents and a department B – 18 respondents). Concerning the gender of respondents – there were 51 % of men and 49 % of women, regarding education – 60 % of the respondents were educated to university level, 40 % of the respondents had secondary education. There was no respondent with primary education in the research sample. As for the number of years in the organisation, 49 % of the employees have worked in the company for 1 – 5 years, 37 % of the employees have worked in the company for 6 – 10 years, 14 % of all the respondents have worked in the company for less than a year.

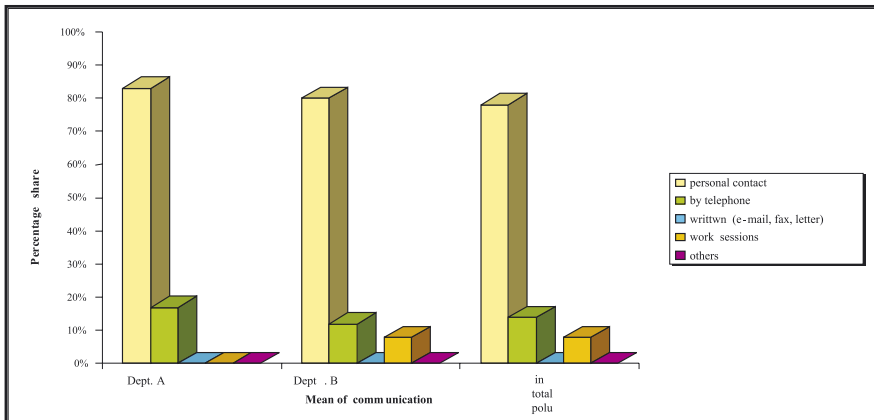
Analysis and Research Results

In this part of analysis we deal with the findings of the most frequently employed ways of communication between the superior and subordinate and the discovery of the most effective means of communication with the superior.

1 Most frequently employed means of communication with the superior and their effectiveness.

Question number 1: What means of communication with your superior do you apply most often at the workplace.

Graph 1 *The most common means of communication with the superior*



Source: Own graph

Research analysis shows that the majority of respondents communicate with their boss by individual conversation which comprises 78 % in percentage terms. 14 % of the respondents communicate with their superior by telephone and only 8 % of the respondents in the work session. Written communication is the least commonly employed means of communication. In A department 83 % of the respondents communicate with their boss by individual conversation and 17 % of the respondents prefer telephone conversation. In B department individual conversation is the most frequent form of communication with the boss. Telephone conversation and meetings are the least favoured means of communication. None of the respondents selected the written or other form of communication.

Question number 2: Which of the following means of communication with your superior do you consider to be the most effective?

Effectiveness of different forms of communication was investigated separately and it was specified by scale items. The scale ranged from 1 to 5, the item 1 meant the most effective means of communication and the item 5 the least effective one.

a) Individual conversation

The previous analysis indicated that individual conversation is the most frequently used form of communication with the boss. Regarding the effectiveness 58 % of the respondents think it is the most effective form of communication. So in comparison to other forms of communication this way is believed to be the most effective one by the personnel.

b) Telephone conversation

The majority of the respondents consider the telephone conversation to be moderately effective which constitutes 40 % in percentage terms . Only 2 % of the inquired selected this way of communication as the most effective one.

c) Written communication (e-mail, fax, letter)

16 % of the respondents believe that written communication is satisfactorily effective but up to 44 % of the respondents consider this form of communication to be less effective. None of the respondents selected written communication as the most effective one, which confirmed the previous analysis aimed at the most frequently applied way of communication, in which written communication reached 0 %.

d) Work sessions

Contrary to other means of communication the effectiveness of this form of communication scored the worst results. Up to 56 % of the respondents marked this way of communication with the superior as the least effective and only 12 % of them consider this form of communication to be adequately effective.

The comparison of communication effectiveness between the department A and B was not a subject of the analysis as the responses within these departments were not significantly different.

2 The most frequent forms of communication with the employees at the same level and the effectiveness of these forms.

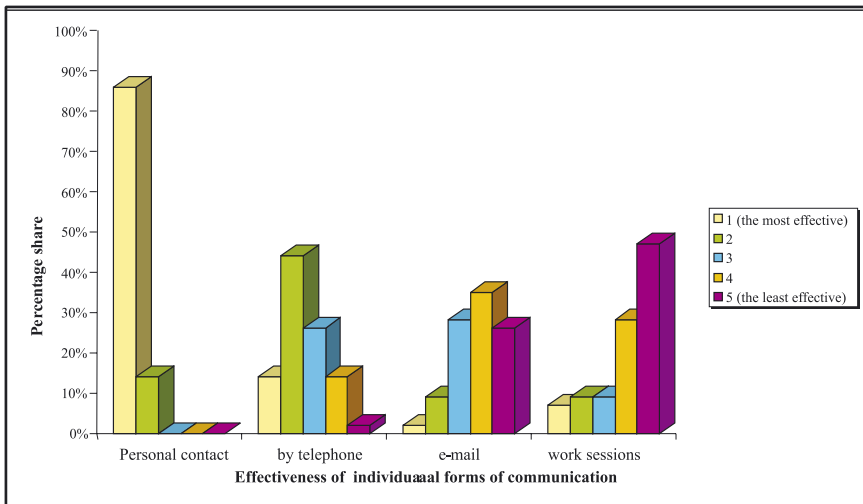
Question number 3: What form of communication with the employees at the same level of management do you use most often at the workplace?

The analysis of the results indicates that individual conversation is the most common form of communication among the employees in the same position . It makes up 81 % in percentage terms. Telephone and written conversation belong to less frequent ways of communication. Work sessions are the least common means of communication among the colleagues at the workplace. 24 % of the respondents in department B also use written communication.

Question number 4 : Which of the following means of communication with the employees in the same position do you consider to be the most effective?

The effectiveness of communication was examined in the same way as in question number 2.

Graph 2 *Effectiveness of individual forms of communication*



Source : Own graph

a) Individual conversation

86 % of the respondents singled this means of communication out as the most effective and 14 % of them as sufficiently effective. In comparison with other ways of communication the employees consider individual conversation to be the most effective and the most common means of communication.

b) Telephone conversation

While the former analysis showed that telephone conversation is the least frequently employed means of communication, it is considered to be satisfactorily effective by 44 % of the respondents.

c) Written communication (e-mail, fax, letter)

Written communication is the second most commonly used way of communication, but regarding the effectiveness 35 % of the respondents regard it as less effective and only 2% of the enquired think it is the most effective.

d) Work sessions

Up to 47 % of the respondents consider this form of communication to be the least effective and 9 % regard it as adequately effective.

Comparison of the effectiveness of communication between the departments A and B was not subject to analysis since no distinct differences occurred within these departments.

Verification of Hypotheses

On the basis of analysis results we reject hypothesis H1: A telephone conversation is the most commonly applied means of communication between the company superiors and subordinates – as the majority of the respondents employ individual conversation when they communicate with their boss – 78 % (only 14% of the respondents use telephone conversation). We accept hypothesis H2: An individual conversation is considered to be the most effective way of communication among the employees in the same position by the company staff—as the most of the enquired selected this option in the questionnaire (81 %).

Suggestions and Recommendations in the Field of Verbal Communication

After the summary and evaluation of the research results we ascertained that employees were unsatisfied with the effectiveness of work sessions. In order to solve the problem we suggest that the superiors thoroughly plan their meetings.

Thorough Preparation for Work Sessions

A successful course of the meeting is affected by exhaustive and detailed preparation which can have a written form. Although written preparation is time-consuming it leads to smooth and fast course of the session. Accurate and lucid formulations prevent communication breakdown and written records of urgent problems can be unlimitedly multiplied by means of different techniques (Ferjenčík, 2001, p. 21-23). The manager follows agenda points listed according to their seriousness – nothing essential is omitted and at the same time unexpected situations can be dealt with flexibly and with overview (Liberko, I. - Naščáková, J. - Liberková, L., 2006)..

Work sessions based on written documents and combined with oral presentation of the superior form the basis of discussion where each employee (the superior and subordinate) can express their opinion and take an active part in problem solution in the organisation.

Conclusion

Communication (in our case verbal communication) as a continuous process of corporate employees (superior and subordinate) sending and receiving meaning by information exchange includes the exchange of relations , values and principles which people stand by and which they believe and thus the exchange of the knowledge too (Mládková, 2004, p. 27). Individual and telephone conversation , work session and written communication can not only be regarded as the basic forms of communication in corporation, but also as the essential forms of

consigning knowledge , experience and expertise in corporation. Thanks to them information can be searched for , selected and presented in a way which improves the understanding of a worker in specific area of interest and promotes collective expertise in corporation (Truneček, 2003, p.156). Corporate interest in enhancement of the above mentioned means of communication could have a significant impact not only on personal relations , work productivity and corporate competitiveness, but also on managers' awareness of the fact that they work with the bearers and owners expertise – people.

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The RFID System in Aspect of Sustainable Development

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Abstract

The principle of sustainability and the responsible use of natural resources are essentials for future generations. Modern technology including RFID (*Radio Frequency Identification*) will play an increasing role in helping this effort succeed.

Key Words

RFID, sustainable development, waste management

The system of identification of goods- *Radio Frequency Identification* is based on technology enabling data transfer between a tag (electronic 'label', chip, transponder) and an RFID reader by means of radio waves. It operates similarly to technology of barcodes, however, giving more opportunities. It enables extended automation of work connected with reading the data and it is comfortable and easy to use. The features which distinguish this technologies from other previously used technologies of remote identification include¹:

- relatively high resistance to external conditions, such as: dust, changes in temperature, rain/snowfalls, vibrations, shocks, solar radiation,
- lack of necessity of direct contact between a tag and a reader, which enables locating these components in an invisible places,
- opportunity to read information from more than one source at the same time while protecting it to be copied or lost,
- ensured low level of data transmission errors,
- increased amount of information on products; these data are of a dynamic type as the company can make changes within computer system,

¹ Grabara J., Kot S., *RFID- nowe możliwości usprawnienia przepływu dóbr*, [w:] Informacja i komunikacja w logistyce, Katowice 2005

- product information safety, standard barcodes contain information which might be read by anybody. RFID standard enables data storage within the system to which access may be possible for a particular group of authorized users.

Development of RFID technology is progressing at a fast pace; thus, it is worth to highlight features which distinguish the transponders between each other.

Decisive factors which determine quality of their operation include the following parameters:

- tag sensitivity; the parameter which determines possibility to power an integrated circuit and the power of the signal emitted towards the reader, which equals the range of the unit,
- tag size; the bigger size, the longer range,
- tag shape; shape of the antenna affects range scale,
- number of antennas connected to the integrated circuit. Two dipole antennas connected to one integrated circuit ensure lower sensitivity to direction of operation. This is of big importance when reading occurs from various directions,
- speed connected with efficiency of the reader reading tag identifier. Higher speeds enable more precise readings and they reduce load,
- density of tags; tags located in close distance might be a source of noise to each other,
- carrier material; using materials containing water and metals might cause disturbances in reading. This can be minimized through application of separators between a tag and the marked product, e.g. cardboard, plastic etc.

RFID technology opens large opportunities of innovation within large organizations with complex logistics processes. Profitability of use of this technology is particularly enhanced when a company:

- owns a wide range of products,
- owns plants with large floor area and scattered locations,
- encompasses various locations of storage,
- is a place of frequent warehouse goods exchange activities – increased circulation of materials, products, packages,
- has additional requirements and needs for information resulting from a branch specificity e.g. ‘best before’ dates, identification of a batch of raw materials etc.

Proper planning and coordination of activities in the abovementioned areas help minimize loss both for the customers, who have not been ensured an appropriate level of services as well as for a business who wastes their

resources delivering defective products². This is particularly visible in case of returns of goods returned to the manufacturer in order to be repaired or due to the mistakes in shipment. Application of solutions of radio identification enables minimizing possibility of failure during providing of services³. This technology enables monitoring of products on the level of pallets and containers, which are transferred through RFID gates at the places of goods reception or dispatch and also in internal control points, which enables registration and supervision of any movements for the controlled assortment. Complex information results in facilitation of flow of products; they are delivered in right time to right place. The cases of losing or stealing of goods are also limited, the missing goods are reduced, customers are more loyal and, eventually, the incomes and profitability are enhanced. It is also worth to highlight the contribution of identification to the flow of such elements. RFID has the potential to benefit Europeans in many ways: safety (e.g., food traceability, healthcare), convenience and accessibility. This technology will most likely reduce energy and material use, which will in turn allow for an improved use of resources⁴. The effects of larger amounts of RFID tags in other waste streams, and the effects of shift to semi-active and active tags in mass applications have not been investigated yet. It must be assumed the current RFID tag technologies have to be treated as electronics rather than as compatible with household waste or packaging. Currently, the disposal of RFID tags together with domestic waste does not cause large-scale problems as a small amount of materials used in passive RFID technology can be burnt in modern incinerators. More problems arise in connection with recycling processes. Transponder materials might have to be separated from others during sorting processes. RFID can help optimise recycling processes by providing detailed information on equipment components, such as electronic equipment. Given the unlimited possibilities of tagging nearly everything with RFID, existing recycling processes must be adapted to the widespread use of RFID, as tags pose specific challenges to contemporary glass, paper and plastic recycling.

RFID manufacturers and the waste management industry are called upon to address these issues early on. Possible measures include environmentally

² Nowakowska-Grunt J., *Nowoczesne tendencje w logistyce przedsiębiorstw*, [w:] „Informatyczne wspomaganie procesów logistycznych” pod red. J.K. Grabary, WNT Warszawa 2004

³ Pachura P., Nitkiewicz T., *Financing and Promotion of Sustainable Development in Poland. Current Politics and Economics of Russia, Eastern and Central Europe* Vol.22 nr 2, 2007

⁴ Pachura A., *Information Systems and Innovativeness in the Enterprises*, Elektronnoe modelirovanie T.29 nr 4, 2007

friendly transponder design and adaptation of current disposal and recycling processes to deal with transponders appearing in refuse. the goal should be to recycle transponder materials whenever possible. In terms of environmental policy, it is desirable to begin this adjustment process at an early stage so that resources will be used frugally in RFID systems, too. But the development of environmentally friendly RFID technology by European technology vendors is also beneficial from the vantage point of industrial policy, because like other environmental technologies, it can uniquely position vendors of the Member States in the international market.

In operation of companies in common European Union market one can highlight particular limitations in implementation of common policy in relation to waste. This results mainly from the fact of lack of such common policy. Obviously, each EU country have their own procedures and standards on that issue, however, they are not standardized for all the member states of the Fifteen. Currently the companies must continue preparations to ever-increasing environmental regulations and management of hazardous substances since EU regulations of WEEE and RoHS assume that it is manufacturers who are responsible for final disposal of any electronic equipment which is sold by them, and this indicates direction of organization of reverse logistics. The issue of products retired from sales is currently considered not only theoretically: this has become a normal procedures of manufacturers of industrial and consumer goods.

European directive on Restriction of Hazardous Substances (2002/95/EC), on 27 January 2003, in force since 1 July 2006 is supposed to limit use of hazardous substances in electronic and electrical equipment and to ensure health and environment protection through appropriate recycling of such equipment. The directive assumes that new electronic equipment implemented in the territory of the European Union after 1 July 2006 must not contain harmful materials: lead, mercury, cadmium, hexavalent chromium, polybrominated biphenyls (PBBs) or polybrominated diphenyl ethers (PBDE) The maximal permissible amounts of these substances in elements and equipment where defined where the presence of these substances can not be eliminated – e.g. mercury in fluorescent lamps or lead additions in glass. Reduction of lead contents in computer system components is supposed to last until 2010. The RoHS directive derives immediately from other EU directive, WEEE (Waste from Electrical and Electronic Equipment), i.e. the waste directive, and they are strictly related to each other. Both directives are supposed to reduce waste from electrical and electronic products while elimination of risk of pollution of natural environment. After 1 July 2006, each end product, subject to the directive and

implemented into European market has to meet the requirements of RoHS directive. This concerns products imported into the European Union and the products designated to sales, manufactured within the European Union. The scope of RoHS encompasses finished products but do not concern elements and semi-finished products being the components of the final product. In practice, manufacturers will need the components complying to RoHS directive so that the final products meets the requirements of the directive. The products under the RoHS directive include:

- large-size household equipment,
- small-size household equipment,
- IT and telecommunications equipment,
- consumer equipment,
- lighting equipment,
- electronic and electrical devices (except for large-size, stationary industrial devices),
- toys, recreational and sport equipment,
- automated machines.

The RoHS directive concerns European Union markets, however, it has immediately become a standard throughout world markets due to globalization of electronic market. Similar initiatives, conditioned by RoHS directive are implemented in many countries which are not the European Union members. The appropriate implementation of the RoHS directive is supervised by the execution body, which may undertake steps necessary to assessment of properly fulfilled requirements of the directive by the manufacturers. Any discrepancies may lead to penalty as well as to total retiring of the product from EU market. The directive contains several concessions on limitation of use of hazardous substances due to lack of technical possibilities to replace such substances. Main exceptions include lead and mercury.

Lead may be used for:

- solder alloys with high melting point (>85% of lead)
- piezoelectric materials,
- kinescope glass,
- alloys defined by the directive
- While mercury:
- fluorescent lamps and other types of lamps.

The directive also permits, under special conditions, use of cadmium processing and application of hexavalent cadmium. In case of special applications, the European Union may conditionally permit other harmful substances, however, the permission is granted only temporarily⁵. There

⁵ List of all changes can be find in the Commission Decision No. 2005/747/WE.

are no standards which condition marking of the elements in accordance with RoHS, although the manufacturers implemented their own systems of marking in order to facilitate unambiguous identification of the products by the customers. It is remarkable that the directive has impact not only on manufacturers and procurement companies, but also on logistics, quality control, inventory, supplies or on the final customer. RoHS has also influence on products which are not directly defined within this directive since manufacturers should forecast various use of their products by the final user, whose protection became the aim of the RoHS directive. The EU do not require any particular declaration of conformity with RoHS directives, however, customers may require delivery of the documents proving such a conformity with a form to be filled in or with entire documentation. The manufactures prefer, however, only to add information about conformity or about lack of it. It is also common practice that the elements subject to RoHS directive are marked on bulk and individual containers and packages, in invoices or bills of consignment. There are also the markings by manufacturers such as green or PB free. These markings are not in accordance with RoHS directive. First one means only the limitation in using harmful substances, not adapted to process of lead-free soldering (higher soldering temperature), while the latter means products with eliminated lead. The limitations of use of harmful substances is followed by the necessity of implementation of new, more expensive metals and their compounds during the production process. The process itself will be also changed so as it can be adapted to production in accordance with RoHS. All the changes involve quite considerable rise in costs of manufacturing of products in accordance with the directive. Full conformity with RoHS requires not only limitation of the substances forbidden by the directive, but also adaptation of elements to the process of lead-free soldering, i.e. preparation of the element for use of higher soldering temperatures. Sadly, lead-free solder alloys melt at the temperatures higher by about 40°C than lead alloys. This enlarges the time of soldering, which negatively impacts on the quality of the solder. Possible alternative to that issue are electricity conducting glues, however, currently they are not commonly used.

The directive of RoHS is closely related to WEEE directive (**W**aste of **E**lectrical and **E**lectronic **E**quipment), whose aim is to minimize negative impact of electronic waste on environment. This directive imposes responsibility on producers, suppliers and importers for collection, reuse and recycling and recovery of electronic waste. The waste is subdivided into various categories and for each of them the different principles of recycling have been defined.

Products which are subject to WEEE directive include:

- large-size household equipment,
- small-size household equipment,
- IT and telecommunications equipment,
- consumer equipment,
- lighting equipment,
- electronic and electrical devices (except for large-size, stationary industrial devices),
- toys and sport equipment,
- medical equipment (except implanted and infected products),
- monitoring and control equipment,
- automated machines.

The standards of the directive must be met by the companies and individuals who:

- manufacture or sell electronic and electrical equipment under their trademark,
- resell equipment produced by other party under their trademark,
- import or export electrical or electronic equipment to member states in the EU.

While emphasizing numerous advantages of RFID technology, one should not forget about its imperfections. In case of old-generation tags, such limitation means costs, frequently too high in comparison to financial capacity of a particular business. Technical requirements imposed on EU member states by ETSI (European Telecommunication Standard Institute) are also remarkable: they differ from the standards accepted in USA and other countries worldwide, which limits opportunities to use solutions outside EU.

To sum up RFID technology faces brilliant future. Considering the activities performed by the businesses who implement and use this technology, one can argue that it enables creation of a real global supply chain, although achieved not until the far future. Through employing RFID technology it becomes possible to collect the amount of information which enables precise tracking of information flow. EPCglobal is an organization who works towards formation of a global supply chain in the future. Their efforts focus on unification of technological standards through supporting RFID development in two directions. On the one hand their efforts are made towards unification of data so that they are readable everywhere worldwide, on the other the global standards of communication between tags and readers i.e. RFID protocols are suggested. Monitoring pipelines or the storage and transportation of hazardous goods with RFID technology

can help prevent potentially fatal or environmentally catastrophic incidents, might help to monitor the environment, providing information about and early warning of natural disasters or global warming.

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Knowledge as Capital of Enterprise

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Abstract

This paper shows important task of knowledge in enterprise. Enterprises are realizing how important it is to “know what they know” and be able to make maximum use of the knowledge. This knowledge resides in many different places such as: databases, knowledge bases, filing cabinets and peoples’ heads and are distributed right across the enterprise. All too often one part of an enterprise repeats work of another part simply because it is impossible to keep track of, and make use of, knowledge in other parts.

Key Words

knowledge, enterprise, knowledge management, capital, source, information

Introduction

In the present time knowledge becomes most valuable capital of enterprise. The enterprise in environment of running changes, what makes managers revaluated their view on the knowledge and also approach of knowledge. In this fast changing world is no more important teaching somebody something what is establish, because tomorrow it can means, that this learnt fact is not true anymore. And because of this fact skill of looking the right information in right time is more important like never before. Also expansion of global process makes pressure on companies to unknown areas, what forwards managers of company’s pays attention not just for tradition resources as material, finance, labor but also at less rate and less using resource – knowledge.

Knowledge

Knowledge is defined variously as expertise, and skills acquired by a person through experience or education, the theoretical or practical understanding of a subject, what is known in a particular field or in total, facts and information or awareness or familiarity gained by experience of a fact or situation. Knowledge acquisition involves complex cognitive processes: perception, learning, communication, association and reasoning.

The term knowledge is also used to mean the confident understanding of a subject with the ability to use it for a specific purpose if appropriate.

Task and Space of Knowledge in Enterprise

In the enterprises are knowledge often store in some documents, manuals, but also in minds of employees, in technological processes, culture of enterprise.

Reasons why the knowledge are important for companies:

- organizations becomes knowledge intensive,
- knowledge allowed be on top of changes,
- progressive complexity of solving tasks,
- globalization of market,
- enterprises cares on development of knowledge have biggest chance survive,
- knowledge is “mobile” (in minds of employees),
- sharing of knowledge in enterprise.

Knowledge as Enterprise Resource

Knowledge management tries so as the important knowledge is shared by several employees and so as in enterprise creates a new knowledge, and that also new values. The target of knowledge management is pay attention on correct:

- collection and classification knowledge – which enterprise knows as unit, what solution achieved, what solution of different problems has enterprise in disposition on this moment, when the problem becomes, how the enterprise creates new knowledge.
- using of knowledge – it is application of knowledge by whole company, change individual knowledge on sharing knowledge, change individual learning on enterprise learning.

By the analyses last activities is possible makes identification of productive abortions (those leads to understanding and enhancing of knowledge), alike as unproductive abortions (nobody knows, why happened the abortions). Knowledge is achieved by analyses of each action.

On the difference from other enterprise resources (finance, material and capital) has knowledge own specifications, as is:

- is intangible and hart measurable,
- knowledge is not spend in processes,
- is temporal and form that fact cans “disappear for the night”,
- has important impact on the enterprise,
- is not possible buys it on the market or the bourse,
- is not possible managed it.

Categorization of Knowledge

Classification of knowledge and its using in knowledge management, it's created form two categories:

- explicit knowledge is relative easy described, documented, formalized and continually shared by information and communication technologies,
- tacit knowledge means stored in human minds. It is hart to formalized and communicated or impossible converted to explicit knowledge.

This classification updated implicit knowledge, which is also stored in human minds, but in moment of the need is possible documented or converted to explicit knowledge.

Also often using categorization of knowledge used three categorizations which classified this types of knowledge:

- psychology of knowledge (declarative and procedure),
- formulation of knowledge (explicit and tacit)
- owner of knowledge (collective an individual).

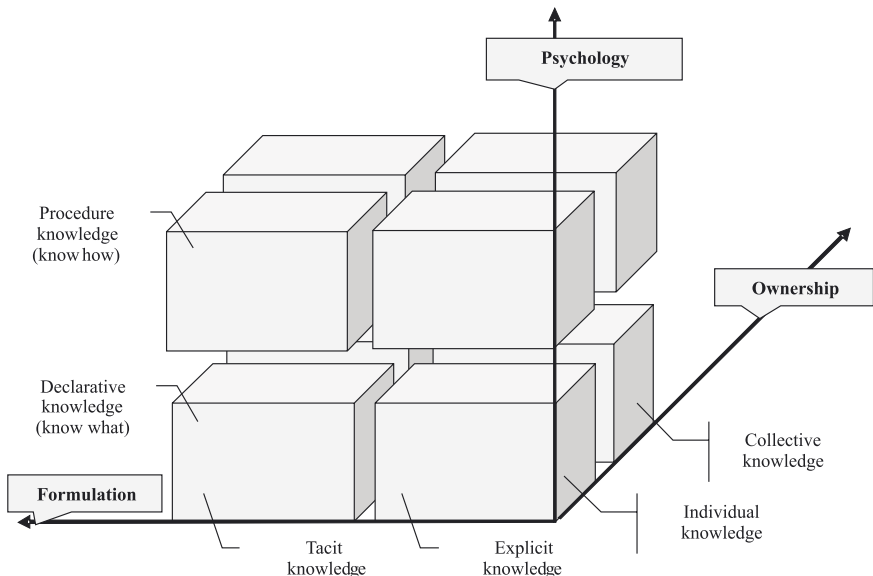


Fig.1. Model of classifiacion of knowledge

Knowledge Management (KM)

“Knowledge Management caters to the critical issues of organizational adaptation, survival and competence in face of increasingly discontinuous environmental change. Essentially, it embodies organizational processes

that seek synergistic combination of data and information processing capacity of information technologies, and the creative and innovative capacity of human beings” (Malhotra 1997).

Enterprises used the system of knowledge management; it could separate on two basic types:

- The lower degree - 1. degree. Those enterprises needs handled just the basic activities.
- The higher degree – 2. degree. Enterprises on the highest degree wanted besides processes of 1. degree handled also above standard knowledge so as achieved enough knowledge, which allowed enough predominance over competition.

The target of each enterprise should be changed on the higher degree, else threatened bankrupt. The basic level of knowledge area and knowledge management has in current enterprises just two from four levels of knowledge and those are:

- „KNOW WHAT“,
- „KNOW HOW“.

From this fact if enterprises wanted be successful on the market they needs covered up also “KNOW WHY” area of knowledge. The highest level of knowledge using in enterprise is “CARE WHY” (care of people enthusiasm), It gives answer of question why used and how to used particular knowledge so as supported people enthusiasm and their strenuousness

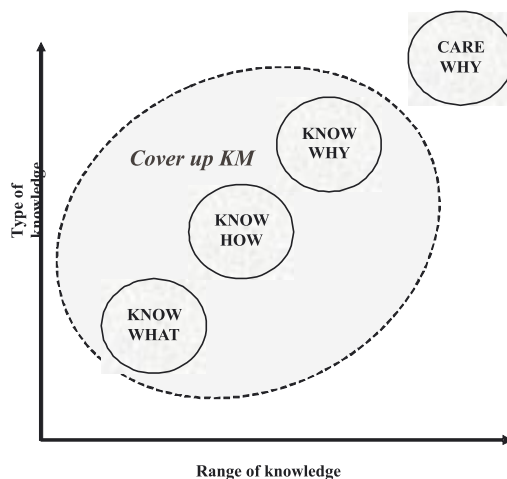


Fig.2. Relation between range and type of knowledge

Conclusion

In contrast, the “new world of business” is characterized by high levels of uncertainty and inability to predict the future. Use of the information and control systems and compliance with pre- defined goals, objectives and best practices may not necessarily achieve long-term organizational competence. This is the world of re-everything, which challenges the assumptions underlying the accepted way of doing things. This world needs the capability to understand the problems afresh given the changing environmental conditions. The focus is not only on finding the right answers but on finding the right questions. This world is contrasted from the “old world” by its emphasis on doing the right thing rather than doing things right.

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Competitiveness of the Slovak Republic

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Abstract

Regions, which are localized in the European territory, have different primary disposable sources, and also have different economies, which have directly influence to the competitive strength. In this article, has been evaluated competitive strength, which could help to make determination of economic power and potential in the country and in the regions. Then, proposals for development priorities have been defined. The main aim of this article is an evaluation of a competitive strength in the Slovak Republic and evaluation of possibilities and ways of its increasing, with accepting of regional disparities in the European territory.

Key Words

competitiveness, barriers of development, business environment, innovations

Introduction

The economy of the Slovak Republic has changed significantly from 1993. It is obvious from the analysis of a position of particular sectors, that primary sector has lost its intensity and it is stagnating now. Similar situation was observed also in secondary sector, but an inflow of new foreign investments, especially in the area of automobile and electrotechnical industries, the situation has become better. The tertiary sector, sector of services and special forms of trade has strengthened its position and now participates in GDP generation and formation of employment as all get-out. The existing differences in performance of particular sectors directly influence their competitiveness, which is different in economic branches (Hečková, 2007b). As it is with economic situation within sectors and branches in Slovakia, which is not identical, similarly the economic situation within particular regions is not identical and we register considerable regional disparities in this field, while also other EU-countries achieve different economic results in comparison with the Slovak Republic. It is not possible to evaluate the economic level and to propose measures how to improve its status in present dynamic period without taking the disparities

into account. However, generally we can define some factors participating in the quality of economic life and competitiveness of a country and having the decisive influence on it.

Material and Methods

The data source for evaluation of competitiveness of Slovakia is Report on global competitiveness 2007-2008, published by World Economic Forum (WEF). Partially data was taken from Strategy of Slovakia's competitiveness to 2010 and Report on status of business environment. Based on this information we evaluate the barriers of economic environment, general competitiveness of the country and propose measures for improvement of current status.

Results and Discussion

Slovakia has become more attractive country recently for setting up of direct foreign investments. As it is stated in Strategy of Slovakia's competitiveness to 2010, three most principal changes, which has influenced the nature and power of the Slovak economy include:

- transformation from the centrally planned economy to market economy,
- integration of the Slovak Republic into the European Union,
- implementation of structural reforms.

However, even after these implemented changes there are some barriers which constantly prevent to enter foreign investments, or higher dynamics of development of business environment and thus considerably influence total competitiveness of regions and country. Report on status of business environment specifies the questionable places of our business environment, which are determined by several factors, or their synergy. They include predominantly the following problematic areas:

- high transfer-payments burden,
- relatively high number of procedures needed for commencement of entrepreneurial activity, and related problem of individual (separate) state registers registering and saving data about entrepreneurs,
- relatively high minimum amount of capital needed for commencement of entrepreneurial activity,
- long-standing problem of complicated and rapidly changing, often insufficiently well-arranged legislation,
- absence of assessment of impacts of regulations on business environment,
- corrupt practices and so on.

We include the abovementioned negative features between these ones, which are not completely, quickly and simply eliminable and this process requires long-term and precise preparation. By this reason, the development barriers, which unnecessarily By this reason they are considered to be the barriers of development, which burden business activity and business subjects in Slovakia unnecessarily, what means a participation in a deformation of business environment, diminishing of freedom of business-making and negatively action on possibilities of increasing of competitiveness of the country in dynamic European space.

Table 1 Competitiveness assessment

Growth Competitiveness Index 2007 – 2008 and its components	Rank (out of 131 countries/ economies)	Score (out of 7)
Global Competitiveness Index (GCI) 2007 – 2008	41	4,45
A) Basic requirements	50	4,64
• Institutions	60	3,99
• Infrastructure	58	3,78
• Macroeconomic stability	62	4,92
• Health and primary education	39	5,88
B) Efficiency enhancers	34	4,46
• Higher education and training	41	4,42
• Goods market efficiency	35	4,66
• Labor market efficiency	25	4,76
• Financial market sophistication	33	5,02
• Technological readiness	36	4,08
• Market size	57	3,81
C) Innovation and sophistication factors	52	3,84
• Business sophistication	52	4,26
• Innovation	51	3,42

Source: WEF

Status of business environment and determinants, which influence it, negatively or positively, are assessed also by international institutions and organizations. World bank assesses a status of business environment with utilization of seven indicators, in which the following possibilities are reflected:

- entry of business subjects on market,
- action of business subjects in market,
- exit from or leaving the market.

Many indicators are used for measuring of a status and quality of business environment. One of them is the Growth Competitiveness Index – GCI), the values of which are given in Table 1. Based on the data given

in the Table 1, we may state that the Slovak Republic is achieving in total the 41st place out of 131 assessed countries in the competitiveness assessment as well as at assessment of country potential for increasing of competitiveness according to the Growth Competitiveness Index.

The index is divided into 3 basic spheres, from which the competitiveness advantages or shortbacks of Slovakia are resulting. In the first of assessed sphere with general name „basic requirements“ Slovakia is achieving the 50th place. In this sphere, the institutional performance rate, macroeconomic environment and stability, as well as health quality and primary education. Within this sphere, the Slovak Republic has achieved the best placement at health and basic education assessments (39th place) and for the other spheres the placements ranges between the 58th and 6nd places. The second assessed sphere was the sphere of performance rate increasing, where 6 indicators were assessed specially: higher education and trainings, goods market performance, labor market efficiency, financial market sophistication, technological readiness and market size. The third separately assessed sphere was the sphere of innovations and factors of sophistication, in which the Slovak Republic has achieved the 52nd place out of 131 assessed countries.

The World Economic Forum assesses regularly also a status of business environment and competitiveness within business activity. Based on Business Competitiveness Index for 2007 – 2008, WEF has classified the Slovak Republic on the 44th place out of 131 assessed countries (Table 2).

Table 2 Assessment of business competitiveness

Business Competitiveness Index (BCI) 2007-2008	Rank (out of 131 countries/ economies)
Business Competitiveness Index 2007-2008	44
Sophistication of company operations and strategy	45
Quality of the national business environment	44

Source: WEF

It results from the abovementioned that the Slovak Republic has a potential to improve its competitive environment, but based on the internal analyses, there were barriers and limiting elements specified in our economy, which negatively influence on the development of business environment, and thus on competitiveness and total performance rate of the economy. Therefore, it is necessary, within the framework of elimination of these barriers, to monitor them continuously and to search for efficient ways of their elimination.

The following are included by WEF in the most problematic factors which influence business environment and performance rate of enterprises:

- non-appropriate support of infrastructure,
- bureaucratic procedures,
- corruption,
- access to financing and finance,
- non-appropriate training of labor force,
- low working ethics and so on.

However, the competitive performance rate of economy is influenced also by other factors. Now, at the time of building of knowledge economy (Širá, 2007), the significant place belongs especially to innovations, innovation processes and their implementation. Along with innovations, also increasing quality requirements determining the comparative advantages of the country participate in a change of competitive environment. Creation of stable competitive environment and increasing of performance rate of economy does not depend only on primary sources in the country, but there is a complex of synergic effects of these sources, direct foreign investments and implementation of innovations into production processes. A suitable combination of these factors contributes to increase dynamics of growth and development of economics. In this process, information and communication (telecommunication) technologies (ICTs), their forwardness, quality and stage of utilization play also the important role in this process. ICTs along with innovations, act as a stimulator of development in the increasing of competitiveness, therefore it is needed to focus to their improvement in future and search for new possibilities of their utilization. The development in the sphere of information and communication technologies and development in the sphere of innovations becomes a determinant of economic development of the countries (Hečková, 2007a). The important role in implementation of innovations and ICTs plays small and medium enterprises (SMEs), which dictate a direction and rate of economy development (Butoracová Šindleriová, 2007).

A competitiveness of an enterprise depends on utilization of innovations and innovation processes (Hečková, 2007c) and it determines further the total competitiveness of the country. As Report on implementation of the European Charter for small enterprises (2006) states, one of the preferred spheres for small and medium enterprises is increasing and improving of investments into research and development and support of all the forms of innovations. While the aim is to encourage and support an interest in innovation-related business activities in the Slovak Republic, especially in the relation to putting of results of research and development into

commercial use, thus their launching. The important place in this process will play also business and technological incubators as a component part of supporting infrastructure for SMEs.

Based on abovementioned, an improvement of competitiveness of Slovakia depends, inter alia, on:

- openness of economy,
- quality access to information,
- reduction of administrative barriers, e.g. through building of contact centers, or particular contact consulting and information places,
- reduction of legislative barriers, making legislation more transparent,
- making the access to information better,
- support of possibilities for increasing of exchange of information more widely,
- support of business environment, preferably by SMEs' support, e.g. through microloan program of the National Agency for Development of Small and Medium Business (NADSME),
- making the access to financing of business activities more quality (Morovská, 2008),
- possibilities and creation of space for increasing of competitiveness of particular enterprises (e.g. a possibility of management of relations with customers, Ručinský – Chapčáková – Beca, 2005),
- higher implementation and utilization of information and communication technologies in production processes,
- support of implementation of science and research results into production processes in the form of innovations,
- support of continuous lifelong education and so on.

Conclusion

The given proposal will help to development of business environment and their implementation will be able to stimulate entrepreneurs and to form an appropriate environment for inflow of direct foreign investments. It is not possible to increase the competitiveness of Slovakia just by one-shot interventions, but it is continuous and permanent process of monitoring of changes and forming of appropriate impulses and measures. The regions which will be able to implement the abovementioned factors appropriately and dynamically into economic life , may gain important competitive advantages on national as well as on the European market and they will become a suitable basis for building of knowledge economy.

Annotation

The paper deals with an assessment of competitiveness of Slovakia and highlights the factors which influence positively on its increasing, but it

discusses also about barriers of development of business environment and submits the proposals for improvement of competitiveness and support of building of knowledge economy.

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Implementation of Flexible Organization and Business Models as a Strategy for Increasing Competitiveness

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Abstract

Business models that concern strategic alliances, clusters, expansion through joint ventures, franchising and when pondered as better alternatives merging & acquisitions are widely applied today. Indicators of scope and depth of applying those models in one country are number of foreign and multinational companies, number and total worth of foreign direct investments, number and total worth of integrations and takeovers by foreign companies. Such models are also widely applied with goal of increasing business results in tourism. Basic topic of this paper is depiction of dynamics of increasing appliance of contemporary models in Serbian economy, especially in tourism. Special attention will be applied to institutional and market barriers that undermine improvement in this field and actions taken on national level to remove them.

Key Words

foreign direct investment, strategic alliances, cluster, tourism, market barriers

1. Application of Modern Business Models with the Goal to Strengthen the Industry

Modern business models including strategic alliances, franchises, joint ventures, clusters, mergers and acquisitions are a logical and current answer to intensive and fast changes in the economy, technology, and globalization,

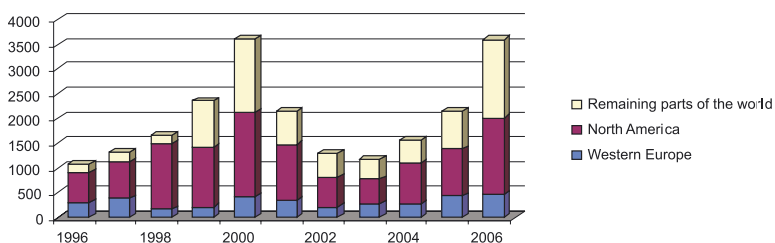
which many corporations included in two competitive races. The first race is for the world market, which is to attempt to create a majority of global capabilities. The second race is for the future, which is involved in the prediction of technological development.

More than ever, the majority of skills and resources important for the future prosperity of the organization are out of direct managerial control. Pressure on organizations to improve their competence has encouraged them to start collaborating with other organizations so as to have access to complementary competences.

The goals of companies can be different, for example: to share investment risks and technologies, to increase market space and the service portfolio, or to manage innovations and create new products.

Koza and Lewin[1] assert that organizations that create alliances can have their goals to be either research or exploitation. The goal of research is to create new capabilities to increase revenue, or simply research new capabilities. The goals of exploitation are directed towards increasing productivity of used capital and assets, standardization and systematic reduction of costs, which includes the use of existing abilities.

As a permanent result of the search for collaboration and coordination, mergers and acquisitions are a frequent occurrence, which is why the number of them in the world is increasing, as well as the volume of Greenfield investments.



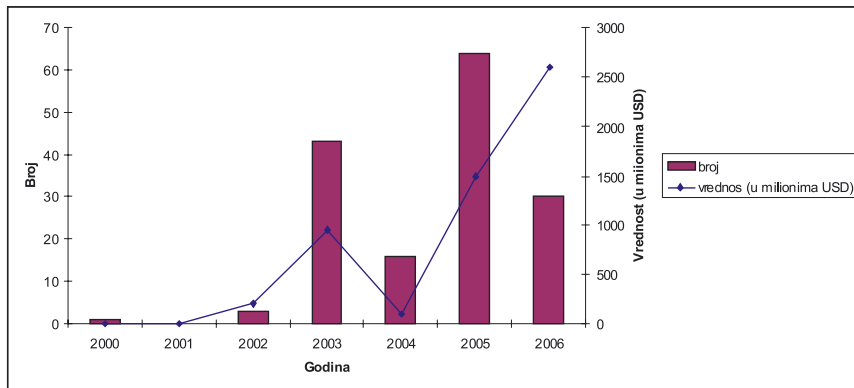
Volume of M&A transactions in the world in the period of 1996 – 2007 [in bill. dollars]

On the basis of inspection of the degree of use of modern business models in developed countries, we arrive at the conclusion that there is no question as to should they be implemented in the Serbian market, instead the question is how should they be implemented.

2. FDI as an Indicator of Inclusion of Modern Business Models in Serbia

In 2007, the Republic of Serbia came in as a leader in reforms in the region of southeastern Europe, thanks to the achieved growth rate of GDP

of 6.5% and foreign direct investments, which in 2006, reached a value of 4.29[2] billion American dollars. . Thanks to the privatization of a number of enterprises, Serbia was third in 2006, with respect to the height of flows from foreign investments, behind Romania and Bulgaria [3]. A serious problem is represented by the fact that the flow of SDI into Serbia is done almost exclusively through the privatization process, and not through a greater number of significant Greenfield projects.



Activity mergers & acquisitions in Serbia and Montenegro (2000 – 2007)

The number of mergers and acquisitions in Serbia is increasing, but mostly in the areas of telecommunications, financial services, food industry and trade, which points to the fact that these investments are oriented towards exploiting the domestic market. Modern business models must be implemented in other branches of industry, and one of them is tourism.

3. Application in Tourism

Modern business models have found a wide scale of application in developed countries in all areas of industry, such as in tourism, so we can come to conclude that their application in Serbia would considerably improve the situation of tourism in Serbia today.

If the basic factors such as a stable political situation [8], upgraded infrastructure, adjusted laws in the area of tourism and hospitality, are secured, we can expect an increase presence of foreign companies in these areas, which was the case with the investment in the area of telecommunication, tobacco industry and financial services, which came only after legal reforms and the government guarantee that they will not change a certain number of years (tobacco law, telecommunication law, and the law on regulation of old currency savings).

A good example of such influence we have in Croatia in which a constant growth of these indicators is noted. In Croatia, foreign direct investments in 2007 were 20,766 million euros, of which a large amount of those investments went into the branch of tourism. Greenfield investments from the hotel chain Hilton Imperial, Le Meridien, The Westin, Ambassador and dr. have significantly influenced the flow of foreign tourists and the revenue from tourism. In Serbia up till now the only noted investments were in the privatization of some hotels, such as hotel Metropol, Nacional, Putnik, Jugoslavijai dr but investment in their modernization was marginal. The share of tourism in the GDP is much larger in Croatia (table 1), as much as 12 times, while the number of employed in tourism is only three times greater than Serbia, which indicates the difference in the productivity of the branch, which is directly seen in the movement of salaries in that branch. The fact is that the number of employed in this activity in Serbia is decreasing from year to year, additionally this means that this activity is in crisis and that without outside influence, and entering Europe's network system of tourism services and destinations, does not have development capabilities.

	Country	2004	2005	2006	Unit
Revenue from tourism	Croatia	5,505,000	5,998,000	6,293,000	mil €
	Serbia	442.45	453.94	502.78	mil €
Share of tourism in GDP	Croatia	19.9	19.4	18.4	%
	Serbia	1.48	1.42	1.29	%
Number of employed in tourism	Croatia	80,587	80,744	85,981	
	Serbia	27,869	26,964	24,736	
Average salaries in tourism	Croatia	690	730	772	€
	Serbia	192	212	259	€

The amount of revenue Serbia loses in this activity from foreign tourists is seen in the data for the year 2006, where 2,006,488 tourists came in total to Serbia while in Croatia 10,384,921 tourists came. The average number of nights spent by these tourists in Serbia was 3.29, while in Croatia 5.1, on the basis of which we can conclude that the quality and volume of tourism services in Croatia are much better.

4. Contributions from Modern Models for Organizing Tourism Development

In tourism, clusters can significantly contribute to the volume and quality of the tourism offer. Croatia and Serbia have not used enough of the potentials from joining their tourism organizations. In 2007 Croatia established the National center for the development of clusters and they managed to work with Balkan Alliance of Hotel Associations- BAHA which was created by eight Balkan countries, of which Serbia was one of

them. Serbia is also part of the tourism cluster ISTAR 21 in the framework of countries around the Danube valley that take the initiative to create an authentic regional tourism product that can be placed on the European market. One can say that these clusters are the voice of initiative [5] and that they have not reached their functionality, but are a good example for the continuation of collaboration in the framework of the cluster for natural springs, mountain and rural tourism.

As a model for the incentive for development of the sector of service and tourism [9]., as far as twenty years ago franchising had already started to be used in our country, with the arrival of Mc Donald's. In Europe during the year 2003 there were around 3,700 franchises in more than 145,000 locations. Annual revenue was around 75 billion euros. In the countries of southeastern Europe the average number of franchise networks was more than 100, in Hungary more than 300, from which more than half were foreign. In comparison to these countries Serbia has a significantly lower number of franchise networks, only 15, while in hospitality the most significant franchise companies are Delta sport and the British company Costa Coffee and Greenfield investments in the construction of the Holiday Inn hotel. These franchises ensure standards when it comes to comfort, cleanliness, price, interior decorating, which for the guests has more value than the actual product offer [6].

In order for the country to ensure conditions for other Greenfield investments in tourism it is necessary to have well defined planning documents, appropriate infrastructure and an active administration that, with defined procedures, in a short time frame produces all solutions and documents, which are needed for a business on their territory [7]. Aside from that, there should be a good promotional offer, not only of tourist potentials, but also conditions for investments. How big is the potential for such investments? The answer lies in the fact that just in Belgrade there exists a demand for 60 new hotels, of all categories.

5. Conclusion

The most significant advantages that Serbia has to offer regarding foreign investments into tourism are a convenient geographic position (Corridor 10, Danube corridor), natural beauty, low cost, as well as free land for construction, the lowest income tax rate in the region, low labor costs, a well developed sector of telecommunication and weak competitiveness. The necessary aspects that need improvement are political stability, traffic networks, road and air (using low cost operators in air traffic) and legal regulations in the domain of property law. Only in such conditions will multinational companies have access to larger investments and

long term strategic partnerships with the local companies using modern business models such as franchising, joint ventures, clustering or equity investments.

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ERP System Module Implementation: A Comparative Study of Slovakia and North America

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Abstract

Enterprise resource planning (ERP) systems substituted first mainly legacy systems in large manufacturing companies. Later they were adopted by companies in other industries and because of lower cost of information technology, ERP system spread also into small and medium enterprises. A relatively unique feature of ERP systems, compared to most of commercial software, is their divisibility. ERP systems consist of modules, such as financials/accounting, controlling, manufacturing, logistics, sales and distribution, which can be implemented separately. This allows companies to choose between big bang and phased in implementation approaches. It also allows companies to purchase only modules, which they need; and to purchase additional ones, when a need arises. A comparison of ERP system modules implemented in Slovak and North American companies is presented in the paper.

Key Words

enterprise resource planning (ERP) systems, implementation, empirical research

Introduction

Investment in enterprise resource planning (ERP) systems is an important strategy that enables companies to achieve a competitive advantage and to provide good quality of products and services. (Wu, On, and Hsu, 2008, p. 1039) Wei, Chien, and Wang (2005) found that ERP system investment can significantly affect the future competitiveness and performance of a company. But according to Umble, Haft, and Umble (2003, p. 244), surprisingly, given the level of investment and length of time needed to implement ERP systems, many companies have proceeded to implement ERP systems without making any return on investment (ROI) calculations. In case ERP systems are not implemented properly, the results can be

disastrous, since the rate at which ERP projects fail is surprisingly high, with serious consequences including failure to fulfill anticipated functions and cost/schedule overruns (Benaroch, and Kauffman, 2000; Bingi, Sharma, and Godla, 1999; Chen, 2001; Griffith, Zammuto, and Aiman-Smith, 1999). Though we believe that the failure rate of large information technology (IT) investments, such as ERP systems, is nowadays significantly lower than 75 % (which was estimated by Griffith, Zammuto, and Aiman-Smith (1999)).

Regarding the investment effort of ERP systems in US\$5000, according to Keil and Montealegre (2000), more than 68 % of companies would apply the big bang approach to change their system and business processes at one time. A similar research conducted in Austria estimated the percentage of companies using the big bang approach to be 55 %. (Bernroider, and Leseure, 2005) Although the big-bang approach offers lower cost and generally uses only a few of the software's interfaces, the risks are greatly increased, as less time is spent on the development and assessing business needs. This in turn creates adoption problems in the long run. (Basoglu, Daim, and Kerimoglu, 2007)

The phased in approach to ERP system implementation, highlighted e.g. in (Robey, Ross, and Boudreau, 2002), which should overcome adoption problems inherent to the big bang approach, is possible only due to divisibility of ERP systems. So, an interesting question arises – which are, actually, the most widely implemented ERP systems modules? And the related research question is – is there a significant difference in their adoption between Slovakia and North America?

The paper is organized in the following way: the first chapter defines ERP systems, the second chapter describes data and methodology used in the articles, the third chapter presents outcomes of the research, and the last chapter provides conclusions of the paper.

1. ERP Systems

The ERP system is an instance of a commercial off-the-shelf software package. It is sometimes addressed also as “enterprise information system”, e.g. like in (Davenport, 1998; Turban, McLean, and Wetherbe, 2004). Watson and Schneider (1999) describe an ERP system as a generic term for an integrated enterprise computing system. The ERP system is an enterprise-wide information system that integrates all the information from the entire company; it is based on identical database, identical application system, and a consistent interface. (Chang, Wu, and Chang, 2008, p. 213) An ERP system streamlines business processes by creating an enterprise-wide transaction structure that integrates the key functions of different

departments within an integrated information system platform. (Wu, On, and Hsu, 2008, p. 1039) According to Slooten, and Yap (1999), ERP system is the first approach that integrally combines business management and IT concepts. According to Fuß, Gmeiner, Schiereck, and Strahinger (2007), integratability and extensibility (in means of modules) are two distinctive features of ERP systems vis-à-vis other types of commercial off-the-shelf software. Functions of an ERP system generally cover elements of the value chain from raw material purchases, inventory management, production, goods, shipments, invoicing, accounting, and human resource management. (Peslak, Subramanian, and Clayton, 2007)

ERP systems used to be a domain of large companies but there is a still increasing number of small and midsized enterprises adopting adopt them as well. There are some reasons for this trend, including a saturation of the market, as most large organizations have already implemented an ERP system, increasing possibilities and need for the integration of systems between organizations and the availability of relatively inexpensive hardware. (Gable, and Stewart, 1999) According to Pelsak (2006), ERP systems have become the de facto standard for large and medium companies to run all their major functional and process operations. Kumar, and van Hillegersberg (2000, p. 24) go even further and describe ERP systems as the price of entry for running a business.

2. Data and Methodology

The paper provides a comparison of ERP system modules implemented in Slovak and North American companies. The data on Slovak companies were gathered through a paper-based questionnaire survey. These companies were selected randomly. Their list was retrieved from the Statistical Bureau of the Slovak Republic. In total, 1200 companies were chosen and sent questionnaires accompanied with a cover letter. Out of them, 66 gave usable responses. The data on North American companies were gathered by Palanisamy (2007) through a web-based questionnaire survey. The respondents were randomly chosen. In total, 970 respondents were contacted through e-mail with simple instructions for completing the questionnaire. Out of them, 182 gave usable responses. Both investigations were conducted in 2007. In each sample, more than one half of respondents were from large companies.

Regarding the data, the investigation focused on modules of four types: finance and controlling (financial accounting and controlling in (Palanisamy, 2007)), human resources, manufacturing and logistics (material maintenance in (Palanisamy, 2007)), and sales and distribution. Frequency and percentage of responses will be provided in Table 1. Exact Fisher's (also known as Fisher-Freeman-Halton's) test is used to compare

percentages in Slovak and North American companies. Logistic regression will be used to analyze the impact of company size on ERP system modules implementation. Results of statistical tests will be commented on significance level $\alpha = 0,05$.

3. Results

Results of investigations in Slovakia and North America are presented in Table 1. The table contains both frequencies and percentages.

Table 1. Adoption of ERP system modules

	Slovakia		North America	
	Frequency	Percentage	Frequency	Percentage
Finance and Controlling	54	81,8 %	168	92,3%
Human Resources	29	43,9 %	85	46,7 %
Manufacturing and Logistics	49	74,2 %	153	84,1 %
Sales and Distribution	47	71,2 %	153	84,1 %

There was no significant difference found between percentages of Slovak and North American companies, which implemented human resources ($p\text{-value} = 0,774$), and manufacturing and logistics modules ($p\text{-value} = 0,096$). There is a significant difference in finance and controlling modules ($p\text{-value} = 0,021$). The percentage is only 82 % in Slovakia, i.e. about 10 % less than in North America. It could have been caused also by different perception of Slovak respondents, who could have considered this module to be a core part of their ERP system. The most surprising is the significant difference in sales and distribution modules ($p\text{-value} = 0,029$). We assume the same perception of the question by all the users but the 13 % difference is rather large.

Another interesting question is whether there is any difference in ERP system modules implementation between companies of differing sizes. Based on Slovak data, no evidence was found that company size would have a significant influence on companies implementing particular modules ($p\text{-value}$ for finance and controlling = 0,064; $p\text{-value}$ for human resources = 0,426; $p\text{-value}$ for manufacturing and logistics = 0,484; $p\text{-value}$ for sales and distribution = 0,527).

To sum up, out of investigated ERP system modules, finance and controlling are the most common; modules for manufacturing and logistics, and sales and distribution are adopted by a slightly smaller percentage of companies; and only about every second company, which has an ERP system, implemented a human resources module.

Conclusion

The investigation of ERP system modules in Slovak and North American companies, presented in this paper, showed that finance and controlling modules are the most common ones; these modules are implemented in 81,8 % of Slovak and in 92,3 % of North American companies. Although there is a significant difference between the percentages, we argue that it could have been caused by a different perception of terms by respondents. Modules for manufacturing and logistics, and sales and distribution are adopted by a slightly smaller percentage of companies; there is a significant difference in sales and distribution, the modules are implemented in 71,2 % of Slovak and in 84,1 % of North American companies. Only a half of companies, which have an ERP system, implemented a human resources module. A slightly surprising fact is that there were no significant differences in percentages found between companies of different sizes.

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Globalisation and the Training of Managers

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Globalisation and the Training of Managers

Contemporary trends in globalisation require implementation of certain changes in the training of managers. The fact that managerial work involves at least three aspects (economic, social and ecological) leads to the necessity to implement certain adjustments in the area of training of prospective managers. As a result of the appearance of certain negative phenomena also ethical issues of managerial training get to the forefront of attention. The fact that market has become something of a fetish has resulted in many negative trends in the developed societies.

Key Words

globalisation and training of managers, economic, social and ecological aspects of managerial work, fetishism of market, schism between the world of goods and services and the world of finances

Introduction

Recent changes in the economic praxis have necessarily found their reflection also in the economic theory, as well as in the training of managers. A typical manifestation of the changing reality is the dynamicity of social processes, including of the economic processes. New information and communication technologies lead to the globalization of the contemporary economy, with the state boundaries, which had previously hampered economic development, acquiring new shape. Many representatives of the economic theory and praxis talk about the new economy (1, p. 58-71).

In the course of the transformation of the so called old economy into the new economy some new phenomena have started to appear:

- changes in the consumers' behaviour,
- changes in the business setting,
- changes in the character of markets,
- changes in the macroeconomic framework,
- changes in the global economic setting.

Transition to the new economy has substantially influenced the development of the economic theory and has led to some new approaches, to the development of theories examining the influence of technology on the economy (innovations, information and communication technologies, new materials, alternative sources of energy, etc.). This all has inevitably been reflected in certain modifications in the area of training of new economists and managers. This is the issue to be dealt with in the following part of the paper.

Training of Managers

On the basis of theoretical knowledge and of experience from the economic reality we can say that concrete behaviour of a manager, which is determined by several processes (hereditary characteristics, theoretical and practical training, influence of the setting, etc.), has also several aspects, among which a special place is held by the economic, social and ecological aspects; these all are, however, superimposed by the ethical aspect. While using economic reality as the point of departure (we pay due respect to the setting, viz. market economy), we need to consider also present modification of the market economy and point out some new extremes in the economic theory which negatively influence lives of ordinary people and which once in a while cause considerable, and not only economic, problems to the world.

In the training of managers we should not blindly follow all proclaimed „truths“; rather than that, we should use our common sense, and especially our ‘heart’, to „rectify“ theory, praxis and the training of managers at the university level. In the following part of the paper we state two basic categories of the market economy, viz. money and market economy, and point out some sources of trouble which we may encounter in the economic theory and praxis.

Money has become a part of our everyday life; we use it without reflecting on what it is and how it should be helpful in the developed economy. Its historical evolution can best be grasped when we think of its manifestations, viz. as commodity money, paper money and small/fractional money, bank money and near – money.

These forms clearly document the original connection of goods and money, with the latter originating in order to simplify exchange of the former as a result of the division of labour and of the existence of overproduction. Soon there occurred a schism between the world of money and the world of goods (and services), resulting in the relative present-day status of money as an independent phenomenon. In contemporary modern economies there are two „producers“ of money – the central bank and commercial banks.

While the ready money (banknotes and coins) are released by the central bank, bank money originate by the offer of loans.

While at present banks offer more and more products, connection between the amount of money and the real world of goods and services is slowly weakening. Greediness of banks and their representatives occasionally results in serious ruptures in bank systems, which are immediately transferred to the economy of companies and households. As an example we may quote the current US loan crisis and its negative impact on the masses of population. The training of managers should address some basic issues, such as functions of money and motives for money demand from social, and especially from ethical viewpoints. The question may be raised: when some people get rich within a relatively short time span, whose loss is it?

Market developed as a result of the emergence of market production and the division of labour (1, p. 72). The mechanism of market represents mutual relationship between producers and consumers, resulting in the coordination of free decisions of individual subjects about production and consumption. It is characterized by the tendency to renew and restore balance in the economy. In order to understand the functioning of market economy we need to ascertain roles of individual economic subjects (firms, households, state, foreign countries). To be brief, let us briefly comment only on firms and households here. The neoclassical economic theory, which forms the foundation of modern microeconomy, defines as the company's primary goal the maximization of profit. The goal of households (consumers) is, however, to maximize the utility of goods and services. The demand of households is often defined as a ratio of 'pleasure' (the volume of goods and services) and 'cost', or financial sacrifice we need to bring in order to acquire them.

Economic theory and the training of managers, however, loses sight of an important fact, viz. that this understanding of offer and demand reflects only the economic, we may even say hedonistic, aspect of economic phenomena and processes. Market economy enables efficient allocation and utilization of resources, balance between offer and demand; at the same time, this mechanism is „socially blind“ (1, p. 79), which has recently been coupled with its another serious drawback, i.e. being ecologically ignorant. The most recent negative changes in weather testify to this tendency.

The result of negative influence of market economy (it has to be underlined that the authors fully recognize positive aspects of the phenomenon) is modern man, who divides his activities to productive and non-productive. Among the latter belong those which cannot be exchanged for money, acclaim, power and glory. Such man is only economy-oriented

who consciously or unconsciously ignores social, ecological and especially ethical aspects (4).

These facts, coupled with our study of economic theory (including the history of economic theories), with our over 30 years' experience with the teaching economics at the university and with our own experience from doing business (esp. during 1989-1996), entitle us to be convinced that in the training of managers, who will work in the period of globalized new economy, the issue of social and ethical modification of curricula should come to the forefront of attention.

Conclusion

Training of managers at the university level (for example, in faculties of management in the study programme 3.3.15 – management), besides being focused on the mastering of economic theory and praxis, should also take into consideration social, economic and ethical issues of the new economy. What is important then is offering courses of sociology, business ethics, environmental protection etc., which would lead to the improvement of the training of managers who would later take into account in their decision-making processes also other aspects than just economic ones. This could at least partly contribute to the improvement of some negative effects, such as the widening of a social gap, worsening of the environmental impact, depletion of resources and extreme individualism and consumerism.

Literature

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Management of Creation Industrial Parks in Slovakia

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Abstract

This research study deals with the importance of management of creation Industrial Parks for business, trade, regional development and economic growth in Slovakia. The preliminary part of study presents the basic characteristic, conditions, features and different models of industrial parks. The next part of the study identifies main problems of creation and shows possibilities of financing, national assistance and EU support by financing. The study describes also main regions in eastern Slovakia for creation and existence of industrial parks: Prešov region and Košice region. In the end of the study are outline main effects of creation and utilization of industrial parks for Slovakia: attraction of domestic and foreign investments, job creation, innovation support and regional development.

Key Words

Industrial parks, models of industrial parks, effects of creation of parks, factors of functioning, regional development

Introduction

The transition to market economics in Slovakia caused a restructuring of the industrial sector governed by the intentions to improve the ability to compete in the global marketplace. The previous structure of the industrial sector has been largely abandoned. Some of the former industrial zones, especially in the east of the country, remain unattractive despite robust potential due to established infrastructure. On one hand, there is an excess of construction funds. On the other hand, there is a need for new sources of investment for the creation of industrial parks as a result of the potential inflow of foreign direct investment and associated economic and social benefits. Also, Slovakia is in the process of transforming its economy into a knowledge based economy to optimally reflect the need for the utilization of all available information and communication technologies. While the transformation promises shifts in industrial production, it also requires an assessment of the role, management of creation and the effects of industrial parks on the economic development.

The new approach to management of creation of industrial parks has

a different outlook on their structure as a result of rising environmental concerns. The architecture of industrial areas became more civil and devoid of past markers of industry due to new production and construction technology and materials. The industrial park is becoming an altogether new phenomenon of production process.

Methodology

A research process of collation and categorization of information from specialized literature, WEB pages and individual statistics data has been used in the process of writing. A method of the analysis, synthesis and evaluation of potential ways of counter-acting:

- Analysis of suitability of location of industrial park based on selected criteria
- Analysis of factors that influence the choice of location
- global managerial changes, administrative actions, sufficient use of growth potential of fixed capital, optimization of production in parks, distributive innovations, re-location of main production, new cost-minimizing methods, effective creation of industrial parks, financing via European grants, EU Structural funds, other financial resources.

The research question is: What factors define the ability of industrial park to positively influence the regional development in economic, social and environmental terms?

Theoretical Basis of Research - Definition and Division of Industrial Parks

The term *industrial park* contains several principles that differ it from common industrial zones. The parks are designated by uniform conception, particular forms, greenery arrangement and choice of production units and universal care of post (stand, station). The term industrial park denotes a large complex – industrial zone – where, apart from the factories, warehouses, schools, research institutes, shopping centers, recreational zones and sports areas, we can also find a large residential zone.

Regulation framework: In Slovak Republic, act of the National Council of Slovak Republic No. 193/2001 - collection of Laws about support for the establishment of industrial parks together with a supplement to act of the National Council of Slovak Republic No. 180/1995 - collection of Laws about measures concerning the ownership of land with later addendums (later just “act”) provide guidelines governing the construction and establishment of industrial park. The current act came into effect on June 1st 2001. This act defines an industrial park as [approx. translation] *an area that concentrates an industrial activity or services of at least two business*

entities, and which is defined for industrial purpose by the township or by the nature of the pre-existing zone. Therefore, according to this act, industrial parks are created by the township.

Division of industrial parks in context of Slovakia

The access to information presents a novel strategic phenomenon in the development of new types of industrial production, sectors, and, ultimately, the industrial structure. New knowledge, technologies, information and innovation represent the basis of the economic transformation into knowledge based economy. This new economy includes selected group of new media (e.g. internet) and high and technology sectors, e.g. biotechnology, pharmaceutical research, and development of new materials and software (Balaz, 2001). Collectively, the modern industrial sectors are often denoted as TMT sector (telecommunications, media and technology sector).

Economic theories recognize certain hierarchical structure of the new industrial sectors, similar to the usual categorization of industrial production, that reflect the degree of economic development. This structure can be described as an inverted pyramid, based on the relationship between the new industrial sectors and the structure of the model of industrial activity, acquisition or transfer of knowledge. Three groups may be delineated within this model:

1. **Technopole (science-technology Pole)** – represents a supranational center for research, development, and industrial activity including institutional centers for the individual components of technopole often combined with academic institutions in the urban centers. In other words, it is broadly diversified functional structure characterized by a presence of centers of supranational monopolies.

2. **Technology park (science-production Pole)** – is a national or regional center, of integration of research and sophisticated industrial production including fragments of the typical industrial activity and services albeit aimed at the TMT sector.

3. **Industrial park (production-service Park)** – an area dominated by industrial production and services, purpose of which is well captured by classical economic theory of “large economic gains and high employment” (e.g. units with automated production with significant profits and other units with lower profits, which are, however, significantly labor-intensive).

It is reasonable to assume that due to influx of foreign direct investment, the third group will be gaining popularity to invigorate industrial activity with emphasis on regional inter-sector cooperation. In other words, we can expect the presence of individual smaller fragments sheltered by a larger foreign business subject.

The basis for appropriate delineation and functioning of a model of industrial park may comprise several **essential factors**:

- Geographic and geomorphologic conditions of the area
- Resource availability
- Anticipated structure and composition of industrial sectors
- Presence of labor with required skills
- Availability of investment
- Ownership relations
- The degree of convergence of fragments in the industrial area (centric, pyramidal or dispersed distribution of industrial fragments within the area)

Considering these factors, it is possible to devise **two models** of the park's functioning:

- **Model 1** – a centric park without any dispersion, fully roofed by the township according to National Council of Slovak Republic No. 193/2000 of laws, where the township is responsible for the park. Due to the complex situation of most townships, the possibility of township-township investment lineage is unrealistic. Because of that, new public limited companies are formed with the participation of strategic investors from the township (e.g. Dunajsky industrial park Gabčíkovo, Industrial Park Poprad etc.) .
- **Model 2** – the park is based on the modular area, with a module for each investor represented by a land provided strictly to need, where the construction of industrial buildings can begin immediately. It is a typical example of so-called development zone, where the land is dedicated *apriority* and the acquisition of modules by investors occurs over time, even several years. In the Western Europe, the average time required for all modules to be taken is approximately 5 years.

As opposed to an industrial zone, industrial park is based on the philosophy of integration of diverse functions (production, services, recreational and academic) within the area. However, the nature of industrial parks is often understood simply in economic terms, according to act National Council of Slovak Republic No. 193/2001, and the all mechanisms are simply employed to achieve an economic goal. The attempts of requalification of existing industrial zones into industrial parks using tools for area planning present a useful example. According to the law, if the land is requalified, a potential for an acquisition of state donation for legally defined objects and ownership reimbursement is created, ultimately leading to a creation of additional industrial park “in Slovak style”.

Results and Discussion

Management of creation of industrial parks – presents the possibility how to use of growth potential of fixed capital. It is a possibility turn opportunity into the successful business, to attract foreign investors for inflow of foreign investments to the region and to develop business, trade and employment in the region. Incremental inflow of foreign investments is a proof of using of growth potential of fixed capital in region Prešov.

It can be assumed, that the *main problem* of the management of creation and establishment of industrial parks and its functioning depends on three main factors:

- Location (green field, brown field.....)
- Ownership of lands and
- Sources of financing.

These main factors will define the spillover of the economic development into the region.

Possibilities of financial sources for industrial parks in the region:

- by the township
- by the township and government donation (national assistance)
- by the township and a strategic foreign investor
- by the government and strategic foreign investor
- by the township and a developer company
- with financing from EU funds

Possibilities of the effects of creation of industrial parks on the regional development can be used:

- Assessment of the effects via economic indicators (to be continued in next research)
- The effect on development of infrastructure: roads, highways, sewage, electricity (power), gas
- Maintenance of environment, rise in employment, increases in income of population, economic growth
- The effect of the industrial park on the need and the rate of creation of accessory (secondary) factories (corporate entities) in the area
- The effect on international cooperation and integration etc.

Industrial parks (IP) in the eastern Slovakia from the aspect of advantages and use present table 1 and table 2.

Table 1 Creation of industrial parks (IP) in region Prešov

Name of IP	District City	Area	Location	Ownership	Founder
IP Humenné	Humenné	64 ha	S-W part	Chemes, a.s.	Chemes, a.s.
IP Prešov-Záborské	Prešov	26 ha	Green field	Private	IPZ -Prešov
IP Kežmarok	Kežmarok	10 ha	Green field	Private	Over town
IP Poprad	Poprad	23 ha	Green field	Person of law	The City
IP Bardejov-Ost	Bard. Nová Ves	62 ha	Green field	Private	The City
IP Vranov -Feroovo	Čemerné	18 ha	Green field	Private	The city

Source: researched by <http://www.sario.sk>

The biggest industrial park for using in region Prešov: Chemes Humenné, Name of the park: *Industrial zone Chemes*

Use: possibility to set up energy -consuming productions, construction of new facilities, machinery

Advantages: available power supply, available land or premises for industrial use, presence of foreign capital form Germany, France, and Denmark, highly qualified labour force – especially infields of chemistry, machinery and energy. More than 60 companies are in industrial park, companies existing nearby park: TYTEX Slovakia, Twista Slovakia, Strojárne Chemes, Nylstar Slovakia, Rhodia Industrial Yarns.

The important Industrial park Prešov – Záborské, Use: industrial area for light industries and machinery, **Advantages:** qualified and non-expensive labour force, settled land ownership, natural resources in surrounding, there are customs warehouses, banks, project companies and other companies providing services in the park.

Table 2 Creation of industrial parks (IP) in region Košice

Name of IP	District City	Area	Location	Ownership	Founder
IP Kechnec	Košice-Kechnec	80 ha	18 km from Košice	Private land owners	The city Kechnec
IP Strážske	Michalovce	40 ha	Strážske	Chemko, Strážske	hemko, Strážske
IP Michalovce	Michalovce	17,6 ha	Brown field	Person of law	The town
IP Trebišov	Košice	10 ha	Brown field	Person of law	The town

Source: researched by <http://www.sario.sk>

The biggest industrial park in region Košice: *Industrial park Kechnec, Use:* industrial area for machinery, construction and automotive industry,

Advantages: possibility of immediate beginning of construction work, qualified and non-expensive labour force. Companies existing nearby the park: Molex Slovakia, Gilbos, Swep, Kuenz, Getrag – Ford, V.O.D.S., DORSVET, US STEEL Košice.

Industrial Park supervision is guaranteed by an economic subject or company who offers to park residing entrepreneur's clusters of services (accounting, marketing, financial and loan assistance, investments, development and legal advisory services etc.)

Conclusion

The main conclusions of management of creation of industrial parks can be drawn from the study:

- Three main factors, significant for the management of creation and establishment of industrial parks and its functioning are: location, ownership of lands and sources of financing. These factors have positively influence the regional development.

The basic conclusions of management of creation of industrial parks drawn from the study and named these effects:

- Location defines both the creation and functioning of the industrial park.
- Sources of finances and economic return in relation to the costs of establishing and running the industrial park affect both the creation and function of the industrial park.
- Appropriate location and source of financing do have a direct positive effect not only on the functioning of the industrial park, but also on the ability of the industrial park to promote regional development, job creation, and innovation support.
- Creating favorable conditions for development of small and medium enterprises, while applying modern technologies in production and concentrating at production of high – tech products
- Development of local scientific research activities at universities and assistance with their result application in business, production process and economic practice
- Increasing of innovation support and support export growth
- Opportunities of value creation on the park premises.

Trends: Since the creation of the industrial park represents a long term investment within the region. Various methods for assessment of the investment soundness can be used to evaluate the value of investments and new jobs into the creation of the industrial park. These methods can describe and ought to provide suitable tools to probe the nature of the investments into the management of creation of the industrial parks in order to increase the interest of foreign investors from aspect of advantages in region Košice and Prešov.

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Collaboration in Logistics Outsourcing Relations

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Abstract

Based on the meaningful impact of outsourcing on present business processes proved by the rising value of outsourced logistics functions, the paper presents types of relations between outsourcing partners as well as areas and stages of collaboration: engagement, improvement and communication. The Author also identifies the problem areas and the remedies for them.

Key Words

outsourcing, relations, third-party

Introduction

*"If there is something we cannot do more efficiently, more inexpensively and better than our competitors, so there is no sense we do it. We should employ somebody for executing this work who will do it better"*¹. With such an assertion Henry Ford characterized very appositely phenomenon which is specified today with name of outsourcing. He didn't foresee at the same time probably that the assertion just even often unwittingly is a base for today's entrepreneurs' wondering reflections above applying outsourcing to one's companies.

Outsourcing describes the deliberate movement of a series of connected business processes to a which manages them on behalf of the company. The classic processes were IT, warehousing and distribution, facilities management, and payroll – and to these can now be added call centers, manufacturing, web development, home shopping, credit cards, and even merchandising and design. In these movements the commercial risk and assets are usually passed to the outsourcing company.²

No doubt that outsourcing has become big business. From early beginnings in the mid- to late 1970s, many companies have traveled the outsourcing road, and as technology and accessibility to shared electronic

¹ Michałek M.: Nie tylko koszty, czyli co trzeba wziąć pod uwagę przy podejmowaniu decyzji o outsourcingu, [in:] *Gospodarka Materialowa i Logistyka* no. 11/2005

² Waters D.(ed.): *Global logistics. New Directions in Supply Chain Management*. Kogan Page, London and Philadelphia 2007

data have increased so has the range of services offered by outsourcing companies.³

The global logistics market has an estimated value of 972 billion US dollars⁴. The Asia Pacific market was the largest with the share of 412 billion USD spent on logistics. Europe, Middle East and Africa regions spent about 290 billion USD, while Americas accounts for the balance of 270 billion USD.

It is estimated that 265 billion USD (27%) was spent for outsourced logistics activities. Western European firms are more likely to outsource logistics and supply chain activity. Capgemini study⁵ showed that Western European businesses spent 61% of their logistics spend on their third-party provider services against 44% in North America and 49% in Asia Pacific.

Globalization and increase in world trade has made the fast growth in the outsourcing market. As more products are sourced across borders, the complexity of the supply chain increases, driving many companies to outsource to third-party providers. This is particularly true as companies move manufacturing and operations to regions such as Asia, Eastern Europe or South America, where they seek to mitigate risk by outsourcing their logistics and supply chain operations.

Reasons for Logistics Outsourcing

In a general review of the literature on the outsourcing of services, Maltz observes that general management papers tend to emphasize the potential cost savings, whereas those written by purchasing and marketing specialists attach equal importance to cost and service benefits⁶. Much of the specialist logistics research has identified the demand for higher service standards as the main motive for outsourcing. This, for example, is the conclusion reached by LaLonde and Maltz in a study of the outsourcing of warehousing in the US⁷

In general the reasons for outsourcing can be structured into five groups:

Financial reasons for outsourcing. Companies have to declare in their statutory accounts – and to many stock exchanges – the value of assets

³ ibidem.

⁴ Transport Intelligence 2006. *Global Supply Chain Intelligence Portal*. www.transportintelligence.com

⁵ Capgemini and Langley C.: *Logistics Outsourcing is an Important Driver of Topline Growth and Corporate Strategy, According to New Global Study*. FedEx, Philadelphia 2004

⁶ Maltz, A.B. 'The Relative Importance of Cost and Quality in the Outsourcing of Warehousing' *Journal of Business Logistics*, 15, 2, 45-61, 1994.

⁷ LaLonde, B. and Maltz, A.B. 'Some Propositions about Outsourcing the Logistics Function' *International Journal of Logistics Management*, 3, 1, 1-11, 1992.

leased and the methodology used by their businesses to access their markets, but it is still the case that some companies have limited access to investment funds and see the need to leave the raising of cash to their outsourcing partners. Sometimes the outsourcing provider can borrow at a better rate than the company since the provider's operation has a lower risk through better focus; sometimes the additional borrowing costs are worth the flexibility.

Technology. Technology half-lives have fallen dramatically over the last 20 years, and the predictions are that they will fall faster still. Competitive edge comes from the rapid integration of new technologies into the company.

Resource management. One facet of the management of a company never changes: managers forecast resource requirements – and the forecasts are never right. Their allowance for risk and resource investment is, therefore, either too high or too low. By focusing on core resource business areas you can probably match investment and requirements more closely than in other business areas. Then in periphery areas either you have to apply the same focus as to the core areas to manage your resources, or you will not optimize those areas. Given that many of these areas are likely not to use your core skills, the likelihood of optimizing them and achieving good service levels and costs is lower than outsourcing to a specialist. Furthermore, the outsourcing company can act as an independent manager for your resources should you wish, to pool your resources with others and spread the fixed costs.

Management skills. The point has been made that businesses are better to concentrate their management and training skills in those areas in which they can make a real difference – or they should find partners to help them.

Firm owns the vision and strategy that are part of the management and entrepreneurial skills it needs to run a successful business. Maximizing your selling and procurement skills, ensuring you have the right products and services to sell to your clients, and ensuring pricing provides the cash return you need for investment and paying for services bought should be the management skills you provide. However if outsourcing is the answer, then there are important new skills to develop, namely the skills of choosing your partners and managing them.

Personal. It is rare for managers to have totally altruistic motives when deciding to insource (take back an outsourcing contract) or to outsource a series of business processes. Unless there are clear strategic reasons for a change to be made, bringing back processes can often be to enlarge their role, just as pushing for outsourcing can be to ensure a job move. In the

past, strange decisions have been made. For example, a major retailer started to backload goods that were delivered by manufacturers to reduce costs by raising the utilization of its fleet.

The Outsourcing Risks

Whilst manufacturing costs have undoubtedly fallen because of globalization increase, not all commodity costs have fallen as well – and shipping costs, for example, have risen as the laws of supply and demand have remained true. It should be noted that the new extended supply chain hides a number of potential risks that, if not properly accounted for, could have a severe effect on profits. Boards need to have identified and evaluated the costs of these risks in order to judge the real business case for overseas sourcing.

Supply chain risks. These arise through the new geography that is a backdrop to the outsourcing arrangements. Many of the problems are the same as in the original supply chain, but the risk of not resolving the issues increases with distance and the language and culture divide. Good examples are problems with quality, specifying exactly what company wants after the first proofing runs, and tying the supplier into business. The company now has lower costs because it has agreed a single long-run production slot with its supplier – but the slot is usually not very flexible. Thus changes to quantity and timing are much harder to arrange. Under order stock and ask for a smaller, more expensive additional run to be slotted into the production schedule, and company may have to have products sent by airfreight for them to be on the shop floor in time for the sales period. Realizing this additional cost, may feel forced deliberately to over-order stock at the start. Many retailers now have higher stocks than they used to have – and this requires larger warehouses and results in lower warehouse productivity. Then the sales forecasts are not met, and clearing unnecessary stock through the sales channel generally requires heavy discounting – which means a reduction in profits.

Management risks. The longer the supply chain, the greater the number of nodes, the greater management time that is required to achieve a smooth result. This resource will be more than the company currently has, and even if functions are outsourced there will be the need to coordinate the outsourcing partnerships. The greatest concern in this area for most retailers is quality. It can be difficult to oversee the accreditation and auditing of suppliers and manage proofing runs over a long distance. Once product is agreed, production schedules have to be monitored – and this requires time, personnel and particular skill sets. Outsourcing requires regular contact between the various parties to make it work. The question to bear in mind

is: has the cost of the additional merchandising and quality management been taken into account?

Outsourcing is not about abdication: company still need to control the strategy, and company need to spend time integrating the outsourced service. The more central the activity is to the heart of the company, the more time that is required to really ensure the outsourced operation is integrated. How the organizations are linked is one of the keys to the success of outsourcing.

The other management risks are that company did not define what the strategic changes that is looking for, and may not have shared them with the prospective partner. Company may not have decided how success and failure will be judged and therefore have not decided whether any form of gain share is appropriate to the contract. Another risk that needs to be dealt with is the risk of poor internal communication about the potential to outsource and once the contract is implemented communicating the successes.

Financial risks. Suppliers like hard currency, Euro or US dollar, and thus a significant proportion of company costs will be exposed to the fluctuations of that currency. Firms are forced to try to reduce the purchase price, which may result in reduced product quality and greater finishing costs.

It is possible to hedge the Euro or dollar by buying in advance, of course, but there is a cost to these transactions. Shipping costs increase markedly as routes become more popular, resulting in a reduction of profit margins. If the price of oil increases, so will the shipping surcharges.

Political risks. These are very hard to assess but some examples include EU trade quotas, instability in some countries, and suppliers having very different working conditions to those in European plants. These risks can directly affect the ability to trade, and can become consumer relations issues that affect particular brand.

Risk analysis. The risk analysis required is a detailed review of each step in the extended supply chain, starting with ranging and supplier selection and following the course of the product and information flows through the supply chain. At each stage the possible failures (the risks) to the process need to be understood and assessed.

Relationship between outsourcing partners

The 3pl/customer relationship is one where “partnership” can provide the basis for the business relationship and outsourcing success. The confirmation of this can be words of J. Rodriguez: *“If you understand the customer’s business model, the markets and geographies it wants to penetrate, the verticals it wants to target, its different manufacturing*

options and so on, you can continue to find low-hanging fruit. But if your relationship is just as a vendor of logistics services, you hit a brick wall."⁸

Continuing, partnership has to be on both fronts. The customer has to allow the service provider to become an intricate part of its business and look beyond the service it currently is providing. Good partnerships share joint development, benefits and common strategic vision.

Collaboration with high degree of trust is next step of engagement in relation between outsourcing partners. J. Grubic⁹ writes that the degree of trust in a relationship determines the level of flexibility a customer will allow the 3PL in operating the best of its capability. He also argues that this flexibility is necessary to deliver best-in-class process and solutions and in turn achieve the required performance and cost objectives. Good collaboration will support business change and challenges, allowing both parties to review continually the current state against the vision and to agree actions to be taken to stay on course.

Sometimes outsourcing partners went to a business trap when thinking that all problems with logistics and supply chain processes have gone away to the 3PL. In fact some problems may now be a responsibility of the 3PL, others still remain firmly the responsibility of customers, and moreover there are some new issues to do how to manage the relationship.

Outsourcing will not work unless the customer stays deeply involved.¹⁰ It is really important that customers stay involved but they should focus on managing the 3PLs on strategic level, not to be involved in every decision taken by the 3PL. However, a good customer will want to collaborate around those activities that directly impact on service and where is a touch-point with their business.

We can point on following stages of collaboration between outsourcing partners:

Engagement where IT system integration, account management and implants are most important. Part of the engagement between 3PL and its customer is the way of data interchange. It is extremely important to tightly integrate the 3PL system with the client's ERP system. High level of integration allows for fast flow of high volume data. The process is extremely reliable, with leading integration platforms having audit techniques that can signal an alert if message leave one system but are not received or

⁸ Murphy J.V.: Finding value In mature outsourcing relationships, *Global Logistics and Supply Chain Strategies*, June 2005

⁹ Grubic J.: Leveraging logistics outsourcing relationships. <http://logistics.about.com/library/uc040303a.htm>

¹⁰ Bowman R. J.: In managing outsourced relationships, there are no simple solution. *Global Logistics and Supply Chain Strategies*, July 2006

processed in the other. The 3PL providers have also seen the opportunity for embedding implants into their customers operation for some time now. There is no better way to meet the customer requirement and understand its aims than to provide an implant working side by side in a planning or other supply chain role. Account management is also important, because of it can help in the retention of customers, lead to more business with clients, potentially leading to improved profits for the 3PL and customers as well. By helping the customer to improve its operations, costs or sales, the 3PL is adding value.

In *continuous improvement* stage, we can point on the sector expertise, process improvement and innovation as a main elements. One of the factors that 3PL offers their customers is expertise in the industry sector concerned. This provides the opportunity to help clients understand industry best practices and to provide benchmarking data. Moreover, many times 3PLs provide customers ideas they had learned in other industries. The continuous improvement contains also process improvement. Resulting in cost and service benefits. Also, it is clear that innovation brought from 3PLs can be an element of outsourcing collaboration influencing on whole supply chain market position. Innovations such as RFID, picking by voice are the sort of solutions that customers are looking for to enhance their operations.

At last, *communication* should be pointed as a key ingredient for ensuing a good relationship between provider and customer. Communication is the responsibility of both parties in the relationship, and to ensure good level of communication they both need to provide channels for this to happen. Regular meetings provide a forum to discuss business changes and its impact on needs and priorities, it is also the best time to understand customer vision.

Summary

To achieve a success in outsourcing relationships the customer expectation should be properly aligned with the 3PL business model and relationships structure. The customer expectations focuses mainly on: superior service and execution, trust, openness and information sharing, solution innovation, ongoing executive level support. The Capgemini study¹¹ showed that, although relations between outsourcing partners are satisfactory, there is still much to be done and that both parties desire a more collaborative and strategic relationship. One of the reason this has not happened is that customers see the issue as the 3PLs' responsibility,

¹¹ Langley J., and Capgemini: *2005 Third-Party Logistics, Results and Findings of the 10 Annual Study*, Capgemini 2005

and vice versa. In truth of course it takes two parties to really work hard to make any form of relationship work.

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Business Analyst Manages Projects – Tools

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Abstract

A growing number of companies are opting to perform increasing types of professional services in foreign countries, creating, for some companies, unprecedented opportunities to reduce costs and nucleate strategic relationships, while, for others, representing a major threat to current prosperity. Investment fund, Outsourcing and Offshoring of Professional Services: Business Optimization in a Global Economy discusses the considerations and implications surrounding the outsourcing and offshoring of professional services, such as software development computer-aided design, and healthcare, from multiple global perspectives.

In many cases, technology does more than make communication better - it makes it possible¹. Take, for instance, a global project to implement a large software package company-wide, such as an enterprise resource planning system, better known as ERP. The average monthly budget for such a project exceeds \$1.2 million and involves, over time, up to 60 team members around the world.

1. Project Management (PM)

Project management from level CEO seeking an individual to help define the tools that drive the financial service **nonprofit or for-profit organizations**. Confluence is the financial service industry's leading provider of marketing and regulatory reporting software and services. A business analyst manages projects focusing on market analysis, new product development, strategic direction, and internal training (see Bagci E., Aykul S. (2006), *A Study of Taguchi Optimization Method for Identifying Optimum Surface Roughness in CNC Face Milling of Cobalt Based Alloy*. International Journal of Advance Manufacturing Technology, vol 29, pp. 940-947). This individual must possess a unique blend of business savvy, attention-to-detail and leadership abilities (see **EU project, Government & Public Sectors**).

¹ Dominic M. Thomas, *How to Prevent Technology from Impeding Communication and Wrecking Your Virtual Project*, Knowledge@Emory. Published: February 8, 2006.

The Challenge - A business analyst is the leader of his or her projects (*New Economy Indicator*). The business analyst is responsible for every aspect of the project and works closely with the product manager who is ultimately responsible for the product. The business analyst the leader of a cross-functional team and will interact regularly with software engineering and software quality assurance, as well as senior management. A business analyst is responsible for the development projects of our software products (see Abramowicz W. (2000), *Reengineering the Corporation. A Manifesto for a Business Revolution in the Emerging Market Countries*, (ed.) H.Thoma, H.C. Mayer, A. Erkollar, Zurich, pp. 51-67).

Responsibilities (innovation and new frontiers in PM²):

1. Listen and observe what is going on in the market. Perform in depth **market analysis** by researching the market of an identified opportunity to determine the details of the market problem - **New Economy Indicator**. Assesses the existing competition and technology and ultimately validates our distinctive competence using product management tools to create detailed requirements as a result of the market analysis (see Berry S. (1996), *Teleworking Today*, Computing & Control Engineering Journal, February, pp. 23-29).
2. Plan solutions that will be built by development to solve the market problems. Follow the **product plan** and product contract (or product innovation charter (PIC)) to create the market requirements or the specification. Work with the product manager and development to realistically differentiate the product and to ensure the positioning is preserved. Determine release milestones and write detailed requirements that guide development through production³.
3. Support client service with market and product expertise. Perform **client service support** by creating and training all internal staff including technical support, relationship managers and professional service consultants.

Required Skills – Information and Communication Technologies - ICT (tab. 1):

1. Ability to lead a cross functional team to ensure achievement of strategic objectives.
2. High creativity with the ability to define and solve problems using strategic, quantitative and abstract abilities with a tolerance for ambiguity.

² International Project Management Association (www.ipma.com).

³ Jennings N.R., Wooldrige M. (1998), *Applying Agent Technology*, [in:] Agent Technology. Foundation, Applications and Markets, (ed.) N.R. Jennings, M. Wooldrige, Berlin, pp. 234-278.

3. Ability to learn independently and work with a high degree of autonomy.
4. Attention to detail and thoroughness with sound planning and project management skills.
5. Excellent written and verbal communication and presentation skills (*Kompatibilita regionálnej stratégie a stratégií podnikateľských subjektov regiónu* / Ladislav Sojka, Andrea Kmecová. In: Analytický pohľad na základné súvislosti z výzvy regionálneho rozvoja v slovenských podmienkach [elektronický zdroj] : (zborník vedeckých štúdií z výskumného grantu VEGA č. 1/1406/04) / Róbert Štefko. - Prešov : Prešovská univerzita, 2005.).

Table 1. The business analyst - skills

Number	Business analyst – name skills
1	Ability to lead a cross functional team to ensure achievement of strategic objectives
2	High creativity with the ability to define and solve problems using strategic, quantitative and abstract abilities with a tolerance for ambiguity
3	Ability to learn independently and work with a high degree of autonomy
4	Attention to detail and thoroughness with sound planning and project management skills
5	Excellent written and verbal communication and presentation skills

Source: Own elaborate

C. Rand say back in the old days, life was quite a bit tougher; hence, people worked harder⁴. They trained hard, were a motivated bunch (for pretty obvious reasons), showed up for work promptly, and probably never questioned their vision statement. Of course, the job had a few perks, like being able to call their boss a butcher (*lanista*) to his face, and enjoying the pre-match feast that was to die for (see Tej J. (2007), *Správa a manažment*. Prešov). Then, there was always that chance, infinitesimal as it may seem, that a handsome and successful gladiator would land a sumptuous movie deal with Hollywood-hey, it worked for that Australian guy, didn't it? Nevertheless, the pay was nonexistent, the hours long (24 hours a day, with no weekends off), and the quality (and length) of their lives were very dependent on the whim of the audience members, who always seemed eager for the sight of blood (today, we might call them "stakeholders"). Furthermore, gladiators had no pay-for-performance program. In fact, their ultimate reward was to be given the *rudis*, a sword made of wood!

⁴ Sam Sheikh, *How to Create Meaningful KPIs? Ask a Gladiator!*, 2005, sams@bettermanagement.com.

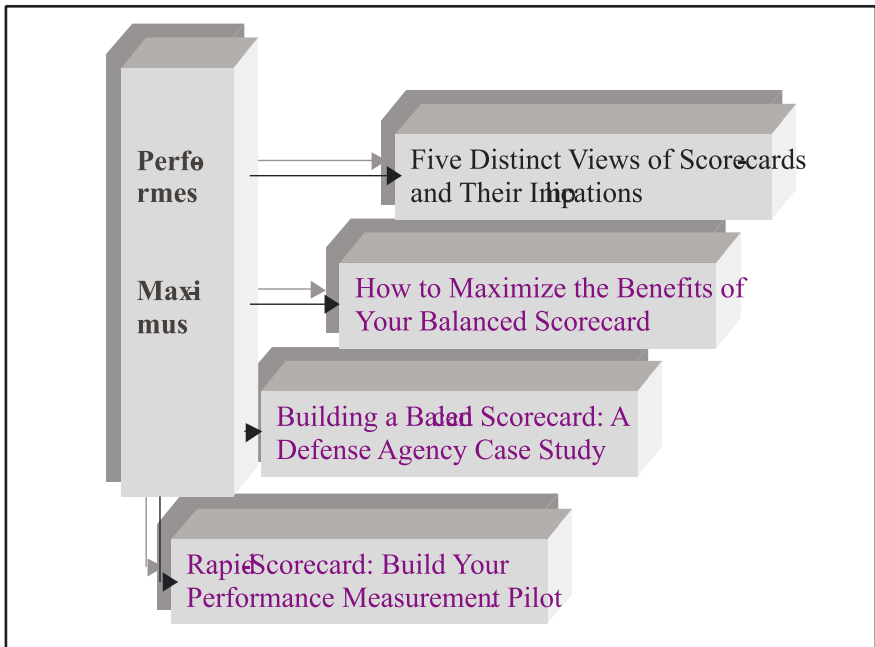


Figure 1. Performance management resources

Source: Own elaborate and Sam Sheikh , *How to Create Meaningful KPIs? Ask a Gladiator!*, 2005.

They weren't even given the obligatory wristwatch upon retirement. Still, one can envy them for having very simple performance objectives. Their vision statement would typically be something like "I make money for my *lanista* by winning gladiator matches." Their strategy typically was to increase their survivability - hence, their ability to make money for their *lanista* in the long term by gradually building their share of the purse. They accomplished this by improving their physical and martial skills⁵. Their personal uber KPI was simply their win-loss record; if the total win-loss record of the gladiatorial school dipped, current and future revenues dipped. Any downward movement would quickly be halted by corrective measures such as increased training in relevant areas, the use of healthier foods, or even an increase in time allotted to rest. It was in the best interests of the gladiator to avoid involuntary and untimely termination of service, and in the best interests of the *lanista* to ensure his gladiators were trained, well-equipped, knowledgeable and motivated. Sounds hauntingly familiar, doesn't it?

⁵ Tej J. (2007), *Správa a manažment*. Prešov, pp. 145-151.

Team Raab says organizations today would kill (figuratively, of course) to have such a clear vision, strategy, and KPI. The CEO answers to stakeholders, who, on a very regular basis, want to know how the organization is doing, and are ever ready to point thumbs up or down. However, the considerable pressures to perform and deliver while building a robust and long-term performance management system often cause the management team to seize upon KPIs (*New Economy Indicator*) that are poorly selected or poorly linked to the strategy. Indeed, performance measurement expert David Parmenter says⁶. “From my research, very few organizations really monitor their true KPIs.” Why? “Because very few organizations, business leaders, writers, accountants and consultant have explored what a KPI actually is”. To put into place any performance improvement program requires a stringent audit: how have we done in the past; at what level would we like to be; what activities do we need to perform in order to reach that level. Of course, if workers are running around basing their activities on measures that are irrelevant, the entire costly and time-consuming exercise would have been for naught. Avoid these pitfalls. Read Mr. Parmenter’s *The New Thinking on KPIs: Why You May Be Working with the Wrong Measures* to understand how to do it right the first time. You’ll then be able to put into place a performance management program that will have your colleagues and yes, even your stakeholders, cheering for you. Who knows, the Emperor may even bestow upon you the coveted title *Performes Maximus*. You might even walk away with a crown of laurel, which is a lot more useful than a wooden sword. For other performance management resources of interest, read, review or attend (fig. 1):

- Five Distinct Views of Scorecards - and Their Implications;
- How to Maximize the Benefits of Your Balanced Scorecard;
- Building a Balanced Scorecard: A Defense Agency Case Study;
- Rapid-Scorecard: Build Your Performance Measurement Pilot.

2. How to Prevent Technology from Impeding Communication and Wrecking Organizational Virtual Project (report)

In many cases, technology does more than make communication better - it makes it possible⁷. Take, for instance, a global project to implement a large software package company-wide, such as an enterprise resource planning system, better known as ERP. The average monthly budget for

⁶ See *Definície indikátorov - Životné prostredie (EN)*. Global Reporting Initiative’s, 2008, pp. 6-9

⁷ Dominic M. Thomas, *How to Prevent Technology from Impeding Communication and Wrecking Your Virtual Project*, Knowledge@Emory. Published: February 8, 2006.

such a project exceeds \$1.2 million and involves, over time, up to 60 team members around the world (see Quinn J.B. (2001), *Intelligent Enterprise: A Knowledge and Service Based Paradigm for Industry*, New York, pp. 341-356). These days, communication tools as simple as email and as complex as collaborative integrated development environments support such large-scale projects without team members ever needing to board an airplane. Technology is truly a wonder - but it can also be an impediment, tripping up the most seamless of projects with all-too-often unanticipated collaboration breakdowns⁸. When that happens, Dominic M. Thomas wants team leaders and project managers to be ready to take actions to enable their teams' more effective use of information and communication technologies or ICTs. Thomas, a visiting assistant professor of decision and information analysis at Emory University's Goizueta Business School, along with co-authors Robert P. Bostrom and Marianne Gouge, is helping managers and team leaders understand how to better use technology communication in a virtual team in his paper ***Making Knowledge Work Successful in Virtual Teams via Technology Facilitation***. The study addresses the need for specific, efficient intervention techniques for resurrecting interaction when it fails by isolating how virtual team leaders in the Information Systems industry are getting their teams to effectively use ICTs through technology facilitation during team interaction (see Scheer A.W. (2000), *Business Process Consulting in the Age of E-Business*. IBCS, Warszawa, pp. 291-311). These ICTs include everything from fax, email and instant messaging, to knowledge portals and more sophisticated virtual meeting tools. "A lot of these big projects fail and I wanted to know why," explains Thomas, who became interested in how technology can help with international development and with business efficiency while in his PhD program. "Some of the indicators are that the teams are unable to work together; they're unable to solve small problems and those small problems lead to all kinds of consequences, sometimes even the collapse of a project. I wanted to find out in an active sense some of the things leaders can do in the middle of a project to make things go right" (see Piatkowski M. (2004), *The Impact of ICT on Growth in Transition Economies*. TIGER Working Paper Series, no 59, Warsaw, pp. 1-20).

D. A. Thomas speak, his team set out to capture the moments of interaction breakdown and what was done to fix them in order to analyze their elements and isolate the specific interventions that leaders were

⁸ See *Rola angažovanosti zamestnancov v znalostnej ekonomike* / Ladislav Sojka. In: *Znalostné determinanty regionálneho rozvoja : súbor vedeckých štúdií projektu VEGA č. 1/4638/07 a Centra excelentnosti výskumu kognícií - CEVKOG* / Róbert Štefko (ed.). - Prešov : Fakulta manažmentu PU, 2007.

making. They conducted interviews with 13 practicing virtual team leaders or project managers with experience in more than 20 organizations. “Intentionally, I wanted them to be some of the best project managers,” notes Thomas, who checked references and resumes of his interviewees. “Then I structured two-hour interviews using critical incident technique, which guides them through a process of recall focusing on when breakdowns or improvement efforts were undertaken during projects - when the leader took action to improve team interaction.” Those interviewed also had to clearly indicate outcomes that resulted from the technology facilitation and how they resulted from the actions the leaders took. While Thomas did find some cases of projects that did not have collaboration breakdown; most of them did experience a breakdown. In fact, interviewees reported numerous work stoppages resulting from technology use problems. “Most of the time it was only when problems occurred that the leaders were doing something to improve interaction and involve the technology of communication,” he says. Thomas and his colleagues collected data on 52 incidents of technology facilitation in 30 projects.

In one case, writes Thomas, a leader came into an ailing project involving multiple organizations, including some offshore. The new leader spent time assessing the situation, identifying the following change triggers: tool inadequacies (too much reliance on email), information visibility problems (shared task information could not be accessed easily), internal group structure problems (dispersion and team size made email unworkable as the main information sharing device), and cooperation problems (private communications between members that should have been shared and differing views on task information led to conflicts). His foremost technology change was blocking the use of the project management tool and centralizing all of the task information in an Excel spreadsheet and placing that spreadsheet in a shared team space where all members could view it any time and update their portions. Thomas notes that the findings of his research on virtual teams fall into several categories. First and foremost, he says, businesses need to consider how they integrate communication technologies. They should develop a tool kit of technologies that fit their project needs. “Those tool kits should be flexible so that when new partners come into a project, they can be easily integrated,” suggests CASE and Thomas. “If you don’t have this, it becomes a waste of time and a problem that can actually lead to break downs in trust and relationships that stop work all together, even over e-mail and over the phone. These most comfortable technologies can become troublesome because people have different perceptions of them. Delineating the tool kit and explaining how it’s going to be used helps, especially when different

cultures are involved.” In his research, for example, Thomas came across members of the same team who had very different perceptions of the role that e-mail should play in their project - one saw it strictly as file transfer and another saw it as a means of chatting⁹. E. Šúbertová also underscores the need for a virtual water cooler in large technology-driven projects. “People want to chat. They want to get to know the people they work with to some degree. They need that outlet,” observes Šúbertová. “Tools like instant messaging in particular were used by some of these leaders very effectively as a virtual water cooler. This can help a lot with trust in interpersonal relationships¹⁰. That problem trumped all others. When trust in relationships breaks down, it can short circuit the work across all contexts.” It is also crucial, notes Šúbertová, for virtual team leaders to recognize the importance of team knowledge. A group of team members may not know enough about how to use the document versioning tool, for example. “Leaders need to be aware that there needs to be a way to train people,” (Šúbertová E., *Malé a stredné podniky a integrácia cooperatives Europe*. Podnikanie a konkurencieschopnosť firiem. Bratislava, 2008). „If you have this tool kit of technologies, how do you bring new team members into it? One team leader ran an intro to the project in a program that captures audio and slides. Whenever someone new came into the project, he or she would view the intro and quickly get up to speed.” Overall, says Thomas, virtual team leaders need to set a framework for ongoing communication improvement and be prepared for what is often an inevitable collaboration breakdown (Lean Management).

„With virtual projects (*New Economy Indicator*), you have more volatility and you don't have enough time to get to know people¹¹. You have more groups coming and going frequently,” explains Thomas. “As a result, breakdowns happen. In the virtual world some preparation will help keep that from happening and it will help address it more effectively when it occurs so that the loss of productivity doesn't last as long and cause the project to fail”. Project managers, through proper training, need to learn to recognize the triggers, shift their focus to improving team interaction, and effectively take action, in order to maximize team productivity. Thomas has already tackled several similar research projects, including his paper

⁹ Jennings N.R., Wooldrige M. (1998), *Applying Agent Technology*, [in:] Agent Technology. Foundation, Applications and Markets, (ed.) N.R. Jennings, M. Wooldrige, Berlin, pp. 78-121.

¹⁰ Jenner, Lisa, (1994), *Are You Ready For The Virtual Workplace?* HR Focus, vol 71, July, pp. 56-76.

¹¹ Jennings N.R., Faratin P., Johnson M.J., Norman T., O'Brien P., Wiegand M.E. (1996), *Agend-based Business Process Management*, International Journal of Cooperative Information Systems, no 5, p. 23.

Exploiting and Developing the Shared Mental Model of Information and Communication Technology in Virtual Teams. “There is a theory out there that says in order to get effective group work, you have to have a shared model of what you’re doing,” explains Thomas. “The first model you’ve got to have is the equipment or technology model. If you don’t understand that, then the team and task models are worthless”. Research Foundation **CASE¹² (Center for Social and Economic)** speak, stay tuned to Knowledge@Emory for more on information and communication technology as Thomas works to demystify teamwork in the virtual realm (see Bagci E., Aykul S. (2006), *A Study of Taguchi Optimization Method for Identifying Optimum Surface Roughness in CNC Face Milling of Cobalt Based Alloy*. International Journal of Advance Manufacturing Technology, vol 29, pp. 940-947).

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¹² See Małgorzata Jakubiak, Wojciech Paczyński, Łukasz Rawdanowicz, *Global Economy*, 2003, no 2, pp. 5-20.

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Hospital Logistics as a Way of Increasing the Quality and Availability of Health Care

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Abstract

Tertiary management includes broad range of organizations and firms they offer different services and operations. Health care institutions are ranked among them and they offer to population health services. Article is about public health as a subject providing services and about factors affecting “customer’s” satisfaction concerning quality of provided services.

Key Words

tertiary sphere, public health, health care institution, health services, logistics

Introduction

In last few years the Slovak hospitals have begun to resemble usual business more - with it’s financing and managing structure. The frontier between State and private clinics is wearing off. This phenomenon is consequence of market economy. That’s why State clinics and health care institutions have to fight for each patient as other subjects in economy do. This puts a big stress on the effectiveness of control and management of these institutions and on the quality and availability too.

Hospital Logistics

Insufficient elasticity, ossified structures and out-of-date hierarchy still prevail in European hospitals. Officials in charge are open to progress and are gradually learning about the neccessity to adopt the concepts of economy. Besides economic and doctor issues, the field of logistics belongs to it as well. That’s why new market arises for those corporations that provide logistical services. Hospital logistics is an example of untraditionally

logistician application. There is a lot of decisions where and how to realize logistics in a hospital environment.

Hospital logistics deals with optimalization of these three spheres:

- a) flow to healthcare institution
- b) flow within healthcare institution
- c) flow from healthcare institution

There is also the flow of patients, food, clothes, personal protective job tools, medical supplies and pharmaceuticals, expendable supplies, information, waste – downward logistics.

Effects from the most modern technology implementation used in hospital logistics are indubitable. It's necessary to realise the economic impact of the primary investments that their implementation requires. It's concerned about big financial resources that most of Central-European medical institutions don't keep at their disposal. In the USA, Japan, Canada, where the public health care has completely different standard in comparison with our health care, they have already understood that the implementation of logistical principle and system brings the profit.

Contribution of Logistics Applications in Hospital

Decrease in cost emerges from these factors¹:

- Passing the responsibility for store and supplies on business service;
- Staff cut-back;
- Optimized planning of putting staff;
- Advanced discounts at pandering;
- Alternate packing equipment and materials;
- Problem with removal waste becomes extinct;
- Optimize products usage (expiry date);
- Responsibility for transport and optimalization possibility in pandering;

The improvement of quality emerges from these effects:

- Process realignment;
- Place contact control (bar code, Radio-frequency identification);
- Order process consolidation;
- Installation of the active by computer controlled information net;
- Staff release

¹ (kbt) K nemocniční logistice. Logistika, 2000, roč. VII, č. 9, str. 45

Trends in Logistical Technology Applied in Hospital Logistics

We can achieve the contributions mentioned above thanks to new technology, for example, RFID chips, mobile applications, integrate voted and dated system for hospitals, IP calling, patient monitoring, telemedicine, eHealth and more. The following paragraphs deal with RFID and Telemedicine trends in detail.

Radio-frequency identification (**RFID**) is an automatic identification method, relying on storing and remotely retrieving data using devices called RFID tags or transponders.

RFID technology has wide application in such specific environs as the healthcare institutions are. We will present in more details some practical uses mentioned below

- Patient identification and movement
- Circulation logistics of loading and personal dress
- Monitoring utilize of medical equipments
- Monitoring patient movement after constitution (waiting time, source planning etc.)
- Medical record evidence
- Equipment evidence/inventory control
- Sample marking
- Medicaments marking

RFID and bar code are technologies that are reciprocally replaceable. RFID is technology on advanced level and besides clear positives it brings some constraints along too. Let's compare these two technologies.

Basic advantages of RFID in comparison with a bar code:

1. RFID labels are programmable and can serve as "electronic paper"
2. RFID labels are able to read back group-wise, not just one by one as with bar code
3. Each RFID label has its own unique identification code
4. Immediate visibility between counting device and RFID label is not necessary
5. Access of resistant encapsulations for demanding conditions (extreme temperature, pressures and harsh handle)

Mistake elimination relative with identification and data acquisition are the main contributions of RFID technology. RFID technology usage is financially more demanding than bar coding but offers much better flexibility. According to the latest news the price disadvantage does not have to be persistent phenomenon.

Telemedicine² services are one of the eHealth item. Telemedicine allows to medical professionals monitor, diagnose and provide healthcare services to a patient remotely in a patient's home or work. Telemedicine counts with combination of modern long-line monitoring device, telecommunication technology and ground-breaking software and hardware design that monitor mark of living functions (pulse, body temperature, blood pressure etc.) evaluate and "treat" beyond traditional medical centre as hospitals and clinics are. This unique possibility attract more and more attention of an entire world at the time when rising demand for medical care is confront with rising limitation of the medical institutions. Bring high savings of still enormous and rising hospital costs along as well.

Summary

The fields of health care services is under constant pressure from patients, insurance companies, supervisory offices and etc. This forces the healthcare institutions to improve medical and non-medical services too. There are some positive effects that bring these trends but on the other hand there is impassible barrier of primary investments in our geographical latitude which has to be broken for optimal functioning of particular system elements. We all believe and assume that one day the healthcare services will be of much better quality than today.

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Logistics Technologies in the Aspect of Sustainable Development

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Abstract

This paper presents issues connected with adaptation of modern solutions of logistics management or, in a broader sense, of supply chain management, to the concept of sustainable development, promoted by the European Union. It also indicates which of the solutions currently used by the companies or countries, such as e.g. Just-in-Time concept or use of logistics centres are useful from the standpoint of environmental management.

Key Words

supply chain management, sustainable development, closed supply chain loops

1. Sustainable Development

The concept of sustainable development derives from various domains of the science. It became another stage in search for complex solutions which brings the most of benefits to the growth of human civilization and an attempt of global grasp of this issue.

Sustainable development should satisfy the needs which result from the following areas of human activity: economic, social and ecological.

Economic human needs which result from the abovementioned areas, in the aspect of sustainable development, include:

- services
- development in agriculture and industry
- efficient work management and needs which result from household management.

These elements impact directly economic domains of human activity and give opportunities of improvement in everyday human functioning, supporting their life.

From the standpoint of social conditions which involve sustainable

development, human needs encompass equality and mobility, codecision and empowering and preservation of cultural heritage. However, natural resources, biologically diversified, or integrity of the ecosystem are characteristic for satisfying of human needs in ecologic area [1].

Thus, sustainable development consists in maximization of net profits from economic development, simultaneously protecting and ensuring repeatability of usefulness and quality of natural resources in a long run. Economic development must then mean not only rise in *per capita* incomes, but also improvement in other elements of social well-being. It must also encompass necessary structural transitions in economy and in the whole society [9].

Sustainable development is therefore defined as a ‘realization of a particular ‘bunch’ of socially desired goals, which include e.g.:

- ✓ rise in real income *per capita*,
- ✓ improvement in state of the health of the society,
- ✓ fair access to natural resources,
- ✓ improvement in education level. [8].

Satisfying of human needs and business activity often lead to undesirable transition in the environment. M. Fleszar emphasized four main reasons for threats to the environment:

- ✓ demographic, resulting from progressing pollution to the environment as compared to the population;
- ✓ geographic, which concern disproportion between development of production capacities and opportunities of the natural environment;
- ✓ technical, relating to lack of control over development of new technologies and methods in terms of ecological requirements;
- ✓ economic, concerning in particular the manufacturers, who do not consider economic aspect of damage to the environment [3].

The threats which might appear in connection to human activity are often underestimated by the companies, which, while functioning in the market, make attempts mainly to make profits. The activities of various international organizations are therefore set toward finding such common legal solutions which would be respected by most of the companies and would enable improvement in terms of preservation of the environment. Such solutions are more and more often encompassed by the environmental management.

2. Environmental Management

Solution to the problem of environmental protection in a technological approach consists in removing of negative impact of business activity,

whereas according to the concept of sustainable development, acting at the source of the problem is necessary, i.e. transition from removal to prevention against pollution [1].

The essence of the Cleaner Production Programme prepared by the World Environmental Protection Agency is:

- ✓ recognition of environmental protection as a priority task of a company, equal to production tasks;
- ✓ initiatives connected with environmental protection and their implementation to the programmes (plans) of companies' development;
- ✓ initiatives towards voluntary reporting on impact of a company on the natural environment and use of its resources;
- ✓ promoting of environment monitoring ideas;
- ✓ promoting of 'responsible' entrepreneurship, which involves needs of production development while maintaining of sustainable development conditions [6].

A solution which encompassed the abovementioned task is the Lisbon Strategy, accepted in March 2000, which is a long-term social and economic programme of the EU. Its goal is to aim at making the EU the most dynamic, competitive, knowledge-based economy. A particular place in activities which implement the Strategy is taken by the Action Plan for Environmental Technologies which combine a postulate of the economic growth and employment and innovativeness with priority of improvement in environment quality and growth sustainability [5].

The Environmental Technologies, according to the announcement of the Commission of the European Communities, are understood as 'technologies (activities), which, in relation to other competing technologies (activities) are relatively less environmentally unfriendly [...] The concept of being 'less environmentally unfriendly' is understood as generating of smaller amounts of pollution, using smaller amounts of resources in a more rational way, ensuring repeated use of the products and waste, ensuring neutralization of the produced waste. The environmentally friendly technologies are not a single technologies, but the whole systems which encompass know-how, activities, procedures, goods, services, equipment and even technologies and standards of organization and management' [2].

The essence of the sector of environmental technologies, on the basis of the above definition, is thus the activities which lead to application, in existing technologies, of such solutions which would protect natural environment[7]. They also encompass innovative activities in this area. A characteristic features of innovative activities include scientific, technical,

commercial, financial and organizational activities. Their aim is to prepare and implement new or much improved processes or products.

Innovation and innovativeness are the phenomena understood in a broader sense than completed with a success in the form of implementation of research work results. They are a result of a complex interaction between the R&D units and the organizations such as business and environmental entities within which they operate.

The following division into areas of environmental technologies, with consideration of a role of sustainable development, environmental media and product life cycle is typically accepted:

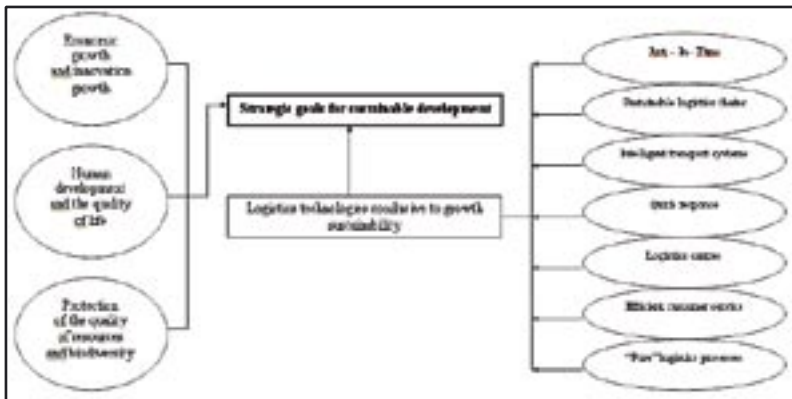
- ✓ resources (minerals) acquisition
- ✓ sustainable production and consumption
- ✓ sustainable logistics systems/chains
- ✓ sustainable waste management
- ✓ protection of water, soil and air
- ✓ preventing global climate changes [10]

3. Logistics Technologies Used Towards Sustainable Development

Logistics should be a tool which, while coordinating and integrating phases and processes that occur both between companies and in single plants, aims towards guaranteeing the contractor a proper product or a service in right place and time.

Logistics, aiming to such a goal, employs logistics technologies, which, presented in Figure 1, relates in detail to sustainable development.

Figure 1 Logistics technologies which being conducive to sustainable development



Source: own study

The elements indicated in the Figure above enable reaching strategic goals of sustainable development.

Just-in-Time system rests on the concept of planned elimination of waste, downtimes and bad management at the manufacturer by means of preparation of a detailed schedule of product supplies to the assembly line.

Efficient customer service concerns the concept of activities which facilitate the area of management connected with:

- a) demand
 - new product launch
 - optimization of range or products, promotion and information
- b) supply
 - enhancing process reliability in order to reduce inventory,
 - integration of material and package suppliers
 - reduction in inventory, mismanagement of resources and time in each chain link through enhancement of process reliability
 - using the principle of continuous replenishment as a response to information flowing from sales points and the system of automated orders
 - combining production with demand notified in real time
 - use of complete trans-shipment instead of storage
- c) supporting technologies
 - electronic data exchange
 - standardization of marking for: products, bulk and transport containers, locations and partners by means of additional automated traceability.

Quick response: the system is based on technologies which enable information and production flow, relating to the whole logistic chain, aiming to reduce expenditures on inventory and maximization of chain efficiency. Realization of the goal is aimed to eliminate any waste and to limit the resources through cost-effective management.

Intelligent transport systems: the systems use telematics tools for transport, for example securing an electronic link between a vehicle and a supplier of transport services as well as automated identification of vehicles or automatic supporting tools for air controllers.

Pure logistics processes: the concept which involves and guarantees aware approach to the procedure and scope of use of natural resources using supplies, production, distribution and transport. The concept also concerns self-limitation and permanent tendency to improvement in supply, distribution and manufacturing technologies whose task is to realize common goals in each link.

Reengineering of logistics processes concerns verification of supply chains

in terms of value added generation through application of reverse logistics processes and use of 5 R principles [5]:

1. Recognize and report – considering reverse logistics in registration and recognition of informational and physical flows;
2. Recover and return – returning recovered materials and self-recovery of materials from suppliers;
3. Recycle and re-use – internal re-use of materials at possibly highest level in order to reduce waste to minimum and recycling;
4. Relive – reduction of possibly higher number of waste and scrap metal to the system of redistribution
5. Review, Reengineering or renew – system of reverse logistics, including infrastructure and members, is subject to continuous review, redesign and renewal in order to ensure current control.

Logistics centres contribute to sustainable development. Properties of logistics centres enable limitation and/or elimination of necessity of use of own energy, means of transport or tools through entities that cooperate with them. The customers can make use, once or for a longer time, of centres' services under condition that they realize the logistics processes in a similar or the same way. The essence of centre functioning is conducive to intelligent structuring and efficient use of any resources connected with realization of logistics processes. This type of activity consists in creative searching for new and efficient methods and equipment which enable achievement of results in the form of evolutionary advancement in logistics processes structure through supplies, production, storage as well as transport and distribution. [10]

Sustainable logistics chains are based on the concept of logistics ecologic imperative, which treats logistics chains as an arrangement of several or more mutually interrelated links in supply and sale chains which enable realization of the chain needs captured as a whole or as individual links. According to this initiative, realization of the needs is connected with a necessity to remove negative impact on the environment, while in relation to sustainable logistics chains, the realization is based on the following principles:

1. Selecting – searches for methods of satisfying alternative needs, which also reduces strenuous impact on the environment and social surrounding,
2. Minimization – concerns the use of space, matter, energy and time at the possibly lowest level,
3. Maximization – tends to increase efficiency of time, matter, energy and space use.

4. Segregation – minimizes and removes side effects of logistics processes realization in a segregated way.

The idea of close location of chain participants from each other is crucial from the standpoint of a necessity of technological combination of production plants which use side products – in terms of waste – as initial material used during a process in another plant.

One of the features of sustainable development is their accordance with ecosystems, which results from care for:

- ✓ Product designed in a way which enables its future processing
- ✓ Developing of new manufacturing processes which eliminate waste generation
- ✓ Stopping the production of disposable goods
- ✓ Use of material-saving technologies
- ✓ Elimination of redundant flow within a supply chain [11].

One of the solutions which can be then employed by the companies is closed supply chain loops. On the basis of the case studies presented in the references one can assume that, comparing to traditional logistics and reverse logistics, closed supply chain loops have some perceivable common features, particularly in relation to the performed processes. Typical features of product recovery networks contain a convergent part with collection and transport from the market to the unit that recovers, divergent one for distribution to the market of reuse and intermediate part connected with the required stages of recovery process. Moreover, they are derived from typical types of networks through recovery options, where the networks differ for the recycled materials, processing, reuse components, repackaging, guarantees and commercial returns. Thus, environmental aspects might impact on the type of the network, their role and interrelation between participants and the system of determination of use method. It is also suggested that the manufacturing entities should be located as close as possible to the final recipients. Such a policy enables free and direct supplies of used products to final users.

The goal of closed supply chain loops in goods flow is limitation of emissions and waste accumulation. Moreover, closed supply chain loops enable providing customers with services at low costs. However, there are some difficulties with determination of the rules for closed supply chains from the standpoint of business theory and practice. Therefore, it seems that this can be achieved through use of the rules of traditional logistics completed with elements connected with product life time as well as modern, advanced tools for logistics management.

4. Summary

To sum up the presented considerations, one can assume that the activities performed in order to achieve a sustainable development must consider themselves the solutions of supply chain management domain. The employed logistics technologies have considerable importance to the environment since they encompass a wide range of issues connected with transportation, re-management of waste or realization of production processes. Thus, it is necessary for logistics chain formation to consider legal regulations which impose on the companies a necessity to take care of the environment and to search for innovative methods and technologies which are able to fulfil such requirements.

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Knowledge as a Factor of Efficiency Improvement of Innovative Enterprises

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Abstract

Together with organizational development more and more attention is being paid to information flow within an enterprise. One of the basic production elements is knowledge management, which is thought to be the tool supporting the strategy of a business. In view of the fact, company's efficiency is largely depended on the ability of using the knowledge possessed by both the employees and the management of an organization. Besides, suitable management of data transfer within an organization is becoming more and more important. Taking the above into consideration, the purpose of the work is to present basic information on knowledge management as well as well as factors improving management of a contemporary enterprise.

Key Words

Types of knowledge and the knowledge flow, elements of knowledge management, microeconomic restructurization, Chief Knowledge Officer (CKO), efficiency of an enterprise

Introduction

Market prevalence guarantees proper utilization of the possessed knowledge, without which the access to the regional or international business is hindered. Effectiveness of a business depends, first of all, on its knowledge management.

Therefore, it can be said that one of the basic goals of every organization is suitable (from the enterprise's point of view) utilization of the informational resources, and, consequently, facilitation of work of the employed labour force.

A knowledge management organization requires (Kozaczenco, 2004, 94) knowledge indispensable for an enterprise and its employees during a certain time, range and quality. It also demands: knowledge intensification, unequivocal action of basic elements of an enterprise, e.g. through

utilization of new technologies; searching, collecting, and elaboration of the information structure, which is beneficial for an enterprise; suitable program group.

Such diversity of a form seemed to make the proper classification a critical element for a knowledge management organization.

According to one of the classifications of knowledge, one can identify:

- basic knowledge, i.e. elementary level of knowledge for a daily activity of a business,
- advanced knowledge, which enables to compete among businesses,
- innovative knowledge, which permits to perch and maintain the first position among all organizations of the same production profile.

Clearly defined criteria, that refer to both the structure of management of a common enterprise, and the organizational structure for knowledge management, are necessary to apply the above classification. The proof of it is, that knowledge is a strategic resource of every economic subject activity.

The basis for its development, for which not only competitive challenges on the market, but also technological changes, have contributed, is the statement that knowledge is „the strongest drive of production” (Nonaka, Takeuchi, 2000, 40), and its management rests on the “location, creation, collection, popularization and utilization of knowledge to fulfill the goals of an organization” (Nowakowski, 2006, 46).

Considering the fact, that knowledge generates actions enabling the development of an enterprise, the chosen issues of knowledge management, as well as factors affecting the improvement of management of a contemporary enterprise, were presented in the work.

Knowledge as the Development Drive in an Organization

Knowledge, integrally referred to people of various roles, has both subjective and intuitive character, and its resources are, unequivocally, a production repellent and stock.

Knowledge, as an asset, shortens the time of goals realization within an organization, and diminishes transactional costs either within or outside an organization. The basis of business strategy determination is to gain people’s trust (which is a determinant of a social asset of an organization) and their participation in the life of a business.

Knowledge management is not always connected with edification. Ineffective knowledge management may cause great losses within an organization, and the problems referring to it are: no connections between the goals of an organization and the possessed and utilized knowledge, unnecessary repetition of the same actions, too much information and its selective sharing, reduction of the social standards.

Besides, another significant thing is the lack of suitable motivation of the employees to develop their interests as well as seeing the need of identification with the business they are employed at.

An enterprise is successful when it is able to utilize the knowledge not only within the enterprise of the business, but also with respect to the carried production. The knowledge, thus, serves to strengthen the position of a subject on the market, and to continuous performance of the existing market prevalence.

Creation of a knowledge-oriented enterprise, supports the organizational learning process, and the methods and techniques of development are provided by knowledge management.(Panasiewicz, 2002, 12)

Knowledge, creating intangible values of numerous businesses, constitutes one of its most important elements because the information possessed by an employer or an employee (for the need of the elaboration such words as: “knowledge”, “information”, “data” were alternately used, remembering that it is a huge simplification) has a decisive meaning in functioning and development of an enterprise. The role of knowledge in creation of the developed economy and improvement of the level of productivity is more and more important. (Drucker, 1999, 33-39)

Knowledge, and abilities to use it, must be possessed to become competitive, to expand the business and its values, and to become successful in any branch. Knowledge, therefore, constitutes the basis for the widely understood management, i.e. management of changes, management of innovations or strategic management. Each field is to elaborate new methods of efficiency improvement of economic activity that would be adequate to the current situation.

As it results from the above, the decisive processes within an enterprise require certain actions tending to order the collected and possessed information either within an organization or in its environment. Thus, the point of knowledge management is the support of the management techniques and decision making processes within an enterprise. A very important element of management is knowledge, which includes all kinds of information stored in: databanks, information banks, reports, publications. People’s intuition and their experiences should also be remembered, because all people shaping the production of goods and services base on it. Not only the knowledge, that is currently acquired by an organization, but also, or maybe first of all, the existing (perceived and unperceived) knowledge revealing as workers’ competences, are significant.

Besides, knowledge can be divided into (Kotarba M., Kotarba W., 2003, 17):

- utilized, possessed and unused, and desired knowledge – it is, or it can be, applied in various situations (e.g. for relations and negotiations); the knowledge is needed and desired, although it is not always realized,
- individual or team knowledge – knowledge of entities (individual), a component of collective information, is strictly connected with the knowledge of the whole organization,
- methodical and technical knowledge – the first one refers to the area of management (general knowledge on management and management-oriented knowledge); the other one refers to the area of production (knowledge on techniques and technologies of production of tangible and intangible goods),
- strategic and operational knowledge – the division refers to the knowledge allocation,
- tacit and explicit knowledge – it relates to the knowledge accessibility, experiences and intuition

In view of the fact, that the forms are complementary, there are often following interactions between them:

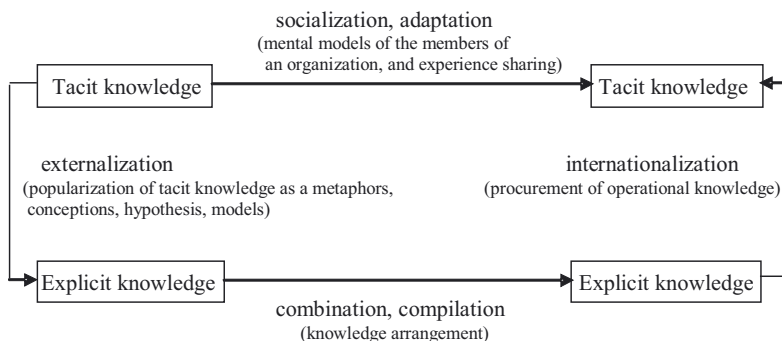


Figure 1. Types of knowledge and the knowledge flow

Sources: Own calculation on the based Kijewska A., *Wiedza w przedsiębiorstwie jako organizacjach uczących się*, Organizacja i Kierowanie, 2003, vol. 3(113), p. 55.

As it results from figure 1, knowledge is significant for an enterprise activity, thus the people creating an organization must not be omitted. Except for the problems referring to the financial flow, costs, and employment, the intellectual asset should be remembered. An enterprise would not maintain on the market for a long time, because the human potential determines the power of an organization. Unless the employees cooperated, their

knowledge and material assets of an enterprise would not be properly utilized what, as a consequence, would cause the losses and the liquidation of the given organization.

The behaviour among employed people is depended on the following factors:

- the enterprise's mission and strategy (approach to work),
- organizational structure (communication among the employees),
- organizational activity (communication among the employees),
- organizational culture (mutual relations among the employees),
- leadership (knowledge transfer and change initiating),
- measurement (intellectual asset indicators),
- resources (new technologies utilization),
- motivation (understanding of the management and co-workers' activities).

Most of the factors are mutually related and interdependent, and, according to P. Drucker . . . *...no industry, no business is "naturally" better or worse. The only possible prevalence refers to how much the country, industry or business can achieve from the generally accessible knowledge. The only thing, that gradually becomes more and more meaningful, will be the management of activities which make knowledge productive*". (Kijewska, 2003, 63)

The connection and information flow between the elements knowledge management is consisted of can be presented as follows:

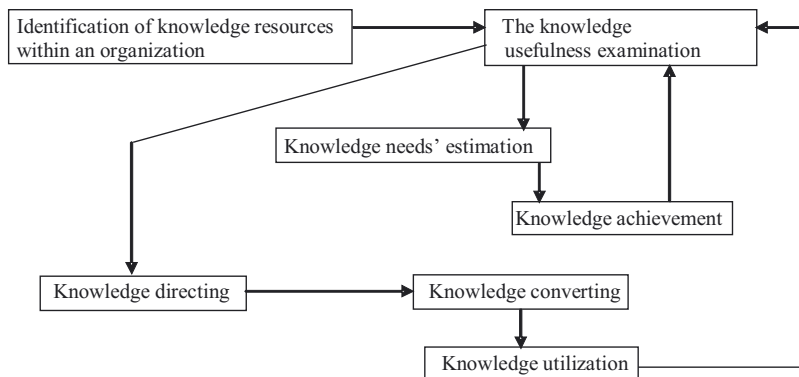


Figure 2. The connection of the basic elements of knowledge management

Sources: Kotarba M., Kotarba W., *Model zarządzania wiedzą* [in:] *Ekonomika i organizacja przedsiębiorstw*, Instytut Organizacji i Zarządzania w Przemśle „ORGMAZ”, August 2003, vol. 8(643), p. 21.

Basing on the above figure it can be ascertained that particular components of knowledge management interact, and, creating the lot, they are more meaningful in economic processes, particularly in poorly structurized socioeconomic sciences.

The increase in the information flow within an enterprise or between an enterprise and its environment causes that more attention is paid to knowledge management as a factor affecting the work efficiency. It is supported by the fact, that in business it is very important to utilize the existing knowledge as it determines the success of an organization.

Suitable application (exploitation) of collective knowledge requires a manager, called the *Chief Knowledge Officer (CKO)*, who can help an enterprise in production of goods or services or relations with customers.

Chief Knowledge Officer is to enhance the knowledge management processes by (among others): qualification of the workers' informational needs, distribution and proliferation of knowledge, or a change (improvement) in relations with customers.

Whereas knowledge management contributes the creation and realization of the business strategy, he CKO should be the person possessing not only the ability to manage the knowledge, but also the information on new techniques of communication, development of data collection forms and tools, and also on processes of knowledge integration that refer to knowledge of various sources. (<http://www.eknowledgecenter.com/certificationcourses>).

Summary

Today, economic subjects are the subjects of microeconomic restructurization, which rests on, among others, the introduction of new technologies or products that fulfill continuously growing consumers' needs.

One of the strategic resources of the subjects is knowledge because it determines the basis for the effective ways of management of resources and intellectual skills as well as it stimulates the innovative activity of enterprises, and creative thinking of the employees of an organization.

Thus, utilization of both information and knowledge of the workers to fulfill the goals of an organization seems to be understood. Knowledge and abilities of its application contribute the increase in the innovativity and enable to defeat the challenges of a contemporary enterprise.

Therefore, it can be ascertained that knowledge, or better its management, is the basis of the intensification of both the activities and the value of an enterprise. Thus, cooperation among the management team, blue and white collar workers, which reinforces the creativity and ability to generate new ideas or problems' solution, seems to be necessary.

Considering the problems connected with knowledge management, the financial issue must not be omitted. It is so, because the bigger amount of money is spent on the information collection and distribution, implementation of the new technical solutions, the purchase of the software, the better results can be expected with respect to the development of an organization on both regional and international market.

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Knowledge Management in the Aspect of Creation of Work Potential of an Enterprise of the 21st Century

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Abstract

Creation of the need for competition among employees, so as the employers could manage intellectual resources of knowledge of workers, is significant for a contemporary enterprise acting on either international or regional scene. Such competition is understood as an exchange of thoughts and the effective utilization of productive power has become possible, among others, mainly thanks to development of information technologies, such as the Internet, Customer Relationship Management (CRM) and other more advanced software supporting the decision process. Practical application of management of widely understood (personal, structural, organizational) knowledge is becoming one of the major challenges for people that are responsible for occupational safety and ergonomics (OSHE) in an innovative enterprise.

Taking the above into consideration, the work presents: principles and tools of knowledge management as a crucial supply for business goals fulfillment in contemporary enterprises

Key Words

Risk in the approach to Knowledge Management (KM), the model of knowledge management, the model of knowledge management in the area of occupational safety, health and ergonomics (OSHE)

Introduction

Effective management of occupational safety, health and ergonomics (OSHE) often constitutes a big challenge for a great deal of contemporary enterprises which act under conditions of increasing competitiveness of the global market. Economic subjects are meeting higher and higher requirements for manufactured products and offered services. The result of that are the main principles specified in the ISO 9000:2000 or ISO

9004:2000 standards that aim to ensure suitable quality of products in modern organizations. The implementation of the principles into the practice is tied with effective knowledge management.

Knowledge management, which is a very important scientific problem, refers to the management of individual, structural (collected in reports and databases) and organizational knowledge (learning process within an organization). In view of the fact, that knowledge is strictly tied with a human (their cognition), taking human and social asset into account is an indispensable and crucial element of the knowledge management process.

Thus, the development of the principles and techniques in the area of application seems to be necessary. The effectiveness in reaching organizational goals requires the conversion of tacit knowledge into easily accessible explicit knowledge that can be widely applied within an organization, including the area of management of occupational health, safety and ergonomics.

For this reason, the basic aim of the work is to present the existing models of knowledge management and the requirements for effective knowledge management in the area of the occupational safety and ergonomics.

Knowledge Management as a Crucial Resource in Realization of Business Goals

Together with the change of industrial economics the so-called economics of knowledge was created, which was connected with the fact that knowledge is the key to organizational improvement and development. Numerous definitions and terms, that appeared at the beginning of that time, were relevant with the impact of the new field of interest on uncounted functions and various levels of business.

In view of the fact, that knowledge has become significant while making various economic decisions, business is exposed to various kinds of risk.

As it can be concluded, basing on the above statements, the existence of a “gap of knowledge” makes organizations without the enough access to knowledge become exposed to risk in their activity. The greater lack of knowledge in business within short time, the greater risk of realization of unsuitable strategic scenarios of the organizational development.

Not only the lack of knowledge, but also its non-adequacy, may negatively affect an organization. In some cases unneeded knowledge may hinder the ability of an organization to effective management in the changeable environment as well as it may negatively affect its compelling potential. Therefore, suitable knowledge resources are the basis of maintenance of market prevalence, and knowledge management means more than centralized data warehouses, documents, reports and other information,

because it needs codification and understanding of how particular societies act in the context of organizational behaviours.

Not only the transfer of skills and information, but also a change in a behaviour, that leads to innovations and improvement of organizational processes, attend to the development of new and better practices of management and their implementation.

An effective “transporter” of the knowledge management process is the net technology that facilitates the process of procurement and utilization of knowledge and its distribution.

To do so, according to Wickramasinghe and Davison (Wickramasinghe, Davison, 2004, 185-195), one ought to apply the infrastructure of knowledge management that contains of the following components, such as: organizational memory, infrastructure of human resources, knowledge transfer network, infrastructure favouring cooperation and formation of a clever organization system within an enterprise.

The model is applied in the decision making process and to minimize the risk referring to the economic activity. (Figure 1)

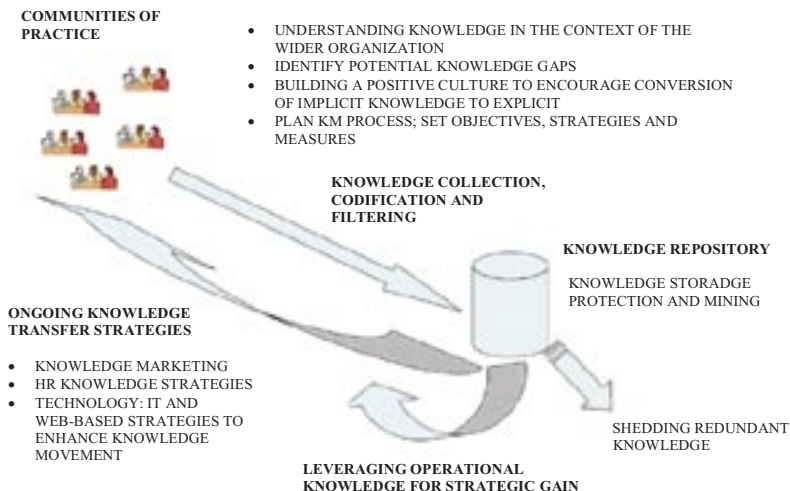


Figure 1. Knowledge transmission

Sources: Perrott E. B., *A strategic risk approach to knowledge management*, Business Horizons, 2007, vol. 50, Elsevier, p. 527

Basing on the above figure one can ascertain that explicit knowledge, stimulated by current knowledge on marketing concerns and effective IT

technology, is critical for an organization. Once having it, information flow within an enterprise is guaranteed and, consequently, it reduces the risk connected with extinction of knowledge or existence of gaps occurring in decisive areas and organizational units. Moreover, the knowledge might be for strategic and operational goals within the whole organization.

The Model of Knowledge Management

The approach to knowledge management (KM), that affects profits and success of an organization, focuses on the management of intellectual capital of an organization, which embraces structural capital (knowledge), human capital (knowledge of employees) and creation of customer capital. In this context, knowledge management might be perceived as a systematic effort to capitalize in businesses that privy the information they possess. Taking the fact, that knowledge is an important source of information, into account it can be classified as: individual, structural and organizational.

Individual (personal) knowledge consists of the set of facts and intuitive methods of acting based on experience. Also known as *tacit knowledge*, it is difficult to codify, it is also context specific and difficult to communicate and formalize.

Structural knowledge is a kind of knowledge that can be codified through instructions and reports, and is created from two sources of: information available in databases and intangible and individualized knowledge gathered in human minds. Also known as *explicit knowledge*, it is formal, objective and easy to transmit and process.

Organizational knowledge (organizational memory) includes information and knowledge processed by an organization as well as it determines the processes that are used by its members to acquire, retain and retrieve knowledge. Organizational memory is a very important aspect of knowledge management because it contains exemplification of the organization's failures and successes that can help prevent some mistakes from occurring and minimize the risk.

While discussing the knowledge management (KM), one should also take into account such element as specificity of knowledge as an object of management practices and the fact, that KM can also be used to describe the set of techniques, methods, processes, structures and cultures of an organization elaborated to improve the sharing, creation, and utilization of knowledge, which are critical for the decision making process within the organization. Thus, it is a model of business functioning, where knowledge holds the central place in the structure of an organization. In practice, KM combines various concepts of different disciplines, such as organizational theories, human resource management, artificial intelligence, ergonomics and informational technologies.

According to the model suggested by Lee and Kim (Lee, Kim, 2001, 299-311), four objects of KM – organizational knowledge, knowledge workers, knowledge management processes and informational technology – should be treated as strategic organizational resources. The main factors affecting the knowledge workers are: leadership, empowerment, measurements of performance, rewards, and organizational culture. Organizations can improve their KM by defining procedures and principles, developing teams responsible for knowledge management and enabling training and learning for the knowledge workers.

Knowledge management (KM), where knowledge is an asset that has existed, exists and will exist in a business, and which can be learned or achieved beyond the organization:

- » aims to establish knowledge science as a resource that is crucial and necessary for production processes of goods and services. Knowledge, therefore, is considered an intellectual asset, the development of which should determine the basis for organizational values;
- » uses the process directed to (just as it is in the case of demand) creation of a finished product, i.e. knowledge. The process consists of: data transmission, information organization, elaboration (analysis, synthesis) and knowledge creation as well as knowledge sharing and dissemination among users;
- » contains cultural values that promote sharing the values and knowledge within an organization.

Knowledge Management versus Management of Occupational Safety, Health and Ergonomics (OSHE)

Knowledge is a major resource for goals achievement of OSHE management, to which the present approach is, first of all, focused on explicit knowledge. Such knowledge consists of governmental and local regulations, standards, and prescriptions, that should be commonly applied. However, governmental regulations cannot describe and encompass all possible safety hazards that may occur in specific work places. Besides, such regulations do not reflect dynamic character of the organizational process. In the self-regulatory system, an organization has to develop its own OSHE management model relevant to socioeconomic conditions of the market, which provides adequate working conditions. It should use a distribution system of both explicit and tacit knowledge. Tacit knowledge, embedded in minds of experienced workers, is critical for ensuring efficient OSHE management. Individual knowledge of employees is strongly tied with the context of work. It is difficult to formulate and verbalize, but it is easily implemented and applied by the owner. It should be emphasized, that the systematic development of operational memory is especially

important in the area of OSHE management because it contains specific experiences of the organization that refer to the past safety problems and effective hazard prevention. Organizational memory contains of the set of competences, information, knowledge and experiences in the area of OSHE management to provide the access to suitable resources for the organizational members.

To become a successful knowledge-oriented organization, it is extremely important, among other things, to (Sherehly, Karwowski, 2006, 314):

- ü create cognition of OSHE knowledge management,
- ü benchmark OSHE knowledge management to meet and acquire experiences of other organizations,
- ü classify the priorities in the management of occupational safety, occupational health and ergonomics.

OSHE management requires integration of various knowledge resources, i.e. consideration of different points of view in relation to hazards that occur in the human-technical object-environment system. That, in turn, implicates development of the organizational memory system, and the continuous organizational learning process at every stage of management.

A model of occupational safety management has been proposed by the International Labour Organization. (ILO-OSH, 2005)

To consider the implementation and application of the above model effective, its main elements should be referred to the specific knowledge which is needed for the management of occupational health, occupational safety and ergonomics.

Conclusions

The process of knowledge management in the area of occupational safety, health and ergonomics (OSHE) includes acquisition, creation and dissemination of knowledge among all members of an enterprise. Transfer and conversion of tacit knowledge (specific for particular businesses) for OSHE into explicit knowledge is critical for assuring an efficient system of management for the discussed field. Such system requires wide utilization of knowledge possessed by employees at all levels of the organization.

Besides, in the developing organizations, there is a need to launch the process of influence of the highest level managers on employees through supervisors, i.e. so-called “Tops down” management. To do so, one should create a unit that will focus on the priorities of knowledge deficiency in crucial areas of a business, and, unequivocally, minimize a potential gap in the possessed knowledge, and be reliable for the risk estimation and management in economic activity in various domains. Organizations, therefore, constantly have to replenish their knowledge not to lag.

In areas of economic subjects activity, some indexes are elaborated to control all risk areas and assure a relevant system of warning for supervisors that would inform of transgression of the acceptable risk limits.

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Process Control of Die Cavity Filling

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Abstract

Process control of die cavity filling in pressure die casting is described by relations for laminar and turbulent flow and simulating in transparent dies. As it is shown through arrangement of derived differential equations that the circuit of the process is stable aperiodical or damped oscillating favourable for control.

Key Words

process control, die casting, block diagram, transient characteristic

Introduction

Theoretical knowledge about die cavity filling in pressure die casting, its relations for laminar and turbulent flow are created in the presentation. Experimental part of the presentation reviews selected results from the progress of die cavity filling, speed and pressure in pressure die cavity casting and possibility of control which are important for die casting quality.

Equations for Calculation of Process

Flow speed

Melting metal flow at die cavity filling in pressure die casting depends on inlet speed, viscosity and surface tension of melting metal.

It is valid for laminar flow

$$\frac{p}{sg} = \frac{32\nu l}{gd^2} + \frac{1dv}{gdt} + \frac{4\delta}{d} \cos \vartheta + \frac{p_{0x}}{sg} + \frac{p_q}{sg} \quad (1)$$

where is : p – the pressure of melting metal at die cavity filling

p_{0x} – the pressure for breaking surface oxide membrane

p_g – the pressure of air and gas against the melting metal flow in a die cavity

ν - the melting metal viscosity

v - the melting metal flow speed in the die cavity

δ - the melting metal surface tension

ϑ - the melting metal adhesion to a die material

l - the melting metal flow length

d - the melting metal flow hydraulic diameter

s - the melting metal specific mass

g - the gravity acceleration

t - the time

According to [2] the melting metal viscosity is dependent on the melting metal temperature fall square.

The relation for turbulent flow is similar as for laminar one but the first term on the right is :

$$\frac{v^2}{2g} (1 + \zeta) \quad (1.1)$$

where is ζ - the hydraulic resistance coefficient.

In this case, according to similarity theory [3].

it is possible to simulate the pressure die casting of aluminium alloys with water in transparent dies. It enables filming the flow progress.

At the pressing piston speed 1 ms^{-1} and the flow speed 20 ms^{-1} the water flow was splinted off the die. The flow front according to figure 1 was spread as a mushroom. The symmetry of this shape is very sensitive on regularity and roughness of the die inlet.

The flow front bumps on opposite die cavity side. Then it was divided in two flows returning to the die inlet and closing two air volumes.

To predict relations at the turbulent flow we can neglect p_{ax} and σ and mark the difference $p - p_g$ as p_l then can be expressed as :

$$P_1 = \frac{v^2}{2} \zeta_s + \text{als} \quad (1.2)$$

After approximating $v^2 = kv$ and arrangement we get the transfer

$$S_v = \frac{V(p)}{\Xi(p)} = \frac{2p_1}{sk} \left(1 - \frac{p}{\frac{k\xi_s}{2l} + p} \right) \quad (2)$$

We considering $\zeta = \zeta_{\text{average}}$ as a constant.

The original to the transfer is the transient characteristic

$$V = \frac{2p_1}{sk} \left[1 - \exp\left(-\frac{ks\xi_{\text{average}}}{2l} t\right) \right] \quad (2.1)$$

and the time constant

$$t_0 = \frac{2l}{ks\xi_{\text{average}}} \quad (2.2)$$

and for real conditions in working

$$t_0 = \frac{\Delta v}{a} \quad (2.3)$$

when $\Delta v = 0,4 \text{ ms}^{-1}$, $a = 50 \text{ ms}^{-2}$ then $t_0 = 0,4 / 50 = 8 \text{ ms}$.

Pressing pressure

If we use the pressing pressure according to [3] can be calculated :

$$q = \beta_{\text{hm}} V \frac{dp_1}{dt} \quad (3)$$

$$\text{and } q = v f \quad (4)$$

where is

V – the closed hydraulic medium volume in the pressing pressure

p_1 – the pressing pressure

β_{hm} – the compressibility coefficient of the hydraulic medium

q – the hydraulic medium passage through the adjustable pressure valve

f – the hydraulic medium passage area

So, it is clear that adjustable pressure valve the force from the hydraulic medium pressure on the valve front plus the force from the speed of the flowing hydraulic medium equals the force from the valve spring plus the force from the acceleration of the valve mass.

$$\beta_1 F + vk F = Cx + m \frac{d^2 x}{dt^2} \quad (5)$$

where is

F – the valve front area

k - the hydraulic resistance coefficient of the valve

C – the spring constant of the valve

m – the moving mass of the valve

Cx – the opening of the valve

When we choose the conditions that we can neglect the force from the acceleration against the force from the valve spring. Then can be expressed

$$\beta_1 F + vkF = Cx \quad (5.1)$$

We substitute the equations (3), (4) into the equation (5.1) and we get

$$\frac{C}{k} \frac{f}{F} x = p_1 \frac{f}{k} + \beta_{hm} V \frac{dp_1}{dt} \quad (6)$$

after arrangement we get

$$S_{pl} = \frac{P_1}{X} = \frac{C}{F} \left(1 - \frac{p}{\frac{f}{k\beta_{hm}V} + p} \right) \quad (7)$$

The original to the transient characteristic

$$P_1 = \frac{C}{F} [1 - \exp(-\frac{f}{k\beta_{hm}V} t)] \quad (7.1)$$

Where the time constant is

$$t_0 = \frac{k\beta_{hm}V}{f} \quad (7.2)$$

and for real conditios should be designed

$$t_0 = \frac{\Delta p_1 \cdot V \cdot \beta_{hm}}{vf} \quad (7.3)$$

when $\Delta p_1 = 0,1 \text{ MPa}$, $V = 0,02 \text{ m}^3$, $\beta_{hm} = 5,5 \cdot 10^{-6} + 1. \text{ MPa}^{-1}$, $f = 0,015 \text{ m}^2$, $v = 80 \text{ ms}^{-1}$
then $t_0 = 9 \text{ ms}$

Process Control

At speed control we can derive feedback from the movement of the pressing cylinder, at pressure control from the pressing pressure according to the block diagram on figure 1.

At a regulator with the transfer $R_v(p)$ [$R_{pl}(p)$] we can derive the following transfers of the controlled system.

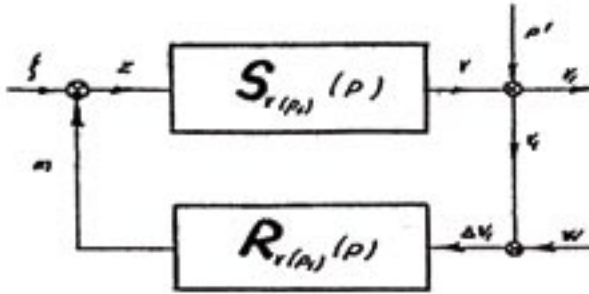


Fig.1 The block diagram of speed and pressing pressure control

The transfer of manipulated variable for speed

$$F_v = \frac{V}{\Xi} = \frac{S_v(p)}{1 + R_v(p) \cdot S_v(p)} \quad (8)$$

For pressure

$$F_{pl} = \frac{P_1}{X} = \frac{S_{pl}(p)}{1 + R_{pl}(p) \cdot S_{pl}(p)} \quad (8.1)$$

The transfer of failure for speed

$$F_{vpl} = \frac{V}{p^1} = \frac{S_{pl}(p)}{1 + R_{pl}(p) \cdot S_{pl}(p)} \quad (9)$$

for pressure

$$F_{plpl} = \frac{P_1}{p^1} = \frac{1}{1 + R_{pl}(p)S_{pl}(p)} \quad (9.1)$$

Then the transfer of control speed

$$F_{vw} = \frac{V}{W} = \frac{R_v(p)S_{pl}(p)}{1 + R_v(p)S_v(p)} \quad (10)$$

for pressure

$$F_{plw} = \frac{\beta_1}{W} = \frac{R_{pl}(p)S_{pl}(p)}{1 + R_{pl}(p)S_{pl}(p)} \quad (10.1)$$

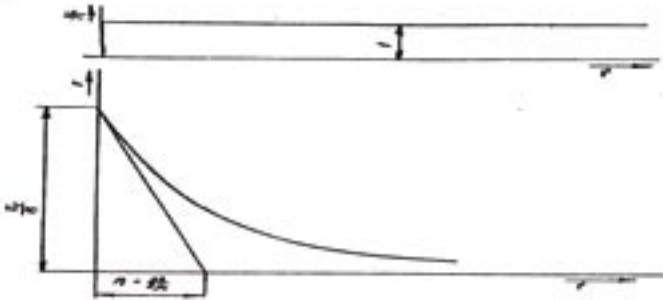


Fig.2. The transient characteristic of manipulated variable at control

Optimally when we choose a regulator PI then it is possible to prove for te transfers of manipulated variable F_v , F_{pl} that the circuit is aperiodical or damped oscilating. The transient stable characteristic is in figure 2 and the amplitude and phase characteristics in figure 3.

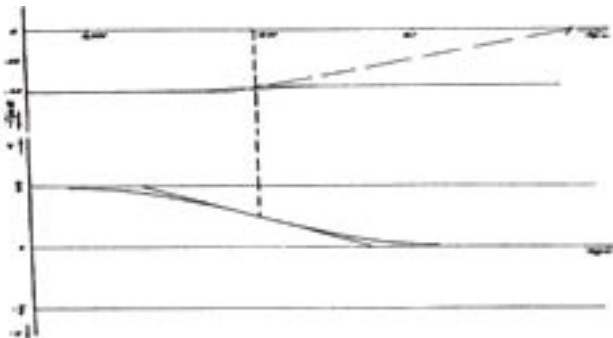


Fig. 3 The amplitude and phase characteristics of manipulated variable at control

Conclusion

The equations (1), (1.1) and (1.2) are valid for the flow speed of the melting metal at filling die cavity in pressure die casting and (3), (4), (5), (5.1) and for pressing pressure.

By simulating in transparent dies with water it is possible to watch a flow front with typical widening and continuing in opposite direction to the inlet.

Through arrangement of derived differential equations for speed and pressing pressure it is possible to prove that the circuit is stable aperiodical or damped oscillating and to warrant favourable characteristics of manipulated variable, failure and control.

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Software Applications of Business Informatics and Information Systems in Business and Management in a Selected Company

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Abstract

Information is a necessary need of every high-quality decision in business management. The most advanced and in modern companies also the most used source of information for business management and decision making in the present is enterprise information system based on information technology. One of its most important components are software applications of business informatics, that provide functionality for a full-scale coverage of specific processes and operations which take place in business companies. That is why the purpose of this article is to demonstrate how important the using of IT and software applications of business informatics is in the companies of 21. Century, what is also reflected in the main objectives of this work. Successful building and using of business IS/IT also in Slovak conditions is referred and surveyed on the example of Slovak company, which operates in engineering industry.

Key Words

Information. Business management. Information system. IT. Software application of business informatics.

Management and managerial work represent the unique type of a human activity which is related to the environment by the information sources. It has been proved that the management depends on the existence of relevant, current and necessary information. The managerial process is characterized by the transformation of information into an activity. The success of management depends on the available information sources and the way of their transformation. A concrete activity is always a direct consequence of the acquisitions resulting from the decisions. Effective management is based on the use of information in all phases of the decision making process. The importance of information for a manager is based on their need by both decision making and effective performance of managerial functions – planning, organizing, controlling, etc. Information is becoming the most

principal assumption for effective managerial work. This information must be objective, relevant and coordinating. On the example of the small and business enterprise unit called Regada Ltd. we would like to show the possibilities of implying and acceptance of the customer relationship management into the information system.

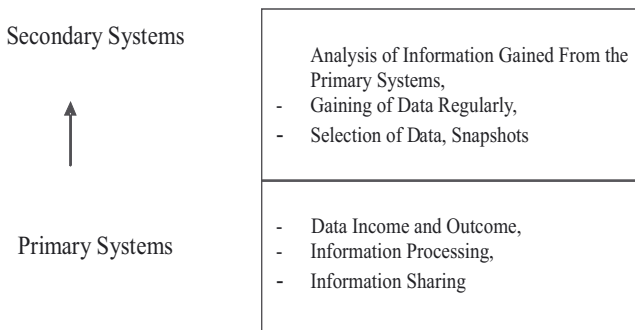
Information System

Information system is seen as a collection of the elements consisting of people, technical and program tools providing the collecting, transfer, storage, choice, transformation, distribution and presentation of the information needed for the decision making process so that managers are able to perform their managerial functions in all level of the managerial system. The main task of the system is to provide sufficient amount of relevant, correct and accurate information in the terms and form asked by the managers in the decision making process. The information system is a subsystem of the whole managerial system. It is the part of the system which provides integration among the basic managerial functions of the company.

REGADA Ltd. – Current Situation

The information system of the company employing about 240 people consists of various parts – employees, technical tools, application software and human agenda, which create an integrated and systematic unit. It means the whole information system consists of three main parts –people, hand agenda and automated part called „information system“ itself. This study is devoted to the last part mentioned above.

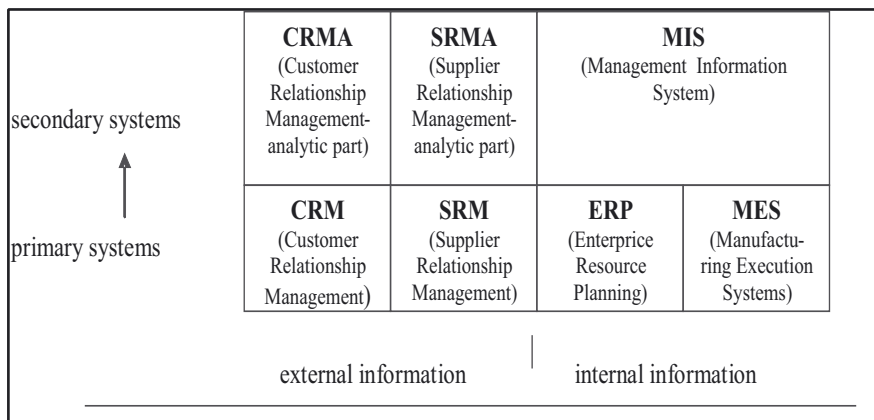
These information systems represent a technologically advanced tool in the hand of men. These systems may support correctly projected and implied company processes. As the information system in the Regada Ltd. was implied into the company's structure continuously and it has gone through a long period of development it is quite difficult to follow the whole line of its changes in order to analyze it appropriately. The expert theory used to believe that the information system of the company should create a monolithic unit referring to one and only producer. Such a system would try to provide all the company's needs and orders. The praxis showed that it was quite difficult to fulfill all expectations and emphasizes of the production processes laid upon the system. The system was unable to catch all the processes as the company was large and diversified. Naturally, a few single parts had revealed and created integrated systems referring to concrete and systematic process areas of the company. These system are easily defined as the primary or the secondary ones according to their function, as marked below:



Scheme 1 - Information Flow in the Information System of the Company

The primary systems coordinate the collection, processing and sharing of the data and information gained. The secondary systems analyze the data gained by the primary systems. These data are imported regularly in the defined terms of time. The system usually works at night, but it is not a necessity.

The information system of the Regada Ltd. consists of integrated primary and secondary systems. These systems were delivered from various software companies and each of them uses its own database as well as its own range of scale. The data from these single databases are shared and pumped into other parts of the system for its appropriate use. As the system is not perfect, the data sometimes are doubled or multiplied. Though, these parts create a unit which is integrated and would be more effective if the level of integration would become even higher.

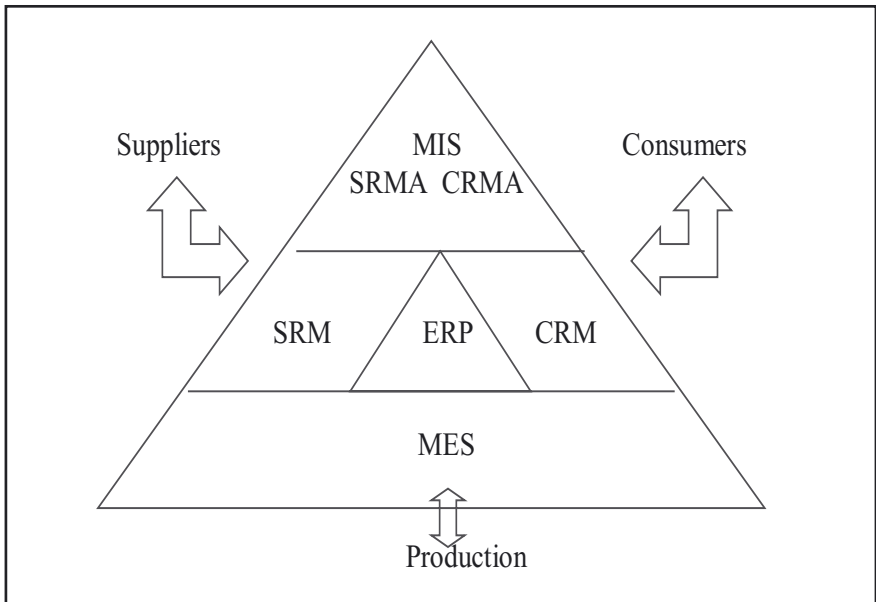


Scheme 2 – Simplified Scheme of Regada Ltd. information system

Single parts of this information system represent integrated subsystems specialized in specific company processes. The aim of CRM systems is the customer relationship management, mapping of their orders and providing the company with the information about the customers' behaviour changes. CRMA represents the analytical superstructure of the system which evaluates and analyses the data gained by CRM. SRM is the system providing the management of the relationship with the contractors and gaining the basic information about them. This information is analyzed by the SRMA system.

ERP system involves a large scale of models concerning planning of the material needs in the production, organizing the production and providing the expedition. ERP does not have a detailed planning tool so the MES system has developed on its basis. This new system refers to the production in details. The internal company's data gained from the ERP and MES systems are analyzed by MIS. MIS integrates all important data sources from both the previous systems mentioned and the hand agenda. The information system of the company may be seen as drawn below – according to the use of the information selected for the managerial level:

Strategic Management



Scheme 3 – Hierarchy of Information System in Regada Ltd.

CRM vs. Information System

The character of information used changes with the level of management. The operational management uses the production information gained by the primary systems (MES and ERP), the strategic management mostly uses structured data and analyses gained by the analytical systems (MIS, CRM and SRM).

CRM is the system for the customer relationship management which integrates the employees, company's processes and technology IS/ICT in order to maximize the loyalty of the customers and the profitability of the company as well. The aim of CRM is to create a long term advantageous relationship with the perspective groups of customers. It means CRM tries to create an interaction between the company and its customers. It also provides the company with the survey on customers, their previous relations to the company, the amount of goods bought, their solvency, etc. CRM focuses on both current customers and the gaining of the data referring to the new potential customers. The customer relationship management focuses on three main areas of interest:

1. operational – orientation to the efficiency of key processes in relation to the customer,
2. cooperational – optimizing of the relation and communication with the customers,
3. analytical – concerning the analysis of the gained data.

The customer relationship management provides the customer care, logical administration of the customers and their analysis, realization of the CRM strategy in order to acquire the new customers, possibility to propose marketing solutions, campaign management and sales promotion. The CRM system in Regada Ltd. works on the basis of intranet so that each single customer can record the information or questions related to the company's server. The greatest advantages of the system running under the web range are relatively free access to the information, universal and global reach and ability to provide information and services to each single user separately. The system is combined with the centralized collection of marketing data concerning the data about the customers and the competitors. All data are digitalized and analyzed by CRMA system which aim is to predict the behavior of both potential and existing customers on the basis of analyses performed in order to choose the right strategy to gain new customers.

Supplier Relationship Management

SRM is the managerial system coordinating the relationships between the company and its suppliers which indicates the company position and its future progress from the point of view of its buying policy. According

to this knowledge the company can build the supplying-buying strategies which can help to reduce the costs, improve the relationships with the suppliers and achieve more advantageous business conditions. The system gains, processes, shares and analyses data from internal and external basic sources.

The internal sources provide the system with important data gained from the analyses of the internal company data. The most necessary are data concerning the information about the annual payments to the suppliers, the amounts bought, the frequency of supplement, the frequency of delayed supplement, the amount of goods returned, etc.

The external sources provide the company more other important information which may be used to improve the management of the relationship to the customers. For example, the company can easily work out the percentage added to the profit of the supplier by comparison of the annual revenues with the sum paid to the supplier. The company can get the information about the suppliers growth or liabilities and consequently the company can find out the risk connected with the cooperation.

The suppliers' classification is usually done by comparing the similar suppliers and selecting them into the main groups according to the common factors. The company can define the prices, reliability or quality on the basis of the information gained. The system uses various types of buying analyses and standards according to the type of products and services. The aim of SRM is to collect these data and digitalize the communication with the suppliers. Effective SRM depends on the complex of data gained. It is very common that the data are spread all over the transaction systems providing the invoice payments, deliveries, orders, etc. All these sources can provide the company with important buying information extracted from the single systems by the SRM system. The system integrates them in its central database in the end.

Though, many other criteria are important when buying strategic materials and raw stocks, for example the price, creation of the longtime relationship with the suppliers, availability, reliability, frequency, multiplicity or quality. SRM system working with a wide range of information enables the company to identify the suppliers whose characteristics are related to the company's objectives and therefore these suppliers are worth setting a long time relationship. The system provides the connection to these suppliers and it may set a straight relation to them. The supplier may access the SRM system operating under the web extranet range by a special software and access key. The system closes the fictive chain of the company's transformation process /storage, production, sale/. It would not be possible to realize the company's outcome without integrating this system to the problematic chain.

Conclusion

This study refers to the possible interaction among the single systems which would be represented in the company under the headline of the "information system". Customer relationship management represents a part of the system which could not operate separately or undependably from the other parts. The system's relation to its surrounding must have a straight relation to the company's processes. The basic consumption for such an organization is creating a completely integrated information system in the company.

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Methods Sharing of Knowledge

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Abstract

The purpose of this article is to point out the base model of knowledge transfer. Knowledge is important factor to gain competitive advantage. Organizations have systematically to search for implementation of new knowledge. Paper presents base architecture of knowledge transferred, depicts it as the process and as a system consisting of components. Presented model proposed by author is based on articles published in literature. Stated are antecedents and barriers for successful knowledge transfer.

Key Words

Knowledge transfer, Tacit knowledge, Knowledge sender, Knowledge receiver, Explicit knowledge, Learning.

1. Introduction

Knowledge transfer, or knowledge sharing, become important factor for competitive advantage creation. This is valid in intra-organization dimensions and also in inter-organizations dimension. Studies have shown (Foos, Schum, Rothenberg, 2006) that 45 percent of companies have their innovation on the base of external sources. This fact push companies to search effective methods for knowledge transfer. Purpose of this article is to give base components or factors that are playing role in knowledge transfer.

Definition

There are many definitions of knowledge transfer. Knowledge transfer has been defined as an attempt by an entity to copy a specific type of knowledge from an other entity. (Rogers 1993, In: Lucas, 2006). The main purpose of knowledge transfer is that that new knowledge becomes embedded within the organization's fabric.

2. Architecture of Knowledge Transfer

There are many types of architectures and process for knowledge transfer. Architecture used in paper is worked out by paper author, and process knowledge transfer adopted from Millie and Cheung,(2006)

Main components needed for successful knowledge transfer, are as follows:

Transferred knowledge

Knowledge sender

Knowledge receiver

Mechanism of knowledge transfer

Barriers of knowledge transfer.

Except knowledge transfer components, is necessary to consider knowledge transfer as the process. In these case is possible to use the model pointed out by Millie and Cheung (2006), consisting of following stages:

Motivation

Matching

Implementation

Retention

2.1 Components of Knowledge Transfer System

2.1.1 Transferred Knowledge

Tacit und explicit knowledge

Knowledge can be explicit or tacit. Tacit knowledge exist either in heads of individuals or as a collective body and has been gathered through experiences or repetitive actions.

Explicit knowledge, which exist individually or collectively is usually documented and can be transferred in formal and systematic way through rules, policies, and procedures. Tacit knowledge is embedded in original organizational context. Embeddedness is the reason why tacit knowledge, connected with ambiguity, cannot be acquired and transferred in simple way. Question is, what are components of knowledge. DeLong and Fahey (2000) say that these are peoples and processes. Individual embodied knowledge is that which has been acquired through experience and can be documented, or can be shared through personal interaction. (tacit knowledge).

Process-embodied knowledge may be tacit or explicit. Tacit knowledge is in that case, when it requires the involvement the person familiar with these components. Process- embodied knowledge is explicit when involves only manual transfer and standard operating procedures associated with adoption of new processes.

In accordance with Ambrosini and Bowman(2001) typical for tacit knowledge is:

- tacit knowledge is difficult to imitate, to transfer, and in some case tacit knowledge is a source off strategic assets for the firm. It is hard to measure because intangible nature,

- It is hard to express it by words,

- as we are able to use it without thinking, we don't need to document it; efforts to express it do not have direct benefit at individual level,

- there is a potential risk of losing power by making it explicit, especially without proper protected mechanism.

Priestley and Samadar (2007) have shown, that organization operating in well-structured networks form the basis for superior economic gains relative to the performance other firms operating outside of a formal network. These differences because better possibility to gain and transfer knowledge within well- structured networks. They analyzed three primary antecedents that have been demonstrated to influence the knowledge transfer. These include: absorptive capacity, shared identity and causal ambiguity.

Nonaka, Reed an Fillipi, Spender, Winter for example Winter(1987, In Bou-Liusar and Cipres2006)) points out, taxonomic dimensions of knowledge assets according, how is it difficult to transfer: tacit and fully articulable knowledge, teachable and unteachable knowledge, articulable and unarticulable knowledge, observable and unobservable knowledge in use, dimension complexity und simplicity, and dependence or independence on system.

According these dimensions, knowledge is more easily transferable when it is teachable, articulable, observable, simple an independent on context. Action undertaken to facilitate voluntary transfer, may also well facilitate involuntary transfer.

Strategic and non-strategic knowledge

It is between scientist and practitioners generally accepted, that knowledge is an intangible asset. It is a base on which is possible to obtain competitive advantage. However, Bou-Lius and Cipres(2007), consider that there is a distinction between strategic and non-strategic knowledge. Characteristic of strategic knowledge is that has important implication for obtaining of competitive advantage. This perspective considers that strategic knowledge is a set of resources and capabilities that are difficult to commercialize, and imitate. There are four characteristic of strategic knowledge: imperfect mobility, difficulty of imitation, difficulty of substitution and durability. It means, that it must be analyzed what are the dimension of transferred knowledge for competitive advantage.

Degree of complexity

There are many definition of complexity. A common denominator many of them is that the complexity is derived from dimensions that increase the difficulty of comprehending how a system functions or produces outcomes.

Other very frequently used definition complexity: The number of interdependent routines, individuals, technologies, and resources linked to a particular knowledge or assets. (Simonin, 1999, p.600) Complexity has a different impact on competitive advantage. It depends on resources and abilities of firm and how the firm is able to combine them, and these combinations may be a source of causal ambiguity and create barriers to imitation.

Degree of specificity

The resource-based view holds, that the assets specificity is source of causal ambiguity. Causal ambiguity refers to difficulty for competitor to understand how a firm create competitive advantage. It results in difficulties in case of potential imitation. It is not absolute protection against imitation, but at least creates barriers to imitation.

Systemic or autonomous knowledge

It is another dimension of knowledge. Hansen (1999) finds, that the transfer of knowledge depends on intensity of the relationship between the source and receiver units of knowledge.

Findings show, that strong inter-unit ties facilitate the transfer of systemic knowledge. Weak inter-unit ties encourages project team to search knowledge in another units. The transfer systemic knowledge is therefore a complex and more difficult and requires proper means of communications and coordination.

From the above mentioned characteristics, following are critical for transfer: tacitness, complexity, specificity, and systemic nature. (Bou-Liusa and Cipres, 2006). Each characteristic has two limits. Between these limits is continuum of types of knowledge. We obtain four pairs of extremes: tacit/explicit, complex/simplex, specific/nonspecific, systemic/autonomous. A position towards left, indicates that knowledge may be difficult to transfer, position towards right, indicates that knowledge is easy to transfer.

2.1.2 Characteristic of Knowledge Receivers

Exist implicit consensus about importance of knowledge receiver behavior with a respect to the absorption of transferred knowledge. (Minbaeva, 2007). The inability of knowledge receiver to absorb new knowledge is one of the most cited impediments to internal knowledge transfer.

Absorptive capacity

The term was defined in research Cohen and Levinthal (1990). Absorptive capacity is defined as organization's ability to recognize the value of external information, assimilate it and apply it to generate economic rents, it is critical to its innovative capabilities. Absorptive capacity is important from internal point of view and also from external point of view. In networked context the absorptive capacity of recipient, is integral to success of the knowledge transfer process.

2.1.3 Characteristic of Knowledge Sender

It is argued, that decision to transfer knowledge is largely individual and is driven at least by two factors: the ability and willingness of knowledge sender to share knowledge. There are many lists of reasons elaborated by researcher, which influence individual knowledge sharing behavior. Carbera (2003) identified nine factors that could influence such behavior.

1. Trust is positive factor influencing knowledge transfer between work units. A feeling of obligation to share knowledge was positively related to the knowledge sharing behavior.
2. Norms that encourage open exchange of knowledge among organizational members willed to greater degree of knowledge sharing.
3. Individuals will share its knowledge only if they feel a clear benefit to do so.
4. The perception that others are willing to share their knowledge (reciprocity) is positively related to knowledge sharing.
5. Individuals will have positive relation to knowledge transfer, only if they will be perceived that knowledge is worth for sharing.
6. Personality traits, like extroversion, agreeableness, conscientiousness, and openness are positively related with a knowledge sharing.
7. Feeling of obligation was positively related to knowledge sharing behavior.
8. A strong group identity also influences the individual knowledge sharing behavior.
9. Beliefs regarding various individual competencies and skills are also positively related with knowledge sharing behavior.

Michailova (2002) pointed also a list of factor which influence the sender behavior.

- Potential lost value, bargaining power, and protection of individual competitive advantage to a strong feeling of personal ownership of accumulated knowledge.

- Reluctance to spend a time on knowledge sharing, since the time and resources can be invested in more effective activity.
- Fear of hosting “Knowledge parasites.”
- Avoidance to exposure. By not sharing knowledge, individuals protect themselves from external assessment of quality of their knowledge.
- Strategy against uncertainty. Knowledge senders may be highly cautious about revealing the relevant knowledge.
- High respect and for hierarchy and formal power knowledge sender may be reluctant to share knowledge for fear of losing a position of privilege and superiority.

Causal ambiguity

Unlike absorptive capacity and shared identity, which are considered to be positive antecedents of knowledge transfer, the presence of causal ambiguity has been considered as an isolating mechanism of knowledge, impeding its movements within and among organizations.

The concept of causal ambiguity consists of two sets of elements

1. organizational inputs,
2. causal factors that are combined to generate the outcomes.

Organizational inputs can be understood as a raw materials used to manufacture the product and the causal factors can be viewed as process used. (Pristley, Samadar, 2007) When knowledge is causally ambiguous, transfer is difficult, if not impossible. Causal ambiguity is an important contributor to knowledge transfer difficulty.

2.2.4 Characteristic of Relations between Knowledge Senders and Receivers

In general knowledge transfer across organization is difficult from many reasons: culture, structure, technology, habits, and inherent differences in the experience with knowledge transfer. Successful knowledge transfer exists only in the case of close relationship between sender and receiver. There must be communication bridges, possibility for dialogue across organizational hierarchy, condition for team learning. (Agrys and Schon, 1996). Very important factors are shared identity.

Shared identity. Similarly like absorptive capacity, also shared identity has a positive influence on knowledge transfer. Trust is a very important mechanism to facilitate transfer of knowledge, because trust decreases situational uncertainty. Shared identity has intra- and inter-organizational dimension. Firms usually define the conventions and rules by which individuals coordinate their behavior and decision making.

Next step is definition of processes, by which learning is developed socially through the formation of values and convergent expectations.(Kogut and Zander ,1996).

Transfer of knowledge, especially when transferred knowledge is tacit, requires many individual contacts and exchanges. Studies showed, that the interpersonal communication, such as visits and meetings were significant facilitator of inter-organizational and intra - organizational knowledge sharing.

Important role in knowledge transfer play networks. It is generally adopted, that there are three type of networks:

1. Technological networks based on codification strategy or technocratic school and relies on technology and databases. Individuals make their knowledge explicit in order to transfer it via the database(Hansen et al, 1999).

2. Individualized networks, named spatial school designed for the emergence of knowledge and relies on face-to-face (Hansen et al 1999). With this strategy , firms focus on tacit knowledge sharing.

3. Social networks combine personal and technological networks and relies on communities of practices. Knowledge is often transferred by help of technology.

2.2.5 Mechanism of Knowledge Transfer

1. Summarizing various studies on mechanism of knowledge transfer Tsai(2007) pointed out possible mechanism of knowledge transfer as follows:
2. Codified transfer mechanism, which includes hardware, software, documentation, acquisition, organizing, restructuring, storing, memory, reconfiguration, distribution, manuals, secret receipt or formula, procedure, internet information, electronic data exchange, written reports, data system, intra- network, drawing and groupware. Inter-personal transfer mechanism, which includes technological sharing, joint-venture interactions, personal movement, linkage strategy between partners and alliance, training and transfer of people, formal communication agreement, informal communication, telephone, e-mail, fax, video conferencing, training seminars and courses, face-to-face meetings, specialist's knowledge transfer, workshop liaison , third –party license, product support and production, communities of practice, and talking.
3. Embodied transfer mechanism, which includes products, rules, procedures, directives, and equipment.

4. Organizational learning, knowledge application, and technological innovation.
5. Trust-commitment relationship, which includes full trust-commitment and value sharing.
6. Social network relationship structure, which includes strong ties, weak ties, and structural holes.
7. Resource advantage, which includes complementary knowledge, knowledge transferability, and knowledge dependence.

2.2.6 Barriers of Knowledge Transfer

In accordance with Tsai(2007), there are many studies on the barriers of knowledge transfer. On the base of above mentioned studies Tsai summarizes eight major barriers as follows:

1. National characteristics, which include cultural differences and cultural distance.
2. Environmental characteristics , including environmental distance and environmental uncertainty.
3. Technological characteristics, including technological accumulation degree, characteristic of transmit receiver, degree of technological complicatedness, technological age and experience.
4. Organizational characteristics, including knowledge protection degree, absorption ability, and past experience.
5. Knowledge characteristic, including tacit knowledge, causal ambiguity, and unproven
6. Knowledge transmitter, including lack of motivation and source of knowledge not perceived as reliable.
7. Knowledge receive, including lack of motivation and lack of absorption capacity,
8. Knowledge transfer contingency, which include lack of retentive capacity, barren organizational context, arduous relationship, and lack of trust.

3. Process of Knowledge Transfer

There are many types of knowledge transfer processes. It depends on author and its attitude. From practical reasons is suitable a model consisting of four stages(Millie and Cheung 2006):

Motivation

This stage comprises all activities connected with the intent for knowledge transfer. On the receiver side it can be perceived lack of knowledge or identified gap between existing and required knowledge.

The attempt to search for knowledge may be initiated by sender or receiver. On the sender site it can be effort to sell the knowledge or to present a good results, especially in the case of intra – organizational transfer. Role of corporate culture, is important.

Matching

Matching stage begins with an attempt to search for a suitable transfer partner. In searching for appropriate partner. The matched partner must be willing to share or learn knowledge in transfer. Matching presents iteration process, both motivated partners.

Implementation

During this stage flows knowledge between sender and receiver, including all necessary activities connected by this process. Depending on the level of knowledge complexity, transfer-specific social tie between the source and recipient are established, and the transferred practice often is adapted to suit the anticipated needs of recipient. The ability of recipient to assimilate and apply the resources obtained from source, is given by absorptive capacity. Next step, after knowledge acquiring, is adjustment all condition for new knowledge implementation. It means that new knowledge must be transformed in new environment. This process involves a finding ways to determine the appropriateness of knowledge how it can be implemented in existing techniques and structures. This transformation is depending on absorptive and retentive capacities. Absorptive capacity is which they define as the ability to acquire, absorb, and assimilate new knowledge. Retentive capacity is the institutionalization of what has been transferred. (Szulansky, 1996).

Retention

The retention stage begins after the receiver has achieved satisfactory results with the transferred knowledge. The new practices become institutionalized, progressively lose their novelty. However, in order to maintain the initial performance gain, recipient needs to retain the knowledge in organizational repository and be able to retrieve it effectively when if the need arises again in future.

4. Conclusion

Presented paper points out, on the base of analyzed literature and personal experiences of author main problem connected with knowledge transfer. There are described the main factors, which must be taken into consideration, for successful knowledge transfer.

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Risk Management in Insurance

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Abstract

This paper deals with risk management issue. It characterizes the risk and defines the most frequent types of risk. It explains the role of risk management and its function in management of a company. It also focuses on insurance companies and describes types of risk the insurance company has to face.

Key Words

Risk Management, Insurance Companies.

Introduction

Enterprising represents the activity in which the reached result cannot be known in advance. It is influenced by threats arising inside or outside the company. Some negative impacts can be moderated, some can be avoided but there are still some impacts that cannot be influenced at all. The entrepreneur should be aware of them and prepared on them.

The insurance companies represent the objects which take risks from individuals and companies for some financial reward. In case of insurance event the entrepreneur or individual is being compensated by the agreed sum of money. The insurance companies as independent businesses operating on market are to face some risks. The ways of risk management in insurance companies is described in detail in this paper.

Risk

There are many definitions of risk and its comprehension reflected in different approaches by experts on risk and economists. The most frequent description on risk is a possibility of accident. Risk is unpredictable situation which can distinguish real results from predicted ones. The common component of majority of definitions is the fact that risk represents uncertainty and that there are different levels of risk. (Holyoake - Weipers, 2000)

The same situation is in risk classification, where many different types

of risk ranking are presented by different authors. The most frequent are there:

- Financial and non-financial risks
- Net risks and speculative risks
- Basic risks and specific risks

Financial and Non-financial Risks

In case of financial risks, the consequences are expressed financially in certain currency units. As an example the loss of property or injury can be measured and then the value can approximately be expressed numerically.

Financial assessment is not possible in case of non-financial risk. It means that in situation when someone makes any decision e.g. buying a car or choosing a holiday, he/she runs the non-financial risk because the result of decision does not need to fulfil the expectations of a buyer. In such case the result cannot be expressed financially but in other values.

Net and Speculative Risks

Given division involves consequences. It differentiates 2 types of situations, the ones with existing probability and damage or loss and the others with certain probability of yield or profit. That is why the net risks are defined as situations resulting in loss or the so-called dead point. The result can be uninsurable risk or it can lead to such position as it was before the occurrence of insurance event e.g. the subject of insurance reaches dead point.

In case of speculative risk the subject of insurance can obtain something e.g. when investing in securities. In such occasion the investment can lead to loss, stand at the dead point e.g. invested money does not bring any profit, or investment can earn profit and the profit was the reason for investment.

The other distinction between these risks is the fact that net risk are usually insurable and speculative risk are rarely being insured as there is a chance of earning profit. In such case there is a low incentive for work hoping to reach profit when it is evident that insurance company will pay certain sum of money without taking into account invested funds.

Basic and Specific Risks

Basic risks have non-personal origin and wide influence. These risks come out from external causes and an individual or a group have influenced on them. Besides that the effects from these risks are perceived by many people, e.g. natural calamities, social and political changes, etc.

The specific risks are unique risks concerning their origin and sphere of influence. This kind of risk occurs in special cases and influences individuals. This kind of risk is insurable, while the basic risks are not insurable but it is very complicated to generalise it because the concepts

of these risks and their insurability are different. The basic risks which are normally uncontrolled, wide and non-distinct and the society as a whole is responsible for them, are usually not an object of insurance but in Britain such risks can be insured. (Daňhel, 2005)

Risk is a dynamic item and that is why it is not unusual to change its ranking. The most changes concern the shift from specific risks into basic risk group.

Risk Management

This scientific discipline originated at the beginning of 1950's. The initiators of its establishment were not the insurance companies but big industrial corporations willing to buy insurance coverage according real danger. For the branch of risk management and mainly risk engineering, it is typical to apply systematic use of engineering knowledge, technical and managerial skills and all available know-how to protect lives, property and nature.

The risk within the risk engineering is simply understood as an unrecognized loss potential that can be expressed as a function of occurrence probability and the volume of loss consequences. It concerns potential or existing set of circumstances that can the activity involving dangerous condition change into accident or disaster. The loss consequences can be either direct or indirect or consequent ones. The direct losses concern loss of life or property. Indirect losses come from the stoppage of a business operation like loss of image and reliability of a company or are an unacceptable damage for a company caused by confiscation of licence to provide business activities. The aim of risk management application is to understand future risk, e.g. their cognitions, division and decision making of which risks should be eliminated, reduced or transferred or even retained (in this case those risks cannot be expressed numerically or in given moment they are not distinguished). All risks cannot be excluded, but it is necessary to retain certain risks but on the other hand the retained risk should systematically be sorted out do it will not become a threat for a company.

The process of risk management involves three phases. They are:

1. Risk identification – the risk analysis is in process in this phase with the aim to identify risks, to sort risks and to evaluate quantitatively the risk rate endangering economic activity of a company. It means to find the answers to such questions as: What can happen? Which undesirable events can occur? What is their probability to occur? Etc.

2. Management of risk (reduction and elimination) – the outputs from this phase are regulations that will be realized in the third phase of risk management process.
3. Risk control and risk financing – in risk control the accepted restrictions help to avoid risk realization and their negative consequences. Their reduction and financial elimination of accidental consequences mean providing adequate liquidity financial sources to secure running of business. The company has been offered two solutions either it will cover risk consequences by its own financial sources or it will transfer a part of risk or the whole risk to another object, e.g. insurance company. (Daňhel, 2005)

The Kinds of Risk Studied within Risk Management

All risks involved in risk management are necessary to be defined in order to enable complex understanding of all threats endangering economic activity of an entrepreneurial entity. The following risks can be concluded to this issue:

- Physical losses or damage of property and health damage
- Loss liability
- Business interruption
- Management inaccuracy
- Negligence
- Technological risks
- Political risks
- Social risks
- Risks resulting from natural environment (e.g. change of climate, depletion of natural sources, ...) (Daňhel, 2005)

The risk of physical losses or property damage, loss liability, business interruption, management inaccuracy and negligence are considered to be controllable risks. The other risks can be controlled only to some extent.

Risk Portfolio of an Insurance Company

It represents the sum of risks the insurance company has to face performing its business. The given risk portfolio is typical for non-life insurance companies. We can distinguish commercial risks involved in all entrepreneurial entities and financial risks and insurance-technical risk typical for the insurance business. (Kafková, 2004)

Commercial Risks

This group of risks involves strategic risk, macro-economic development risk, risk of legal setting, political risk, business risk and risk of reputation. This group of risks cannot be characterized by probability models. At the same time, these risks cannot be influenced from the economic entity part of view.

Financial and Insurance-Technical Risks

There are different classifications of these risks in scientific literature. In balance division of risks, the basis is this balance equation capital equals assets minus liabilities. The assets in case of insurance company are generally financial investments and liabilities are technical reserves.

Recording this approach we can distinguish:

- Risks of assets – investment risks
- Risk of liabilities – insurance-technical risks
- Risk of mutual relation of assets and liabilities – asset-liability risks (Holyoake - Weipers, 2000)

The Committee on Valuation and Related Matters of Society of Actuaries has made adjustment of this classification and distinguished new more detailed classification of financial and insurance-technical risks on:

- Investment risks
- Actuarial risks
- Asset-liability risks
- Operative risks

Investment Risk

These risks contribute the main threat for the assets represented by balance investment portfolio of insurance company. This subdivision concludes:

- Interest risk – lies in changes of interest level rate and consequent impacts on market value of assets and liabilities.
- Credit risk – its origin lies in the fact that debtor does not keep agreed conditions of financial transaction. The bonds are usually exposure to this risk.
- Market risk – concerns unexpected changes in prices of financial investments as a consequence of changes in capital markets, changes in currency rates, etc.

- Liquidity risk – presents such situations when given assets are changed into cash under unsuitable conditions for an insurance company.
- Concentration risk – represents excessive involvement towards one object or small group of objects. Management of this risk is run in the form of stated limits towards mentioned objects.

Insurance-technical Risks

This group of risks is for objects operating on insurance market. It deals with such risks the other companies do not want to cover from their own sources. On the other hand insurance companies report considerable competitive advantages in their management and handling. The basis of competitive advantage is in ability of insurance companies to consider and evaluate individual risks and then manage them adequately. This risk can be divided into:

- Risk of technical reserves adequacy – represents the risk that future cleared events will differ from generated technical reserves. This risk is known as assessment of ex-post risk, because the concern is given to possibility of changes occurring other insurance event e.g. future indemnities vs. indemnities expected in present to which the technical reserves has been generated.
- Premium risk – is a type of risk, when calculated presumptions calculation of written premiums (middle level of values, expected costs, investment result) will not be in concordance with future development. As this risk involves uncertainty of future insurance events towards current level of premium is called as ex-ante risk assessment.
- Catastrophic risk – means risk of indemnities caused by natural and other disasters.
- Re-insurance risk – is uncertainty in respect of price, capacity and accessibility of re-insurance.
- Risk of administration costs – is a risk that calculated expectations concerning cost development will not be in accordance with future development of trade.

Asset-liability Risks

They come from mutual relation of assets and liabilities in balance sheet of insurance company. They are caused by inadequate structure of assets

in relation to liabilities from the time structure, yield, risk and structure of portfolio points of view.

They involve:

- Inflation risk – concerning situation when unexpected changes in inflation development can have impact on value of future payments of indemnities compared to technical reserves accumulated for this reason and received premiums.
- Risk of discount rate – represents subcategory of credit risk.

Operative Risks

This kind of risk origins in relation to possibility of human errors, the failure of IT systems, breaking ethics in trade negotiations, terrorism and other external events. This group of risks is the least quantificated from the above mentioned ones. (Daňhel, 2005)

Conclusion

Risk is inseparable component of enterprising. All business entities are involved in it. The cognition of risk and its understanding is the first step to successful risk management. The entrepreneurs have had several possibilities to reduce negative impact of risks on business and enterprising. One of these possibilities is insurance e. g the transfer of risk to the third entity – insurance company.

Insurance companies have to deal with risk and manage it like any other company on the market. Types of risk, the insurance company has to manage are described in this paper. The cognition of possible threats and negative impacts of these risks and also the risk cover are the essential roles of proper performance of insurance company.

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Improvment of Quality Management System in Civil Service Organizations

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Abstract

Organizations integrated in Civil Service have effort to improve quality management system in their organization, but they think, that quality management systems customized by command standards (for example STN EN ISO 9000) are technocratic, not just most suitable for organizations integrated in Civil Service. But my opinion is, that it is necessary to improve a management system and its part quality management system in those organizations too, in relation with this I consider to think about application of other models of quality management for example model CAF (The Common Assessment Freemework).

Key Words

Management system, quality management system, model CAF, Civil Service,

Introduction

Long time experience related to consultation for implementation efficiency of quality management system (QMS), experience with implementation, sustainable and to develop QMS in to the producing and not producing organizations. Also is important a knowledge of organization employee integrated in civil organizations as well as opinion of our external students on our faculty (we mean employee in other firms*). Effective implementation of this system in there organizations confirm so the employee in mention organization are not enough advancement of one or more models QMS.

*

In March 2008 was performed research which deal with 30 companies focused on SQM

In organization of civil service in which is working QMS is contribution valuate as a partly good and substantial.

Fundamental principles of quality management (4), which are in general use and application in which can organization only help to increase effective work in organization and execute of those process we can increase productivity of companies and also consolation of costumers.

- a) Costumers intent :
every one organization should have interest to satisfies there costumers because company depend on costumers;
- b) leadership/ management:
in all organizations is important to make a environment where are employees fully ind into the pursuance of organization targets ;
- c) employee involving:
in all organization are behind there success employees and there activity;
- d) principle of process:
desired result is possible to get more efficient if activity and sources are mange as a process;
- e) systems approach management:
process management as a organization system in which are closely tide other process help into more efficiency organization running;
- f) permanent development:
all organizations must permanently develop there aggregate capacity;
- g) determinate on factor base:
effective decision are in all organization made on information and data analyses;
- h) interaction of profitable sideline with suppliers:
if organization and there suppliers have interaction of profitable sideline there make good assumption for making value of both sides.

It's known, that requirements for QMS are specified by corresponding norms (for example STN, EN, ISO, ..., ISO/TS, VDA, ...), which are commanding and because of this not attractive. Other models are less known (for example EFQM – model of exceptionality of European union for quality management, CAF – common system of quality validation), which don't have this characteristic and they are suitable for tertiary sphere. I think, according to long time experiences with implementation of QMS in practise, that CAF model is suitable for application in organisations integrated in state administration , including schools too.

Model CAF according (1) is tool for application of quality management technics, which has target to improve efficiency. It provides self-validating system close by conception to main tools of complex quality validation, specially to EFQM model of exceptionality.

Model CAF has those main objectives:

1. To bring principles of complex quality validation to public administration.
2. To support self-validation of public sector organisations with target to obtain structured picture of organisation and following possibilities for improvement.
3. To influence for commonising of different models used in quality management.
4. To support benchmarking between public sector organisations.

Structure of Model CAF Consists of 9 Criterias and 28 Subcriterias.

Criterias in parts of assumptions: leadership, strategy and planning, employees, partnerships and sources, processes.

Criterias in parts of results: results in relation with citizen/ customer, results in relation with employee, results in relation with company, key results of efficiency. Further see (1), (2).

According to my opinion advantages of its ipmlementation in state administration opposite mentioned norms are:

1. Model is not commanding opposite norms STN EN ISO rank 9000. It's more free, but it's necessary to realise, that its philosophy is close to those norms in terms of validation (for example in assumptions: leadership, employees, strategy and planning, partnership and sources).
2. Model, in which assumptions and results are self-validated (by self-validating team). External audits are not necessary - cost saving.
3. Model, according it we evaluate our position in individual criterias, we look for solutions for weaknesses and by this we continuously improve quality management system and leading system of our organisation. We observe improvement trend, we do it for ourselves. We can be transparent for detecting of our weaknesses, critical to us and if we want, we can be succesful in improvement of quality management system and leading system as integer in our organisation.

Conclusion

Quality management systems support a reaching of defined quality parameters and rationality of running processes in organisations, by what they contribute to improvement of organisation management efficiency and to improvement of their performance. In present we can use instead models with commanding norms, self – validating models, implementation of them I consider as suitable for organisations in state administration.

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II. Marketing and Applications

Marketing of the Region – Basic Facts and Specific Application and Implementation in Prešov Region

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Abstract

The contribution is focused on marketing of the region. It defines basic knowledges of this topic and mentions the growing importance of the regional marketing for individual regions in amplified European competition. The article is dedicated to Prešov Self-govering region which has responsibility for development of the region and implement marketing of the region. Attention is given to some points of the Regional Innovation Strategy – the project of the Prešov Self-govering region.

Key Words

Marketing of the region, Prešov Self-govering region, Regional Innovation Strategy

The topic of this article is particularly actual last years. After the accession of Slovakia into EU the importance of the regional development has markedly increased. For EU is typical big diversity, economic and social differences between member states and regions.

The European Union through its regional policy seeks to reduce structural disparities between EU regions, foster balanced development throughout the EU and promote equal opportunities for all. Its activities are based on the concepts of solidarity and economic and social cohesion. Cohesion policy has for the period 2007 up to 2013 three main goals: Convergence, Regional competitiveness and employment and European territorial cooperation.

With regard to substantial differences in Europe and its regions, attention of our government and Self-Governing Regions is intent on their removing and also on raising the quality of life and standards of living to be comparable with most developed European countries. Because in Slovakia there are also marked regional differences, our government tends its efforts to their elimination. Slovakia obtained opportunity of assistance of Cohesion policy by means of drawing the finance from Funds. For period 2007-2013, the European Union's regional policy is the EU's second largest budget item, with an allocation of €348 billion.

All facts listed above mention the necessity of active approach of the regions to their visualization and recruitment their position in strong European competitive background. Dynamic changes in environment, globalization and integration trends and strong competition bring need or even inevitability of regional marketing. Regional marketing is a process aimed at changes and it provides possibility to be influential in developing the region. It is concentrated on improvement of the chances of the region to attract and keep the investments, firms and organizations. Regional marketing transmits the methods from private sector to the regional level in order to be able respond to accumulative competition between regions. In the article I would like to clarify the issue of the application of marketing (its instruments and conceptions) in specific conditions of our region.

Marketing of the region is relatively new concept, which implies variety of activities those aim is to attract tourists and investors into region, visualization and self-promotion of the region. Every territory has specific characteristics and therefore has specific potential to allure investments and people. Marketing of the area is intent on creation, maintenance or modification of the accomplishments, attitudes and behaviour of the subjects in the face of the region. Whereas developed countries started with exercitation of marketing of the region almost thirty years ago, for Slovakia is this subject new. Its enforcement is related to admittance of our country onto the European integration structures. Regions of Slovak Republic are constantly obliged to look for new ways and means of assertion in strong competitive European interspace. Slovakia and its regions are actively preparing for inflow of funding from EU. On that account for all regions and especially for Prešov region which is one of the most backward regions, is important to be prepared for implementation of these finance for the benefit of their advancement.

Objective of marketing of the region is to ensure effective satisfaction of needs of subjects in area. This task can be fulfilled by evaluation and optimal utilization of potential of the area and its enforcement in market with accent on public interest. Therefore marketing of the area has to know everything what region can offer, to know the opportunities and fences of development, to know strong and weak points. Furthermore is important to analyse competition and world trends and to define target market segments with their demand. These activities are parts of the marketing planning which consists of five phases:

1. **Conceptual stage** – setting values and main targets; for self-governments it is phase of laying down the philosophy, mission and vision for the territory (10–15 years)

2. **Analysis** – involves analysis of the – external environment, internal environment of the area, competitors and market (Janečková - Vašítková, 1999)

Well established and mostly used method of the marketing analysis is SWOT analysis which serves as the fundament for elaboration of the strategy and development programmes for the region and presents information for internal and external partners.

According to the integrated study of the advancement conditions of the region elaborated by Prešov Self-govering regions were in SWOT analysis of the East-Slovakia region specified following components:

Strenghts:

- qualified labour force
- tradition in industrial production and structure of the economy
- persisting trend of the elimination of reducing over-employment and increasing produktivity of labour
- narrow trading interconnection of the East - Slovak industrial production with EU markets
- sufficiency of the available capacities in all sectors of manufacturing
- industrial character with representation of all branches
- utilizable resources of the raw materials
- plenitude of the constructive potential for industrial and transport buildings, housing construction and infrastructure
- wide natural komplex and cultural heritage represent potential for tourist trade

Weaknesses:

- high energetic, raw and import demandingness
- insufficient diversification export potential
- big share of the production with low added value
- great representation of the production able to compete with price and poor representation of the production able to compete with duality
- deficit of the efficient trade channels
- weak readiness of the majority of small and middle entrepreneurship for open competition on common market-place
- insufficient capitalization of the significant part of economic subjects and unadvanced technologic base
- limited investment opportunities for exploitation of the dispensable resources of the raw and wood material
- unsatisfactory research base and its absence in perspective branches
- predomination of the basic industry over final production

- poor utilization of the potential for tourist trade
- incomplete transportation accessibility
- weak exploitation of domestic raw material basis

Opportunities and threats of the external environment:

- dynamic growth of the world economics
- increase of the inflow of direct foreign investments
- development of intangible factors of the competitiveness
- evolution of research and development in ECO industry
- exploitation political and economic aspects of extension process in EU
- possibility of the industrial production to implement on Ukrainian and Russian markets
- drawing finance from EU Funds
- unfinished construction of the highway and communications network
- lack of financial resources for building and reconstruction of the strategic infrastructure
- negative incidence of industrial rescheduling on the situation in the employment market

(Resource: Regionálny operačný program NUTS II – Východ (regional operational programme NUTS II – EAST))

3. **Creation of the strategy** – it defines target segments, submitted product and instruments used for its support. Strategy should contribute to solve marketing problems, such as problems between demand and supply or problem on supply – in product, communication, price or availability. Strategic planning is process of setting targets according to vision and setting operational plans steering to the realization of the vision. Strategy should be in compliance with the ground plan, because it is one of the most powerful implement of its execution. Land-use planning designates inevitable and viable investments which should bring long-term openings (Janečková - Vašítková, 1999).

Prešov Self-Governing Region implemented project - *Regional Innovation Strategy (RIS)*. The vision of RIS is to accelerate the economic growth of an underdeveloped region. The aim of RIS is also gradual transformation of the region into a well developed region on the basis of technology investments acquisition and knowledge based economy development. Project RIS Prešov defines four target areas: Development of knowledge based economy, Creation of qualified work positions, Human resources development, Innovations implementing and Technology transfer in traditional sectors of manufacture and services.

First target - *development of knowledge based economy* is an important precondition of a sustainable economic growth and is one of the main targets of RIS Prešov project along with a systematic support of technology oriented companies' establishment in the region. Preconditions for knowledge based economy development are:

- regional support of research and development
- cooperation support of research and development sector and industry / business sphere
- innovation infrastructure development
- financial mechanisms development supporting innovation within companies
- information society support

Second target is the *creation of qualified work positions*. In a long run, the sustainability of regional economic development cannot be based on the hire of cheap labour force. On the other hand, labour force represents one of the chief preconditions of regional investor acquisition. For the creation of qualified labour force positions is necessary to carry out the following activities:

- investment acquisition - direct foreign and domestic investments
- creation of financial resources for the creation of qualified labour positions
- support for the establishment of new companies

Third target area - *human resources development* represents a key area not only in connection with the development of knowledge based economy, but also for the creation of qualified work positions. Human resources are the most important factor of economic development and also the main precondition of gradual implementation of knowledge based economy. Investing in human resources requires:

- development of education process on the primary, secondary, college and university level
- qualification, specialisation, skills, mobility and flexibility up grade of the labour force
- development of life learning and retraining
- e – learning a creativity development support

Last target area - *innovation implementation and technology transfer in the traditional sectors of manufacture and services* is the main tool of innovation development due to the insufficient production of new technologies in theregion. The more intensive and extensive technology transfer and successive implementation of new technologies and innovations, the faster the overall economic development of the region is to

be. With respect to the economic potential of this region, except industrial technology transfer is important also the support of tourism and agro-sector and following activities:

- innovation implementation and technology transfer in selected sectors of industrial production
- innovation implementation and tourism technology transfer
- innovation implementation and agro-sector technology transfer

(Resource: Regionálna inovačná stratégia Prešovského samosprávneho kraja (RIS of the Prešov Self-governing Region))

4. **Implementation phase** – several combinations of product – market are supplemented by elements of the marketing mix (product, price, accessibility, communication and human factor).
5. **Verification, control** - continuous monitoring of the transitions in micro- and macroeconomic environment, changes in market and verification of the functionality of the components and instruments in marketing process (Bernátová - Vaňová, 2000).

Basic reasons for exploitation of marketing of the area are:

- analysis of external and internal environment constitute preconditions for efficient advancement of area which respect needs of the market
- communication between self-government (as supply) and market segments (as demand) is better
- implementation of investments bring ultimate effect for territory and community
- activities undiserable for long-term prosperity are reduced

Marketing of the region is executed by self-government (self-governing regions), state administration, private and public firms and non-governmental organizations. Role of self-governments is to promote region in the face of investors, visitors and aslo own inhabitants.

Last years has competition in public sector markedly increased. Self-government should be able to compete in services which it provides and in raising funds from state, European Union and sponsors. Effective assertion of marketing of the region could meaningly influence the employment and development of the regional economy (Bernátová - Vaňová, 2000).

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Increase of the Competitiveness of Small and Medium Businesses in Prešov with the Assistance of Specific Marketing Instruments

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Abstract

This thesis focuses on competitive ability of small and medium businesses in Prešov. The thesis itself is divided into three main chapters. The first chapter provides basic grounds of the theory, namely characteristics of small and medium businesses, tools of the marketing mix, marketing environment, and competition. The second chapter presents analysis of the survey in the field of using of marketing tools in small and medium businesses in Prešov. The main goal was to find out which forms of marketing tools are used by the individual small and medium businesses and what is their view of the business activity in Prešov region. The survey performed in a form of a questionnaire was made on a sample of 45 interviewed from the small and medium businesses. The last section of the bachelor's thesis includes suggestions for improving of the present situation of competitive ability in Prešov.

Key Words

Small and medium businesses, competitive ability, product, price, distribution, marketing communication, marketing environment, the town of Prešov

Small and Medium Enterprises

Small and medium enterprises are inseparable part of firms' spectrum in most countries. The reason of growth is their asset to increase competitiveness and to develop state economy.

They are able to quick adapt for market requirements and share job creation with grand rate.

Marketing is one of the basic business functions. It has an enormous influence for overall prosperity. It concerns almost all enterprises and its satisfaction with goods and services of the diverse population wants. The goods and services should be offered to the right customers groups at the right time, for the right prices, in the right quantity with propagation assistant and marketing should help with it.

Small and medium enterprises (SMEs) create important part of economics economy where they significantly participate in the creation of gross domestic product. SMEs are stimulus to their development mainly with intake and utilization flexibility of the most progressive technologies, job creation and as the main initiator of growth standard of living. SMEs have also their no exchangeable place from the covering customer wants point of view, so large-scale enterprises do not have an interest about that or do not know how to cover these needs with an economically efficient method. From this reason government authorities expend a fair amount of effort to support and develop this entrepreneurially sector.

Competitiveness

The word competitiveness has a base in the word competitive, which literally is defined like rivalrous. The meaning of the word competitiveness represents in loose translation an ability of given subject to compete or to rival on the market.

Freebain defined competitiveness like “an ability to offer goods and services demanded by buyers at the time, at the place and in the adjustment, which is at least in such level as competition, where recoverability of factors of production is at the same level of their opportunity costs.”¹ The definition indicates that competitive products are able to compete on the foreign markets minimally as good as operating products there. It means a determination of certain target, where every entrepreneur has to manage own product sale with an interest. In this case it leads to the definition about business competitiveness.

M. E. Porter tends to manager definition of competitiveness and he interpreted it like “an ability of enterprise to make use of an opportunity to gain a position on the market, in which they can protect or utilize sources to growth.”² External environment he perceives as a main determinant of enterprise ability to compete.

Pavlík comprehends competitiveness like “an ability of enterprise to offer the same or better conditions to customer, like other enterprises do.”³ It is obvious, that concept of competitiveness cannot be modified only for enterprising sphere. Also nations or sectors have to be competitive. Therefore is investigation of competitiveness necessary to extend at more levels:

¹ FREEBAIN (1986)

² PORTER, M. E.: Konkurenční výhoda. Praha: Victoria Publishing, 1996.

³ PAVLÍK, A.: Malé a středné podniky – kategorizácia a charakteristika. In: Konkurencieschopnosť slovenských malých a stredných podnikov v hospodárskom priestore integrovanej Európy. Bratislava: Ekonóm, 2006, s. 13.

- **Business competitiveness** – represents an ability of enterprise to afford products and services equally or more effective and active like relevant competitors.
- **Industrial competitiveness** – represents an ability of firms from certain country to achieve sustainable success against foreign competitors, without using of protective or substitution instruments.
- **National competitiveness** – represents an ability of given country citizens to reach high and increasing living standard.

The Value of Competitiveness

The value of competitiveness lies on its ability to breed above-average profit for holders. National competitiveness and living standard depends to a considerable extent from the abilities of individual firms to succeed on the foreign markets. In this surrounding Competitiveness presents additional advantage in final outcome for next economical growth in this surrounding. This phenomenon is particularly obvious in small countries, where competitiveness of enterprises is the way for go through of whittle away followed from the relatively small domestic market. An entrepreneur can fully utilize own potential of using competitive strategies, policies, product or activities.

Another case of using competitiveness and its legitimacy is a confrontation with defensive policy of other countries, which significantly makes it harder for entry of foreign sellers on the markets. In this case is competitiveness one of the factors, which can manage to overcome barriers. An effort for making a product that succeed with its core and is operating successfully on these markets can reach the level when the barriers are not heart of threat.

Nonetheless not only competitiveness is essential in commercial sector. Its function is influenced to a large degree of state machinery competitiveness and non-profit sector, which forms back-up bone of all commercial subjects. That's why it is necessary to watch on the competitiveness from an efficiency point of view, innovation, supporting and running of public administration and non-commercial sector too.

Since in the present act any amount of small and medium enterprises and their value is very important, it is necessary for them to be competitive good enough within operating in their region. Marketing instrumentarium should help them to achieve it. This instrumentarium is a package of instruments, which reflects enterprise relation to its surrounding. So it is product, price, communication and distribution policy. These instruments are not valid generally for every single enterprise and it is essentials to

combine their structure suitable, so it means to offer product in the right price with the right marketing communication and in the right place.

Communication

Communication is a process, which mediates information flow among enterprise, target market and public. As to communicate means to transmit information and messages, firms should use this process mainly for informing and familiarizing their customers with products and on the other hand for accepting of consumer demands and to respond on them. Amongst main communication aims in my opinion should belong:

1. Creating and keeping good and serious business relations with customers,
2. Building up of company image.

I think and it is also obvious from the research that **advertising** is the best form of marketing communication for small and medium enterprises. This instrument uses almost every firm. It is beneficial because it manages to appeal wide range of people. Before the firm decides for advertising, it should consider to whom and how it wants to convey its message, why firm wants to communicate with public, when timing is suitable for advertising campaign and what the firm wants to promote. Important thing is to find out, which amount is suitable for advert investing. Small and medium enterprises should choose the proper media, through an advert would be followed through. For this type of enterprises in Prešov I would recommend to advertise it for example in the local TV, on the radio, in the newspapers or on the billboards.

Face to face sale is another form of the marketing communication. It presents personal communication of seller with potential buyer for sale product purpose. Most of the prešovs' enterprises are using it and in my opinion it is bargain and effective also for the customer, who can address his needs straight to trader, so customer immediately gets a feed back and in this way he gains better benefit from the trade.

Significant is also work with public (**public relations**). Firms can influence many prospective purchasers with PR help, who are refusing advertisement. The aim task for PR should be to gain a positive public opinion. The enterprises could organise exhibitions and press conferences to increase their image, for example in the case of new product promotion on the market, to produce a company journal and information materials for regular but also for new customers, to train employees and to secure with it their flawless deportment and demeanour in public.

Advertising products market is at present over-saturated and receptiveness of the recipient is therefore pretty often decreased (Štefko, R., 2006).

Sales promotion is one of the communication policy instruments, which task is to support a certain product sale. Even one third of enterprises indicated in the research that they are not using sales promotion, because they do not need it. I think it would be useful for every firm in a certain degree. If not directly with volume sale increase, at least with customer attention increase.

The Research of the Marketing Instruments Using in the Area of Small and Medium Enterprises in the Town of Prešov

At the beginning of March was realised the research in the town of Prešov to focus and analyse using of the marketing instruments in small and medium enterprises. Representatives of different firms were addressed, mainly directors, managers and administration officers.

The aim of the research was to find out, which forms of the marketing instruments are used in small and medium enterprises, how they perceive their activity in the Prešov region and how respondents are satisfied with business policy, where they play a part.

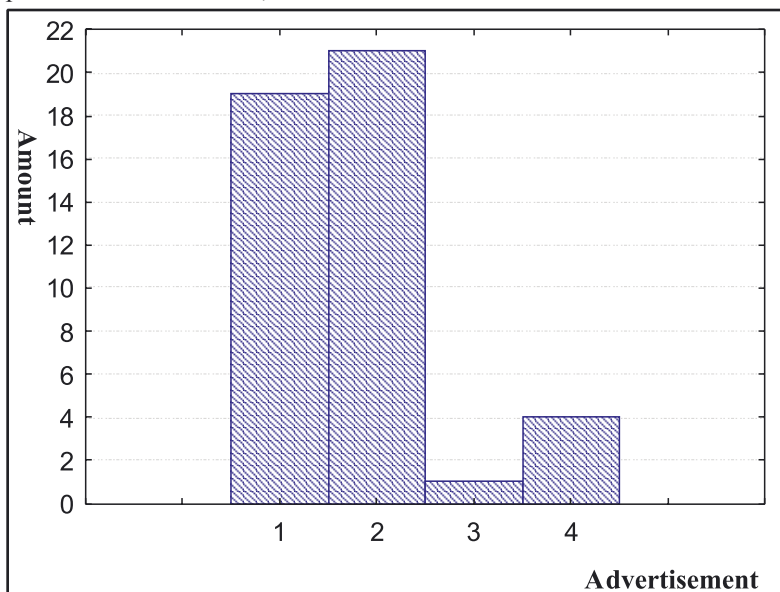
Total number of the addressed respondents was 50, but since five of them did not show an interest in the research, they were excluded. Among companies, which participated in the research belongs: Rotkiv, s.r.o., Kronospan, s.r.o., Spedos, s.r.o., Stavel, s. r. o., Allcoding, s. r. o., K+K, a. s., Aurex, s. r. o., Creative studio 49, s. r. o., Cad-up International, s. r. o., Asys, s. r. o., Archeus reality center, s. r. o., Pneumat trading, s. r. o., Marián Troliga – MT, Samuel Mital – Elmita, Jozef Bednár – Bej mode, restaurant and pension Bella Sicilia, pension Hradby and the others.

It was included 45 representatives in the research of small and medium enterprises. The most respondents were in the director positions of the enterprise. They were 16(36%). 12 firm managers (27%) took part in the research and the questionnaire were filling out administrative officers as well. They were 11 (24%). Six respondents (13%) were in the other positions, such like owner, jobber and dealer.

For 89% of firms is the advertisement important communication method with customers. On the question “Is the advertisement important for you like a form of the product presentation in Prešov region?” 19 respondents (42%) responded “surely yes” and 21 respondents (47%) responded “maybe yes”. Four firms (9%) do not consider the advertisement like the main marketing instrument and 1 respondent did not know to answer on this question. From the results of the research follows, that advertisement uses almost every firm, as it is the most using form of the product presentation. (Table No.1, Graph No.1)

Table No.1: Advertisement, *own source*

Advertisement	amount	cumulative amount	share	cumulative share
Surely yes (1)	19	19	42,22 %	42,22 %
Maybe yes (2)	21	40	46,67 %	88,89 %
Do not know (3)	1	41	2,22 %	91,11 %
Maybe no (4)	4	45	8,89 %	100 %
Surely no (5)	0	45	0 %	100 %
Missing	0	45	0 %	100 %

Graph No.1: Advertisement, *own source*

Almost 38 asked representatives of firms (84%) think, which their plant is located suitable in the consideration of the customer accessibility. 22 (49%) of them responded „surely yes“ and 16 (36%) „maybe yes“. On the other hand, six respondents think, that their plant is not easily accessible to the customers and one responded „do not know“. Firms are mostly satisfied with their location in Prešov.

For 29 firms (64%) price reduction would not have liquidating consequences on their products in Prešov. 20 firms (44%) of them were answering on the question „Do you think, price reduction of your products or your product in this region would have liquidating consequences for

you?“ They responded „maybe no“ and 9 firms (20%) „surely no“. A representative only from one company thinks, that price reduction would have unfavourable consequences for their enterprise and 6 (13%) of them responded „maybe yes“. Nine respondents (20%) did not know to answer. From the research results we can say, companies have enough high prices for keeping their position on the market.

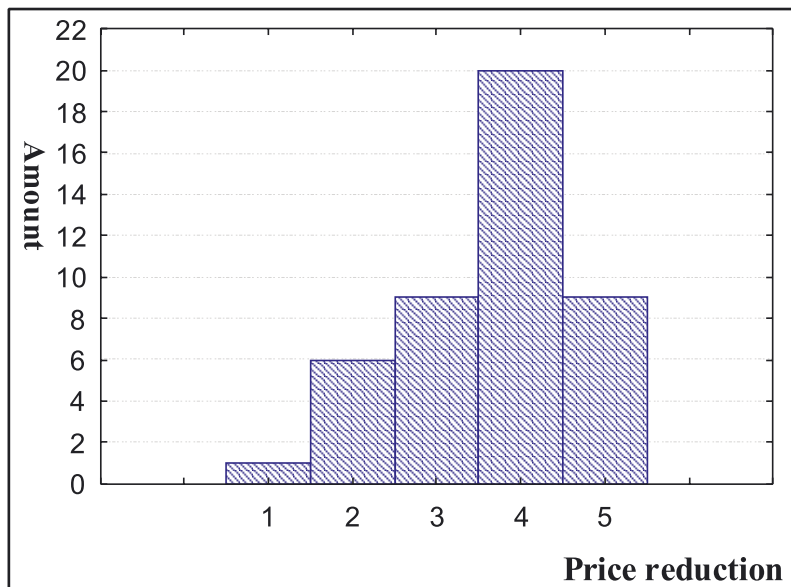
Among answers on the question, what a consequence would have price reduction. There mostly belongs fear from loss, fear from wage liquidation and high operation costs.

(Table No.2, Graph No.2)

Table No.2: Price Reduction, *own source*

price reduction	amount	cumulative amount	share	cumulative share
surely yes (1)	1	1	2,22 %	2,22 %
maybe yes (2)	6	7	13,33 %	15,56 %
do not know (3)	9	16	20 %	35,56 %
maybe no (4)	20	36	44,44 %	80 %
surely no (5)	9	45	20 %	100 %
Missing	0	45	0 %	100 %

Graph No.2: Price reduction, *own source*



13 addressed respondents (29%) think, that activities of their enterprise in Prešov region had an impact to make their enterprise visible. One of them answered on the question “Do you think that your activities in Prešov region had an impact to make this region visible?” “surely yes”. 15 asked (33%) respondents answered, they rather did not make this region visible and for 5 asked (11%) respondents, their firm surely did not make this region visible. 12 firms representatives (27%) did not know to express their opinion on this question.

Advices in Price Policy Area

Small and medium enterprises provide cost pricing in the different ways. Top management, mostly appoints small firms that have unsupported price division. Customer sets price amount rightness in the final result even price fixing depends on the enterprise price policy. In my opinion firms should consider if they choose higher prices and they attract customer for example with their image, good reputation, high qualified staff or they will decide to compete with competitors and they reduce prices. It also emerged from the research results, that most of the enterprises offer their products in high enough prices to reduce them in case of need.

Advices in Distribution Policy Area

It is very necessary for firms to choose suitable distribution way, which depends on the enterprise size, range of goods, competitors, distributors and so on. Not only physical distribution of goods belongs to distribution policy, but it also includes a firm accessibility to customer and customer service at the enterprise contact place. A business location should be situated convenient to attract customers immediately in the easiest way. I think, most represented retails in the research have an advance. They are close to their customer; they manage to suit the needs of customers and to gain information for own development. It seems Prešov firms do not have problems with their own distribution policy. They have expressed satisfaction with their business locations in the research.

Small and medium enterprises have an opportunity to support and make Prešov region visible, even not such in the same measure like big enterprises. They can do it in the take part way or with the financial support of cultural events, sport, charity, education, etc. They would help with this manner not only to the region, but also they make their firm visible and they gain advantages over competitors.

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The Importance of Loyal Programs on the New Globalised Market

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Abstract

The purpose of this study is to investigate customer's loyalty and its drivers hiding behind the loyalty in the relationship between a firm and a final customer. Focusing on loyal consumers offers several advantages to any company. Marketing strategies focused on loyal consumers can increase the consumers' willingness to stay loyal to the company. On the other hand also show that benefits from loyal customers' orientation are not so straight forward. As costs of serving long-term customers can substantially in time, customers do not automatically want to spend more when they are loyal increase and the short-term customers can be even more profitable than the long-term ones. As a result, the question whether loyalty programs are worth of dealing with then. Based on the fact that nowadays markets respond quickly to changes, it is not very likely that a new loyalty program would alter buying behavior from the long-term perspective.

Key Words

Store loyalty, global business, profitable customers, loyalty drivers, loyalty programs

Advantages and Disadvantages of Loyalty

Convincing conceptual evidence delineating loyalty has been advanced by several authors. As loyalty gives guarantee of future earnings, its need to lift sales at present is not requested. If loyalty decreases the risk of losing a customer and increases the certainty of future income, than it may have a real and perhaps substantial impact on future value (Sharp 1997). The question, however, still remains to what extent loyal consumers can impact a firm's sales and revenues.

Building on the fact that most of the profits of a company are usually realized by only 20% of its top customers (Schmittlein, 1993), it is clear that companies may want to identify those 20% of the best customers and concentrate on them, improving their loyalty and customer share through tailor made strategies.

This study's primary focus is on the advantages as well as on the disadvantages of loyalty. In addition, the drivers of the loyalty are also the focus of this thesis.

Focusing on loyal consumers offers several advantages to a firm. Marketing strategies focused on loyal consumers can increase these consumers' willingness to stay with the company. Long-term customers can learn the retailer's product range, quality levels and interaction processes (Reichheld and Teal, 1996), which may result in greater utility on the side of customers, and increased frequency combined with cross-buying on the side of the retailer. Reinartz & Kumar (2003) also show that satisfied customers are more inclined to cross-buying and focused buying. In addition, loyal consumers are argued to be less price sensitive allowing firms to charge higher margins (Reichheld et. al., 1990). Therefore, customers that are part of a loyalty program are in general offered better products that can be created through co-creation marketing. As a result, the customers are usually offered the exact value in the product they are willing to pay for (Sheth, 2000). Satisfied customers trust the company they interact with. Such customers are likely to seek greater relationship expansions.

On the other hand, Reinartz & Kumar (2000) also show that benefits from loyal customers' orientation are not so straight forward. Only focusing on retention of customers as the best measure of success does not necessarily lead to increased profits. As costs of serving long-term customers can accrue over time, customers do not automatically want to pay more in the long-term and the short-term customers can be even more profitable than long-term ones. Second, for a company to practice loyalty marketing, it must first know who its loyal customers are. In practice this is relatively easier to identify in business-to-business (B2B) relationships, where the number of customers is smaller than it is in the B2C market. As a result, when dealing with many potential loyal consumers companies have to use database mining and other forms of research in absence of personal knowledge. Moreover, the 20 % of the most profitable customers may not necessarily be those who seek a relationship. What is more, these customers are usually also the competitor's most profitable customers (Dowling and Uncles, 1997). Next, loyalty programs are often motivated by the fear presented by competition. Companies try to differentiate themselves, preempt the entry of new rival or try to preempt competitor from introducing a similar program (Dowling and Uncles, 1997). Finally yet importantly, Erhenberg's (1993) research of customer behavior, combined with analytical expertise of Gordon (1994), reveals that loyal customers are scarce and that their pursuit is not easy at all. This is because especially customers of frequently purchased products need change. This

revelation is in line with findings of Reinartz & Kumar (2000) who found that a substantial group of intrinsically short-lived customers exist between consumers.

Given the advantages and disadvantages, the question whether loyalty programs are worth embarking on can be raised. Based on the fact that nowadays markets respond quickly to changes, it is not very likely that a new loyalty program would alter buying behavior from the long-term perspective (Dowling and Uncles, 1997). Once the market has settled down again or a competitor has launched a similar scheme, old patterns that existed on the market are likely to reemerge. Therefore, it might be even better to pursue strategy of increasing market share rather than concentrating on the same customers. This can be postulated based on the fact that if big brands have more buyers and more of these buyers buy the brand slightly more frequently, the same shall apply for the retailers. On the other hand, small retailers shall be expected to suffer “double jeopardy” in that there tend to be fewer buyers for small brands who purchase less frequently. Building on this fact and taking the research of Fader and Schmittlein (1993) into account, it is difficult to increase loyalty above the market norms with a loyalty program (Dowling and Uncles 1997).

Research questions

Main research question: What drives store loyalty?

- Sub-questions:
1. Which customers characteristics drive loyalty?
 2. Which store characteristics drive loyalty?
 3. To what extent does a loyalty program build loyalty?
 4. Which type of loyalty programs have higher impact on loyalty?
 5. Which type of customers is more likely to adopt a loyalty program.

Loyalty

After analyzing loyalty from a close perspective it is clear that there exist many types of customers. Loyalty programs should be designed to target only specific segments of these customers. A company must pay attention to the selection process of the customers it wants to serve in the long run. The importance of customers' selection stems from the fact that difficulties with serving the customers may continually utilize a disproportionate amount of company's resources and can disparage the company to other potential customers (Jones and Sasser, 1995).

In addition, is it important to realize that relationships are the main building blocks of loyalty. Relationships are critical in retailing, because through relationships, perceived risk can be reduced in evaluating services or goods (Bendapudi and Berry, 1997). Loyalty programs must be based upon continuous relationships, which may be especially important in the case of services. Long-term relationships present buyers and sellers with a win-win situation (Dowling and Uncle, 1997). Companies that invest in the relationships with their customers are more willing to resist attractive short-term alternatives in favor of the expected long term benefits and they enable management to see potentially high risk actions as being prudent, logic of which is conditioned by customers not acting opportunistically.

Building Blocks of Store Loyalty

The main purpose of this thesis is the analysis of customers' loyalty towards a store. In addition, as loyalty programs stimulate loyalty in the consumers, customers' acceptance of a loyalty program was researched. In view of these facts, company and customer specific features that affect customer's loyalty and his likeliness to adopt loyalty program were analyzed.

Relevant retail specific variables include loyalty programs, store equity, expertise, atmospherics and relationship specific investments (Dess and Beard, 1984). Retailer features affect consumers' perceptions of the retailer and as such influence the loyalty of the consumers. Stimulation of consumer's loyalty towards a store should result in higher likeliness of the consumer to accept loyalty program issued by a store.

Consumers are the second main element of the person-to-firm relationship. Therefore, consumer characteristics also determine their store loyalty and their likeliness to accept a loyalty program introduced by a store. As a result, I also analyzed intrinsic customer characteristics (variety seeking phenomenon, involvement in a product offered, price sensitivity), customers' perceptions of products offered by a retailer, price-sensitivity, social influences and socio-demographics (gender, age, income)

Research Setting and Methodology

Research was performed using the customers of Cobra corp., which is a medium sized company operating eight stores on the Slovak market. The company has eleven years of operational history and currently employs 35 employees. The customers' sample consisted of the customers of three selected retail outlets. In order for the analysis to reveal desired outcomes, data were collected using a questionnaire.

The information that formed the basis for the analysis has been collected

from randomly chosen buyers. Only people entering the stores' premises were targeted at. They were then asked to help the firm with a recent survey that has been initiated to improve the customer service. The shops' personnel described the questionnaire briefly and informed about the time it should take to fill it in.

Each scale's development has been based on a solid theoretical definition that entails what is included in the domain and what is excluded from the domain as proposed by Bearden and Netemeyer (1999). The scales development stems from the combination of existing marketing scales measuring the customer's perception of the items analyzed. This methodology ensures that the scales should be reliable.

In addition, most of the items in this questionnaire give seven different indicators of agreement with the statement proposed. This fact ensures that different opinions of customers will be distinguished. Internal consistency of the scales has been also supported by the repetition of the items that have been written in different ways (Robinson et al., 1991).

Dependant variables in this research were store loyalty and likeliness to participate in a loyalty program. Store loyalty of consumers was assessed using attitudinal and behavioral measures. Independent variables were adopted from existing scales. The questionnaire was tested using Factor analysis. The suitability of a set of items for the factor analysis test was measured by the Kaiser-Meyer-Olkin Measure of Sampling Adequacy (KMO) and the Bartlett's Test of Sphericity. Once the items explaining a factor were selected, their reliability has been tested using the Cronbach's alpha coefficient.

Conclusion

The results of the analysis indicate that store loyalty of a consumer is mostly influenced by the store atmospherics. If the perceptions of the store atmospherics are positive, customer's store loyalty increases. In addition, store loyalty is also influenced by the emotional brand loyalty. People emotionally bonded to the brands they like are more likely to become store loyal. Last independent variable influencing customer's store loyalty was the last purchase realized in the store. Customers that realized their purchase last time they needed a product are more likely to become store loyal.

The results also indicate that education is the only variable that impacts the customer's willingness to accept a loyalty program significantly. Customers with a secondary education with the final exam are more likely to accept a loyalty program. Moreover, performance risk and age impact the likeliness to participate in a loyalty program as well. The higher the

performance risk perceived by the customer, the more likely he will accept a loyalty program. This finding implies that people that perceive high performance risk associated with the purchase of a product rely more on the store they are satisfied with. They know that the products bought in such a store decrease the probability that a product will not perform as expected. The older the customer, the more likely he will accept a loyalty program introduced by a company. This fact indicates that older people once satisfied are more inclined to staying with the stores they are satisfied with instead of visiting new stores and experiencing new and necessarily not pleasant experiences. However, these last two variables influence the likeliness to accept a loyalty program much lesser than the firstly mentioned education.

I did not find support for the impact of the customer's perceptions of the staff on the store loyalty or on the likeliness to accept a loyalty program. In addition, none of the variables assessing store equity, store crowding, trust in the store, involvement with the product, price sensitivity, brand loyalty, emotional brand loyalty, variety seeking, financial risk, environment, social influences, or any of the incentive influence the customer's store loyalty or his willingness to accept a loyalty program.

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Social-Demographic Aspects of Marketing Theory Implementation into the Project Management Praxis

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Abstract

The study analyses the possible implementation of marketing principles into the project management praxis on the basis of the authors' research. The goal of the research was to identify the social and demographic characteristics of the project target groups in order to specify the differences in their individual perception of the marketing instrumentarium factors implemented within the project planning, realization and evaluation in the back-warded region.

Key Words

marketing mix, social factors, demography, project management, regional development, innovation

Aim of Study

The key aim of the study was primarily to present the possible interaction of two science areas – marketing and project management by defining the appropriate marketing strategy available for the project presentation as a product towards the final public variable according to the type of the project and its benefits to each target group. In order to reach the defined goals, it was necessary to define single elements of marketing mix from the point of their effectiveness and to analyze the factors relevant for the topic if implementing and evaluating the use of the marketing principles within project management. The study which presents a basis for the research was processed within the author's dissertation thesis. The study analyses various aspects of the topic primarily concerned about the social and demographic aspects of the target groups influencing their perception of the implied marketing factors.

Material and Methods

Current times might be defined as the times of the significant changes of nature and character of the business (Morovská, 2007). There have been a lot of changes based on the scientific research and technological development as well as the need of continual innovations. The firms must

progressively face the dynamic micro and macro economic challenges. Each change carries a risk related to its social, ethical, economic or other influence on the daily organization life. Those changes might be seen as a threat if a firm is not willing to face them. However, they also might become an opportunity for those willing to take the risk (Rákoš, 2006).

To obtain complexity and relevance of the carried out analyses as well as the entire sketching of outputs in the performed research of the authors we also introduce outputs of the socio-demographic characteristics analysis of the target groups in relation to the possible differences in perceptiveness and reaction to the identified elements of marketing instrumentarium applicable to the sphere of project planning and realization as well as successful introduction of its results into practice. The subject complementary analysis was carried out within the polled target group after the successful project realization considering assumed higher relevance of the obtained results. In the research we took into consideration four key criteria such as the age of the respondent, sex of the respondent, the highest obtained education and his/her present job position. Those data refer to the poll questions after the successful project realization n. 3-6, which were determined for the purpose of the research as the independent variables V4, V5, V6 and V7. The analysis was performed by means of T-test (V5) and analysis of deviation Oneway ANOVA (V4, V6, V7).

Research Methodology

In the following schemes we represent outputs of the complementary socio-demographic analysis taking into consideration their perceptiveness of four individual defined marketing factors during project implementation and their successful realization in the selected region.

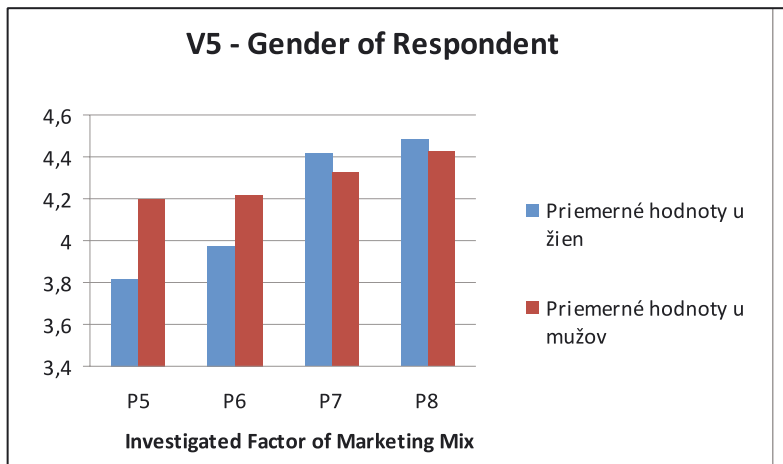
Problem 1: Do significant differences in the perceptiveness of marketing identified factors P5-P8 exist in dependence to the gender of the respondent?

Hypothesis H_1 : Supposing that there exist differences in the perception of typical male and female marketing factors by project implementation in the region.

Scheme 1: T-Test and Independent Sample Test for variable V5-gender of the respondent

Investigated Factor of Marketing Mix	Average Male Values	Average Female Values	T-test	Sig. (significance)
P5	4.1972	3.8164	3.402	0.001
P6	4.2167	3.9770	2.482	0.014
P7	4.3250	4.4131	-0.851	0.397
P8	4.4278	4.4820	-0.687	0.493

Source: own processing according to the outputs of the statistic program SPSS



While investigating two-level-variables it is possible to use a T-test. After identifying average values of the standard male and female deviations within individual marketing factors, we defined T-test for given variable, gender and level of significance (Sig.) by means of the statistic program SPSS. According to the statistic surveys we can state that sex of the respondent carries a significant importance when perceiving selected marketing factors (P5, P6). Talking about the factors P7 and P8 the hypothesis H1 was not confirmed, since the total values Sig. were not lower than statistically based value 0.05. The difference in perception of the investigated factors is statistically significant although only in the degree of agreement in other words on a scale expression of 4 to 5 (yes-certainly yes).

While investigating other three variables (V4, V6, V7) we use a method Oneway ANOVA considering a higher number of the levels of variables. While analyzing the influence of age as variable V4, respondents could select from three possible answers: up to the age of 25, 25 to 50, and over 50 years. That scale was determined on the base of the outputs of the project itself (made-to-measure education) and typology of the respondents such as university students, employees, people with a problem of finding a job because of their age.

Problem 2: Do significant differences in marketing factors perception exist in dependence of the age of the respondent in the target group?

Hypothesis H₂: The age of respondents will influence the level marketing factors perception of the respondents.

Scheme 2: Oneway ANOVA analýza rozptylu pre V4-vek – Oneway ANOVA analysis of deviation for V4 age

Investigated Factor of Marketing Mix	F-test	Sig.
P5	0.285	0.752
P6	1.849	0.162
P7	0.092	0.912
P8	1.472	0.233

Average values for individual age categories of respondents (V4-age)

V4-age	P5	P6	P7	P8
1 st group average quotient on the scale	4.1000	3.9438	4.3313	4.3563
number of respondents	32	32	32	32
standard deviation	0.5474	0.61010	0.57834	0.60479
2 nd group average quotient on the scale	4.0029	4.1735	4.3853	4.5147
number of respondents	68	68	68	68
standard deviation	0.73504	0.48856	0.67032	0.37745
3 rd group average quotient on the scale	3.9879	4.1273	4.3576	4.4812
number of respondents	33	33	33	33
standard deviation	0.62036	0.64965	0.43806	0.41642
TOTAL average quotient on the scale	4.0226	4.1068	4.3654	4.4526
number of respondents	133	133	133	133
standard deviation	0.66863	0.56544	0.59468	0.45253

Source: own processing according to the outputs of the statistic program SPSS

The analysis of deviation did not confirm the influence of age on defined marketing factors P5-P8. Considering the fact that Sig. values exceed the level 0.05, we can assume that the evaluation is relatively homogenous from the age point of view.

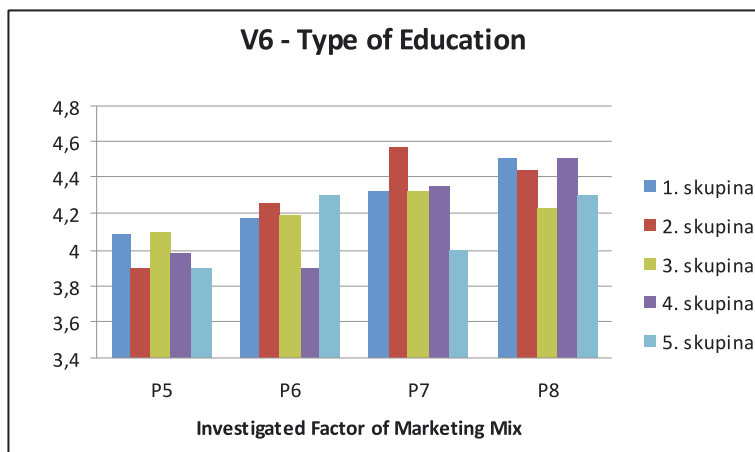
While analyzing variable V6-the highest obtained education of the respondent, we come from the answers of the respondents to the question n.5 in the poll conducted after the succesful project realization, while the respondents could choose from five possible answers: secondary education with A levels, secondary education without A levels, university education of the first degree, university education of the second degree and university education of the third degree. Within the analysis of the given variable we defined a research problem.

Problem 3: Do significant differences in marketing factors perception exist in dependence of the highest obtained education of respondent in the target group?

Hypotéza H₃: The level of the obtained education of the respondents will influence their marketing factors perception of the project.

Scheme 3: Analysis of variable V6- the highest obtained education of the respondent

Investigated factor of marketing mix	F-test	Sig.
P5	0.416	0.797
P6	2.199	0.073
P7	0.845	0.499
P8	1.412	0.234



Source: own processing according to the outputs of the statistic program SPSS

Considering a wide scale of the possible answers, we used the analysis of deviation-scatter (Oneway ANOVA) during the defined problem investigation. There are no significant differences in marketing factors perception due to diverse levels of the obtained education of the respondents and a level of the obtained education as a variable will not influence marketing factors perception of the project as for the respondents (Sig. >0.05)

Analyzing a variable V7 – present job position of the respondent we come from the answers of the respondents to the question n.6 in the poll conducted after the successful project realization. The respondents could choose from six possible answers considering the characteristics of the target group defined in the carried out project: top management, middle management, head of department-section, ordinary employee, unemployed, university student. Within the analysis we defined a problem:

Problem 4: Do significant differences in marketing factors implementation and successful project realization of the respondents exist by the influence of their present job position?

Hypotéza H₄: Present job position of the respondent has influence on his/her level of marketing factors perception of the project.

Scheme 4: Analysis of the variable V7 – present job position of the respondent

Investigated factor of marketing mix	F-test	Sig.
P5	1.022	0.408
P6	1.655	0.150
P7	0.477	0.793
P8	1.304	0.266

The average values for the categories of job position of the respondent (V7)

V7-job position	P5	P6	P7	P8
1 st group average quotient on the scale number of respondents standard deviation	3.9733 15 0.78510	4.0000 15 0.47809	4.2000 15 0.65900	4.4800 15 0.36878
2 nd group average quotient on the scale number of respondents standard deviation	3.9143 21 0.81381	4.0381 21 0.53896	4.5048 21 0.51232	4.4286 21 0.52263
3 rd group average quotient on the scale number of respondents standard deviation	4.2167 24 0.63615	4.0500 24 0.60505	4.3500 24 0.51836	4.4500 24 0.41807
4 th group average quotient on the scale number of respondents standard deviation	4.0175 57 0.63615	4.2386 57 0.51884	4.3579 57 0.65872	4.5158 57 0.43907
5 th group average quotient on the scale number of respondents standard deviation	3.6571 7 0.69007	3.6857 7 0.82347	4.3429 7 0.57404	4.4000 7 0.36515
6 th group average quotient on the scale number of respondents standard deviation	4.1556 9 0.31269	4.0889 9 0.61734	4.4222 9 0.50442	4.1111 9 0.58405
TOTAL average quotient on the scale number of respondents standard deviation	4.0226 133 0.66863	4.1068 133 0.56544	4.36549 133 0.59468	4.4526 133 0.45253

Source: own processing according to the outputs of the statistic program SPSS

Taking into consideration a wide scale of the possible answers during the research of the defined problem within the analysis of the variable V7 we used the analysis of deviation-scatter Oneway ANOVA. Significant differences in marketing factors perception under the influence of a different job categorization of the respondents were not confirmed in other words a present job position as a variable will not influence project marketing

factors perception of the respondents (Sig.>0.05). The hypothesis H6 was not confirmed.

Results and Discussion

Neither by deviation-scatter analysis (Oneway ANOVA) nor by the T-test we confirmed hypotheses H_1 , H_2 , H_3 , H_4 within performed analyses of socio-demographic independent variables (age, gender, the highest obtained education and present job position of the respondent) from the perspective of their influence on the perceptiveness of identified marketing factors P5-P8 in planning, implementation and successful project realization in the back-warded regions. We might consider interesting only the variable gender, as there was seen a difference in the answers to the questionnaire questions related to the personality of the project and the process of its planning and implementation, but, however, only within the positive scale of 4-5 (yes – definitely yes).

Conclusion

The enterprise has just two and only two main functions: marketing and innovation. Marketing and innovation do bring outputs: everything else is just costs. According to Mrvová (2006) any modern society, a European modern society, is defined by continuous changes, modernization and income of ideas, opinions and knowledge. However, we still need to take the social and demographic factors into consideration when planning a change. The main goal of this study was to analyze the influence of target groups on the project by perception of the marketing factors of its presentation in the back-warded region. However, according to Závorská (2007) the education potential of the region, participation of regional development actors and interest of target groups in the innovation and their own qualification growth must be considered when making an appropriate decision about the marketing instrumentarium. The appropriate marketing support should guarantee successful implementation of a project and acceptance of its outputs by the target groups.

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Marketing and Internet - PPC

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Abstract

Internet advertising has become one of the most effective advertising forms in general: it provides accurate attendance statistics and it addresses either a wide spectrum of internet users (as is the case with banner campaigns and sponsored portal web pages), or it focuses on the users searching for specific information. It is the focus on a chosen segment of users that guarantees a successful advertising campaign. A pay-per-click advertising, also called context advertising, can be a great aid in such an addressing. The aim of this contribution is to describe how the context advertising (PPC) works on the Slovak market and, at the same time, offer instructions to companies of the Slovak market on how to present themselves on the internet effectively.

Key Words

Internet advertising, Internet marketing, Pay per click, PPC systems, Context advertising.

The fourth marketing tool is promotion, also known as promotion mix or communication. As Boučková argues: “Marketing communication is considered to be every form of a controlled communication, which a company uses to inform, persuade or induce customers, mediators or certain public groups” (my translation). Promotion also represents an acquisitory mediation of messages and information. It has several stages. Communication thus has its base in signals, their transmission or exchange. In order to create an effective promotion message, businesspeople have to understand the target market, i.e. recipients and communication process first. According to Morrison, this process is formed by nine key components:

1. Source (the source is a person or an organization. There are two main sources: commercial and public).
2. Coding (the sources know exactly what kind of message they want to communicate, but they have to translate or code the information into words, pictures, colours, sounds, movements or even gestures).

3. Message (message is what the source wants to communicate and hopes that the recipient understands it).
4. Medium (communication channels, which are chosen to transmit the message to a recipient).
5. Decoding (the message which we receive has to be decoded – interpreted so understand it. The sender hopes, that the message is decoded in the right way).
6. Noise (in the communication process, noise has to become a physical barrier, a similar one we experience when listening to a radio).
7. Recipient (a person who gets the message that he/she then decodes).
8. Answer
9. Feedback (feedback is a reaction of a recipient transmitted back to a source i.e. sender).

Communication is considered to be every form of a controlled communication, which a company uses to inform, to persuade or to induce customers.

Whether we are considering standard or new forms of communication, we only need to choose one of the several options and formulate it correctly. Even though new forms of communication with minimal expenses are preferred nowadays, we certainly should not forget that

Promotion can be divided into two groups:

- ⇒ Standard forms of promotion
- ⇒ New forms of promotion

Among the standard forms belong:

1. Advertising
2. Personal sale
3. Sale support
4. Public relations

The new forms of promotion are:

1. The internet:
 - ⇒ PPC (pay per click)
 - ⇒ Viral marketing
 - ⇒ Web pages
 - ⇒ Internet advertising ...

The tables below (table 1) compare traditional media with the internet as Petr Stuchlík and Martin Dvořáček stated in their book. The main parameters are: urgency, clearness, package identification, speed of response, expenses (CPM), production costs, and market penetration.

Table 1: Comparison of traditional media with the internet

	Urgency	Clearness	Package identification	Speed of response
TV	high	very high	good	high
Radio	high	low	very low	high
Magazines	low	mid	very high	mid
Newspaper	low	mid	good	high
Billboards	very low	very low	good	mid
WWW	low	very high	very high	very high

	Expenses (CPM)	Production costs	Market penetration
TV	very low	high	very high
Radio	very low	low	very high
Magazines	mid	mid	mid
Newspaper	low	mid	very high
Billboards	mid	high	high
WWW	very low	low	high

In 1994 the first internet advertisements appeared. Nowadays, internet is used by hundreds of millions around the world. As said above the year 1994 marks the beginning of the internet advertising. Probably one of the first companies to use the internet for promotion was a law firm Canter and Siegel. This firm tried to gain new customers via the internet by sending their text advertisement promoting their services to approximately 7000 discussion forums. The reaction was enormous. The internet advertising has spread around the world taking the present day form.

As argued on the Seo-az web page, “the internet marketing had stepped on the scene immediately after people realized the potential in the internet promotion” (my translation). Present-day internet offers endless possibilities. The internet is becoming more and more popular source for a search for new customers. New marketing tools are being used more and more often and the efficiency is always increasing. The rise of new marketing programmes and solutions offers a possibility of internet self-presentation to everyone. Internet networks give rise to newer forms of advertising, but these forms are part of an advertising communication mix in the same way the standard ones are.

The choice of the right type of an advertisement is also very important. A properly chosen advertisement type, in connection with its objective is a basis for an internet advertising success. We distinguish the following primary types of internet advertising:

- Text advertising
- Graphic (banner) advertising
- PR articles
- E-mail advertising

Another very effective, but at the same time, relatively unknown means of promotion here in Slovakia, is pay per click (PPC). According to David Riew, PPC is an easy-to-understand advertisement strategy.

There are about 300 million searches taking place every day on the main search engines. This represents for up to 80% of internet business trade. Placing a web page on these search engines is very important for reaching potential customers. Web pages placed on these search engines are to be found on the top of the search results. Many people view the search results for only up to a third page. The lower a web page is placed, the lower the chance of it being viewed. You pay for the pay per click promotion, so that your web pages are the most visible on the internet. In the PPC campaigning, key words and phrases representing a web page are chosen. There are minimum or no preliminary expenses, as a company pays only after a user clicks on a link. That is why we call this pay-per-click.

According to Encllick.com “the PPC is one of the fastest spreading marketing tools in the world. It creates immediate results and measurable investments returns. It also has clear and definite advantages before traditional marketing promotion. This kind of promotion gives a possibility to control a campaign and gain the highest profits possible.”

Contrasting to graphic (banner) advertising, which was ruling the internet during the last century, you do not pay a flat rate per period, or per ad views, but you only pay when a client clicks on a web page. 99% of

banners are not clicked onto nowadays. This is caused by banner blindness, which is similar to throwing out a leaflet without reading it. The PPC advertising represents a revolution in the internet marketing. It is clients which a company pays for, not the advertisements. The PPC is most of all context advertising, i.e. it is bound to key words as said above. A given link is displayed on the right place in the time. The best thing about this is that a PPC advertisement addresses a target group directly. Thus, the web pages are not visited by anyone, but only by those interested.

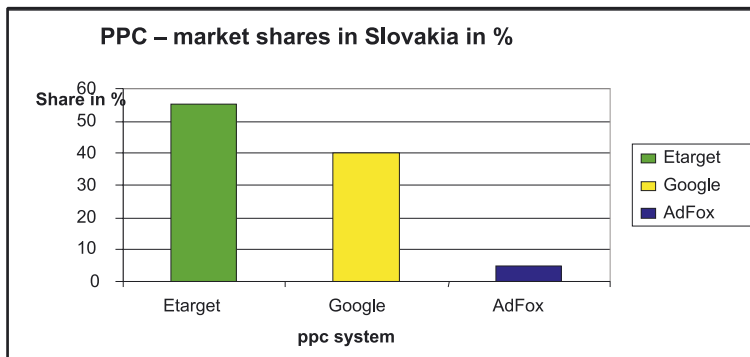
This kind of promotion belongs to the most profitable ones. As one well-known Czech web site states, it is so because:

- You only pay for clicks made on a link, not for a display or a placement of an advertisement.
- The price for one visitor is minimal, because the right keywords which will attract real customers are chosen.
- The budget amount is individual depending on how much is one willing to invest. Budget can be set to as high or as low as an advertiser wants.
- Context advertisement – it is displayed on places which are searched by the customers, that is why a web page click means a business deal.
- You can see on-line where the customers are coming from.
- Transparent accounting – a private password and a direct access to the PPC system. Your money can be viewed directly in the systems without mark-ups.
- Considering the Slovak markets, it is worth placing an advertisement in the following PPC systems: Etarget, Google AdWords, Sklik, AdFox, Google AdSense.

The PPC promotion is closely connected to the PPC systems through which PPC campaigns are made. The following are PPC systems in Slovakia:

- Etarget, one of the most important systems,
- AdFox,
- Viaclick,
- bbKontext
- and others.

The most known systems world-wide are Google AdWords and Google AdSense.



Graph 1: Market shares of the PPC systems in Slovakia

Source: www.e3internet.com

AdFox, Google AdWords and eTarget comparison

Table 2: PPC systems comparison

	AdFox	Google AdWords	eTarget
Campaign starting fee	2000 SKK	200 SKK	2000 SKK
Min. fee per click	0,10 SKK	0,22 SKK (0,01\$)	1 SKK (0,50 SKK)
Declension	enabled	not defined	not defined
Campaign start	after a confirmation	immediately	immediately
Daily budget	able to be set	able to be set	only a monthly
Filter of unwanted words	included	included	included
Search engine	yes (Centrum, Atlas)	yes (Google)	no (only partner portals)
Creation of statistics summaries	possible to create	possible to create	possible to create
Registration for an individual	yes	not stated	yes
Time schedule	not available	not available	available (possibility to set time intervals)
Portals filter	no	no	yes
Search words help	yes	yes	yes
More ads per account	possible to create	not possible to create	possible to create

Based on the given overview, any Slovak company, whether it be a large, middle-sized, small one, or businesspeople can decide, based on their possibilities, which service they want to use.

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Marketing Strategy in Slovak Educational Market and Academy of Education.

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Abstract

This article is focused on marketing strategy of the biggest and the oldest educational institution in Slovakia market – Academy of Education and its fight for quality in highly competitive environment.

Key Words

Life long learning, Academy of Education, marketing, activities, strategy, SWOT, client.

Preface

In the era of the educational society is the environment of the competition among all relevant providers so big that it is very difficult to point to the best or make a qualified range of educators. There is not existing functional model of life long learning institutions assessment.

Some of them are ISDN holders, but large number of educational institutions is only operating under simple model of quality management. Certificates of Ministry of Education SR are often only signs of quality.

In this field of high competition, only marketing tools are to help to differ high developed educational providers.

Quality communication starts in the basic documents of the institutions that define vision, mission, development strategy and marketing strategy.

In this work we offer you view to marketing strategy of Academy of Education, the biggest and oldest educational institution in Slovakia.

Academy of Education

The Academy of Education during her 55years old existence went through different kind of states of development. After year 1990, the importance of dominate civil education has decreased to another variety of education. As the civil education, which was formed according to law n.83/1990 Zb. about the resident association, were markedly transformed after 1990 and mainly after the year 2000. It was the flexible reaction due to the changed situation of the market with lifelong learning /LLL/ in Slovak Republic. In interpretation of her valid regulations, the Academy of Education is the open institution for further education in Slovakia, which:

- * preparing and implementing the education heading to the advancement of qualification or requalification of participants,
- * preparing and offering wide spectrum for studying languages; providing language audits, translating and interpreting services,
- * offers further education in area of computer technique of the information technologies including international certificates,
- * actively taking a share in realization of projects EU and searching for eligible partners on a national and international level,
- * organising civil and spare time education,
- * administrating privates institutes AV, established by decision of MŠ SR and there organising daily external study,
- * collaborating with residential and foreign high schools to prepare and perform the specific forms of education,
- * closely collaborating with the Academy of Science, with science - research working compartment and institutions,
- * collaborating with employees associations and with Trade Union organisations,
- * provides consulting and information services in area of further education,
- * performs her own editing and publishing activity,

The Academy of Education is the organisation actuating over whole Slovakia for all groups of residents from Slovak Republic, is also able to create the partnerships and alliance in Slovak Republic and in European Union with share on the market of the long life education in Slovakia from 10 to 15 %.

During the plenary assembly of the Academy of Education (known as AV) in May 2004 have been accepted the program document for the Academy of Education for further programming period. Due to the strategic document, AV wants to be the most important organisation to educate the citizen in Slovakia, the centre of further education and intellectual life in regions and respectable institution of LLL in European space. This aim has to be reached with the comprehensive educational offer, which will increase ability of the citizens of SVK to employ themselves in European Union and it has to be coupled with development of the other side of education way.

Opportunities and Threats

- * investment growth to LLL from establishment, communal private and European sources
- * the change of the structure of the way to educate languages and unemployed people

- * creation of the network information and consulting centres for LLL
- * the experience with an informal education, an nonformal education with primary and high school education
- * advancement of the foreign competition in the territory
- * deficiency of qualitative lectors and teachers
- * restrictions in the external high school education
- * creation of the public network for LLL

Strong and Weak Merits

- * wide product portfolio
- * the modern and flexible language education
- * countrywide sale network
- * fair goodwill in SVK
- * international acceptance, international partnerships
- * the effort gradually to claim marketing, process and project control
- * hybrid way of control as a civil association
- * unclear organisation and legal position of the branch
- * insufficient applying of the principles of marketing, processing and project control
- * rambling pricing policy
- * faster growth wages expenses as a growth of productivity
- * insufficient creation of financial sources needed for development

The critical factors of replenishment of the strategy aims of the Academy of Education are possible thanks to the SWOT analyses to consider:

1. Applying of the principles of marketing, processing and project control
2. The creation of financial sources needed for development
3. Qualitative lectors and teachers

The key factors of replenishment of the strategy aims of the Academy of Education are possible thanks to the SWOT analyses to consider:

1. The investment growth to Life Long Learning from establishment, communal private and European sources.
2. To modernize countrywide sale network
3. Dynamically to develop education of languages and the projects from EU resources.

Critical Factors

Applying of the principles of marketing, processing and project control.
The creation of financial sources needed for development.
Deficiency of qualitative lectors and teachers.

The Growth Strategy

The international growth of expenses of LLL in SVK from 4 to 8%, share of The Academy of Education at this market from 10 to 15%.

From these presuppositions is possible to choose the strategy and create the strategy approach to complete the aims of the strategy.

Creating Strategy

Thanks to our portfolio the Academy of Education introducing the representative, who actuates in the whole area of Slovakia we offering mainly an informal education for all different kinds of age groups. In light of age we talk about the younger generation between middle school age and age from 10 until 15 years after graduation of the high school or secondary study. Repression off about 10% of the relevant Slovak market with lifelong learning also designates the strategy towards to the competition. It is the strategy of the market follower. This kind of strategy is established to keep present clients and to search for the new ones.

THE MARKETING CONCEPTION OF THE ACADEMY OF EDUCATION IS EDUCATIONAL MARKET FOCUSING ON MODERN CLIENT WITH THE ORIENTATION OF THE HIGH QUALITY COORDINATION OF THE SALE PROCESS, WHICH SERVES TO SATISFY THE NECESSITIES AND EXPECTATIONS OF THE CLIENTS, WHO ARE THE KEY TO REACH THE AIMS ESTABLISHED BY MANAGMENT AND AUTHORITY OF AV.

If we want from the managers of the Academy of Education that they could fulfil their task, they need to know the present and future requests of the clients. Quantification of the request is necessary for:

- analysis of the market possibilities
- creation of marketing strategy
- administration of the marketing activities

The Academy of Education should create some sort of estimated requests for different kind of:

- geographic area
- period of times
- areas of the education

For the evaluation of next coming request is possible to use seven

main methods, which usage depends on how available are the necessary information, conveniences for many kinds of prediction purposes and types of provided services:

- observation of the clients intentions
- evaluation of the opinion of the managers and administrators
- evaluation of the experts opinion
- testing educational market
- time series analysis
- index method
- statistic analysis of the request

The thinking and activities oriented towards to the client are expected from the management of the Academy of Education to define the necessities and expectations of the client from his point of view and not from the point of view of the Academy of Education – every educational program contains equivalent and irreplaceable relationships about which the managers of AV can not know, how are they, as far as he does not speak personally with the client or they wont do the research between the clients.

That is why is necessary, that the Academy of Education will **regularly measure and evaluate the level of satisfaction of the regular clients** with the help of **the system of impulses and observations** in order to increase the opportunity of the clients **to communicate their claims and suggestion** to improve activities during the organisation of education.

The Academy of Education must determine **the aims to improve** (increasing the index of satisfaction of the clients) in every part of her activity:

- foreign languages
- professional education
- information technologies
- seminars
- requalification's
- manager education

The index of satisfaction of clients expresses the rate between satisfied clients and all of the clients of the Academy of Education.

The experience of the clients of the Academy of Education with the quality of services:

- **reliability** – the ability of the employees of the Academy of Education to provide everything that is promised (advertising, publicity posters, and telephones) accurately and correctly.

- **respectability** – knowledge of the etiquette and of the social protocol, politeness and service of employees towards clients and their ability to create the confidence and security in clients
- **the first impression** – physical accessories of the offices and public space, arrangement of the classrooms including look of the servicing personal
- **customizing** – the volume of individual dedication and attention of the employees to the every client individually and in every moment
- **responsibility** – willingness of the employees to help the clients and providing all services in time

Realizations of the marketing conception consist from the three parts of steps:

The strategy analysis – will focus to understand the position of the Academy of Education and will search the answers for the questions:

- *Which kinds of changes are being in progress in the environment of adult education?*
- *How these changes will affect the running process of the Academy of Education?*
- *Which kind of activities will accrue from the change of the running process of the Academy of Education?*
- *Which sources has the Academy of Education got available, so she can show how to face the expected changes?*
- *How the most effectively will AE make use of these sources?*
- *What the different kind of groups entrench in the Academy of Education (top executives, office staff, headquarters, branches) want to reach?*

Choice and selection of the conception

- generation – creation of conceptual alternatives transcending the present frame of the activities of the Academy of Education
- evaluation of the proposal – will be established on exploitation of relatively strong sides and suppression of the weak sides of the Academy of Education
- selection of the conception – will make it possible for the Academy of Education to utilize the opportunity in the frame of ambient a will help to remove danger and threats from the competitors

The implementation of the conception

- proposal of the relevant measures for the realization of the marketing conception
- acceptance of the relevant decisions in consideration of flexibility and acceptable way of behaviour from the side of the participant changes
- The realisation of changes and control of success of each activities
- the evaluation of affectivity of the realisation in relevant terms with the proposal to improve the process of realisation

The marketing conception of the AV demands to be realized INTERNAL MARKETING – successful receiving, training and motivation of qualified employees the way that they can provide a good service to an external client – more earlier before the AV will start with the EXTERNAL MARKETING.

External marketing is running in the relation between the Academy of Education and the client. It is including the daily activities which the Academy of Education must perform together with:

- preparation
- evaluation
- distribution
- and publicity of educational services

Interactive marketing is running in the relation between the employees of the Academy of Education and the clients. This marketing depends on the skills of the employees during the contact with the client.

The marketing enlightenment runs in AV through the five stages:

Marketing is an advertisement, propaganda and publicity sale

- the conception form of the advertisement and propagation of the educational products in AV

Marketing is a smile and friendly atmosphere

- programs of education with friendly behaviour towards to the improvement of the image of the area of AV

Marketing is innovation

- innovation of the educational products in AV towards to the evaluation of acquisition for the clients

Marketing is emplacement

- resolution of the strong side in the educational area from the competition and representation of AV at the market of education

Marketing is the marketing analysis, planning and control

- implementation of the system for analysis, planning, realization and control of the marketing
- measurement of the potential of the educational market, demand of the marketing plans, determination quotas and development of the system of recompenses

Quality control of the educational process in the Academy of Education will become in the near future one of the most important duty and themes for the authority of the Academy of Education and all her organisation components.

Building necessity of the quality system is the guarantee for long lasting development of the AE and very important expectation for the survival at the competitive market.

The key element is that the final client of the Academy of Education could have the feeling that he did get the high quality of the educational services as he was expected. The expectations of the client are created:

- with the activities of the Academy of Education from the past experience
- hearing different kind of opinions about the Academy of Education
- through the medium of advertisement

Customers are choosing the activities of the Academy of Education due to this information and at the end they are comparing the level of appreciative educational service with expecting service

- appreciative service has got lower level – customers are losing the interest
- appreciative service has got higher level – customers are exploiting the services repeatedly

From the marketing point of view the list of decided quality criteria of the educational services look like this:

1. **Accessibility** – educational service must be easy available at the appropriate place, at the correct time with the short time period for waiting
2. **Communication** - educational service with his specifications must be described exactly and comprehensibly for the final group of customers
3. **Competency** – responsible employees and managers have required knowledge and skills
4. **Politeness** – employees must be always friendly, respectful and attentive
5. **Credibility** – employees must be trustful and mainly to be particular about the interest of the customers

6. **Reliability** – educational services must be realized thoroughly and correctly
7. **Susceptibility** – employees must react quickly and creatively on the request and problems of the customers
8. **Security** – service can not be related with the danger, risk or disbelief
9. **Reality** – the realization of the service responds to presumed quality
10. **Understanding and knowledge of the customer** – employees must make an effort to get to know the maximum from the requests of the customers and dedicate them an individual attention

Every company is not producing only the material goods, but also **mental attributes**, on those is building her structure – whereby the higher the mental attributes are produced more qualitative relationships are build in the structure of the company.

THE CULTURE OF THE ACADEMY OF THE EDUCATION IS THE COMPLEX OF THE NEGOTIATION, RULES AND ATTRIBUTES, WHICH ARE TYPICAL AND NON RECURRING FOR THE ACADEMY OF EDUCATION – HOW DOES THE ACADEMY OF EDUCATION WORK AND NEGOTIATE WITH THE PEOPLE, WHICH SORT OF QUALITY HAVE BUILT RELATIONSHIPS.

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Implementation of Strategic Marketing Principles into SME's Structures

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Abstract

In the current global European marketplace, corporations struggle to reduce their response time to windows of opportunity. One of the reasons is that few companies have the complete expertise necessary to quickly launch new products in diverse and changing markets. To excel at implementation of marketing strategies, the organization of tomorrow will emphasize adaptability by taking advantage of information technology and acting, as Peter Drucker suggests, like a symphony orchestra. Companies will need to utilize networks of suppliers, customers, and even competitors to create strategic alliances. These developments are described by many terms today, including the boundaryless company, the virtual corporation or capabilities-based competition. However, the future will bring exciting changes in the way marketing plans are implemented regardless of the terminology used.

Key Words

marketing implementation, planning, organizing for marketing, control phase, grouping

Prologue

The present times might be defined as the times of challenges and changes of nature and character of business. The enterprising has come through many changes based on the continual science-technical development and information technologies progress. Each single change does involve some risk related to its social, ethical, economic or other influence on the daily organization run as well as the whole society.

„...marketing is not only one of basic business functions, it is also a part of the life view of the third millennium man...”

Prof. Ing. Jaroslav Kita, CSc.

Marketing would be interpreted as the main and leading conception of management, which creates a lot of new possibilities – the changing

economy provides suitable environment for changes within its spheres, marketing including (Butoracová Šindleryová, 2007). Marketing praxis must be integrated with other areas of economic life in the Slovak republic as well as the growing requirements of the companies must be outlined in their business and marketing plans. The imagination of the 21. century present a magical impulse to the companies to make their innovation tries more effective and faster.

The Monday morning diagnosis of a losing football coach often runs something like : „ We had an excellent game plan, we just didn't execute it.“ The planning-versus-execution issue applies to the strategic marketing process as well: a difficulty when a marketing plan fails is determining whether the failure to a poor plan or poor implementation. The figure below represents the outcomes of good and bad planning or marketing implementation (Rákoš, 2005).

The reality proves that companies managed and based on their marketing strategy supported by the top management do earn significant success in their business activities. This attitude should be seen as a source of competitive advantage. The main attribute and way of existence of market-oriented economies, typical for democratic society, is marketing conception of management. Marketing is science which has a positive influence on the economy development. Marketing seems to be most frequented economic term in the field of market mechanism. According to Šindleryová (2005) the content of this term sometimes present a „myth“ which the whole business philosophy is based on. Literature defines the term in various ways, but generally we might say that it is looking for chances and risks brought by market. However, a modern marketing completely directs its direction to the needs of customers respecting the social needs. According to Butorac (2008) marketing is a file of activities and processes which should be used to know and develop the customers need or wish, development of appropriate product and communication and distribution of this product to the final customer, in order to provide a change leading to the long-lasting cooperation of the customer and the organization.

Table 1: Marketing planning and strategy

MARKETING IMPLEMENTATION	MARKETING PLANNING AND STRATEGY	
	GOOD APPROPRIATE	BAD INAPPROPRIATE
GOOD EFFECTIVE	SUCCESS: Marketing program achieves its objectives.	TROUBLE: Solution lies in recognizing that only the strategy is at fault and correcting it.
BAD - INEFFECTIVE	TROUBLE: Solution lies in recognizing that only implementation is at fault and correcting it.	FAILURE: Marketing program flounders and fails to achieve its objectives.

There may be mentioned a lot of examples where the effect of the planning-versus-execution issue is obvious. Swatch watches have benefited from having both good marketing planning and implementation. Toyota used good implementation on a bad marketing strategy when it applied its superior automobile marketing skills to the introduction of its T100 pickup truck which led to a big failure and great deduction in wholesale prices (Matúš et al., 2006).

Increasing Emphasis on Marketing Implementation

In the late 90's, the implementation of the strategic marketing process has emerged as a key factor to success by moving many planning activities away from the duties of planners to those of line managers. However, no magic formula exists to guarantee effective implementation of marketing plans. In fact, the answer seems to be equal parts of good management skills and practices, from which have come some guidelines for improving marketing program implementation. If planning a marketing action, first of all, those called on to implement plans need to understand both the goals sought and how they are to be accomplished. It is important to communicate goals and the means of achieving them.

Have a responsible program champion willing to act

The company's personnel should be trained in detail to perform their respective jobs to help achieve the corporate goal. Successful programs almost always have a product or program champion who is able and willing to cut red tape and move the program forward. Such people often have the uncanny ability to move back and forth between bit-picture strategy questions and specific details when the situation calls for it. Program champions are notoriously brash in overcoming organizational hurdles.

Any team or individual should be rewarded for achieving the organization's goals.

According to Mrvová (2006) management experts warn about paralysis or analysis, the tendency to excessively analyze a problem instead of taking action. To overcome this pitfall, they call for a „bias for action“ and recommend a „do it, fix it, try it“ approach. Perfectionists finish last, so getting 90 percent perfection and letting the marketplace help in the fine tuning makes good sense in implementation.

Success often lies in fostering a work environment that is open enough so employees are willing to speak out when they see problems without fear of recrimination. The focus is placed on trying to solve the problem as a group rather than finding someone to blame. Solutions are solicited

from anyone who has a creative idea to suggest – from the janitor to the president – without regard to status or rank in the organization.

Successful implementation requires that people know the tasks for which they are responsible and the deadline for completing them. To implement thousands of tasks, an action item list should be made. This list usually consists of three columns: the task, the name of the person responsible for accomplishing that task, and the date by which that task is to be finished. The scheduling tasks concurrently often reduces the total time required for a project.

Organizing for Marketing

A marketing organization is needed to implement the firm's marketing plans. Basic issues in today's marketing organizations include understanding how line versus staff positions and divisional groupings interrelate to form a cohesive marketing organisation and the role of the product manager.

People in line positions, such as group marketing managers, have the authority and responsibility to issue orders to the people who report to them, such as marketing managers. Those in staff positions have the authority and responsibility to advise people in line positions but cannot issue direct orders to them. Most marketing organisations use divisional groupings – such as product line, functional, geographical, and market-based – to implement plans and achieve their organizational objectives.

Key Role of the Product Manager

The key person in the product or brand group is the manager who heads it. This person is often called the product or brand manager, but in the European conditions he would sometimes be given the title marketing manager as well. The function of the product manager is to plan, implement, and control the annual and long-range plans for the products for which he or she is responsible. These are both benefits and dangers to the product manager system. On the positive side, product managers become strong advocates for the assigned products, cut red tape to work with people in various functions both inside and outside the organization, and assume profit-and-loss responsibility for the performance of the product line. On the negative side, even though product managers have major responsibilities, they have relatively little direct authority, so most groups and functions must be coordinated to meet the product's goals.

The Control Phase of the Strategic Marketing Process

The essence of control, the final phase of the strategic marketing process, is comparing results with planned goals for the marketing program and taking necessary actions. Ideally, quantified goals from the marketing plans

developed in the planning phase have been accomplished by the marketing actions taken in the implementation phase and measured as results in the control phase. A marketing manager then uses management by exception, which means identifying results that deviate from plans to diagnose their causes and take new actions. Often results fall short of plans, and a corrective action is needed. Without some quantitative goal, no benchmark exists with which to compare actual results. Manufacturers of both consumer and industrial products are increasingly trying to develop marketing programs that have not only specific action programs but also specific procedures for monitoring key measures of performance. Today marketing executives are measuring not only tangible financial targets such as sales revenues and profits, but also less tangible ones such as customer satisfaction, new-product development cycle time, and salesforce motivation. When results deviate significantly from plans, some kind of action is essential. Deviations can be the result of the process used to specify goals or can be due to changes in the marketplace.

For controlling marketing programs, sales analysis – using the firm's sales records to compare actual results with sales goals and identify areas of strength and weakness – is critical. All the variables that might be used in market segmentation may be used in sales component analysis – also called microsales analysis – which traces sales revenues to their sources, such as specific products, sales territories, or customers.

To their surprise, marketing managers often discover the 80/20 principle the hard way, on the job. Profitability analyses enables the manager to measure the profitability of the firm's products, customer groups, sales territories, channels of distribution, and even order sizes. For example, following the 80/20 principle, a marketing manager will try to find the common characteristics among the 20 percent of the customers – or products, brands, sales districts, salespeople, or kinds of orders – that are generating 80 percent – or the bulk – of revenues and profits to find more like them to exploit competitive advantages (Morovská, 2007). Conversely, the 80 percent of customers, products, brands, and so on that are generating few revenues and profits may need to be reduced or even dropped entirely unless a way is found to make them profitable.

Often a broader marketing perspective is needed than is given by sales or profitability analyses, one that covers a longer time horizon and relates the marketing mix factors to environmental variables. This is the role of a marketing audit, which is a comprehensive, unbiased, periodic review of the strategic marketing process of a firm or SBU. The purpose of the marketing audit, which serves as both a planning and control technique, is to identify new problems and opportunities that warrant an action plan to improve performance (Šindleryová, 2005).

Conclusion

Marketing managers use the strategic marketing process to allocate their resources as effectively as possible. Sales response functions help them assess what the market's response to additional marketing effort will be. The planning phase usually results in a marketing plan that sets the direction for the marketing activities of an organization. An effective marketing plan has measurable, achievable goals, uses facts and valid assumptions, is simple, clear, and specific, is complete and feasible, and is controllable and flexible. The implementation phase of the strategic marketing process is concerned with executing the marketing program developed in the planning phase and has achieved increased attention the past decade. Organizing marketing activities necessitates recognition of two different aspects of an organization: line and staff positions and product line, functional, geographical, and market-based groupings. The product manager performs a vital marketing role in both consumer and industrial product firms, interacting with numerous people and groups both inside and outside the firm. The control phase of the strategic marketing process involves measuring the results of the actions from the implementation phase and comparing them with goals set in the planning phase. Sales analyses, profitability analyses, and marketing audits are used to control marketing programs.

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Measuring CRM Level - Tool for Successful Implementation and Innovation of CRM in the Company

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Abstract

Customer relationship management (CRM) implementation and upgrade are strategic steps that must be supported by top management. Managers are often looking for reasonable metrics that could indicate probability of CRM implementation and upgrade success or failure. This paper defines CRM improvement prerequisites and CRM levels and determines relationship between CRM level and other business dimensions. The paper defines five levels of CRM: Chaotic, Segmented, Centralized, Individualized and Globally Individualized. CRM levels are different in different companies. The paper presents all results of question research and is focused to base results, which evaluate a level of Slovak companies in the CRM area.

Key Words

CRM, management, level of CRM, customer satisfaction, top manager, score, performance

Introduction

Customer relationship management is a comprehensive strategy and process of acquiring, retaining, and partnering with selective customers to create superior value for the company and the customer. It involves the integration of marketing, sales, customer service, and the supply-chain functions of the organization to achieve greater efficiencies and effectiveness in delivering customer value [4].

Measuring CRM Level

The reasons companies measure customers is obvious. In order to manage effectively, one must measure. Businesses have long since measured financial performance with traditional financial measurement tools: profit and loss statements, balance sheets and cash flow statements. These measurement frameworks suffer from limitations. They measure past activities.

Companies implement CRM measurement very differently based on their internal decision making styles (table 1). As companies make decisions about customer strategies, they look to customer measurement to help influence specific decision makers or the decision making process or validate initial ideas about how to manage customer relationships.

Table 1 Internal decision making styles [7]

Decision making style	Characterization
<i>Hard ROI approach</i>	In this approach, companies develop a return-on-investment model that seeks to deliver actual cash benefits to the company. These approach identifies cost savings, provable productivity improvements, or well-tested revenue generation opportunities.
<i>Intangible benefits/assets</i>	In this approach, so-called softer benefits or intangible assets are identified and quantified. For example brand equity or knowledge capital are two forms of intangible assets that companies do try to measure and quantify and correlate to future company performance.
<i>Competitive assessments</i>	This approach measures how competitors are interacting with customers and decisions are made to either seek parity or exceed a competitor's capabilities.
<i>Value-driven</i>	This approach measures economic value delivered to and/or derived from a customer. This style involves building a model of customer value exchange.
<i>Instinct and experience</i>	This approach uses manager's individual experiences and intuitions about what CRM solutions to execute that may or may not be informed by additional facts.

Many companies frequently adopt more than one style. The styles adopted, consciously or not, shape how the company will measure customer activity. The company's business model, approach to the market and history of measuring customers also influences which of the measurement styles seem more appropriate or expedient for the company. The company can achieve five levels of CRM: chaotic, segmented, centralized, individualized and globally individualized, which are different in different companies.

Measurement of CRM level and performance is the best way of identification of CRM contribution for the company. Top managers can

use several methods to measure the level and performance of CRM in the company. These methods are for example:

- CRM Scorecard.
- CRM Maturity Model.
- Customer Relation Analysis Complex Kit (CRACK).
- Customer Satisfaction Index (CSI).

Application of Customer Satisfaction Index in Measuring CRM Level

Customer satisfaction is a measure of how products and services supplied by a company meet or surpass customer expectation. It is seen as a key performance indicator within business. In a competitive marketplace where businesses compete for customers, customer satisfaction is seen as a key differentiator and increasingly has become a key element of business strategy. Measuring customer satisfaction provides an indication of how successful the organization is at providing products and/or services to the marketplace.

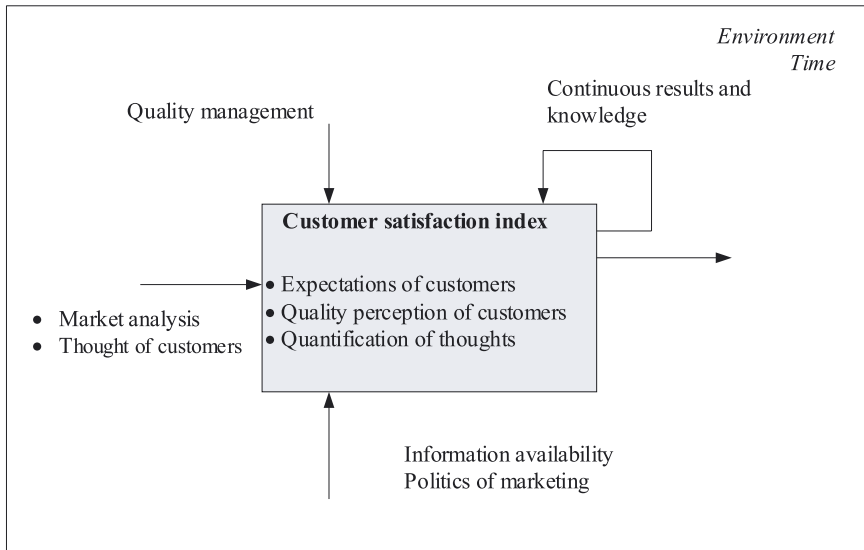


Figure 1 Process of measuring customer satisfaction index [5]

The following characteristics are associated with delivery of excellent CRM information system: [1]

- Reliability,
- Responsiveness,
- Accessibility,

- Safety,
- Courtesy,
- Consideration,
- Communication,
- Recognising the customer and competence.

A Customer satisfaction Measurement Survey should at least identify the following objectives:

- Importance to top managers (Top managers' Priorities).
- Top managers' perception of CRM information systems' performance.
- Performance relative to top managers' priorities.
- Priorities for Improvement.

Respondents must be provided a way to express the importance they attach to various survey parameters. Respondents should be asked to give a weighting factor, again on a rating scale of say, 1 to 10, for each requirement. This gives a better indication of relative importance of each parameter towards overall top manager satisfaction and makes it easier for top management to prioritize their action plans by comparing the Performance Rating (Scores) with Importance Rating (Weighting).

The top manager's requirements must be translated and quantified into measurable targets. This provides an easy way to monitor improvements, and deciding upon the attributes that need to be concentrated on in order to improve top manager satisfaction. We can recognize where we need to make changes to create improvements and determine if these changes, after implemented, have led to increased top manager satisfaction.

Two major factors that can be determined from the survey data are:

1. Performance Matrix (Performance relative to top managers priorities) and
2. Satisfaction Index (Top managers Satisfaction over a period of time).

Top managers evaluated the performances of CRM information system according to specified parameters on the scale from 1 to 10. They also assigned to these parameters the level of importance from scale 1-10. The top managers had the following parameters:

- Systems effectiveness (Parameter 1 - P1).
- Performance and efficiency (P2).
- Credibility (P3).
- Integrity (P4).
- Availability (P5).

- Adaptability, compatibility and possibility of interconnection (P6).
- Reliability (P7).
- Availability in Slovak language version (P8).
- Modularity of system, i. e. the possibility of later repurchasing of follow-up modules (P9).
- Price (P10).
- Intuitive and "user friendly" control system (P11).

From March to May 2008 was realized the research, which was specialized at the diagnostics of the level of Slovak companies in the CRM area. For better understanding value of the research medium and large businesses had been addressed. 73 top managers of Slovak medium and large businesses participated in the research.

Table 2 Average weightings & average scores

Parameter	Weightings	Score
Systems effectiveness	8.68	7.40
Performance and efficiency	8.39	7.43
Credibility	7.89	7.29
Integrity	7.58	7.26
Availability	7.71	7.40
Adaptability, compatibility and possibility of interconnection	8.21	7.09
Reliability	8.64	7.37
Availability in Slovak language version	7.11	7.26
Modularity of system, i. e. the possibility of later repurchasing of follow-up modules	7.97	7.51
Price	7.18	6.49
Intuitive and „user friendly“ control system	7.71	6.89

Customer Satisfaction Index (CSI)

The Customer Satisfaction Index represents the overall satisfaction level of that top manager as one number, usually as a percentage. Plotting this Satisfaction Index of top manager against a time scale shows exactly how well the CRM information system is accomplishing the task of top manager satisfaction over a period of time [6].

Since the survey feedback comes from many respondents in one organization, the bias due to individual perception needs to be accounted for. This can be achieved by calculating the Satisfaction Index using an importance weighting based on an average of 1.

Calculate the average of all the weightings given by the top manager. Divide the individual weightings by this average to arrive at the weighting

on the basis of average of 1. Top manager's higher priorities are weighted more than 1 and lower priorities less than 1. The averages of the Top managers Importance Scores are calculated and each individual score is expressed as a factor of that average. To understand the calculations consider following example. The following table shows the Weightings & Scores assigned on a scale of 1 - 10 by the top manager.

Table 3 Weightings & Scores assigned on a scale of 1 - 10 by the top manager

Parameter P	Weighting A	Score B	Weighting (avg. of 1) C	Weighting (avg. of 1) * Score D = B * C
P1	8	4	1,33	5,32
P2	9	6	1,50	9,00
P3	6	4	1,00	4,00
P4	2	5	0,33	1,65
P5	5	4	0,83	3,32
P6	7	5	1,17	5,85
P7	6	6	1,00	6,00
P8	8	4	1,33	5,32
P9	6	3	1,00	3,00
P10	5	3	0,83	2,49
P11	4	2	0,67	1,34
	Average = 6,00	Average = 4,18		CSI = 4.29

A = Average Weighting assigned by all respondents for each parameter

B = Average Score assigned by all respondents for each parameter

C = Weighting based on avg. of 1 = Individual Weighting / avg. Weighting

D = Weighted Score = Score * Average Weighting = B * C

Satisfaction Index CSI = Average of (Weighted Scores)

Since the scale used was 1 - 10, CSI = 42.90 %

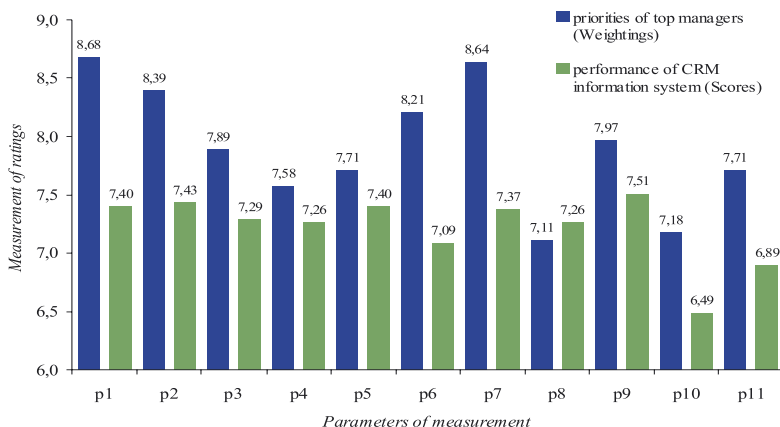


Figure 2 Performance profile of CRM in the company

Total customer satisfaction index is average of all individual customer satisfaction indexes. Total customer satisfaction index of top managers with the implementation of CRM in the company is 66.8 %. Maximum value of customer satisfaction index of top managers in monitoring companies is 86.1 % and minimum value is 31.9 %.

Thus Customer Satisfaction can be expressed as a single number that tells the top manager where CRM information system stands today and an Improvement plan can be chalked out to further improve its performance [6].

Conclusion

CRM is very hard to implement throughout a company. The IT department needs extensive infrastructure and resources to implement CRM databases successfully. Executives must be willing to support the CRM implementation process forever because CRM never ends. Implementation and using CRM have to bring advantages to the business. The objective of CRM is to optimize profitability, revenue and customer satisfaction. CRM brings quantifiable advantages and effects that show later.

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Application of Personal Marketing in Recruiting Process with Focus on Service Companies

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Abstract

Human resources are integral part of prosperity of each organization and from the point of expenses represent high investment. Therefore it is essential to seek for right people on the right places, take care of them, reward them according to their output as well as permanently increase their qualifying and personal potential. One of the scopes, which pay interest not only to recruiting process but also to employees' sustainability and stability in organization, is personal marketing. Personal marketing is the topic we will be focusing in this work on. The objective of this contribution is to describe the substance of personal marketing, its main fields such as internal marketing, service marketing etc. We concentrate on the personal manager analyses effecting service companies. The basis of the contribution are the analyses of their ideas and perceptions in areas of each marketing instrument such as advertising, public relations, to name just a few.

Key Words

Recruiting process. Human resources. Personal marketing. Marketing of services. Advertising. Public relations.

Introduction

Different organizations take interest not only in question how and where to obtain adequate workforce for human resources assurance in a company but more difficult problem within organization is to recruit qualitative and qualified workforce which will be retained and stabilized in a company as long as possible. Recruiting such employees belongs to the most important and permanent activities of human resources management in a company. Recruitment and employees selection is one of the basic scopes in personal background because it is beginning of initial and main forming phase of different areas in the process of entrepreneurship. If we obtain qualified and quality workforce we will benefit from strong potential which will be developed in a right way. One of the areas which attend to acquiring quality workforce for organization is personal marketing. Personal marketing

makes provision for further development possibilities, stabilization and retention of new and well trained employees. The goal of this contribution is to describe the main fields which form the scopes of personal marketing such as internal marketing, service marketing to name just a few. We will be trying to describe its integral part of service companies as well as its application. The first step of successful business is quality and well trained employee respectively mutual interaction between an employee and customer or client. Secondly we try to clarify useful methods in the process of recruitment in personal marketing conception, which consists of numerous methods and procedures in order to achieve positive result of whole process effective with stabilization and workforce retentions. Finally we try to explain their ideas and perceptions in different marketing tools such as promotion, public relations etc.

1. Personal Marketing and Recruitment

Recruitment altogether with employee selection is a key phase of forming company workforce and it determines what kind of workforce will be in a company. In other words it decides whether company goals realizations will be provided by required workforce, it also decides about a success, prosperity and company competitiveness. (Herzka, P., Boka, M., 1999, 43)

The basis of recruitment is to assure adequate number of applicant's equivalent to certain job function in a required time period with fulfilling adequate expenses. There were certain terms connected with recruitment used so far such as: employee seeking and recruiting. It is essential to differentiate the term - recruitment which means to recruit workforce from external sources or outside the company. Recruitment as a part of global forming work potential process strives to get employees who will bring us gain from the prosperity perspective. There is also recruitment from internal sources which means recruiting from current company employees. Basically, personal marketing in recruiting process from a wider point of view is focused not only on external but also on internal sources of a company.

External workforce sources are:

- free workforce on labor market (for example unemployed registered as job applicants at employment offices),
- new graduates or other institution graduates preparing young people for a profession,
- employees of other organizations who are bent to change an employer or there are some advertisements/offers attracting these employees.

(Koubek, J., 2000, 103)

Advantages:

- range of abilities and talents outside a company is more wider comparing to internal ability range,
- new approaches, points of views, skills and experiences coming outside in an organization.

Disadvantages:

- attracting, contacting and potential customer evaluation is more demanding and costs requiring,
- time consuming process,
- longer orientation and adaptation of workforce.

(Štefko, R., 2001, 43)

Internal workforce sources are:

- workforce created in consequence of technical development which means in consequence of substitution of living human labor or under authority of productive technology usage respectively improved work organizing,
- workforce released in relation with some activity ending or in relation with other organizational changes,
- employees who are skilled enough to perform more demanding job comparing to their current job,
- employees who are suitably utilized at current job position but for any reasons they are interested in transferring to different job position (newly created or released).

(Koubek, J., 2000, 103)

Advantages:

According to Štefko (2001) we can assign recruitment advantages and disadvantages of internal sources. They are:

- organization better gets to know applicant weaknesses and strengths, an applicant better knows an organization,
- efficient investments returns which have been allocated into a workforce,
- better utilization of experiences which have been obtained during previous company stay,
- increase of motivation and company morale.

Disadvantages:

- employee can be promoted as long as he/she reaches job position where he/she cannot successfully fulfill work tasks anymore,

- promotion competitiveness can negatively affect human relations,
- barriers created in terms of invasion of information and external approaches.

In recruitment process there are several methods which organizations can use; starting with up-to-date methods such as internet continuing with methods used for longer period of time for instance classic bulletins etc. The most frequently and best known methods used are these particularly: periodic and special periodic advertisements, bulletins, leaflets, billboards (these recruiting methods are considered as classic ones and are used quite often), internet offers (this method is modern method and there is typical internet website (work and profession related) named www.profesia.sk), mediation via the work social issue family bureau and cooperation with educational institutions, usage of mediation agencies services, usage of personal-advising agencies, own employee's recommendations, personal leasing, random applicants evidence and former employee's evidence. Every employee who is interested in any kind of jobs has to supply certain required documents at first, subsequently he is integrated into recruitment process. If he succeeds he becomes a part of further recruiting process where the selection is narrow and this is a place for qualified candidates only.

Required documents needed from candidates are as follows: applications for candidates, curriculum vitae, questionnaire (standardized, adjusted, simple, open), educational documents, proof of work experiences, references. (Kachañáková, A., 2001, 78)

Recruitment process together with workforce stabilization effort is doubled bowls affecting organization personnel forming. Personal marketing is a tool of that forming not only from recruitment point of view but also from a point of their stabilization within organization. **Personal marketing** can be defined as a planning process as well as a process of practical performance of marketing conception in the scope of human resources. The aim is to form and retain optimal workforce needed for goals achievement and for good employer's reputation (image) by using of labor market research, complex marketing instrumentarium and by forming interchangeable relations. These relations provide personal organizational needs fulfillment as well as fulfillment of employee's needs. (Štefko, R., 2001, 41)

Integral part of recruitment process of organization and part of personal marketing is **internal marketing**. Its main objective is to provide effective employee's behavior in a company and to provide their motivation, training, qualified and personal growth aiming to continual

work motivation and being loyal to our organization. Internal marketing deals with communication between employees and employer who can find out current needs and weaknesses at working place from employees' side. Personal marketing as well as internal marketing play very important role in service companies. These companies are part of banking area, insurance, health and educational system etc. In our survey we focused on institutions which act in financial sector thus financial institutions in Slovak republic where belong commercial banks, insurance companies, saving institutions to name just a few.

(Šindleryová, I., 2006, 316)

2. Analysis of Recruiting Process with Application of Personal Marketing in Service Companies

Research objective

He main objective of this research is analysis of supervisors in personal units of financial institutions as well as in service companies from the point of used methods and ways of recruiting process in these institutions. Further research objective is to describe the margin of modern methods exploitation in terms of recruiting process in comparison with classic methods and related ideas and perception analysis in the field of promotions and public relations.

Hypothesis:

Our expectations are defined as follows:

H1: Majority of researched financial institutions uses Internet as method of recruiting process.

H2: Researched financial institutions uses television advertising as a way of company promotion.

Sample definition

The sample consisted of 40 respondents - supervisors in personal units of financial institutions and service companies. Sample selection has been oriented on financial institutions in Slovakia with or without foreign capital. Good examples are: commercial banks, saving banks, insurance companies from different districts within Slovakia.

Research methodology

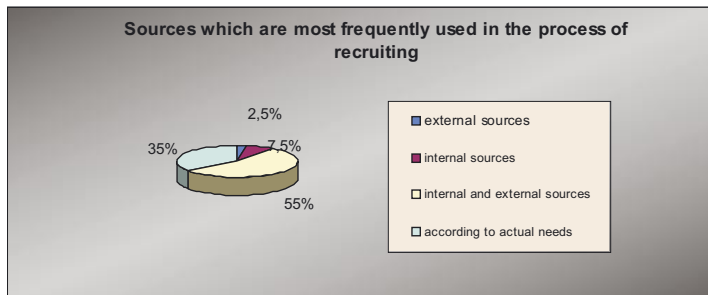
For gathering of relevant data and their precise results we used

questionnaire method. This method allows obtaining objective data and is accessible and quick form for our survey. Fifty questionnaires have been distributed and sent to our respondents. There was 80% success because 40 questionnaires have been returned back to us.

Analysis of the questionnaire sent to supervisors of personal units in service companies

Question #1: What sources of recruiting process are used most frequently in your institutions?

Graph #1: Sources which are most frequently used in the process of recruiting

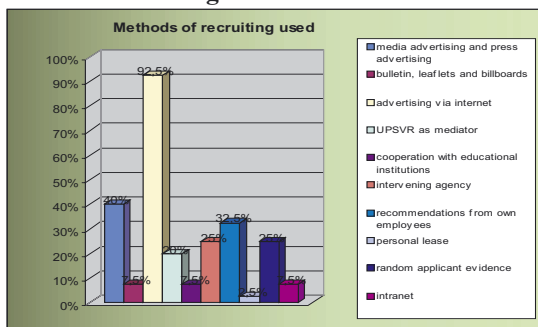


Source: own elaboration based on a research

On the graph #1 we can see that 55% of respondents use internal as well as external resources of workforce. This resulted in the fact that financial institutions focus on sources within an organization by which the companies can save adaptation cost, education and induction period. They use external workforce too in order to provide a flow of new ideas, proposals from external environment to an organization.

Question #2: Which methods of recruiting do you use the most in your organization?

Graph #2: Methods of recruiting used

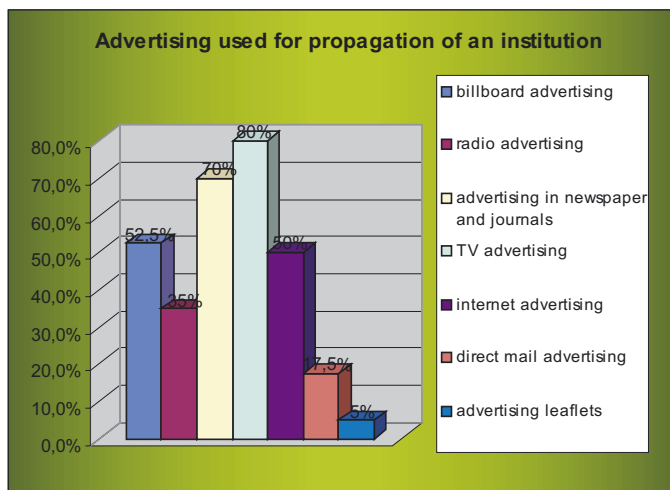


Source: own elaboration based on a research

On the graph #2 we can see that 92, 5 % of respondents use advertising via internet as method of recruiting. Financial institutions which have been researched use mostly modern methods of recruiting compared to classic methods. Usage of internet belongs currently to one of the top of the range methods in the process of recruiting. It basically means that **hypothesis H1** has been **fulfilled** on that particular sample. Thus most of the financial institutions (92, 5 % of respondents) which have been researched use advertising via internet the at most.

Question #3: Do you use advertising in order to propagate your institution?

Graph #3: Advertising used for propagation of an institution



Source: own elaboration based on a research

On the graph #3 we can see that 80 % of respondents use TV advertising as propagation of their institutions, 70 % of respondents noted that for propagation they use advertising in newspaper and journals. Fifty percent of personal department supervisors utilize internet advertising for propagation of their institutions. It is evident, that financial institutions which have been researched use TV advertising for propagation institution 80 %. Thus **hypothesis H2** has been **fulfilled** on the selected sample.

Conclusion

We can make a conclusion that financial institutions such as service companies utilize the top of the art methods to recruit people compared to classic methods. Good example is a frequent Internet utilization.

Obsolete ways and methods of recruiting are disappearing from a personal scope. Bulletins, leaflets, billboard advertising are typical example of it. If we want to asses advertising scope and public relations the points of views of supervisors achieve very high level of knowledge. Personnel professionals as well as owners of such an organization do not forget about an appropriately executed advertising for recruiting purposes or just for their service offer.

Supervisor of personal departments are trying to build positive public relations as well as positive company image in order to face competitions by quality services, good reputation, trade and trade name.

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Geographic Information Marketing: Advantages and Perspectives (on the Sample of Lutsk)

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The article deals with the problems of marketing activities oriented on formation of retail trade networks before coming out on the regional markets. The advantages and perspectives of geographic information marketing are examined. This trend of marketing allows to use the geographic map of the region where the building of a new shop is planned as an visual aid to mark the location of the competitive shopping centers, traffic and places distinguished by people gathering. Lutsk is taken as an sample to show the effect of this map, and the most suitable places to open new trading centers are determined.

The tremendous development of trading industry as a branch of economics involves the marketologists to search for the development of new marketing strategies in order to get not only higher incomes but also to fulfill requirements of customers. Today the requirements of customers are not limited to the variety of goods, but the price and the quality are of great importance too. The location of a shopping center becomes significant, that means that such criterion as closeness to the place of leaving, convenient parking, absence of traffic jams, good traffic communication and many other factors should be taken into account. These are the main reasons which we aim to investigate in our research work.

Nowadays the Ukrainian retail trade develops rapidly. According to “Interfax-Ukraine” the circulation of the retail trade in Ukraine including the activity of specialized enterprises, sell of goods at markets and by private businessmen in 2007 rises by 28.8% in comparison with 2006, in total it is 318.725 billion hryvnas. In 2006 the increasing rate was lower and made up 26.5%. In 2008 this rate averages 30%.

Due to marketing experts, the most attractive spheres for the retail trade are the following kinds of shops:

-Small “drop-in shops” on the way home, because nowadays it’s a great problem to find a proper place in a town to build a big building. It should be mentioned that the extension of the trade area of this kind of shops is

more than 73% in 2007. [1,p.36]. It's caused by higher profits and not big expenses needed to set up such shops.

- Hypermarkets, because of the growing amount of people who prefer to buy food in big shops. In 2007 were put into operation in 56% more trading hypermarket than in 2006 (the increase in 2006 made up 46%).

The rapid increase of market stimulates native as well as foreign participants of the retail market to take part in the competitive struggle for market and customers. Such companies as Silpo, Vopak, Kolibris, Metro and others can be distinguished. Having operated on Ukrainian market for four years the Metro Company opened 18 shops. The trading network of Auchan is planning to build its shops in big cities of Ukraine. That what was declared January, 26th 2007 by Juan Mulje the president of the company. For the present time Auchan shareholds 20% (bought for \$126.5 mln) of the network of supermarkets "Fyrshet".

But, where to locate them ? How to determine the most convenient place for buyers? How to avoid unnecessary competitive struggle and enlarge the amount of customers?

It's Geographic information marketing (GIS marketing) which serves to define the optimal place for a new retail shopping centre.

GSI technologies combine traditional operations with date bases including request and statistical analysis.

The main aim of GSI is to provide an opportunity to reflect and analyze date bases, which are connected with the necessary map.

The ideology of the GSI method can be presented as separate layers which are interconnected. This enables the user the reflect only important information for the certain investigation on the map. All graphical objects are made in the form of simple objects such as dots, lines, ranges which can be separated by size and color. The target function of the GSI marketing is the ability to visualize all necessary information on the map wasting no time and efforts.

The informational layers which are put on the map are the following:

- population, bedroom communities
- division of old and new building up, marking out the districts of house-building
- traffic, traffic directions, small traffic crossings, traffic jams
- places of business activity, the biggest business centers, trading centers
- networks of competitors, the spheres of shop influence, the districts of intense competition
- calculation of the client base

-date base of the quality research (if the the respondents were asked about the place of living)

Let's make a detailed investigation of every layer.

The allocation of population on the city map shows the location of the bedroom communities, and business and industrial districts. Among bedroom communities the most attractive are the districts of a new housing estate because they usually represent payment capable consumer demands. The analyses of this information makes possible to determine the "elite" districts which are usually inhabited by highly profitable population.

Marking on traffic, traffic directions in morning and evening hours enables to point out the most attractive places judging from the traffic accessibility. It makes the location of the shop more convenient in the place with heavy traffic on the other hand the traffic shouldn't be overcrowded by means of transportation which may cause traffic jams and the car owners would wish to leave the place as soon as possible.

The location of the main trade streets and districts shows the places where the natives prefer to do the shopping. Two main aspects should be considered:

1. There shouldn't be located too many shops of the kind at one place. It will rise the local range of competition.

2. If the shops of different kinds which are not direct competitors are combined to the benefit it will attract more customers to each of them. For example, provision supermarket can be located in the neighborhood with the shop of construction and engineering materials and for each of them the fact of being located close to each other generates additional customers.

The pointing out and marking on the map the objects which are potential competitors are of great importance. Combining this information with the information about the location of the potential customers allows making a conclusion which districts are not yet built up with shops and choose the places where the new shops should be immediately set up.

The calculation of the client's base allows to obtain the information about the quantity and the quality of the new or already existing shops and having the information about the average amount of money spend by buyers and the frequency of the visits to the shop it's possible to calculate the turnover during a certain period of time.

Moreover, the information about the quantitative researches in every district can be marked as an additional layer. It may include:

- The information which contains the popularity and number of visits to a shop

- The shop range of popularity

-Advantages and disadvantages from the point of view of a target society

On the map of Lutsk were marked such supermarkets of trading networks as: provisional – “Veluke Kushenja”, “Fyrshet”, “Vopak”, “Kolibris”, building engineering shops such as “Bym”, “Nove oselja”, “Nove Linija”, furniture engineering such as “Vento”, “Madot”. Only these trading networks took part in the project. Discount shops and shops which are located near the place of residence were not taken into account.

The map also contains the information about population of the town, and this information makes obvious the fact that the bedroom communities are less build up with shops. The zones of the main traffic and the possible paces of traffic jams are also pointed out.

So, elaboration of the geographic information technologies makes possible to see with the help of a map the most suitable places to build up new shops, to determine the probable additional flow of clients, to see visually the traffic jams or the bedroom communities of the town, and the districts which usually attract great amount of customers.

With the help of geographic information technologies (GIS) you can mark the places with big customer flows, visualize possible places for building up.

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III. Business, Economy and Financing

Mathematical Modelling Aiming to Prize Prediction in Economy

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Abstract

Mathematical modelling shows a few ways to describe certain economical effects. The contribution deals with the dynamic model that uses differential equations and their systems to predict changes depending on time schedule and trying to bring the prize policy into concrete expression.

Key Words

dynamic model, system of differential equations, non-zero solution, prize prediction

Introduction

Dynamic model is often used to describe a range of different situations, especially those, where changes depend or appear in connection on time schedule. One of the ways to describe the speed of such changes can be using the proper system of differential equations. The differential equations occur in many applications in economy and management, especially in those, where decision-making plays a great deal and solution shows prediction of some economical phenomenon. The prize policy is the fact that is a midpoint not only of the public interest, but also for experts from the field of economy, any other resorts and company leaders, as prices influence their profit. Production process and market opportunities are very sensitive on relations of prizes and their stability or changes.

Differential Equations in Dynamic Model

As changes are described in dependence on time schedule in dynamic model, the system of differential equations can characterize the speed of the changes regarding value $x(t)$. We are trying to set the system, that will describe the prize prediction and therefore the value $p(t)$ will be used instead. The speed of the changes regarding the value $p(t)$ is described using the first derivative of p in respect to t . From this point of view, to set dynamic model means to set the system of derivatives of individual variables and their relationships using the system of differential equations, where each of them can be written in the form (1), including initial values of certain variables in time $t = 0$.

$$\frac{dp_i}{dt} = f_i(p_1, p_2, \dots, p_n), \quad (1)$$

where $i = 1, 2, \dots, n$ respectively and initial values of the variables in $t = 0$ can be assigned as $p_1(0), p_2(0), \dots, p_n(0)$.

Prize Prediction in a Concrete Situation

Consider the initial prizes $p_1(0) = 52$ units, $p_2(0) = 10$ units and $p_3(0) = 12$ units. Dynamic model of prize prediction is characterized by the system

$$\begin{aligned} p_1' &= -2p_1 + 2p_2 + 106 \\ p_2' &= -p_1 - p_2 + p_3 + 18 \\ p_3' &= 2p_1 + 2p_2 - 4p_3 + 130 \end{aligned} \quad (2)$$

$$\begin{vmatrix} -2-\lambda & 2 & 0 \\ -1 & -1-\lambda & 1 \\ 2 & 2 & -4-\lambda \end{vmatrix} = (-2-\lambda)(-1-\lambda)(-4-\lambda) + 4 - 2(2+\lambda) + 2(-4-\lambda) = (1+\lambda)(2+\lambda)(-4-\lambda)$$

From the previous (3): $(1+\lambda)(2+\lambda)(-4-\lambda) = 0$ then $\lambda_1 = -1, \lambda_2 = -2, \lambda_3 = -4$

Let $\lambda_1 = -1$ then we can get the system

$$\begin{aligned} -k_1 + 2k_2 &= 0 \\ -k_1 + k_3 &= 0 \\ 2k_1 + 2k_2 - 3k_3 &= 0 \end{aligned} \quad (4)$$

One of non-zero solutions of system (4) can be written as $k_1 = 2, k_2 = 1, k_3 = 2$, that means

$$\bar{p}_1(t) = \begin{pmatrix} p_{11}(t) \\ p_{21}(t) \\ p_{31}(t) \end{pmatrix} = \begin{pmatrix} c_1 e^{\lambda_1 t} \\ c_2 e^{\lambda_1 t} \\ c_3 e^{\lambda_1 t} \end{pmatrix} = \begin{pmatrix} 2e^{-t} \\ e^{-t} \\ 2e^{-t} \end{pmatrix} \quad (5)$$

Similarly, one of non-zero solutions of the system for $\lambda_2 = -2$ can be written as $k_1 = 1, k_2 = 0, k_3 = 1$.

$$\bar{p}_2(t) = \begin{pmatrix} p_{12}(t) \\ p_{22}(t) \\ p_{32}(t) \end{pmatrix} = \begin{pmatrix} e^{-2t} \\ 0 \\ e^{-2t} \end{pmatrix} \quad (6)$$

Possible non-zero solution of the system for $\lambda_3 = -4$ can be for instance $k_1 = 1, k_2 = -1, k_3 = 4$

$$\bar{p}_3(t) = \begin{pmatrix} p_{13}(t) \\ p_{23}(t) \\ p_{33}(t) \end{pmatrix} = \begin{pmatrix} e^{-4t} \\ -e^{-4t} \\ 4e^{-4t} \end{pmatrix} \quad (7)$$

$$\begin{pmatrix} p_1(t) \\ p_2(t) \\ p_3(t) \end{pmatrix} = C_1 \begin{pmatrix} p_{11}(t) \\ p_{21}(t) \\ p_{31}(t) \end{pmatrix} + C_2 \begin{pmatrix} p_{12}(t) \\ p_{22}(t) \\ p_{32}(t) \end{pmatrix} + C_3 \begin{pmatrix} p_{13}(t) \\ p_{23}(t) \\ p_{33}(t) \end{pmatrix} + \bar{p}^*(t) \quad (8)$$

$$\begin{pmatrix} p_1(t) \\ p_2(t) \\ p_3(t) \end{pmatrix} = C_1 \begin{pmatrix} 2 \\ 1 \\ 2 \end{pmatrix} e^{-t} + C_2 \begin{pmatrix} 1 \\ 0 \\ 1 \end{pmatrix} e^{-2t} + C_3 \begin{pmatrix} 1 \\ -1 \\ 4 \end{pmatrix} e^{-4t} + \bar{p}^*(t) \quad (9)$$

Augmented matrix of the system

$$\left(\begin{array}{ccc|c} 2e^{-t} & e^{-2t} & e^{-4t} & 106 \\ e^{-t} & 0 & -e^{-4t} & 18 \\ 2e^{-t} & e^{-2t} & 4e^{-4t} & 130 \end{array} \right)^{-I+III} \sim \left(\begin{array}{ccc|c} 2e^{-t} & e^{-2t} & e^{-4t} & 106 \\ e^{-t} & 0 & -e^{-4t} & 18 \\ 0 & 0 & 3e^{-4t} & 24 \end{array} \right) \quad (10)$$

$$\begin{aligned} 3e^{-4t}C_3'(t) &= 24 \Rightarrow C_3'(t) = 8e^{4t} \Rightarrow C_3(t) = 2e^{4t} \\ e^{-t}C_1'(t) - e^{-4t}C_3'(t) &= 18 \\ e^{-t}C_1'(t) - 8 &= 18 \Rightarrow C_1'(t) = 26e^t \Rightarrow C_1(t) = 26e^t \\ 2e^{-t}C_1'(t) + e^{-2t}C_2'(t) + e^{-4t}C_3'(t) &= 106 \\ 52 + e^{-2t}C_2'(t) + 8 &= 106 \\ e^{-2t}C_2'(t) &= 46 \Rightarrow C_2'(t) = 46e^{2t} \Rightarrow C_2(t) = 23e^{2t} \end{aligned} \quad (11)$$

$$\bar{p}^* = 26e^t \begin{pmatrix} 2e^{-t} \\ e^{-t} \\ 2e^{-t} \end{pmatrix} + 23e^{2t} \begin{pmatrix} e^{-2t} \\ 0 \\ e^{-2t} \end{pmatrix} + 2e^{4t} \begin{pmatrix} e^{-4t} \\ -e^{-4t} \\ 4e^{-4t} \end{pmatrix} = \begin{pmatrix} 26.2 + 23 + 2 \\ 26 - 2 \\ 26 + 23 + 8 \end{pmatrix} = \begin{pmatrix} 77 \\ 24 \\ 57 \end{pmatrix} \quad (12)$$

General solution of the system can be written as

$$\begin{aligned} p_1(t) &= 2C_1 e^{-t} + C_2 e^{-2t} + C_3 e^{-4t} + 77 \\ p_2(t) &= C_1 e^{-t} - C_3 e^{-4t} + 24 \\ p_3(t) &= 2C_1 e^{-t} + C_2 e^{-2t} + 4C_3 e^{-4t} + 57 \end{aligned} \quad (12)$$

Taking in account the initial prizes, we can get the system

$$\begin{aligned} 52 &= 2C_1 + C_2 + C_3 + 77 \\ 10 &= C_1 - C_3 + 24 \\ 12 &= 2C_1 + C_2 + 4C_3 + 57 \end{aligned} \quad (13)$$

We can get values $C_1 = -\frac{62}{3}$, $C_2 = 23$, $C_3 = -\frac{46}{3}$ as the solution of system (14) and solution (15), that is got by the substitution, satisfies the initial conditions.

$$\begin{aligned} p_1(t) &= -\frac{124}{3} e^{-t} + 23e^{-2t} - \frac{46}{3} e^{-4t} + 77 \\ p_2(t) &= -\frac{62}{3} e^{-t} + \frac{46}{3} e^{-4t} + 24 \\ p_3(t) &= -\frac{124}{3} e^{-t} + 23e^{-2t} - \frac{184}{3} e^{-4t} + 57 \end{aligned}$$

For $t \rightarrow \infty$ prizes $p_1 \rightarrow 77$, $p_2 \rightarrow 24$ and $p_3 \rightarrow 57$.

Conclusion

Considering with initial prizes $p_1(0) = 52$, $p_2(0) = 10$ and $p_3(0) = 12$ we can suppose, that the prizes will oscillate around the values: 77, 24 and 57 respectively, that means they will become slightly more expensive.

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Analysis of Financial Coverage of Research and Development Activities within ERA

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Abstract

The aim of the paper is to analyze the current status and development trends of financial coverage of research and development activities within the entire European research area. Taking a topicality of problems connected with a transition of knowledge economy, a key determinant of competitiveness of each economy is a stimulation of creation of knowledge and innovations, especially in research and development. Subsequent capability of economy to use this knowledge becomes the basic source of success at production of goods and delivery of services. A level and rate of expenditures for financing of research and development trends present the key indicators evaluating the general effort of economy to create new knowledge and to utilize it subsequently.

Key Words

Research and Development (R&D), European Research Area (ERA), General R&D Expenditure (GERD), Intensity of R&D, Government R&D Expenditure (GOERD), Business R&D Expenditure (BERD).

Introduction

The key determinant of competitiveness of each economy is a stimulation of creation of knowledge and innovations, especially in the field of research and development. A transition to the knowledge economy, in which the substantial part of creation of values is to be made by creation, diffusion and utilization of knowledge, is a challenge for today's Europe and especially for former transition economies. New member states of the EU, including SR, belong in the field of an advancement of research and development to the most undeveloped countries not only in EU-27, but also within the European Research Area (ERA).

The aim of this paper¹ is to analyze, taking the problems connected

¹ The paper was elaborated within the VEGA No. 1/0667/08 project „Financing and support of innovation development of small- and medium-sized enterprises in SR and selected economies of the EU“.

with the challenge of knowledge economy, one of the fields connected with it, namely the field of financial coverage of research and development activities within the European Research Area (ERA).

Material and Work Methods

Dealing with the problematics of „financing of research and development“ assumes a definition of methodological arrangement including an information basis and selection of suitable methods of information processing and problems handling.

Data basis of problematics of financing of research and development is represented by official documents of foreign institutions (the European Commission, OECD), relating to current status and development trends in the area of research and development. The key position in the set of used information sources belongs to official statistical data published by statistical departments of OECD and Eurostat.

The problematics of financing of research and development requires an analysis of its current status, as well as of development trends in this area. The component part of the analysis is taking the key indicators – principles of the Lisbon's and Barcelona's strategy into account. A comparative ex-post analysis is not limited only by the countries of EU-27, but it also deals with the framework of the European research area.

Taking the limited space of the paper, the analysis does not intend to deal with a comprehensiveness of the system of financial support of research and development, it is rather focusing to a confrontation of intensity, as well as trends in the progress of sources of financing of research and development in those countries.

Results

Progress in the research and development, along with sufficient stock of trained labour force creates the determining factors of innovation, competitiveness and social and economic welfare of every country.

The goal – to transform the EU to the most dynamic and competitive economics in the world – has been adopted at the summit of the representatives of member states of EU in Lisbon in March 2000. With the effort to fulfill this ambitious goal, a principle of an increase of average expenditures for research and development for the entire EU to the level of at least 3% of GDP by 2010 has been adopted at the summit in Barcelona in March 2002. Approximately 2/3 of this amount should cover the expenditures in a company sector.

The expenditures for research and development could be measured variously. The key indicator in this area is *gross domestic expenditures for research and development (GERD)*, which provides information about

general effort of a country in creation of new knowledge and its application. Another indicator is an *intensity of research and development (GERD as a percentage from GDP)*, which compares the expenditures of particular countries for research and development with GDP.

The expenditures for research and development (R&D) in the EU-27 countries, including the countries belonging to the European research area (ERA) are shown in *Table 1*.

Tab. 1: Expenditures for research and development (R&D) in the ERA countries, the U.S.A. and Japan

Country	R&D Intensity ¹	R&D expenditure by sources (%) ²			
		Business enterprise	Government	Other	Abroad
Belgium	1,82	60,3	23,5	3,3	12,9
Denmark	2,44	59,9	27,1	2,7	10,3
Greece	0,61	28,2	46,4	3,8	21,6
Netherlands	1,78	51,1	36,2	1,4	11,3
Finland	3,43	69,3	26,3	1,2	3,2
France	2,13	51,7	37,6	1,9	8,8
Ireland	1,25	58,7	32,9	1,8	6,6
Luxemburg	1,56	80,4	11,2	0,1	8,3
Germany	2,51	66,8	30,4	0,3	2,5
Portugal	0,80	31,7	60,1	3,2	5,0
Austria	2,43	45,8	36,9	0,3	17,0
Spain	1,12	48,0	41,0	4,8	6,2
Sweden	3,86	65,0	23,5	4,2	7,3
Italy	1,10	43,0	50,8	0,0	6,2
UK	1,73	44,2	32,8	5,8	17,2
Cyprus	0,40	18,9	63,7	5,9	11,5
Czech Republic	1,42	54,1	40,9	1,0	4,0
Estonia	0,94	36,5	44,1	2,4	17,0
Latvia	0,76	20,8	62,7	6,0	10,5
Lithuania	0,57	34,3	46,0	1,2	18,5
Hungary	0,94	39,4	49,4	0,5	10,7
Poland	0,57	30,3	60,7	3,3	5,7
Slovakia	0,51	36,6	57,0	0,4	6,0
Slovenia	1,22	65,2	27,2	0,8	6,8
Malta	0,60	18,6	59,8	0,0	21,6
Romania	0,39	44,0	49,0	1,5	5,5
Bulgaria	0,50	28,2	65,8	0,5	5,5
EU-27³	1,84	54,5	34,8	2,2	8,5
Iceland	2,83	43,9	40,1	1,5	14,5
Norway	1,51	49,2	41,9	1,5	7,4
Switzerland	2,93	69,7	22,7	2,4	5,2
Turkey	0,67	37,9	57,0	4,7	0,4

Source: European Commission: *Key Figures 2007: Towards a European Research Area, 2007*

¹ GERD as a percentage of GDP, 2005 or exactly stated year: IT, NL, RO, UK, HR, TR, IS, CH: 2004, AT, FI: 2006.

² IT: 1996, MT, IL: 2002, BE, DK, EL, LU, NL, PT, SE, IS, NO: 2003, BG, DE, EF, CY, RO, FI, UK, HR, TR: 2004, AT: 2006.

The average rate of growth of the intensity of research and development for the period of 2000 to 2005 in connection with actual status of the intensity is shown on Diagram 1.

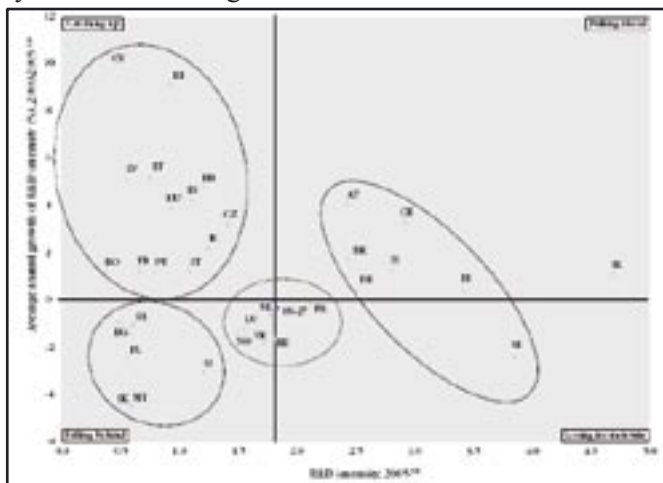
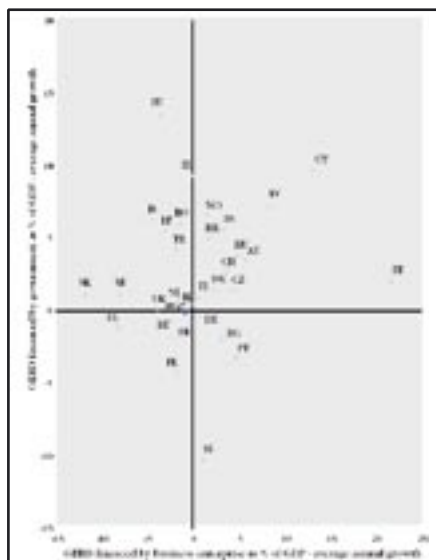


Diagram No. 1: Intensity of research and development and its average annual growth rate

Source: European Commission, 2007a

2006: EU, NL, BE, UK, DE, FR, CH, 2004: AT, IT, 2006: CZ, IE, PL, BG, UK, FR, IS, CH, 2004: 2004: AT, IT, 2006: IE, SE, NO, 2005: HR, 2002: 2004: MT, 2004: 2005



The average growth rate of company and government sources of financing of research and development activities as a percentage of GDP during 2000 - 2005 is shown on Diagram 2.

Diagram 2: Gross domestic expenditures for research and development (GERD) and the their average growth rate

Source: European Commission, 2007a

2006: EU, NL, BE, UK, DE, FR, CH, 2004: AT, IT, 2006: CZ, IE, PL, BG, UK, FR, IS, CH, 2004: 2004: AT, IT, 2006: IE, SE, NO, 2005: HR, 2002: 2004: MT, 2004: 2005

Also an indicator of distribution of expenditures for research and development by their sources is equally important in the area of financial support of research and development, because it enables to analyze a significance of particular sources of financing of research and development in the given country. In this connection, a special attention is paid to the expenditures of private sector.

Business expenditures for research and development (*BERD as a percentage from GDP*) and their average annual growth rate in 2000 to 2005 within the European research area are shown on Diagram 3.

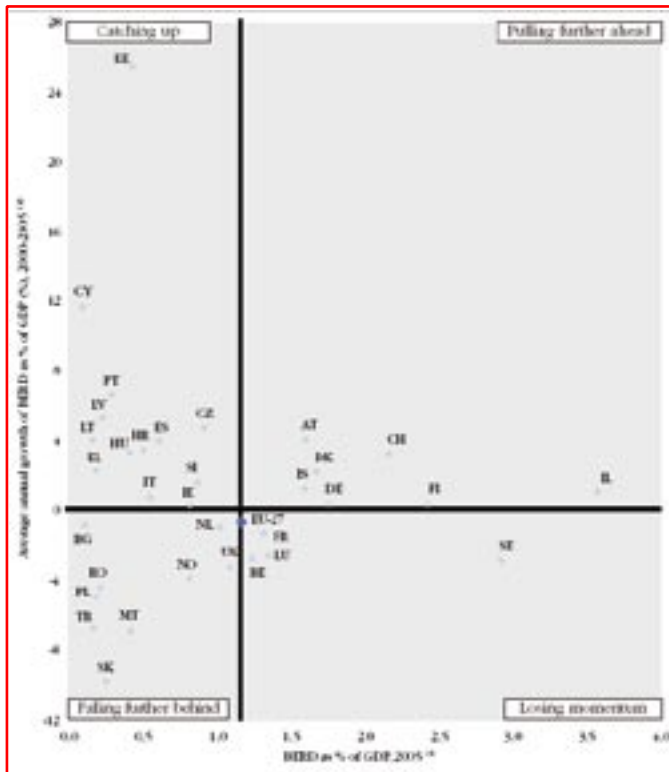


Diagram 3: Business expenditures for research and development activities within the ERA

Source: European Commission, 2007a

DATA: EUROSTAT, OECD

Notes: (1) RO, UK, HR, TR, IS, CH, 2004; IT, FI, 2006

(2) RO, TR, IS, CH, 2000-2004; IT, FI, 2000-2006; UK, 2001-2004; FR, SE, NO, 2001-2005;

HR, 2002-2004; ES, AT, 2002-2005; MT, 2004-2005.

Discussion

The most frequently used indicator of expenditures for research and development is their intensity (*Tab. 1*). In 2005, the intensity of expenditures for research and development in the EU-27 has reached the level of 1,84% of GDP. A gap in the intensity of expenditures between the EU and USA (2,67% GDP) and Japan (3,17% GDP) was the largest one in the history according to data of the European Commission (*Key Figures 2007*).

Within the ERA, there are several groups of countries reporting the large differences in the intensity of expenditures for research and development. The highest intensity of expenditures for research and development is reported by Nordic countries, Sweden (3,86% of GDP), Finland (3,43 % of GDP) and Denmark (2,44% of GDP). Also Germany reports high intensity of expenditures (2,51% of GDP), Austria (2,43% of GDP) and France (2,13% of GDP). The lowest expenditures for research and development in a proportion to GDP are spending by new member countries of the EU, especially Latvia (0,57%), Poland (0,57%) and also Slovakia (0,51%), as well as Bulgaria (0,50%) and Romania (0,39%).

Also the effort of some new member countries of EU to increase the expenditures for research and development in 2000-2005 is worth being noticed (Diagram 1). For example, in the Czech Republic, they were growing by the annual rate of 3,5%, in Estonia it was 9,0% and in Hungary it was 4,0%. These countries have, despite low starting level, a real chance to get closer to the average of the EU-27. The opposite extreme is created by countries having not only low intensity of expenditures for research and development, but this intensity was significantly decreasing during the abovementioned period of time. Apart from Bulgaria (-1,8%), the weakest country within the ERA is Slovakia with the average annual decrease of -4,3% (for 2000-2005). It is noteworthy that the decrease of intensity of expenditures in SR was still more distinct than the decrease of their absolute amount despite while there was a fast growth of GDP. It results from abovementioned that an economic growth in SR was not achieved due to utilization of knowledge, but based on utilization of extensive sources, such as cheap labour force and low costs for energy and environmental sources. The economic growth of such type is not sustainable for a country from the long-term point of view.

From between four basic sources of financing of expenditures for research and development (government, businesses, other sources and abroad), the business expenditures prevailed in the world (*Table 1*). Business sector in the EU-27 has spent only 55% from total expenditures, while in the U.S.A it was 64% and in Japan – 75%. On the other hand,

a proportion of governmental expenditures was 34,5% in the EU-27, while in the U.S.A. and Japan it was 28,7% and only 18.5% respectively.

It is possible to identify the significant differences between particular countries in the EU-27 itself. It is possible to state, based on data of *Table 1*, that countries with low proportions of business expenditures have a high proportion of expenditures of governmental sector, and vice versa. From the point of view of financing of expenditures for research and development, the private sector is critical. The expenditures of business sector are generated by the market requirements and spent for financing of innovations. Their level is a critical determinant of competitiveness of economy. And this is a reason, why the Council of the EU has defined as one of preferred goals of the progress of research and development a two-thirds participation of business expenditures in total expenditures for research and development by 2010. Most of new members of the EU had a proportion of business expenditures (*BERD*) lower than 50%, except for the Czech Republic (54,1%) and Slovenia (65,2%).

In 2005, the financing of research and development activities by business sector in the EU-27 has reached the level of 1,0% of GDP, while in the U.S.A and Japan it was 1,7% and up to 2,3% of GDP respectively.

An interesting indicator is also a participation of abroad in expenditures for research and development in the given country (*Tab. I*). In connection with an arrival of foreign investors, an input of new technologies should be possible to assume (Gofusová, Chapčáková, 2003), but also new sources of financing of research and development. Various grant and loan programs of the EU are included in foreign sources of financing of research and development activities. The higher degree of internationalization of research and development, the higher is a participation of foreign sources of financing of that area. Among the new member countries of the EU, this fact is favourable for Malta (the participation of foreign sources in total sources of financing of research and development is 21,6%) Latvia (18,5%), Esthonia (17%), Lithuania (10,5%) and Hungary (10,7%). The Slovak Republic is at relatively poor position with the participation of 6% within the enlarged EU. The given fact is just highlighting an unwillingness of foreign investors generating the substantial part of GDP of the SR to spend their expenditures to business research in the Slovak enterprises. Also incapability of public sector to obtain sources for research from abroad contributes to this adverse situation.

Conclusion

The Slovak Republic falls behind considerably in investing into research and development. Coming out from values of indicators (an amount and intensity of total expenditures of research and development,

a participation of governmental and business sector, obtaining of foreign sources) the position of the SR within the EU-27 is bad, and within the ERA it is on the same level as Romania and Bulgaria. Slovakia did not succeed in catching a trend of a transition of economy based on extensive sources (cheap labour force, low costs for energy and environmental sources) to knowledge economy. Also the trend in a progress of sources of financing of expenditures for research and development is disturbing. Taking the importance of the given situation, a principal and intensive change in the preferences of the development of the Slovak economy is needed (Chapčáková, Varcholová, 2003). The handling of this unflattering status consists in a combination of increasing of total expenditures for research and development at concurrent implementation of system changes in this area. System changes could be applied to direct tools of support: efficiency of grant and loan programs, concentration of financial sources into prospective areas of research and development, transition from support of particular companies and projects to system support of innovations, creation of conditions for applied research by establishing of research and development centers, application of programs of state support and public procurement in the area of new technologies and innovations. It is needed to apply the system approach also in providing of qualified labour force in the research and development area and in spending the means for science popularization.

Annotation

The paper is dealing with an analysis of current status and development trends in the area of financing of expenditures for research and development within the European research area, taking the topicality of the problems connected with knowledge economy into account.

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Methods of Determination of a Value of an Enterprise in New Economy

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Abstract

The goal of the paper is to specify the actual set of methods usable for determination of an enterprise value. In addition to basic methods based on property, yield principle and the principle based on work with information from capital market, there is a wide range of other methods. The current environment brings a necessity of utilization of systems flexibly responding to changes and turbulences. The alternatives include also real options.

Key Words

Company value, real options, Net Present Value, cash flow, volatility

Introduction

The beginning of the 21st century is characteristic by an acceleration of changes influencing virtually all the spheres of society's life. Becoming aware of reality of such changes is helpful for searching for possible ways in future, ways of adaptation to changes being under progress, eliminations of negative impacts of such changes and utilization of possibilities and new spaces for development created by such changes.

Also economic theory and practice has to respond to constantly accelerating development of technologies. A turbulent environment of global economy imposes extraordinary demands also to investment decision-making in a company (Hečková, 2007b). The decisions made in this sphere have a direct impact to a future prosperity of the company (Hečková, 2007a), creation of development potential and thus to possible increasing of its value. However, they may endanger its future performance rate and stability. It seems that high uncertainty from the point of view of advancement of market should mean for many companies that some projects with an application of dynamic methods such as Net Present Value, Profitability Index or Internal Rate Return could remain undervalued and unimplemented. Therefore a need of application of instrumentation of these dynamic tools extended by taking the value of flexibility of decision-making connected with a project or company is arising. A prospective tool

is real option methods the theoretical grounds of which are derived from an analogy with financial options, dealing with evaluation of rights connected with hedges at financial markets. Their important characteristics include an asymmetrical law.

The goal of this paper is to explain the actual set of methods applicable for determination of company value with focus to application of systems of real options flexibly responding to changes and turbulences in company and its surroundings, not only at micro level, but also globally.

Methods of calculation of company value

The basic goals of company include now a maximization, or a growth of its market value. Three basic groups of methods are applied in determination of company value – property methods, yield methods and methods based on work with information from capital market.

Property methods are grounded mainly on status quantities and characterize a value of company property lowered by value of external sources to the date of evaluation. It includes a method of book value and substance value.

Yield methods take a yield potential into account and evaluate it as a subject able to bring a yield. Company value is determined as a present value of its future yields. These methods include now especially methods of discounted cash flow, capitalized profit, discounted dividends and economic value added.

The essence of methods based on market principle is work with information from capital market. It includes especially a method of market multipliers and method of comparable transactions.

Based on methodology of real options, it is possible to apply also real option methods for value determination, which do not create a denial of any of basic methods, just develop work with risk and evaluation of company flexibility, the significance of which is increasing in connection with globalization and turbulent environment. It is possible to understand the decision-making flexibility as a right for later change in the decision and an adaptation to actual situation. Company (project) value - Net Present Value NPV^* is therefore net current value of NPV increased by an option value, which is the evaluation of this flexibility, i.e.

$$\text{Company value } NPV^* = NPV + \text{option value}$$

Methods based on company evaluation by market are grounded on offer-demand matching at capital market. Also in this case it is possible to apply an option approach, which enables to look at owned capital (E) of

company as a call of shareholders for company assets (A) with strike price corresponding to nominal value of debt (D) at the time of its maturity.

$$E = A \cdot N(d_1) - D \cdot e^{-rT} \cdot N(d_2)$$

where

A – company assets,

D – debt amount,

r – reference (risk-free) interest rate,

T – time to option expiration,

e – Eulerian constant = 2,718281828,

$N_{(d_1)}$, $N_{(d_2)}$ – values of distribution function of normal distribution for d_1 , d_2 .

Market value of company assets may be estimated from current market price in case that company is dealing on the exchange. It is possible to use also the estimate of this value by a prognosis of future yields and recalculation to their current value.

Value of option

Taking the fact into account that evaluation on the basis of option methodology is based on an assumption of active interventions of management into running processes, the standard analytical and numerical methods and models for pricing of financial options are used for determination of value of option, while the value of such future interventions is called call premium.

Binomic model of option pricing

Binomic models are grounded on the following assumptions:

- there is no possibility of arbitrage (i.e. it is not possible to achieve risk-free yield),
- there are ideal markets (i.e. there are no transaction costs and taxes, limitation for short sale, underlying asset is divisible indefinitely),
- yield of any asset equals to risk-free rate,
- law of one price is applied.

Binomic model for options pricing was published for the first time in 1985 by Cox, Ross and Rubinstein. It is stochastic (discontinuous) model grounded on an assumption that it is possible to divide the entire development during an option life cycle into definite number of partial periods, during which a growth (with growth index u) with a certain estimated probability p , or decrease (with decrease index d) with supplemental probability $1-p$ occurs. Binomic model assumes that a price of underlying asset S may amount to, within time T_1 , two different discrete values - S_1^u , in the case of a growth of its price, or S_1^d , in the case of price decrease, while the relevant probabilities of growth or decrease are not changing in time.

One-period binomic model of pricing of calls

In the case of one period, the price of call should be created as it follows:

- In the case of an increase, the price of asset at the end of the period will be $S \cdot u$ (with probability p),
- In the case of a decrease, the price of asset at the end of the period will be $S \cdot d$ (with probability $1-p$).

An option will be applied only if real value of the asset will be higher than pre-arranged strike price X .

An internal value of option at the end of period:

- in the case of a growth $C_u = \max(0, u \cdot S - X)$,
- in the case of a decrease $C_d = \max(0, d \cdot S - X)$.

Current value of an option:

$$C = [p \cdot \max(0, u \cdot S - X) + (1-p) \cdot \max(0, d \cdot S - X)] / (1+r)$$

Two or more-period binomic model of pricing of calls (Figure)

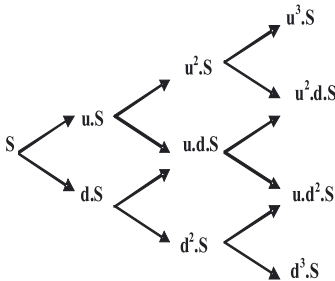


Figure: Expected development of price of underlying asset

Then current value of the European call for n periods equals to:

$$C = \frac{1}{(1+r)^n} \cdot \sum_{j=0}^n \frac{n!}{(n-j)! \cdot j!} \cdot p^j \cdot (1-p)^{n-j} \cdot \max(0, S \cdot u^j \cdot d^{n-j} - X)$$

where

$p^j(1-p)^{n-j}$ is a probability of one specific case (j -times by u % and $(n-j)$ -times by d %).

For an American calls, it is necessary to proceed through a binomic tree backwards, where j -value (for $j=1 \dots n$) of a junction in a period (n) equals to internal value of the call, i.e.

$$(C_j)_n = \max(0, S \cdot u^j \cdot d^{n-j} - X)$$

j - value of a junction in a period $(n-1)$ is to be calculated as it follows:

$$(C_j)_{n-1} = \max \left[\left(\frac{1}{(1+r)} \cdot (p \cdot (C_j)_n + (1-p) \cdot (C_{j+1})_n) \right), \max(0, (S_j)_{n-1} - X) \right]$$

Analogically, it is possible to deduct also a relation for a calculation of a value of an European call:

$$P = \frac{1}{(1+r)^n} \cdot \sum_{j=0}^n \frac{n!}{(n-j)! \cdot j!} \cdot p^j \cdot (1-p)^{n-j} \cdot \max(0, X - S \cdot u^j \cdot d^{n-j})$$

For determination of a value of an American call, it is also necessary to proceed through a binomic tree backwards, when j -value (for $j=1...n$) of junction in a period (n) equals to internal value of the call, i.e.:

$$(P_j)_n = \max(0, X - S \cdot u^j \cdot d^{n-j}),$$

j -value of a junction in a period $(n-1)$ is to be calculated according to the following formula:

$$(P_j)_{n-1} = \max \left[\left(\frac{1}{(1+r)} \cdot (p \cdot (P_j)_n + (1-p) \cdot (P_{j+1})_n) \right), \max(0, (X - S_j)_{n-1}) \right]$$

Continuous model of calls pricing

F. Black and M. Scholes (and R.C. Merton) have replaced discontinuous process by a continuous one provided that a time interval is divided into indefinitely many small subintervals and they created a model for continuous pricing of calls. Black-Scholes model of pricing of option contracts creates the basic assumption for pricing of option contracts for optional underlying asset (share, interest rate, foreign currency, etc.). According to Black and Scholes, determination of amount of option price is grounded on several assumptions. They are as it follows:

- an existence of ideal capital market taking no account for taxes- and transaction costs influence, assets and indefinitely divisible,
- there are no limitations for short sales,
- a medium value of yield of an underlying asset and its standard deviation is constant in time,
- a constant reference interest rate is valid during the entire life cycle of the option contract,
- all the participants at the market have the same conditions for a credit obtainment,
- An arbitration is not possible,

- during a validity of option contract, dividend payment or other yields from underlying asset will not occur,
- a neutrality of an investor towards risk is assumed,
- price of underlying asset is governed by Brownian motion based on Markov algorithm and is subjected to Ito process.

It is possible to determine a value of an European call at T time up to its maturity as follows:

$$C = S \cdot N(d_1) - X \cdot e^{-rT} \cdot N(d_2)$$

The following applies to a value of a call:

$$P = -S \cdot N(-d_1) + X \cdot e^{-rT} \cdot N(-d_2),$$

where:

$$d_1 = \frac{\ln\left(\frac{S}{X}\right) + \left(r + \frac{\sigma^2}{2}\right) \cdot T}{\sigma \sqrt{T}},$$

$$d_2 = d_1 - \sigma \sqrt{T} = \frac{\ln\left(\frac{S}{X}\right) + \left(r - \frac{\sigma^2}{2}\right) \cdot T}{\sigma \sqrt{T}},$$

S – spot price of underlying asset,

X – strike (expiration) price of asset,

r – reference (risk-free) interest rate,

T – time to option expiration,

e – Eulerian constant = 2,718281828,

σ – standard deviation of asset price,

$N_{(d1)}, N_{(d2)}$ – values of distribution function of normal division for d_1, d_2 .

If an arbitrage is not applied, so called put-call parity, i.e. a difference between a price of put and call options has to equal to a value of a difference of today's and agreed strike price of the asset has to be applied:

$$P + S = C + X \cdot e^{-rT}, \text{ tj. } P - C = -S + X \cdot e^{-rT}$$

The abovementioned models of pricing of options are just an introduction into option pricing. There is a series of models of pricing with additional

supplemental parameters. Taking the limited space of the paper, it is not possible to provide a comprehensive overview of the given methods.

Discussion

Although a rule recommending to accept all the projects with positive value of Net Present Value presented as the theoretically the most suitable and spread in practice, its application is connected with series of assumptions and drawbacks, which may result in inaccurate or even incorrect recommendations made according to this criterion. One of them is that it is static (passive) approach, i.e. it assumes that planned strategy will be followed and expected values will be identical with real ones at the moment of decision-making. The calculation does not take into account the fact, that it is not possible to intervene the beginning of project implementation and to make additional decisions in the case of a change of conditions. These future interventions into projects have a nature of options, which could be applied by a company under certain conditions; they have its value which should be included into the total company value.

The application of option methods becomes a new philosophy of companies' management as a result of rationality increase in decision-making. The key conditions of future control become a managerial flexibility, the qualified and full possibility of evaluation of which is the option methodology (Scholleová, 2007).

However, option pricing by binomic or continuous models incorporates also the problems relating especially to determination of volatility of an underlying asset and risk-free interest rate. The method of volatility determination selected should correspond with available information and nature of underlying asset of a real option priced. In the case of financial assets it is not possible come out from time series of historic prices of the underlying asset, but it appears that the volatility included in the options prices is not determined just by the historic volatility. Another options include a determination of volatility from branch values, expert estimation e.g. according to comparable asset and financial analysis which highlights factors, which may increase or decrease a volatility of its assets. A determination of risk-free interest rate may come out from interest rates of public bonds with relevant time to expiration, or from LIBOR (BRIBOR) values which are as close, from the time point of view, as possible to option life cycle.

Binomic and continuous models have the identical basic parameters and they report the same results provided that the same assumptions are used. Both have its advantages and disadvantages and some experts are

adhering solely to one or to the other. Model choice should depend mainly on option type for which it will be used without a disturbance of input assumptions.

Conclusion

Global economy lays extraordinary demands on operation of companies. From long-term point view, only companies systematically working on their strategy, building and maintaining of competition advantage, performing and prospering, i.e. ensuring one of basic goals, an increase of their value in time may survive in constantly increasing competition (Hečková, 2007c). The methodology of real options at determination of company value does not deny the results of classic methods; it is extended view to changed conditions. The traditional methods do not take a value of this potential into account at all. Application of option methodology is appropriate for small flexible companies in the stage of growth with big potential of further growth, for companies operating in the branches having a high volatility. The real options may act as a support mean for investment decision-making, especially in the cases, where the following factors are acting at the same time: high uncertainty of future, wide range of managerial flexibility and NPV being close to zero (Scholleeová, 2007).

In the world context, the real option methods are used especially for determination of value of companies, the operation of which depends on homogenous-, world-marketable commodities, where it is possible to deduct volatility from historical prices at world markets of particular commodities. Along with development of computer- and other communications technologies, the option methods have been applied especially to projects demanding from the point of view of investment. Another area, where the application has been spread subsequently is the area of top technologies as a whole, with focus mainly to a development of biotechnologies and nanotechnologies.

The idea of real options has arisen in the seventies of the 20th century in the U.S.A where they have been spread and applied widely. Europe is falling behind for the time being. The reasons while a mass spreading does not occur may consist especially in the fact that the continent is not significant source of world-marketable commodities and also in the fact that the U.S.A. is maintaining its leadership in computer technologies to date. Option methods are in the centre of attention of professional public especially in Germany, Austria and Nordic countries.

The main reasons of significant lagging of the Slovak Republic in practical application of the abovementioned methods include an absence of large investments in key spheres of application (Bobáková, Hečková,

2005) and also the fact that Slovakia is not a producer of significant volume of world-marketable commodity nor a leader in the sphere of computer technologies. The option methodology has been applied at determination of the value of Slovenské elektrárne, a.s. company. The important impulse for spreading of real options was the accession of the Slovak Republic into the European Union, continuing process of globalization, wide application of the given methodology in foreign companies and deregulation actions related to energy prices. Therefore it is important so that the Slovak companies to prepare themselves for application of new tools of determination and control of their value.

Annotation

The paper is dealing with actual problematics of determination of company value in new economy with focus to application of models of real options flexibly responding to changing conditions in company and its surroundings.

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The European Private Equity and Venture Capital Activity

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Abstract

Since its emergence in Europe in the 1980s, private equity has been regarded very much as a niche player in the broader European global financial sector. The aim of the paper is to analyze the current status, investment trends and activities of the European private equity and venture capital. It does not, however, attempt to cover performance side and all aspects of the European private equity and venture capital markets, it is rather focusing to analysis of the fundraising, investments and divestments by their country of origination and by the country of investment for the period 2006-2007.

Key Words

Private Equity, Venture Capital, Buyout Fund, Market Statistics, Fundraising, Investment, Divestment

Introduction

The creation of a truly integrated single European market for financial services has been a long-standing strategic objective of the European Union. The European Commission is currently looking into ways in which it can further enhance the framework for financial services firms operating across borders in the European Union and facilitate the development of European businesses. The European Commission's White Paper on Financial Services Policy 2005-10 states, inter alia, that: "a better functioning risk capital market is needed to promote new and innovative firms and to raise economic growth..., the identification of priorities for any further initiatives in the area of venture capital will be of immense importance and a clear priority for the Commission in the next 5 years" (Hečková, 2007).

Private equity investments in companies can involve considerable risk at an individual company level – but are broadly comparable with other asset classes at the portfolio level. Private equity investments can offer substantial potential awards to investors.

This paper investigates an analysis of current status, investment trends and activities of the European private equity and venture capital, focusing to analysis of the fundraising, investments and divestments by their country of origination and by the country of investment for the period 2006-2007.

Material and Work Methods

Data basis provided in this paper has been collected from different sources. The key position in the set of used information sources belongs to statistical data published by the British Private Equity and Venture Capital Association, the European Private Equity and Venture Capital Association, based on PEREP_Analytics, Deloitte & Touche LLP and Pricewaterhouse Coopers LLP.

The problematics of private equity and venture capital requires an analysis of its current status, as well as of investment trends in this area. A comparative ex-post analysis is not limited only by the countries of Western Europe, but it also includes countries of Central and Eastern Europe.

Taking the limited space of the paper, the analysis does not intend to deal with a comprehensiveness of all aspects of the European private equity and venture capital markets, it is rather focusing to analysis of the fundraising, investments and divestments by their country of origination and by the country of investment for the period 2006-2007.

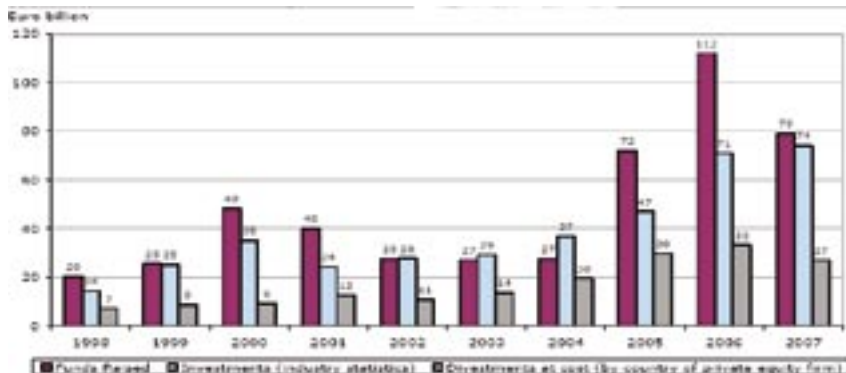
Results

Altogether, in 2007 European private equity performance and activity remained strong. Despite the turbulent conditions caused by the credit crisis in the second half of the year, returns were stable compared to 2006, and fundraising reached its second highest level ever observed.

In this context of strong performance results, fundraising reached €79 billion in 2007 (Figure 1), 30% down compared to 2006, but close to 10% above the total funds raised in 2005, and substantially higher than the €20 billion to €48 billion collected yearly between 1997 and 2004. This evolution makes the last two years record years for fundraising, an impressive achievement of the European industry given the cyclical nature of fundraising and the fact that large firms had already reached final

closings in 2006 (therefore they were in investment mode in 2007, and thus not fundraising).

Figure 1: Funds raised, investments and divestments at cost – evolution 1998-2007



Source: European Private Equity and Venture Capital Association, 2008c

Like in previous years (Table 1), most of the funds raised in 2007 (76%) were invested in the buyout segment (€60 billion). However, it is worth noticing that 68% of these funds were raised by only fourteen private equity firms which all raised above €1 billion in 2007. Slightly more than €10 billion were raised for venture investments. 61% of them are expected to be invested in the expansion and development stages, while the remaining 39% are expected to be invested in early stage deals.

Tab. 1: Expected Allocation of Funds Raised 2002-2007

€ bn	2002	2003	2004	2005	2006	2007
Venture high – tech	4.2	2.3	2.5	5.1	5.0	7.3
Venture non high – tech	4.3	3.4	6.3	5.8	12.5	3.1
Total venture	8.5	5.7	8.8	10.9	17.5	10.4
Buyout	18.2	21.0	17.8	57.7	64.3	60.0
Not Available	0.7	0.3	0.9	3.2	10.5	8.6
Funds Raised	27.5	27.0	27.5	71.8	112.3	79.0

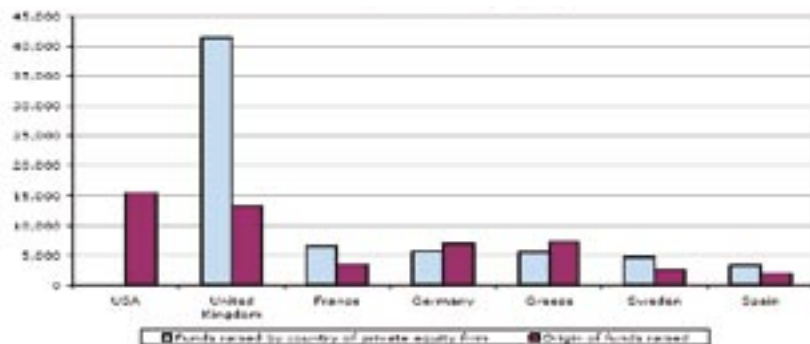
Source: European Private Equity and Venture Capital Association, 2008c

By type of investor, pension funds, banks, and fund of funds continued to be the largest sources of capital for the industry in 2007. Specifically, pension funds provided 18,0% of the total funds raised while banks and fund of funds contributed with 11,8% and 11,2% of the total respectively.

The USA and the United Kingdom continued to be the main sources of private equity funds raised in Europe (Figure 2), with the USA representing 19,5% of the total, followed by the United Kingdom with 16,9%. For the

first time Greece ranked among the top five countries, providing 9.2% of the total funds, primarily due to the structuring of Marfin Investment Group as a buyout house in the country. Germany came next with 8,8% of the total, followed by Asian countries which provided 7,0% of the total funds raised in Europe.

Figure 2: Funds raised - by geographic origin and by country of private equity firm in 2007



Source: *European Private Equity and Venture Capital Association, 2008c*

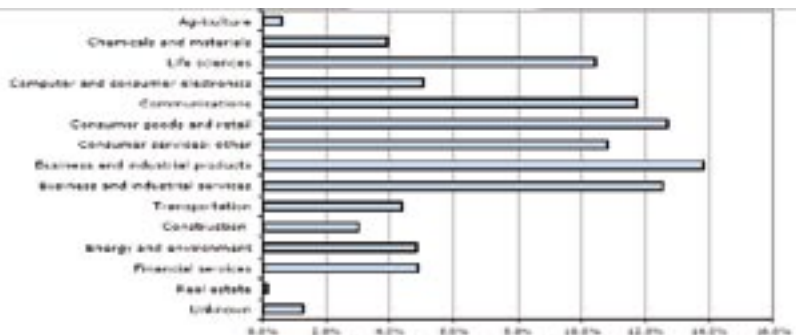
Figure 1 shows an increase in investment activity of European private equity firms in 2007 to €73,8 billion, from €71,2 billion in 2006. Buyouts rose substantially from €50,3 billion to €58,3 billion, while venture investments dropped from €17,3 billion to €12,0 billion. By number of investments, the investment volume registered a decrease of 21,8%. These trends were mainly driven by an increase in the average deal size for replacement capital deals from €9,3 million to €17,4 million and for buyout deals from €20,3 million to €29,2 million.

Buyouts continued to account for the majority of investments, 79% by amount, although they represented only 23,7% by number of deals. Expansion deals accounted for 12,7% of the amount invested, but represented 34,1% of the total number of investments. Early stage investments showed similar patterns, making up only 3,6% of the amounts invested, but accounting for 38,9% of all investments. The most of the investments were small and mid-market deals. Mid-market deals represented 43.2% of the total amount, while small buyout deals represented close to 70% of the total number of buyouts. Buyout-backed companies were mainly located in Germany the United Kingdom, France and Sweden. Overall, approximately 5,200 European companies benefited from venture capital and buyout investments in 2007.

The most financed sectors in 2007 (Figure 3) were business and

industrial products (13,8%) followed by consumer goods and retail (12,7%), both driven by buyout investments. However, as in 2006, the sectors with the largest number of investments were life sciences and computers and electronics, with 18,8% and 18,6% of the total respectively. These investments were mainly venture capital.

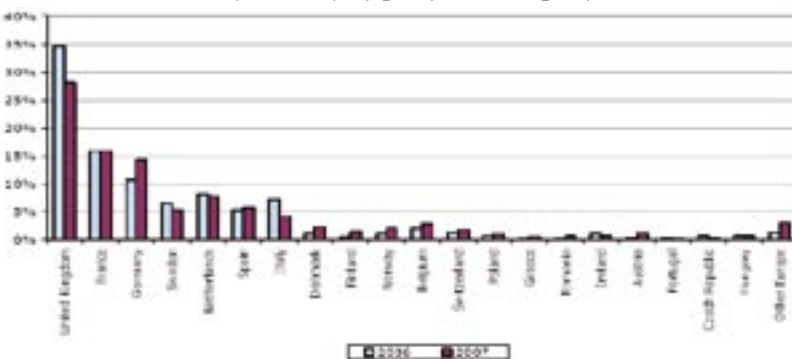
Figure 3: Investments – industrial sectors by percentage of total amount in 2007



Source: *European Private Equity and Venture Capital Association, 2008c*

The countries that received most of the investments in 2007 (Figure 4) were the United Kingdom with 29% of the total amount invested in European companies, followed by France with 16,4%, Germany 14,7%, Netherlands 8,0%, Spain 5,9%, Sweden 5,5%, and Italy 4,4%.

Figure 4: Investments by country of portfolio company



Source: *European Private Equity and Venture Capital Association, 2008c*

On the divestment side, exits decreased by amount divested at cost and by number (Table 2). In 2007 the total amount divested at cost reached €27,1 billion, 18,3% less than in 2006. The total number of companies exited dropped by 38,7% to 2 726 companies divested by European private equity

firms. By amount divested at cost, sale to other private equity firms came in first, with 30,4% of the total. This was followed by trade sales with 28,2% of the total amount divested, while repayment of principal loans came in third, with 15,7%. This is the first time when sales to other private equity houses exceeded the trade sales, even if by a small margin. Trade sales accounted for 23,9% of the total number of divestments in 2007, followed by repayment of principal loans and repayment of silent partnership which represented 13,8% and 12,0% of the total respectively. Divestments from European portfolio companies reached €26,6 billion. Altogether, the most used divestments methods were mainly the same as mentioned above. However, on the venture side, trade sales came in first, while sales to other private equity houses followed by amount only. Companies divested in Europe were mainly located in the United Kingdom, Germany and France which altogether represented 50% of the total number of venture-backed companies in Europe in 2007.

Tab. 2: Evolution of divestments at cost 2003-2007

€ bn	2003	2004	2005	2006	2007
Divestment by Trade Sale	2.8	4.6	6.7	7.5	7.7
Divestment by Flotation (IPO)	0.8	1.4	1.3	3.0	1.1
Sale of quoted equity post flotation	0.8	0.9	1.3	2.4	1.5
Divestment by Write-Off	1.6	1.9	1.4	1.2	0.5
Repayment of Silent Partnership	na	na	na	na	0.1
Repayment of Preference Shares/Loans	2.2	4.2	7.0	8.7	4.2
Sale to Another Private Equity House	2.7	2.6	5.5	5.5	8.2
Sale to Financial Institution	0.8	0.6	1.2	1.8	0.9
Sale to Management (Buy-back)	0.7	0.9	1.6	2.0	0.9
Divestment by Other Means	1.2	2.5	3.8	4.0	2.0
Total Divestments	13.6	19.6	29.8	33.1	27.1

Source: *European Private Equity and Venture Capital Association, 2008c*

On the venture side, most of the deals were expansion deals (46%), start-up deals came second with 41,2% of the total, followed by seed deals with 11,4%. The most financed sectors in the four segments of the venture side were communications, life sciences and computer and consumer electronics. Nevertheless, contrary to the expansion segment in which communications came in first by amount, life sciences led the ranking in the seed and start-up segments. The concentration of investments was really high in the seed and start-up segments, with the three most attractive sectors representing close to 70% of the total both by amount and by number of deals. Trade sales led the way for venture capital exits, with a 30,1% share of the €5,1 billion venture divestments.

The European private equity market differs significantly from one region to another. While the United Kingdom and Ireland concentrate most of the activity, Central and Eastern Europe is still a growing market and registers the lowest level of activity.

The United Kingdom and Ireland hosted more than half of the 2007 fundraising by region of management, thanks to the €41,4 billion raised in the United Kingdom only. The main source of funds in the region were pension funds, which provided more than 25% of the total funds raised. More than 60% of the capital committed by pension funds came from North America, which, like in 2006, was the main region of origin of funds with 23,7% of the total funds raised in Europe coming from this region in 2007.

Private equity firms located in the United Kingdom and Ireland invested more than €34 billion into 1 215 companies throughout Europe. Close to 80% of their investments by amount were buyouts. However about two thirds of the companies financed were venture companies, which represented 18% of the total number of venture companies financed by European private equity firms. More than 1 000 companies located in the region attracted €21,5 billion of investments, 30% of the total amount invested in European companies. Close to 70% of these companies were venture-backed, while buyouts represented more than 75% of the total amount invested in the region. By amount, the most attractive sectors in the region were consumer goods and retail, and business and industrial services. These investments represented 50% and 40% respectively of the total amount invested in these sectors in Europe.

Divestments in the region reached €7,1 billion, of which one third were sales to other private equity houses. However, only 12% of the companies divested were exited via a sale to another private equity house. Most of the companies were exited by repayment of preference shares (25%) or trade sale (22%).

Southern Europe (Spain, France, Italy, Greece, Portugal) was the second most active region in Europe in 2007. It attracted €18,3 billion in fundraising, with France and Greece representing two thirds of it. Most of the funds raised in the region were raised locally, and most of the LPs located in the region allocated their funds to private equity funds in the region, as only 14% of the funds they allocated to private equity in Europe were invested in funds outside of the region, mainly in the United Kingdom.

Investments in the region reached €19,9 billion, slightly less than in the United Kingdom and Ireland. By amount 81% of the investments in the region were buyouts, while 60% of the companies were venture-backed.

Divestments in the region reached a similar level as in the United Kingdom and Ireland, at €7,4 billion. However, slightly less companies were divested, 471 compared to 598 in the United Kingdom and Ireland. More than one third of the divestments by amount were sales to other private

equity houses, the preferred exit route in the region. However, similar to the whole Europe, by number of companies trade sales came first (28% of the total number of companies).

Funds raised in Austria, Germany, Switzerland (DACH) and Nordic countries (Denmark, Finland, Norway, Sweden) reached similar levels at 9,6% and 8,6% of the total funds raised in Europe respectively in 2007. In both regions, most of the funds were raised in one single country. In the DACH region, 75% of the funds were raised in Germany, while in the Nordic countries close to 70% of the funds were raised in Sweden. However, the main sources of funds in the two regions were rather different. Close to 30% of the funds in the DACH countries came from banks and insurance companies, while in Nordic countries, about a quarter of the funds came from funds of funds.

Altogether, DACH and Nordic private equity firms invested in a rather similar way. While €8,6 billion were invested in 1 365 companies by DACH private equity firms, Nordic private equity firms invested €7,3 billion in 1 240 companies, and in both regions, investments were about 75% buyouts by amounts, and more than 86% venture by number of companies. Moreover, the same sectors were preferred, apart from life sciences which was the first sector invested in by Nordic countries, but only the fourth by DACH private equity firms. When looking at the markets themselves, investments in the DACH countries were much higher than in the Nordics. Close to €13 billion were invested in DACH companies, while only €8,3 billion were invested in the Nordic ones. However, a similar number of companies were financed (1 238 DACH companies compared to 1 111 Nordic companies).

Divestments from DACH companies were much higher than divestments from Nordic companies in 2007. By amount, divestments from DACH companies exceeded by more than 70% the divestments from Nordic companies. By number of companies, divestments from DACH companies were close to 90% higher. Preferred exit routes were reversed in the two regions. In DACH countries, the most used exit method was trade sales, followed by sales to other private equity houses, while in Nordic countries, the preferred exit route was sales to other private equity houses followed by trade sales.

In the Belgium and the Netherlands the €3,7 billion raised mainly locally represented close to 5% of the European total in 2007. More than 80% of the funds raised in the region were raised in the Netherlands. As a result, Banks which were by far the main source of capital in the Netherlands is the main source of capital in the region.

Private equity firms invested €4,8 billion, mainly locally (79%), into 600

companies. Like in the other regions, the market was mainly buyout-driven by amount, but mainly venture-driven by number of companies financed. The flow of investments from foreign private equity firms in the region was much higher than the flow of funds from local private equity firms outside the region (€4,2 billion compared to €1,0 billion). As a result, the total amount invested into the Belgium and the Netherlands (€7,9 billion) was much higher than the total amount invested by local private equity firms (€4,8 billion), and the average deal size in Benelux companies was substantially high compared to the average deal size by Benelux private equity firms (€14,2 million compared to €8,1 million).

On the divestment side, close to 300 companies were divested for a total amount at cost of €2,8 billion. The same ranking of preferred exit methods was observed as for Europe as a whole, with sales to other private equity houses coming first by amount, followed by trade sales.

The development of private equity and venture capital in *Central and Eastern European countries* (CEE – including Bulgaria, Croatia, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia, Slovenia) is however, still at a relatively early stage. In 2007, only €685 million were raised in CEE, mainly by private equity firms located in Poland (85% of the total). However, more than €4 billion raised in Europe in 2007 will be dedicated to Central and Eastern Europe.

Funds raised in the region came mainly from insurance companies, banks and pension funds. Altogether, they represented more than two thirds of the total funds raised in the region. Most of the funds raised came from Europe, but mainly from outside Central and Eastern Europe.

Private equity firms located in the region invested slightly more than €1 billion in 103 companies. About two thirds of their investments by amount were made locally (private equity firms invested in their country of location), while the remaining were invested in the CEE region (including Baltic countries, Bulgaria, Slovak Republic, Slovenia and the Balkans). More than 130 companies located in the Czech Republic, Hungary, Poland and Romania received €1,9 billion in investments. Contrary to the overall European average, only 51% of these companies were venture backed (75% for Europe as a whole).

Close to €500 million were divested from 63 Central and Eastern European companies, mainly via trade sales (60% of the total amount and 41% of the total number of companies).

Discussion

During the 1990s, some important changes have transformed the prospects of European entrepreneurial firms. First, the introduction of

the euro, and its consequences at both product and financial market level, substantially advanced the creation of a truly European economic area. Second, there was the creation of several new equity markets targeted at innovative firms, as European stock markets have traditionally been unwelcoming of young companies without an established track record. A third major change was the dramatic increase in the supply of private equity and venture capital in most EU countries, which provided access to risk capital financing for entrepreneurial companies.

These changes have been potentially very important. Studies based on US evidence have shown that venture-backed companies are more effective in innovation and grow at a higher pace. The lack of well-established venture capital industry has therefore been identified as a major cause for the paucity of European star entrepreneurial companies. Hence one of the European Commission's goals has become the development of a European private equity and venture capital industry as a crucial step to foster entrepreneurship, competition, innovation and growth.

The European private equity industry is maturing and growing in stature. This will strengthen the financing chain for European enterprises. The industry plays an essential role in mobilising private investment capital with a view to investing, mainly in private enterprises, thereby helping those companies to grow and develop. The European private equity industry can provide attractive investment returns to institutional investors some of whom are engaged in the provision of investment services for life time savings and old age provision. A successful private equity industry is not a panacea for macro-economic underperformance and poor competitiveness. But it can make an important contribution to the re-generation of the economy by nurturing new enterprises and reenergising existing companies. In so doing, it can lay the seeds for sustained growth and job-creation and assist in the drive to be increasingly globally competitive. If the European Union is to harness this potential, there will be a need for a greater understanding in many Member States and at the EU level of the way in which the private equity industry is organised and carries out its business. The industry could make a greater contribution if the regulatory, supply of capital and tax environment across Europe took better account of the specificities of this business.

Conclusion

Analysis and final figures show that private equity fundraising scaled back from the record levels in 2006, it remained strong at €79 billion in 2007. Of the total, €60 billion was allocated to buyout and €10.4 billion to venture and growth capital, with similar weights in the total amount raised as in 2006. The USA continued to be the largest source of capital

for European funds, followed closely by the United Kingdom, Greece, Germany and Asia. Pension funds, fund of funds and banks were the top contributors to European funds. Investments by European private equity firms increased to €73,8 billion (up from €71,2 billion in 2006). Buyouts rose substantially, from €50,3 billion to €58,3 billion, while venture investments dropped from €17,3 billion to €12 billion. On the buyout side, the numbers reflected a strong first half of the year, with some larger deals in the pipeline that were completed in the second half of the year. Venture and growth investments into European companies were mainly focused in the communications, life sciences and computer and electronics sectors, both by amount and by number of companies invested. Divestments dropped by 18% to €27,1 billion. By number of divestments, trade sales lead the tables. However, by amounts divested, for first time sales to private equity houses came out as the leading divestment method by amount, with €8,2 billion divestments made by European private equity firms.

The data further indicate that the European private equity market differs significantly from one region to another. While the United Kingdom and Ireland concentrate most of the activity, Central and Eastern Europe is still growing market and registers the lowest level of activity.

Annotation

The paper is dealing with an analysis of current status, investment trends and activity of the European private equity and venture capital, focusing to analysis of the fundraising, investments and divestments by their country of origination and by the country of investment for the period 2006-2007.

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Importance of the M&A Markets of Serbia in Southeastern Europe and the Potential for Greenfield Investments

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Abstract

FDI flows to developing countries in SEE have become their leading source of external financing. Thus, this paper deals with an analysis of trends of mergers & acquisitions in SEE and current position that the M&A market of Serbia has among countries which have successfully attracted foreign investors. Also, it focuses on establishing the source countries from where stem companies come from, that have been the largest acquirers in Serbia and their motives behind the investments, as well as on industries in which the M&A deals have taken place the most. The aim of the paper is to point out that the one-time effect of privatization must be followed by a rise in Greenfield investments in order to maintain and improve the competitive advantage of Serbia in the long-term.

Key Words

Foreign direct investment, mergers & acquisitions (M&A), Greenfield investment, Republic of Serbia.

1. Introduction

The region of southeastern Europe encompasses eleven countries, of which Romania and Bulgaria have become full members in the European Union, and the remaining nine countries are on different levels of the realization of the commenced process of transition¹. In general, countries in southeastern Europe offer attractive conditions for foreign investors, in particular comparatively lower labor costs including the educated and qualified work force, as well as a tax regime that is encouraging in many of the aforementioned countries. Hence, it can be said that between the countries there exists a range of economic similarities and a unique common

goal- an active stance towards European integration, which attracts foreign investors.

In southeastern Europe, most of the foreign direct investments (FDI) were encouraged by the privatization of state run enterprises and the common practice of relocation of business processes from developed countries, which are done in order to benefit from low production costs in the region, which contributed to a significant increase in the number of mergers and acquisitions.

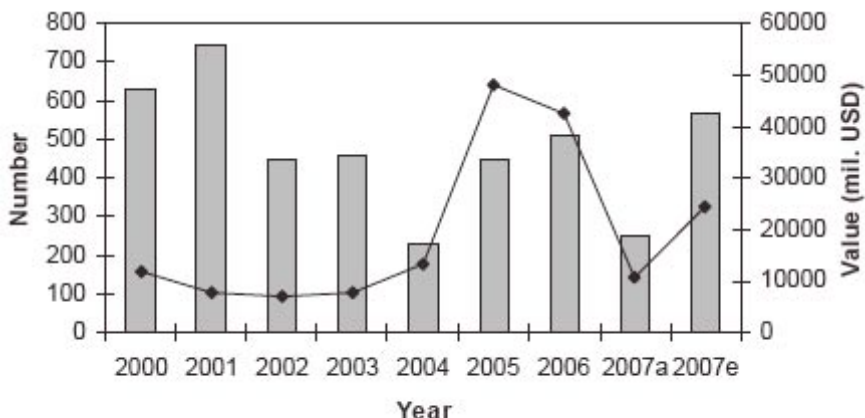
2. Foreign Direct Investments in Southeastern Europe

In order for a transaction to be treated as a foreign direct investment, it is necessary for the resident in one economy (direct investor) to invest money with the goal of establishing a long-term interest in the enterprise (enterprise of direct investment) which is a resident in a different economy. Long-term interest implies the long-term relationship between the direct investor and the enterprise of direct investment and a considerable level of influence from the direct investor in the management of the enterprise of direct investment (OECD, 2008). An investor is considered to have control if the investor has more than 50 percent of the votes (*voting power*), and a considerable influence if the investor has between 10 percent and 50 percent of the votes (IMF, 2007).

Modes of entry for foreign investors are, usually, classified in the following three classes: mergers/acquisitions (M&A), joint ventures (JV), and Greenfield investments (Kogut, Singh, 1988). A merger represents a combination of two organizations in which only one company remains, and the company which was integrated ceases to exist (Gaughan, 2002). An acquisition represents the take over of control of another organization, a branch of another organization, or specific assets of another organization (Bogojević Arsić, 2005). The concept of Greenfield investments implies the financing of construction of a completely new real asset (new capacity), which in the legal context means the formation of a new company, exclusively by investment from a foreign company.

SDIs can be seen from the following angles: (1) method of investment- Greenfield and Brownfield investments, or (2) motives of the investor- market seeking (entry into new markets or sustaining existing ones), resource seeking (acquiring factors of production which are more efficient, then those that are available in the domestic economy), efficiency seeking (increase of efficiency by using economies of scale and joint ownership), and strategic asset seeking investments (protection or increase of specific advantages of the organization or the reduction of advantages of potential competitors) (Dunning, 1993).

In the case of market seeking investments, the goal of investing into a foreign country is, as the name implies, the occupation of a foreign market. Typical examples are the construction of trade centers, foreign bank branches, fast food chains. Their effect in the accepting country is composed of exclusively in the consumers' greater freedom of choice. For the investor, they usually represent the question of survival, because above a certain limit (decided chiefly by the possibility of the increase in demand,



as well as demographics, and size of territory) that system no longer can develop in the native country.

In the case of efficiency seeking or cost seeking investments, the goal of the investor is the reduction in production costs and the increase in production, such that parts of the production process are relocated internationally, that is to countries with lower costs (off shoring). A school book example of this kind of investment is the automobile industry.

In 2006, SDI in southeastern Europe and ZND have increased by 68%, or 69 billion dollars, marking the sixth consecutive year with growth and significant increase relative to the past two years (UNCTAD, 2007). In 2007, the Republic of Serbia entered as a leader in reforms in the region of southeastern Europe thanks to the accomplished growth rate of the GDP of 6.5% and foreign direct investments, which in 2006 reached 5.47 billion American dollars. Thanks to the privatization of a number of enterprises, Serbia was third in 2006, with respect to the height of flows from foreign investments, behind Romania and Bulgaria (UNCTAD, 2007). According to the data from NBS, foreign direct investments in the Republic of Serbia in 2007 had a value of 3.1 billion American dollars (NBS, 2008). There is still no formal data about foreign investments in 2008, but it is estimated

that their value in five months was around 700 million dollars.

2.1. Development of Mergers and Acquisitions (M&A) in Southeastern Europe

According to the research that was made by the MANDA institute, in southeastern Europe from the year 2000, 3,720 M&A were made with a value of 150 billion American dollars. The maximal number of M&A was achieved in 2001. However, if the trend continues from the first half of 2007 (Figure 1), it is expected that the growth of the total number of jobs in 2007 will be 10 to 15% (Kummer, 2007).

Even though the number of jobs has reached a maximum in 2001, the growth in annual value of jobs has continued up to 2005 (Figure 1) (Kummer, 2007). That is especially demonstrated by the increase in average size of jobs before 2005, while from then on has again decreased. According to the stated research, it is forecasted that the value of M&A from 2006 cannot be reached in 2007; instead it is more probable it will significantly decrease. The decrease of the total value can be as high as 40 to 60%.

Figure 1: Mergers and acquisitions in southeastern Europe from 2000 to 2007 (Kummer, 2007)

If the M&As in the world are compared with SEE, a trend appears that the number and value are not always synchronized. For the number of jobs a proportional growth is expected of over 14% in SEE, while the world growth is around 5%. As for the value of jobs, world wide can increase 41% contrary to the significant decrease of more than 60% in SEE.

In southeastern Europe, mergers and acquisitions are most common in the field of banking and other financial businesses. From the year 2000, in this sector 1078 jobs were realized with a value of 70.9 billion American dollars. In percent, that is equivalent to 29% of the number of jobs and 47% of their value. Other industries which had high ranking by number and value were: food and drink, oil and gas, telecommunication and wireless service, and insurance.

The most significant M&A market in SEE from the year 2000 was Greece, where 28% of all jobs were realized. Other significant countries were: Turkey, Romania and Bulgaria. The first four countries are responsible for one fourth of all M&A transactions in the region. Serbia and Montenegro were seventh by the size of the market M&A on which four percent of all M&A in SEE were realized. From the year 2001, the strongest market growths were markets in Turkey, Bulgaria, and Romania, while Greece lost the relative share (Kummer, 2007).

3. Mergers and Acquisitions in the Republic of Serbia

A record number of M&As in Serbia and Montenegro were realized in 2005, while their value reached a maximum in 2006. On average 78% of all M&As up to 2007 were done by foreign companies (Kummer, 2007).

From the year 2000, the largest foreign investor in Serbia was the Norwegian company Telenor, which bought Mobtel for 1.53 billion euros in 2006 (Table 1). The second investment by size was made in 2003, when Swiss Philip Morris International Inc., bought 66.45% share of Duvanske Industrije Nis from the state for 518 million euros, and up to today their investments in Serbia have reached 611 million euros. According to the data from NBS from 2001 to 2007, most of the foreign direct investments in cash arrived from Austria with 2.16 billion dollars (22%), followed by Greece with 1.64 (16%), Norway with 1.55 (16%), and Germany with 1.39 billion dollars (14%) (SIEPA, 2008).

O.N.	Company	Country of origin	Sector	Type of investment	Value (mil EUR)
1	Telenor	Norway	Telecommunication	Privatization	1,513
2	Philip Morris- DIN	USA	Tobacco industry	Privatization	611
3	Mobilkom	Austria	Telecommunication	Greenfield	570
4	Banca Intesa- Delta banka	Italy	Banking	Capital market	508
5	Stada	Germany	Farmaceutical industry	Capital market	475

Table 1: Largest foreign investments in the R. Serbia (in mil.€) (SIEPA, 2008)

Between the industrial branches the largest flow of foreign direct investments was noted in the financial agencies, followed by traffic (telecommunications), real estate, renting, and processing industry. In particular the financial agencies were most successful where after the period of privatization of Serbian banks, was followed by a period of mergers and acquisitions. From 38 banks which were active on the Serbian market in the beginning of 2007, after a number of mergers, today remain 34 banks. Up to now the reduction in the number of banks was caused by their acquisition and integration by take over, and in the future the motive will be to sustain the market position and extension of participation, so as to expect further reduction in the number of banks.

On the basis of our short examination it can be concluded that in Serbia market seeking investments dominate in the service sector, which does not

lead to an increase in production potential, nor the modernization of the economy, nor to a relevant growth in employment. Alongside the stated, a serious problem is represented by the fact that the flow of SDI into Serbia is done almost exclusively through the privatization process, and not through a greater number of significant Greenfield projects, which have the greatest influence on the employment growth. After all, it can be said that with the arrival of Mobilkom (Table 1) and other eminent companies (Biotech Energy, Mercator, etc.), Serbia has shown that it secures institutional conditions necessary for successful business with foreign companies, as in developed countries.

4. Conclusion

Exactly because of the fact that SDIs imply the loss of control in a larger or smaller extent, the sale of domestic companies to foreign investors will only make sense if those assets are made into investments defined as the gross formation of fixed capital. Because the competitive position more and more depends on innovations, human capital (education and skills), and the existence of conditions for competitive clusters and networks, in order to attract SDIs and after the completion of the process of privatization one ought to promote new factors to attract investment in the Republic of Serbia. For example, the gained assets can be invested in the construction of infrastructure (industrial zones, IT parks, etc.) and the improvement of the business environment (labor market, tax administration, ex. electronic payment of taxes), so as to with lower costs, with the market, and qualified labor force attract “clean” Greenfield investments, and for domestic companies enable competitiveness through the adaptation of new technologies and networking with foreign companies.

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Detailed Specification of Personnel Management in Case of Bankruptcy Proceedings

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Astract

Go into compulsory liquidation can be caused by low ability to get through crisis of any company. But it does not involve the end of full business activity. Company's destiny is up to responsibility of bankruptcy administrator and mainly his professional skills. It also includes an ability to manage the staff members. General purpose of personnel administration is to arrange for reaching the main company's goals. How can we see the steps of such personnel administration over the bankrupt< All principles that are normally accepted needs to be modified as well.

Key Words

management, industrial relations, atmosphere, bankruptcy

Introduction

Human resources management leading to the growth of organisation efficiency is the base of the personnel management. Modern market economy is the economy of competitiveness, changes, epochal events and chaos. The economic thinking and the effort to reach economic effects will influence all fields of company's life. Average and weaker firms collapse. This means that personnel managers have to be prepared for such a situation.

Material and Methods

To point out the personnel management specifications, changing during the circumstances of outgoing bankruptcy proceeding, is the aim of this report. The record facts and the data were taken from theoretical approaches of inland authors, professional books and scientific collective volumes. The methods of analysis, synthesis and comparison have been used at writing this report.

Results and Discussion

A business subject, a legal person, becomes defunct by the day of its strike-off the Commercial Register. The strike-off is preceded by company's winding-up. In the terms of the Commercial Code /Article 68, para 3/, a

commercial company may be cancelled because of various reasons:

- expiry of the period, it was set up for
- achievement of the aim, it was set up for
- decision of the partners or a competent authority
- bankruptcy order or bankruptcy order dismissal for want of equity

The company may finish its activity from any of above-mentioned reasons, but there still will be certain obligations, concerning its employees; and this is the task for the personnel management.

In accordance with the Council Directive No.: 77/187 of EEC, the Labour Code ensures the employees protection the way that, in case of any change in the person of an employer, it guarantees the rights and obligations arising from the labour-law relations shall be transferred to a new employer

-after winding-up of an employer who has a legal representative, the rights and obligations in an unchanged scope shall be transferred to a transferee

- rights and obligations arising from the labour-law relations shall, upon the death of an employer, pass to his/her heirs

- in case company is wound-up as a result of bankruptcy, it comes to winding-up of an employer without a successor-in title or a successor trustee who would take over the employees.

This is a situation when employees hope a bankruptcy trustee will come, a production will be reclaimed because the bankruptcy trustee will undertake the obligations of an employer. It is an illusion; the employees have not seen their earned money for several months, and the company owner keeps away from them. To finalize the company's administration and documents and together with a company's trustee to process and prepare documents for phased redundancies are essentially the main tasks of the personnel management. An employer may give a notice to an employee only because of the reasons stipulated in § 63 of the Labour Code – we are speaking about the organizational reasons. The Bankruptcy Act has stopped preferring a company operation after filing a petition for bankruptcy, but vice-versa, it prefers sales of assets as soon and as profitably as possible what leads to the staff reduction and redundancies.

The specific task of the personnel management and a bankruptcy trustee is to prepare documents to settle the employees' claims at the employer's financial insolvency – submitting wage claims of the employees, which have not been paid them. Other task is to prepare papers for payment from the Guarantee Fund of the Social Insurance Office. In the connection with the Guarantee Fund, an employee is entitled to a guarantee benefit evolving from the claims, which the employer cannot settle. The law limits

the amount of the guarantee benefit by triple of 1/12 of general base of assesses, determined on the day of the beginning of financial insolvency.

The activities of personnel management in the period of bankruptcy is focused on processing and preparation of papers for employees, starting with notices for employees, pay records, retirement insurance, credit records, various confirmations, deregistration from insurance funds, deregistration of the company itself from the insurance funds.

Table No. 1

Within the period of 01/01/2004 – 31/12/2007 The Social Insurance Office, branch Prešov, paid out a sum in total amount of 23,127 thou. SKK from the basic fund of guaranteed insurance.

<u>Year</u>	<u>number of employers</u>	<u>number of beneficiaries</u>	<u>expenses (in thous). SKK)</u>
2004	5	57	1,600
2005	4	91	2,412
2006	4	51	934
2007	5	547	18, 191
Total:		744	23,137

Information source: Social Insurance Office, branch Prešov

Expense for Guarantee Insurance benefits payments in 2007 represented the employees of key textile companies in the agency of the Prešov branch of the Social Insurance Office.

Conclusion

The personnel management has some specific tasks during the period of bankruptcy proceedings. The Bankruptcy Act waived keeping the business, but just on the contrary, the production is being reduced, what leads to the employees' number reduction and finally to a total and of the company and to redundancies of last employees. It is not business, what is the aim of bankruptcy. To realize assets in bankruptcy and to settle the claims of the lenders are the main tasks. Therefore, the work of personnel management in this phase of company's life cycle consists in data processing and execution of documents, forms, charts, confirmations and references for employees as well as advising and counselling. Benefits from Guarantee Fund are often the only income of the employees after long unpaid months of insolvent firms.

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The Future of Modern Access to Finance for SME Through BASEL II

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Abstract

The objective of this research study is to present necessity and importance of implementation BASEL II EU legislation (New Basel Capital Accord) in Slovak bank sector as an important issue for SME to the extent it affects bank behaviour and their willingness to lend to SME. The study shows the basic characteristic of the BASEL II agreement (risk regulations of capital) as a modern approach to the bank risk management and deals with an analysis and problems of present situation of credit risk measurement in Slovakia. The special attention is dedicated to impacts of BASEL II on SME and better possibilities of financing in EU. In the end of the study are discussed potential competitive effects of BASEL II on banks in SME Business risk management and Credit risk management in Slovak bank sector. This research study is published under the terms of the partial task of research project VEGA 1/4638/07 at Faculty of management, University in Prešov.

Key Words

Access to finance, BASEL II, SME financing, capital requirements, credit risk management, bank sector

Introduction

Improving access to finance for European and Slovak SME is crucial for entrepreneurship, competitiveness, innovation and economic growth. The European Commission and national government focus on reducing or removing markets gaps, complementing member states measures and working with the global market, to stimulate the provision of debt and equity finance to SME.

Important development trends in EU in the area of banking supervision are represented by the New Basel Capital Accord (BASEL II agreement, Bank capital adequacy rules), as the global reform of the capital requirements for banks. There are global changes in the methods of financial systems in quantification and measurement of risk on the basis of which the capital requirements are set. In the EU countries this conception is translated into

new EU regulation on capital adequacy and risk management, which in the framework of harmonization will have to be taken in the legislation in Slovakia. The aim and importance of BASEL II is to improve risk management and risk measurement in banks and reduce risk with capital allocation *in three areas*:

- Minimum of capital requirements, ICAAP – Internal Capital Adequacy Assessment Process,
- BASEL II – there are the International Convergence of Capital Measurement and Capital Standard in EU countries or New Basel Capital Accord, and
- The Capital Requirements Directives (CRD).

Because European and Slovak SME are very dependent on bank lending, changes in bank behaviour through BASEL II affect SME access to loans financing. For this reason there have been discussions in many countries about changing in the global banking markets, including the effects of these reforms in banks capital requirements.

Methodology and Methods

A research process of collation and categorization of information from specialized literature, WEB pages and individual statistics data has been used in the process of writing. Subsequently, a method of analysis of commencement of various general trends in Slovak banks with foreign capital has been used to assess the role and sustainability of identified trends. Used research methods: method of the analysis, synthesis and assessment of potential ways of counter-acting:

- the analysis of present situation in bank sector in Slovakia
- the analysis of credit risk measurement in Slovakia

The main research questions of this study and platform for economic discussion are:

- What are the best ways of improving the flow of finance to small and medium firms?
- How will BASEL II affect SME lending and financing?

Theoretical Basis of Research – Introduction of BASEL II

Project BASEL II is the second of the Basel accords, which are recommendations on banking laws and regulations. The purpose of Basel II is to create an international standard that banking regulators can use when creating regulations about how much capital banks need to put aside to guard against the types of financial and operational risks banks face. The Basel Committee on Banking Supervision published a new framework agreement in 2004 that aims to protect and to make the international

financial system safer and stable by having the riskiness of banks loan portfolios to be reflected in the capital charges they need to set aside against unexpected losses and banks collapses. The agreement sets out the details for adopting more risk-sensitive minimum capital requirements for banking institutions. It is implemented in the EU through legislation of CRD that has been approved by the European Council and European Parliament. The European Commission is responsible for the legislation that implements the BASEL II legislation in Europe.

The final version aims at:

- Ensuring that capital allocation is more risk sensitive
- Separating operational risk from credit risk, and quantifying both
- Attempting to align economic and regulatory capital more closely to reduce the scope for regulatory arbitrage.

BASEL II uses *three pillars*: (1) Minimum capital requirements, (2) Supervisory review, (3) Market Discipline.

The first pillar – Regulatory capital deals with maintenance of regulatory capital calculated for three major components of risk that a bank faces: credit risk, operational risk and market risk. Other risks are not considered fully quantifiable at this stage. *The credit risk* components can be calculated in three different ways of varying degree of sophistication, namely Standardized approach, Foundation IRB and Advanced IRB. IRB stands for Internal Rating-Based Approach. For *operational risk*, there are three different approaches – Basic Indicator approach or BIA, Standardized approach or STA, and Advanced Measurement approach or AMA. For *market risk* the preferred approach is VaR (Value at risk).

The second pillar – Supervisory Review deals with the regulatory response to the first pillar, giving regulators much improved tools over those available to them under Basel I. It also provides a framework for dealing with all the other risks a bank may face, such as systemic risk, pension risk, concentration risk, strategic risk, reputation risk, liquidity risk and legal risk, which the accord combines under the title of residual risk.

The third pillar – Market Disclosure Framework greatly increases the disclosures that the bank must make. This designed to allow the market to have a better picture of the overall risk position of the bank and to allow the counterparties of the bank to price and deal appropriately.

Results and Discussion

The Analysis of Present Situation in Bank Sector in Slovakia

The bank system consists of a central bank and a network of commercial banks. The formation of individual bank system is defined by historical and economical conditions of each individual country, which produces varying results. The bank system in Slovakia is not an exception to the main rule; it consists of central bank – National Bank of Slovakia – and a fast growing wide network of commercial banks, some of which attained foreign capital shares (about 15 banks with foreign capital and 2 without). This dynamic development is subsequent to the inevitable process of re-structuring of credit portfolio and transformation of ownership basis taking place over the 90s. Slovak banks following the examples from around Europe adopted a model of universal banking¹. Table 1 presents selected main Slovak Banks and volume of its deposits in year 2006.

Table 1 The overview of selected Slovak Banks with their foreign investor and its deposits

Banks based in Slovak Republic	Main Investor, share in %	Country of Origin	Deposits, 2006 in thousand SKK
<i>Slovenská sporiteľňa, a.s.</i>	<i>Erste Bank Group, 100 %</i>	Austria	184 462 734
<i>Tatra banka, a.s.</i>	<i>Raiffeisen International Bank Holding 66,03 %, Tatra Holding, 12,86 %</i>	Austria	180 149 170
<i>Všeobecná úverová banka, a.s.</i>	<i>Banca Intesa, San Paolo 96,49 %</i>	Italy	152 290 386
<i>UniCredit Bank Slovakia, a.s.</i>	<i>UniCredit Group Bank Austria Creditanstalt AG</i>	Italy Austria	71 110 879
<i>Eudová banka, a. s.</i>	<i>Volksbank Internat. AG, 88,57 %</i>	Austria	26 069 564
<i>Československá obchodní banka, a.s.</i>	<i>KBC Bank N.V., Brusel, 89,97 %</i>	Belgium	63 812 198
<i>ING Bank, a.s.</i>	<i>ING Group</i>	Netherlands	20 898 019
<i>Dexia banka Slovensko, a.s.</i>	<i>Dexia Kommunalkredit Holding, 79,0 %</i>	Austria	38 414 036
<i>OTP Banka Slovensko, a.s.</i>	<i>OTP Bank, Rt., Budapest, 97,23 %</i>	Hungary	25 646 437
<i>Istrobanka, a.s.</i>	<i>Bank für Arbeit und Wirtschaft, AG, Wien (BAWAG), 100 %</i>	Austria	21 016 799

Source: own processing from www.banky.sk, Internet pages of the individual banks, 9th July 2008

Especially during past couple of years, the bank sector in Slovakia represented an important and stable attraction for the direct foreign

¹ To wit a bank that can simultaneously operate as a traditional commercial bank as well as an investment bank

investments. Moreover, this sector is ranked amongst the fastest growing ones. Presently, Slovakia is considered to be one of the best places for investment in Central Europe and new EU members. Slovakia has become reliable and attractive country – an example of macroeconomic stabilization with a real GDP growth of **10, 4 %²** in year 2007 and a complete account of economic reforms (f. e. the tax reform with flat tax in year 2004). More than 90 % of the Slovak banks are at present owned by foreign investors from the countries of EU. The entry of foreign investors resulted not only in a huge inflow of capital and strengthening of capital basis of the banks, but also in improved business and loan environment, strategic administration, marketing, management and whole communication with clients. Table 2 presents the rising of volume of loans in Slovak bank sector and decreasing of average interest rate in %, comparable with interest rates in EU.

Table 2 Loans in mil. SKK for business sector and average interest rate in % in years 2001- 2007

Year	2001	2002	2003	2004	2005	2006	2007
Loans in mil. SKK	214 362,8	208 871,6	216 194	199 261,4	242 400,1	328 156,1	355 208,3
Average interest rate in %	11,17	10,24	8,47	8,68	7,48	6,41	6, 05

Source: researched by <http://www.nbs.sk>

Most experts agree that a wider consolidation in European bank sector will take place within the next few decades further shaping the internal economy and bank sector in Slovakia. *The subjects of the next research* – firm (corporate) and SME loan management, risk regulation, legal framework for bank sector – will determine the preparedness and attractiveness of the bank sector in the coming European and global financial integration, Euro adoption and consolidation of the industry. Laws and regulations adopted by Slovakia to implement the BASEL II provisions of the Directive 2006/48/EC and 2006/49/EC. All Slovak banks must start up the processes of ICAAP and subsequently processes of BASEL II, by supervision National bank of Slovakia. Slovak bank sector will be obliged to classify as retail at least 20 % of their SME portfolio in order to maintain the legal limit of current capital requirement 8 % (the rule of capital adequacy of own fund rate).

The Analysis of Credit Risk Measurement in Bank Sector in Slovakia

Bank credit risk is the main source of problems in bank sector and

² **Source:** Selected Macroeconomic Indicators, National Bank of Slovakia

management of this credit risk is the most important for financial liquidity of this sector. Under Basel II retail and SME credit clients can receive special treatment because of a supposedly smaller exposure to systemic risk. Most researches on this issue have been based on parameterized bank credit risk models. At its meeting in March 2008, the Basel Committee on Banking Supervision decided to expand the scope of the capital charge to capture not only defaults but a wider range of incremental risks, to improve the internal credit and value-at-risk models and to update the prudent valuation guidance for positions subject to market and credit risk of the Basel II Framework. The improvements in the Basel II Framework concerning internal value-at-risk models will in particular require banks to justify any factors used in pricing which are left out in the calculation of value-at-risk. Slovak bank sector, especially three biggest Slovak banks as Slovenska sporitelna, VUB bank and Tatra bank, started to use advanced Internal Bank Rating-based approach for using internal rating models for the calculation of credit and market risk capital requirements according to BASEL II.

The supervisory authority of banks has to specify a number of quantitative and qualitative criteria of credit scoring model that the clients of banks would have to meet. Regulatory credit risk measurement through credit scoring, rating model in bank sector for clients is necessary by providing of loans. Credit risk management and assessment of clients through credit scoring (with business plan model, business description, financial analysis, forecast analysis and due diligence) is essential part of lending process.

Table 3 presents universal credit scoring or rating model with class and spread of points for assessment of credibility and credit ratio in Slovak bank sector for loans providing in business sphere.

Table 3 Scoring class of SME clients (A the best class, E the worst class) and its classification in points

Rating class of client	Spread of points
A	81 - 100
B	61 - 80
C	41 - 60
D	21 - 40
E	0 - 20

Source: researched by internal directives of Slovak banks

Minimum for loan achieving is approximately 55 points (credit quality rating class C) for all clients, valid for SME clients too. The main problems by providing of loans for SME clients are: non existence of credit history, often low annual turnover, demonstrated losses, low equity basis, lack of collateral. These facts present the biggest problems by general quantification of credit risk and recoverability of loans.

The BASEL II framework is an important issue for SME and commercial banks to the extent that it affects bank behaviour and their willingness to lend for SME. For many reasons that are only partially linked to the new BASEL II agreement, banks have changed their behaviour and are attaching more attention to the relative riskiness of their clients. To estimate the risk of their client firms, banks need more information and data than before. Banks will be able to measure the risk of their clients more accurately. SME that can show that they are stable can expect to benefit with lower interest rates and better access to loans. Riskier SME are likely to face higher interest rates and higher collateral requirements. Therefore, riskier and less stable companies will be confronted with higher costs for their loans and more difficult access to finance. Moreover, with the introduction of new rating systems and instruments for credit scoring, SME are likely to often face opaque internal rating procedures which will add to the feeling of uncertainty of many SME. SME would be able to face the banks rating procedures more confidently by improving their internal management and providing banks with more accurate revenues and production forecasts.

According to official information of National bank of Slovakia, implementation of CRD in Slovak bank legislation is in processing in years 2007-2009. The all countries of EU have already implemented report their capital adequacy ratios according to the new system. All the credit and financial institutions will adopt project of Basel II by years 2008-2010. This implementation progress will be in processing in Slovak bank sector in years 2008-2010.

Conclusion

The main conclusions of modern access to finance for SME through BASEL II can be drawn from this study as following.

Main ways for financing SME growth by official EU review:

- More debt financing with utilization of advantages of BASEL II
- More risk financing (equity financing)
- More venture capital financing
- More EU funds financing with utilization of innovative financial instruments

The real competitive long-term effects of the reform on SME access to financing and its contribution:

- on better approach to financing and lending to SME
- on better conditions of creation and understanding of credit scoring models
- on transparency and effective application of credit scoring models with use information technologies
- lower interest/credit rates for good SME clients

- to build a stable banking relationship by understanding bank requirements
- flexibility and efficiently communication and work with banks in the new financial environment that emphasises rating and transparency
- improve quality of risk management, financial planning and reporting, reduce risks

General trends and impacts of BASEL II on:

- Global market structure
- Efficiently pricing of financial products and services, its design and portfolio management
- Better management of bank risk systems across business
- Selection of clients
- Flexibility and dynamics to SME financing and lending
- Increased global competition in bank sector

These regulations will change the global competitive landscape for banking. It is competitive advantage for shareholders, managers, clients of banks, investors, improvement of financial stability, safety, and transparency of global financial systems. New trends in the SME financing have explored, with further considerations based on convergence of interest rates, improvements of access to loans and decreases in prices and or costs of capital through BASEL II.

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Influence of the GDP on Employment in the Slovak Republic

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Abstract

Slovakia belongs to countries with the labor force being one of the most important comparative advantages. Employment in the Slovak Republic is in the period of 2002 – 2006 growing. According to the average European employment rate it is possible to classify the Slovak Republic between the developing countries. According to subdivisions of the economic activities (OKEČ) it is possible to follow a trend of strengthening of the tertiary sector and on the other hand the weakening of the primary sector according to employment.

Key Words

Employment. Structure of Employment. GDP.

Introduction

Slovakia belongs to countries with the labor force being one of the most important comparative advantages (*Adamišin, 2008, p.7*). Nowadays, Slovakia is facing a problem of a shortage of the labor force in certain subdivisions. This problem is common in other member states of the EU as well. The labor market lacks specialists in IT, builders and mechanics. It is important to solve this problem and to eliminate the disproportion between the supply and demand for work from the perspective of education, skills and work experience. Similar opinion is expressed by *Šindleryová, I. (2004, p.192)* and *Bobáková, V. – Hečková, J (2007, p.490)*.

Material and Methods

The main goal of this research article is to reveal remaining problems and resources of the labor market in the Slovak Republic. This study analyzes employment and the GDP in the Slovak Republic during years 2002 -2006. The reference data are derived from official statistical information of the Slovak Republic, professional literature and research articles. Several research methods were used during the writing of this article, namely comparison, analysis and synthesis. Furthermore, during the final discussion of results standard mathematical-statistical equations and calculations are used.

Results and Discussion

The following table shows an important relationship between the trend in employment and the development of the GDP. The relationship between the development of the economy and the increase of employment is expressed through elasticity of the change of employment according to the change of the GDP. A positive value of this figure shows, that both of examined indicators – economic development and employment – are changing in the same course during the research period (direct proportion), the negative value would indicate the contrary (inverse proportion). The more the absolute number of this index is closer to number 1, the more immediate relationship between the growth of the GDP and employment.

The immediate relationship between the growth of the GDP and employment is visible from the development during the research period. This statement is supported by the fact that the elasticity is nearing the number 1. During the research period, the GDP increased by approximately 8.43% and the growth of employment was by approximately 2.66%. both of the indexes are increasing during the period, however, for the 3% growth of employment a 9% increase of the GDP was required. This indicates that the growth of employment can be expected only during a high rate of the economic development.

Table 1: Relationship between employment and GDP in the Slovak Republic

	2002	2003	2004	2005	2006	k
Employment in the SR in thousands of persons *	2 127,00	2 164,60	2170,4	2 216,20	2 301,40	-
GDP in billion Skk**	1 016 007	1 064 422	1 119 863	1 193 381	1 295 253	-
$I_{R \ v} \%$ - employment	-	101,77	100,27	102,11	103,84	102,6
$I_{R \ v} \%$ - GDP	-	104,77	105,21	106,56	108,54	108,4
Δ Employment in % / Δ GDP in %	-	0,97	0,95	0,96	0,96	-
Δ GDP in % - Δ employment in %	-	3,00	4,94	4,45	4,69	-

Source: Statistical Office of the SR, author's calculations

Legend: * according to VZPS, ** GDP in stable prices in 2000 calculated by the method of content chaining of ESNU 95 according to quarterly national accounts

The main part of the people employed in the Slovak economy is working in the private sector. The share of the private sector on the overall employment in 2002 was approximately 54%, which stands for more than one million employees. In 2006, this share exceeded 65% and reached number above 1.3 million employees. This indicates that the growth of employment is influenced by the private sector. The share of the public sector on the overall employment dropped from 46% to nearly 35%.

The decrease of employees in the public sector is visible not only in the relative but also in the absolute number. Employment in the public sector

decreased by more than 195 thousands of persons during the research period. This decrease is constant during the whole research period, thus it is possible to state that the number of employees in the public sector is decreasing gradually.

The growth of employment in the private sector is constant during the whole research period, contrary to the growth of the overall employment. The overall number of employees in the Slovak economy decreased (in 2004) and reached its level from 2003 in 2006. This decrease is influenced by the decrease of employment in the public sector, this decrease was possible to neutralize by the increase of employment in the private sector by 2006.

Table 2: Employment in the public and private sector (in thousands persons)

<i>according to VZPS</i>	2002	2003	2004	2005	2006	I_{B 06/02} (%)
Men and women						
All employees	1 940,90	1 947,60	1904,2	1 929,10	2 002,60	103,18
Employees in the public sector	893,7	850,2	797,5	754,4	698,3	78,14
Employees in the private sector	1 047,30	1 097,50	1106,7	1 174,70	1 304,40	124,55
Men						
All employees	1 019,10	1 023,20	1000,9	1 020,50	1 073,50	105,34
Employees in the public sector	424,9	401,6	368	340,5	308,2	72,53
Employees in the private sector	594,3	621,6	632,9	680	765,4	128,79
Women						
All employees	921,8	924,5	903,3	908,6	929,2	100,80
Employees in the public sector	468,8	448,6	429,6	413,9	390,1	83,21
Employees in the private sector	453	475,8	473,7	494,7	539	118,98

Source: *Statistical Office of the SR, author's calculations*

According to the gender structure, most of the women were employed in the public sector in 2002. The share of women employed in the public sector dropped from 51% to nearly 42%, which in absolute numbers represents nearly 79 thousands of employees. Number of women employed in the private sector exceeded the number of women employed in the public sector in year 2003. Most of men were employed in the private sector during the whole research period, their number is decreasing in the public sector and is increasing in the private sector. The share of public sector employment of men dropped from 41.7% to 28.7%, which constituted decrease by more than 13%. The private sector, according to expectations, is gradually increasing at a higher rate than the public sector concerning the growth

of employment and amount of production. The public sector indicates the decrease of the number of employees.

The decrease of the share of the primary sector is visible on the growth of the share of the tertiary sector. The share of the secondary sector is of the approximately same amount, in 2006 it increased by 0.38%. The primary sector decreased not only in the share of employment but also in the overall number of employees during the whole research period. The most eminent decrease is reached by 15.5% in 2004.

Table 3: Structure of employment according to chosen OKEČ (in thousands)

<i>according to VZPS</i>	2002	2003	2004	2005	2006
All employees (from)	2 127,00	2 164,60	2 170,4	2 216,20	2 301,40
Agriculture, fishing (A+B)	131,4	125,3	109,8	105,1	100,8
growth of employment A+B	-	-6,10	-15,50	-4,70	-4,30
% share of A+B of overall employees	6,18	5,79	5,06	4,74	4,38
Industry, building industry (C to F)	816,9	829	846,5	858,9	892,6
growth of employment C to F	-	12,1	17,5	12,4	33,7
% share of C to F of overall employees	38,41	38,30	39,00	38,76	38,79
Services (G to Q)	1 178,60	1 208,30	1 210,00	1 248,40	1 306,10
growth of employment G to Q	-	29,70	1,70	38,40	57,70
% share of G to Q of overall employees	55,41	55,82	55,75	56,33	56,75
Unknown	0,2	1,9	4,1	3,8	1,9

Source: Statistical Office of the SR, author's calculations

In the tertiary sector, the employment grew by more than 127 thousands of employees, which is a higher growth compared to the secondary sector. Most of the employees are employed in the services. In 2006, out of 100 employees 57 are employed in the tertiary sector, 39 in secondary sector and 4 in the primary sector.

Conclusion

According to subdivisions of the economic activities (OKEČ) it is possible to follow a trend of strengthening of the tertiary sector and on the other hand the weakening of the primary sector according to employment. During the period of 2002 – 2006, Slovakia is characterized by a relatively high rate of the economic growth according to the increase of the GDP, however, this trend is not completely palpable in the dynamics of employment, mostly by the job creation (the GDP growth is more than three times higher than the growth of employment).

List of Abbreviations:

ESA95	European System of Accounts 1995
EU(15)	European Union – first 15 member states
GDP	Gross Domestic Product
I _B	Basilar Index
I _R	Chain Index
k	Average Annual Growth Rate in %
OKEČ	Classification of the Subdivisions of the Economic Activities
SR	The Slovak Republic
VEGA	Scientific Grant Agency of the Ministry of Education of the Slovak Republic and of Slovak Academy of Sciences
VZPS	Labor Force Sample Survey

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Mezzanine Capital as One of the Firm Financial Resources

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Abstract

Nowadays in connection with the globalization process all firms face the increasing competition and the rapidly changing economic conditions. Therefore a vital firm has to put stress on the knowledge, innovations, investments and available financial resources. An alternative form of a firm further growth financing is the mezzanine capital what is becoming supplement to the traditional forms of firm financing. This article deals with the mezzanine capital as a specific form of firm financial resources. The main goal of this article is to analyze the possible utilization of mezzanine financing.

Key Words

Mezzanine capital, mezzanine instruments, financing, debt, equity

Introduction

In the recent years the Slovak firms are facing globalization processes which are connected with increasing competition, rapidly changing economic conditions and increasing need for major investments¹. In these circumstances, it is very important for even well managed and profitable firm to dispose of sufficient amount of capital, because such a firm has limited options for financing its growth too. Even the Slovak commercial banks have been declining the severity while providing loans to SME, some innovation projects according to the undertaken risk are very risky for them, and consequently not acceptable. Therefore alternative forms of financing, such as mezzanine capital, venture capital or public finance resources, become more and more supplement to the traditional forms of firm financing.

Mezzanine Capital Definition

Mezzanine is a type of financing that combines elements of debt and equity financing. It is a hybrid construct that makes use of various longstanding instruments, such as subordinated loans, silent participation, participating loans, profit participation rights, convertible bonds and bonds

with warrants. From the balance sheet point of view the mezzanine capital is sandwiched between senior debt and equity on a balance sheet (Tab. 1).

Table 1: *Mezzanine capital and the balance sheet*

Fixed assets	Equity capital	stock, capital contribution from equity holders, private equity, retained profits
	Mezzanine capital	hybrid between equity and debt
Current assets	Debt capital	bank loans, bonds, supplier credits, customer advances

Resource: own elaboration

The mezzanine financing instruments include private placements instruments (private mezzanine) and capital market instruments (public mezzanine) which can be traded on the capital markets. The private mezzanine is nearer to the debt than to the equity. To the most important private placement instruments belong subordinate loans (junior debt), participating loans and silent participation. *Subordinated loan* is the most common form of mezzanine financing. It is an unsecured loan where the lender's claim for repayment in the event of bankruptcy ranks behind that of providers of senior debt. *Participating loan* is a normal loan, but its remuneration is contingent upon the results of the business rather than being fixed. Participating loan does not increase the ownership. *Silent participation* is closer in legal form to a stockholding than the two instruments mentioned above. One or more persons take an equity stake in a firm but without assuming any liability to the firm's creditors. Silent participation affects only firm's internal affairs and it is not apparent to outside observers.

To the most common capital market instruments belong profit participation rights and convertible bonds or bonds with warrants. *Profit participation rights* are equity investments that entitle the holder to rights over the firm's assets. The holder participates in profits, in surplus on liquidation or he can subscribe for new stock, but can not consult on business decisions. *Convertible bonds or bonds with warrants* give the holder the right to acquire shares or other equity instruments of the firm instead of accepting repayment of the bond by its maturity.

When to Use Mezzanine Financing

Thanks to mezzanine capital facilities, mezzanine funds are able to fill the gap between the maximum amount of available capital and the funding requirements. Therefore mezzanine capital acts as a complement to the

traditional forms of financing – equity and loans. It plays a very important role in connection with the bridge financing, because a common feature of all mezzanine instruments is their ability to be structured flexibly in many different forms and so provide solutions for the peculiar financing requirements of not only listed companies but SME as well. Mezzanine financing should be used for a limited period of time, until the firm can generate sufficient equity capital from retained profits or gain a bank loan.

Generally, the preferred mezzanine-to-value ratio spreads from 15 % to 35 %. But only a small percentage of firms have access to the capital markets enabling them to issue stock or corporate bonds. Other firms have limited options for strengthening their equity resources. And even highly profitable firms can have difficulties with providing sufficient financial resources to cover their innovation projects. The main reason is the insufficient equity backing compared with the risk of the whole business. And this fact reduces their ability to raise debt capital.

There are some requirements when to use mezzanine financing. The firm possibilities for funding from own resources have been exhausted and loans are either insufficient or not more available. The firm should have a strong market position, healthy financial position, good earning power, positive and stable cash flows, steady profit growth etc. The accent is put on business strategy, positive long-term development prospects, qualified management and of course open information policy too. Mezzanine capital typically is used to fund a growth opportunity. Mezzanine can be a suitable financing solution when the firm does not have sufficient security available to satisfy the requirements for traditional loan financing. Mezzanine capital can be used in a maturity phase of firm life cycle to optimize the financing mix as well.

Mezzanine capital should not be used for financing restructurings or turnarounds, because the cash flows are usually volatile and difficult to forecast. It is not suitable for the firms with a weak market position, negative development prospects, inadequate finance and (or) for those with high leverage too. Mezzanine financing should not be used if a loan has been refused as a result of an inadequate credit rating or if the poor performance of the business has led to financial difficulties. Mezzanine capital is a riskier form of financing than conventional debt, because the risk it bears is in some aspects similar to the risk connected with pure equity.

Advantages and Disadvantages of Mezzanine

Mezzanine financing is associated with a number of advantages in comparison with the conventional forms of financing, but some disadvantages too. Among the main advantages belong following:

- mezzanine capital remedies firm financial shortfalls,
- provides capital backing for implementing innovation projects,
- improves the balance sheet structure and in consequence the creditworthiness,
- strengthens equity capital without the need to dilute equity holdings or surrender ownership rights,
- tax-deductible interest payments,
- greater entrepreneurial freedom for the firm and limited rights of mezzanine investors.

Among the main disadvantages belong following:

- mezzanine is more expensive than conventional loan financing (senior debt),
- it is provided for a limited term only, in contrast to pure equity,
- it is connected with more stringent transparency requirements,
- it can not be used for particular types of business or life cycle phase.

Conclusions

From a balance sheet perspective, mezzanine capital is a hybrid instrument between equity and pure debt. Its tradability ranges from book instruments (private mezzanine) to those which can be traded on the capital markets (public mezzanine). Mezzanine funds increase the range of financing options and should be used as a complement to traditional financing instruments and not as a substitute for them. Mezzanine is especially appropriate in cases where the capital requirement exceeds the amount that can be raised with conventional financing instruments (equity and loans). The main reason of such situation can be insufficient equity resources or a lack of borrowing capacity due to the insufficient equity backing. But it is necessary to mention that mezzanine financing is not convenient for all firms or business, especially for those with poor performance, financial difficulties or unpredictable cash flow.

If compared with traditional financial resources, mezzanine capital is still little used at the moment, but meeting increasing significance. It is a great challenge for potential mezzanine investors including not only specialized banks.

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IV. Environmental Management

Factors of Environmental Projects Success

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Abstract

In analysis of success of approved environmental projects a lot of distinctive differences, not only between various financial charts, but also between regions as well as in the region are often found out. Determining factors for acquirement of environmental project are than difficult-to-quantified factors, existence of which has the crucial impact on final success. Contribution tries to identify key factors of environmental projects success and analyze their impact on overall success of projects.

Key Words

environmental project, factors of projects success, questionnaire research, method of partial binary comparison

Introduction

Environmental projects have in respect of its character some particularities. Their addition is above in environmental and sociable domain, fewer in economic domain. The specifics of environmental projects against regular commerce projects show many authors (Kotulič, Závorská, 2007; Dušecínová, Huttmanová, 2006).

Success of environmental projects can be determined by various factors composition in general (Butoracová Šindleryová, 2007). Therefore the environmental projects require also specific approach to their management (Majerník et.al., 2005; Naščáková, Liberko, Liberková, 2005), financing (Kiseľáková, 2005; Rákoš, 2006; Morovská, 2008), whereby knowledge taken from their implementation has important role for regional development (Štefko, Butoracová Šindleryová, 2007).

Aim and Methodology

Aim of this article is to identify the factors, which we can successfully consider as a key factor for environmental projects.

In view of effort how to objectify these factors for their quantification were used the method of partial binary comparison.

Principle of this method is consistent comparison of two factors, by

which we can easily define, which one is more important according to evaluator views. All factors are arranged to Fuller’s triangle according to scheme:

1	1	1	1	...	1	1
2	3	4	5	...	(n-1)	n
	2	2	2	...	2	2
	3	4	5	...	(n-1)	n
						
						(n-1)
						n

whereby the more important factor from this pair will be selected.

After study execution will be find the number of cases in every factors, where was evaluated as more important. If was not find the possible result, to both factors will be given frequency 0,5.

By formation of factors according to their final frequency in order from the highest value to lowest we will find the chart of their importance.

For successful factor identification and evaluation of environmental projects we’ve used the partial pair comparison method, after questionnaire research was prefigured. Within the frame of this research we’ve asked sample of 30 respondents – executors of environmental projects with only one question: “Which are in your opinion three the most important factors for successful realization of environmental projects?”

The answers were grouped by frequency of presence to order. For next factors analysis we were abstracted the answers, which were minimal occurrence, it means extreme opinions. We deliberated with only answers, which were answered by respondent at least two times.

Afterwards we extend our analyzed sample to others 40 respondents (overall return was 51 respondents). After this manner extended sample we’ve asked for preferences setting of higher named factors. Respondents were comparing always pair of factors, whereby they selected only one factor from the pair, which was more important, include the possibility of equality.

Results

We suggest to our respondents show not more than 3 factors, which are according to their opinion the most important for granting an environmental

project. The most frequently answers together with frequency of presence are showed in next figure.

Figure 1: The most frequently showed factors of success by respondents

Factors	Frequency of answers ¹
Information	15
Project aim	12
Project team	11
Lobbing	9
Communication with donor's organ	9
Applicant's financial standing	7
Connection to previous projects	7
Accordance to region's needs	5
Time backup for project's preparation	4

Source: own research

To evaluate the importance of these factors and their influence on project success is based on frequency of their presence wont be enough significant result. Respondents didn't always elect 3 factors. Important but also very hard quantified role could play also subjective stands of respondents or accidental inadvertence one of the factors.

Therefore we've repeated analysis again with extending our selected sample. But we offered to our respondents for evaluation only factors showed in figure 1.

Respondents were comparing always two and two factors while they selected from one pair the most important, or equal importance of evaluated factors. Addition of selected factors of every respondent we've found factor's significance. Because of subjective influence elimination of individual respondents we made average of evaluated results of factor's significance. The results are showed in figure 2, whereby selection of factors 1 till 9 presents to order of factors according to answers frequency from figure 1.

¹ Lower overall sum number of answers is caused by existence of not often frequented answers, as well as, that some of the respondents showed les than three most important factors according to their opinions.

Figure 2: setting of average significance of factors successes of respondents (evaluators)

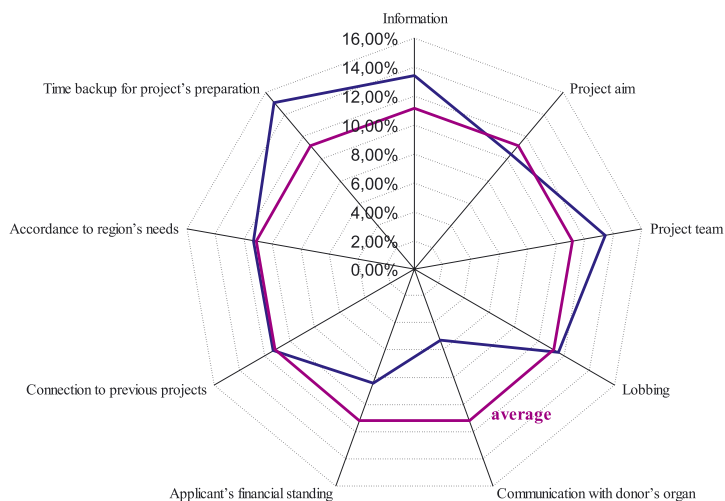
	factor								
	1	2	3	4	5	6	7	8	9
evaluator	factor's significance								
1	5	4	5	6	1	1	3,5	4,5	6
2	4,5	4	3,5	6,5	3	2	4,5	4	4
3	4,5	5	4	5,5	2,5	1,5	4	3,5	5,5
4	4	4,5	3,5	4,5	2	2	5	4	6,5
5	3	3,5	5	3	1	2,5	5,5	6	6,5
6	5	3,5	4,5	1	1	3	5,5	6	6,5
7	4	5	5	4	1,5	2,5	5	2,5	6,5
8	4,5	3	4	4	2,5	3	5,5	3,5	6
9	6	4,5	5	3,5	1	1,5	6	2,5	6
10	4	5,5	4,5	4	0,5	5	2,5	3	7
11	3	4	4,5	4,5	2	2,5	5,5	5	5
12	5	3	4,5	4	2	2,5	6	5,5	3,5
13	4,5	4	5,5	3	3,5	4	4,5	1,5	5,5
14	3	4,5	4	2	3	2	5,5	6	6
15	4,5	3	4,5	4,5	2	3	4,5	4,5	5,5
16	4	2	5	5	1,5	3,5	5,5	5	4,5
17	3,5	3	4,5	5	2,5	3	6	6	2,5
18	4	2,5	5	4	2,5	4	2,5	4,5	7
19	4,5	3	3,5	4	2,5	2	6	4,5	6
20	5	3,5	4,5	4,5	0,5	3,5	5,5	3,5	5,5
21	3,5	4	4,5	3	1	4	5	4,5	6,5
22	4,5	4	4,5	2	1,5	1,5	6	5,5	6,5
23	5	4,5	6,5	1,5	3	2,5	4	3,5	5,5
24	4,5	3,5	5	4	2,5	3	4,5	4	5
25	6	3	5,5	4,5	3	2,5	4	3	4,5
26	5	4	5	5	1,5	1,5	3,5	5,5	5
27	5,5	5,5	4,5	5,5	0	1	2	5,5	6,5
28	5	2,5	4,5	4,5	3,5	4	1,5	5	5,5
29	5	3	5,5	3	2	2,5	2,5	6,5	6
30	5,5	2,5	6	3,5	2,5	6,5	1	3	5,5
31	6	1	6	3	2	2,5	3	6	6,5
32	5,5	2,5	5	3,5	1,5	3,5	2,5	6	6
33	6	3	5,5	4	1	4	4	3	5,5
34	5,5	3,5	5,5	4	1	2,5	2,5	6	5,5
35	6	3,5	6	4,5	2	2	3	3,5	5,5
36	5,5	3	5	3,5	1	5	5,5	1,5	6
37	6,5	5	5	4,5	0,5	5,5	2,5	2	4,5
38	4,5	3,5	5	4,5	3,5	3,5	3,5	4	4
39	4,5	4,5	5,5	5	1	5,5	3,5	3,5	3
40	5	3	4,5	4,5	2,5	4	4	4	4,5
41	6	4,5	6	5,5	1,5	3,5	3,5	2,5	3
42	5,5	4	4,5	5	1	3,5	4	3	5,5
43	4,5	4,5	4	5,5	3,5	1	3,5	3,5	6
44	4	5,5	3,5	4	2,5	3,5	4	4	5
45	5,5	3	4,5	4,5	2	2	4,5	3	7
46	4	6,5	4,5	5	3,5	3	2,5	1,5	5,5
47	6	3,5	5,5	3,5	1,5	2,5	3,5	4	6
48	4,5	4,5	4,5	5	1,5	4	4	3,5	4,5
49	4,5	5	4	4,5	1,5	4,5	2,5	4,5	5
50	6	2,5	5,5	6	2	3	3,5	3,5	4
51	5,5	3	5,5	3,5	1	2,5	4,5	4	6,5
average	4,82	3,74	4,82	4,16	1,88	3,02	4,05	4,08	5,43

Source: Own research

According to realized analysis is for our sample of respondents the most important factor, which determinates the success by realization of environmental projects sufficiency of time for preparation and following realization of projects.

The most important factor, which has influence on overall realization success of environmental projects is according to our sample of respondents sufficient time reserve by preparation of project creation. In regard to character of environmental projects (often financially, spatially expensive projects) is this factor probably enough legitimate and the most important factor – the success of project is influenced by this to 15.1%. Otherwise the lowest factor of success is following respondents, effective communication with institution which secures the realization of financial scheme. This factor takes only 5.23% from overall success of project realization.

Chart 1: Participation of factors sufficiency determinative success of environmental projects



Source: Own research

From following chart results uneven distribution of factors importance participating in success of environmental projects. For their real success in praxis is very important to focus especially on these factors, which can influence the success of project ratification the most.

Conclusion

Realization of projects, especially environmental projects, requires encompassment of big mass together connected processes. For their successful ratification and following realization of environmental project is necessary to focus on these factors, which determinative extent influence overall success. In this article we've tried to identify these factors and evaluate their participation on achieved success of ratification and following realization of project.

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Environmental Benchmarking and Benefit of Performance Benchmarking in Firm Management

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Abstract

Benchmarking is a process where companies compare their performance over time against their competition. You'll find there are areas where you are better than most. You'll also see areas where significant improvement is available. The point of benchmarking is to focus your efforts where you can get the best return. You want the most improvement with the least investment. The goal of benchmarking is basically to learn from others best practice. It has to be noted that, especially concerning environmental issues, costs and benefits cannot always be expressed in quantitative terms. Also, benefit like the creation of network and partnership are difficult to quantify. These qualitative aspects have to be taken into consideration when assessing the usefulness of benchmarking study in the environmental field. The scope of environmental benchmarking needs to encompass all areas of an organization's activity.

1 Environmental Benchmarking for Local Authorities

The reasons for benchmarking in local authorities are basically the same as for private companies. The responsibilities for environmental protection and providing environmental services are increasing, and so are the costs related to them. Communities want to improve the quality of their services, and they have to do it in a cost-efficient way. With general cost pressure, the public sector is increasingly adapting practices used in the private sector, and concepts like 'new public management' (NPM) (37) are gaining importance in public services. Local authorities have to increase transparency —towards the government as well as towards the public — about how they are using the taxpayers' money. This also applies to environmental responsibilities. The public wants a healthy environment; however, it still has to be affordable and traded off against other needs. This means that local authorities have to learn how to identify and improve areas of insufficient performance. Often, municipalities use legal standards as benchmarks concerning environmental quality, and therefore set their

goals according to these standards (e.g. environmental quality standards, emission limits). However, especially concerning costs of environmental protection or the citizens' satisfaction concerning environmental services, due to lack of comparison municipalities often do not know how well or how badly they are really performing and at what level they should set their goals. Comparisons with other cities and towns can in this sense help them to find out where they stand and where the performance gaps are. Environmental friendliness is also increasingly used as a marketing argument for cities in order to be more attractive for tourism or business. Such competition between communities provides further incentives to measure their environmental performance and to compare themselves with other communities.

Even if a local authority knows where it is not performing well, it might not have enough resources to develop own tools or own technologies, which can lead to the envisioned improvement. Certain processes are chronically performing badly and the involved persons might run out of good ideas on how to improve them. The core idea of benchmarking is to learn from others' best practices. It can prevent trying to reinvent the wheel by simply looking at how others do it. Best or good practice databases on sustainable urban management are increasingly built up with the aim of exchanging ideas and practices, and they can support benchmarking efforts. Environmental issues and ways for improvement should not be tackled in an isolated way. Improvements in the environmental dimension have to be compatible with financial constraints and social issues. This report takes this into consideration, focusing on areas and processes, which concern environmental responsibilities of local authorities.

2 What Can Be Benchmarked

It has to be clear what has to be benchmarked and what should be the expected outcome. Overall, it can be said that **the idea is to find out how other communities manage to be 'eco-efficient'**, meaning how they manage to get a required degree of environmental protection and citizen satisfaction with the lowest use of financial resources. Local authorities have many responsibilities that are environmentally relevant. Depending on the size and the structure of the community, these responsibilities are carried out by a separate department or integrated into another department. The following list provides an overview of some of the main responsibilities.

- ✓ Procurement (in-house ecology, procurement for public buildings, etc.)
- ✓ Urban and spatial planning
- ✓ Traffic policy (public transport, traffic reduction measures, road safety, etc.)

- ✓ Construction
- ✓ Maintenance of green areas and biodiversity
- ✓ Energy management (energy planning, building design, standards in insulation, heating efficiency, etc.)
- ✓ Noise abatement
- ✓ Water management (providing drinking water, protection of water, wastewater treatment, etc.)
- ✓ Air (emission control, enforcement, etc.)
- ✓ Soil protection (identification and remediation of contaminated sites, protection from erosion, acidification, etc.)
- ✓ Waste management (education of public, waste collection, reuse, recycling, proper disposal, etc.)

Different aspects concerning these areas can be the focus of a benchmarking effort:

- state of the environment (environmental quality, e.g. air quality, soil quality);
- resource management (e.g. water saving, waste reduction);
- costs of environmental protection (e.g. waste management costs, soil remediation costs);
- quality of provided environmental service, measured in customer satisfaction. The customers are in this case the citizens and the businesses/organizations located in the area (driver might be increased or chronic complaints);
- efficiency and effectiveness of enforcement (driver for improvement might be high costs, low customer satisfaction, or insufficient environmental performance of enforced processes);
- monitoring and performance measurement methods;
- environmental management systems;
- policies for influencing the drivers of pollution.

Benchmarking can be performed for a very specific process, or it can be on a higher level and relate more to organisational issues or policies. Deciding what to benchmark does not necessarily pre-define the purpose of the project. The goal of the improvement might concern the actual quality of the state of the environment in one case, whereas in another case the focus could be on environmental costs or the satisfaction of the citizens with environmental services. The public's needs and opinions should in any case be taken into consideration when deciding on which processes to improve and benchmark. After all, the citizens' notion of environmental quality and the willingness to pay for it might differ very much from one city or region to another.. Which one is the most appropriate depends on the objectives of the benchmarking and the chosen area. The different

types of benchmarking require different tools and yield different benefits. The type of benchmarking used and the objectives of the benchmarking will influence the criteria for choosing benchmarking partners. Factors that might influence the criteria for choosing partners for environmental benchmarking at local level are as follows.

- *Demonstrated performance.* The benchmarking partner should have a good or 'best' performance in the area that is planned to be benchmarked.
- *Geographic location.* The location of a partner, the climate and the geographical features might weigh heavily on selection criteria, especially in the environmental field.
- *Organisational structure.* The allocation of environmental responsibilities can differ very much between local authorities of different countries, which does not always allow comparability.
- *Type of government.* In some cases, it may be important that a partner represent a particular form of government. Differences in legislation can constrain comparability and adaptability considerably. A best practice that is applied in one city might not be applicable in another city because the competencies are distributed in a completely different way.
- *Size of partner community or organisation.* Certain environmental problems or the design of policies might be very much tied to the size of the community (Bašistová, A. - Ferencová, M., 2008).
- *Work processes.* The simplest benchmarking project is one that directly compares a particular function or process to virtually the same process or function in another organisation. The more experienced and proficient an organisation becomes at importing best practices, the better able it is to search for partners that are less similar to itself. A city could also find benchmarking partners for certain processes in the private industry.
- *Performance measures.* A community may prefer to select all partners from a common database in order to have a guarantee of data availability and better comparability

3 Benefits of Performance Benchmarking

Performance benchmarking is a good tool to find out where you stand, whether you are 'doing it right', and which are the areas that need improvement. It provides the basis for benchmarking that should go further and into more detail, like process benchmarking. Comparing performance measures against own benchmarks (e.g. goals, legal limits) within an environmental management system or the total quality environmental management system of a community is absolutely necessary in order to know the progress over time and the effectiveness of implemented policies and

measures in order to reach certain goals. In fact, it is simply environmental performance measurement and control. However, performance measurement and control are a prerequisite for any benchmarking activity. The advantages of internal performance benchmarking are that it is often easier to define comparable activities, data and information are easily accessible, and often on a standard format. Internal performance benchmarking between different departments of a community, for example concerning energy use or time used for issuing permits, can be a very good tool to stimulate competition between different departments. No department likes to be the worst performer and will therefore strive for improvement. Internal data benchmarking can also help to show where within the community there might be good practices, and where the others could learn from.

Performance or data benchmarking is a good diagnostic tool; however, it does not necessarily guarantee further action and improvement. A city can recognise an area of insufficient performance based on performance benchmarking. However, the pure comparison of figures and indicators might not help any further, as it does not tell anything about the 'why' of the performance gap and about the 'how to improve'.

Performance benchmarking against other municipalities can be focused on certain areas of performance, or concern a whole system of environmental or sustainability indicators (e.g. the newly established European common indicators). Examples of compared performance figures could be concentration of air pollutants, costs of waste management, or percentage of green areas. Performance data concerning certain processes or services could also be compared with organisations other than municipalities performing the same process or service. For example, paper use and waste production within the city administration could also be compared with paper use and waste production of a bank or another service organisation. Information for performing data benchmarking could be gathered from local or national statistics, environmental reports and other publications concerning environmental issues by communities or regions, personal contacts, or exchanges within networks. Increasingly, it also exists in regional or national databases with information about the performance of local services, which also contain data about certain environmental services such as waste management or wastewater treatment

Internal Performance Benchmarking

Within their own environmental or quality management, communities are increasingly measuring their performance concerning environmental issues in order to analyse progress over time, to compare with the set goals, or to compare performance of different departments within the community. Data have also been gathered more systematically as communities started

to do environmental reporting. Data and information are collected and communicated concerning the state of the environment, the emissions into the environment, the costs of environmental protection, or the satisfaction of the citizens with environmental services. As mentioned above, the use of indicators is increasing. A limited set of indicators can simplify the analysis, and they may also be easier to communicate to decision-makers and the general public.

Conclusion

If properly implemented, benchmarking can lead to dramatic improvements in an organisation's processes. However, there are several pitfalls that can undermine the efforts and turn benchmarking into an expensive process which does not yield the benefits expected. The following points are important to consider for a successful benchmarking exercise, especially in the case of process benchmarking. *Benchmarking efforts should be tied to an organisation's strategic objectives.* It is critical to follow the dictates of integration and consistency, so that the processes and systems selected for benchmarking are the most important ones for achieving the organisation's strategic intent with regard to the environment. *Setting out to benchmark a process requires the organisation to carefully scrutinise its own process(es) prior to talking to any other organisation.* Often, once an organisation has committed to benchmarking a process, the eager team immediately wants to get on an aeroplane and benchmark another organisation. This is called 'professional visiting'. The team will have a nice visit, but most likely they will not be asked back, no long-term contacts will be established, and it is unlikely that any serious information exchange will take place.

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Abstract

The main issue of this paper is the ecological management of environment protection for the purpose of tourism development. The first part considers ways of transforming heritage into a tourist attraction. Attention is focused on the relationship between objective geographic space and the individual / collective perception of the space by tourists, conditioned by the given culture (myths, religion, symbols, art, media, mental representations). In the second part the concepts of carrying capacity, physical capacity, environmental capacity, and ecological capacity are identified. The relevant factors in this context include, among other things, tolerance thresholds of ecosystem, of local population, and of tourists. The final part identifies the basic criteria and suggestions, recommended by the largest German tour operator TUI, leading to the creation of “environmentally compatible tourist and hotel products”. It is pointed out in the conclusion that environment protection should be compatible with the economic development, that is, healthy environment and strong national economy should be in synergetic relationship. Technology that caused ecological degradation in the past can become an instrument of ecological improvement in the future. This phenomenon is called “the technological paradox” and is recognized by the majority of ecologists and technocrats.

Key Words

tourism, management, space ,heritage, protection, product.

Introduction

The driving force behind the travel and the main subject of interest of a tourist is a geographic space that is essentially and radically different from the one in which they live. To put it another way, attractive natural or man-made environments are not merely instrumental values for tourists but have a meaning and value of their own. Research has shown that the overwhelming majority of tourists travel not because they are interested

in other people and nations, but because they wish to get acquainted with attractive nature, with cultural and historical monuments at the chosen location. Besides that, culture and history do not appeal to them as an abstraction or discourse. They take an interest in them only if there exist concrete physical objects and relics of the past in the geographic space, well maintained at that, which they can perceive with their sense organs, or which they can imagine. The objects and traces obtain the status of a tourist attraction (hence the imperative need to protect heritage). Keeping that in mind, we can state that for a tourist the primary subject of interest is geographic space, to be more exact, its attractive points and segments which they wish to contact and “communicate” with. Every space or landscape, as Lynch points out (1982: 30) represents a field of communication. The messages that it contains may be explicit or implicit, simple or complex, they may be carried by people or by objects. The numerous messages that the environment sends have an influence on the people’s behavior, their development, their feelings, intensity of their emotional satisfaction. Finally, space affects not only the feelings and the behavior of an individual, but also interpersonal communication, which in this particular case means communication between the tourist and the host, on the one hand, and the tourist and the tourist on the other.

Transformation of Heritage into Tourist Attractions

The research of geographic space for the needs of tourism should have as its starting point studying a tourist’s subjective idea of physical space, because it is exactly a combination of a subjective vision and an objectively existing space, on the one hand, and the psychological mechanisms that are striving to satisfy, Somewhere Over There, the needs that have not been satisfied at home, Over Here, on the other hand, that accounts for the appearance of a tourist motivation, which, in its turn, determines the choice of destination and, later, the travel itself. Namely, from the psychological point of view it is not important what the world objectively looks like; what matters is the inner picture, or vision, of the world that an individual has in their mind. Thus, in focus is a tourist’s subjective opinion about a geographic space, the way they see and perceive the world, that is, their *imago mundi*. A tourist’s vision of space is essentially different from the “objective” geographic concept of the same space, because a tourist is not a scientist, he is not a geographer, or a geologist, or a hydrologist, nor is he a writer, or a painter, or a philosopher, or a poet – a tourist is a little bit of all that at the same time. A tourist is not a one-dimension person, an expert, their interests are seldom profound, or narrowly oriented towards any particular field; on the contrary, their interests are superficial, diversified, jumping, and embrace a very wide range of space phenomena. A tourist wishes to

see and enjoy a bit of everything. They have a multi-dimensional view of the world, and strive to create their own mental picture of space in the form of a mosaic, made by fitting together heterogeneous fragments torn away from various sources. The notion, or *imago*, of a tourist's destination is a holistic structure, and it is deduced, in a greater or lesser degree, from the attitudes to the perceived attributes of a given space. In fact, tourists do not choose a destination itself, they actually choose attributes of a destination which exist in their vision and which are able to satisfy their needs. Finally, the choice of a destination is determined by the interaction between such practical obstacles as time, money, etc., and the challenging attractiveness of the notion of a destination, irrespective of the fact whether the notion is real or imaginary.

A tourist's notion of space is a result of interaction of numerous factors. These factors overlap, intertwine, and tie themselves up in a knot that is hard to undo. The notion is subjective by its very nature, and the elements of the subconscious are not excluded. However, an individual's vision of space is also determined by the notions of the human collective as a whole. These notions are imposed by dominant mass culture in developed countries, through archetypes, myths, religion, art, and mass media (for example, an eurocentric romanticized idea of "exotic" countries of Asia). A tourist's vision of history is influenced by various cumulative notions of space which were formed in the course of history and which co-exist today. In fact, a tourist's construction of the world is an amalgam, or a hybrid, obtained by blending or crossing the previously deposited conceptions; it is supplemented by specific tourist interpretations that are fixed on the existing foundation. Physical space as such has neither value nor sense for a tourist if it is not modified by the notions of a certain culture (a socially adopted system of values), as well as by individual cognitive-affective apparatus and psychological mechanisms that transpose a tourist's needs back to space. In this way space acquires its significance, namely, its attractiveness or repulsiveness for tourists. Keeping this in mind, it is possible to identify different conceptions of space on which a tourist's notion is based: mythological-religious visions, a subjective artistic picture of the world, a geographic concept of objective space, and a tourist's synthesis and superstructure.

The subject of geography is the study of existing concrete physical space. The material expression of the space is diversified, hence such phenomena as planes, mountains, volcanoes, seas, coasts, islands, vegetation, etc. which are studied by numerous geographic disciplines: geomorphology, hydrology, biogeography, and others. The aim of geography is to make a complete inventory of space phenomena, to systematize and classify them,

to discover geologic genesis, tectonic movements, morphological processes and climatic causes that conditioned the appearance of a certain mountain range, for example, to explain it all theoretically and to formulate certain laws. However, these particular geographic phenomena are a subject of interest for a tourist, too, but from an altogether different point of view and with a different aim. In tourism they acquire a completely new dimension and a specific value, as they obtain the status of a “tourist attraction”. A tourist’s idea of space is based on objective reality, that is, it is partially founded on the geographic notion of space, but the notion is supplemented with a multi-layered superstructure described above. Keeping that in mind, we can observe that a mountain or a beach, whose material existence is unique both for geography and tourism, is interpreted in drastically different ways by a geographer and by a tourist; in other words, their interpretation of one and the same really existing space may be diametrically opposite. Unlike a geographer, the majority of tourists are not interested in the age-long processes that led to the appearance of a certain mountain or a beach, they are interested in the effects of these processes and their power to satisfy some of their needs (aesthetic, recreational, symbolic, and others). Unlike geologists, tourists are not concerned with what lies under the surface, what is invisible, or cannot be seen with a naked eye, what is abstract – things like the composition of soil, kinds of rocks, temperature variations in the lake from its surface to the bottom, and so on. Finally, they are not interested in the causes, hidden far away in space and time from the place where they are located now, they are only interested in the NOW and the HERE. Taking this into account, we can state that landscape is, so to say, a ring that chains together tourism and geography. In contrast to geography, that deals with both visible scenery and invisible structures and processes that determine it, tourism and the vast majority of tourists (that are the subject of investigation in this paper) are only interested in the visible scenery, namely, attractive pictures of space. For tourists, the beauty of a certain space is not in its physical depth, nor in what is behind or below, but in the visible surface: in forms, in colors, in contrasts between the sky and the earth, the land and the sea; in the permeation of liquid, hard, and gaseous substances. However, there is no rule without an exception, so there are tourists who are interested exactly in what is under the surface, what is hidden behind the scenes, just because it is hidden, in spite of the fact that it may be less attractive, from the aesthetic point of view, as compared with what is on the surface.

A tourist’s idea of space is based on the blending and permeation of the previous mythological, religious, symbolic, artistic, and geographic notions, namely, on their reciprocal combinations. However, tourism does

not mechanically stick the borrowed cuttings in a collage. On the contrary, it transforms them, and builds a superstructure of additional elements for the sake of its own commercial objectives. First of all, tourism selects landscapes according to very strict criteria, throwing away and pushing to the background unattractive and impersonal landscapes and keeping and stressing the ones that are attractive and suitable for the satisfaction of the previously identified needs of the target segments of the tourist demand. Owing to this, geographic space is radically reduced, and includes only those parts, zones and regions that are the most valuable in terms of aesthetic value and curiosities. This means that it is not the entire space that is relevant for tourism; in this it differs from geography: the “duty” of geography is a comprehensive study of the entire space, irrespective of its aesthetic or other values. The tendency to reduce space manifests itself at different levels, from tourist postcards, posters, and photographs to promotion films, in which the shots register only “beautiful and attractive places”, while the rest of the space remains behind the scenes, invisible to the observer. The same kind of space reduction, or a very careful space selection, is performed by numerous tourist guides. From the entire territory of a definite country they cut out and present, in the form of text and pictures-icons, only those parts and items that might be of interest to potential users. Propaganda of tourism also corrects, embellishes, decorates, and idealizes pictures of tourist destinations that are promoted, which means that it presents distorted and false notions after all (tourism theorists discuss problems of non-authentic views, of pseudo-events). Finally, not only does tourism affect the superstructure and the formation of specific notions of geographic space, it creates *ex nihilo* a completely new specific tourist space adjusted to the needs, wishes and imagination of tourists.

Carrying Capacity and Tolerance Thresholds in Tourism

One of the ways of limiting space expansion of tourism and preserving heritage is the determination of “carrying capacity” of space. This concept has a different content in different works. Thus, for example, Thurot (1980: 1) gives a fairly wide definition of carrying capacity. By carrying capacity he means the amount of tourists that the regional social-economic system can accept and tolerate without suffering any irreversible changes: on the level of economic structures – without borrowing from extra-regional or foreign structures; on the level of social structures – without radical changes in the previous social balance; on the cultural level – without a profound modification of the dominant system of values; on the level of environment (space) – without a modification of the most important initial ecological characteristics. The author rightfully gives a very wide multi-

dimensional definition of carrying capacity. However, in spite of the fact that it is theoretically justified, this definition is not quite operational and is not suitable for mathematical formalization (it is difficult to quantify cultural and social modifications). Besides that, economic, social and cultural changes develop as a consequence of concentration of tourism in space, therefore the reduction of concentration will limit the negative consequences. Taking this into account, we assume that a narrower concept of carrying capacity, namely, the one that refers to space or environment only, is more operative.

A narrower definition of carrying capacity is suggested by Boud-Bovy and Lawson (1977:184). It is the number of users-units that a given space can give shelter to for a certain period of time (a year) without undergoing an irreversible biological and physical degradation, without losing the capacity to meet the recreational needs, and without a considerable deterioration of the quality of recreational experience. This definition embraces, on the one hand, ecological aspects, and on the other hand, recreational aspects and recreational experience of tourists; carrying capacity is a resultant effect of these factors. Other authors, for example Lavery (1971 : 45), differentiates three kinds of capacity: physical capacity, environmental capacity and ecological capacity. These notions have the following meaning:

- Physical capacity. Every space has a definite surface which can simultaneously hold a limited number of people and objects (two persons or two objects cannot simultaneously occupy the same place). This is only a theoretical upper limit, as in practice the upper limit of the physical capacity is never reached, and the assumption is economically, socially and ecologically absurd. Before it came to the upper limit of the physical capacity, other numerous limitations would interfere, like, for example, environmental capacity and ecological capacity. The roads would be blocked, the parking areas would be overcrowded before it came to fulfilling the physical capacity.
- Environmental capacity is the maximum degree of using space, which envisages the simultaneous presence of a certain number of tourists, activities and objects, without the users perceiving that the intensity of experience decreases and without the space losing its original attractiveness in the tourist's consciousness. This is the most abstract concept of the capacity, especially if we admit that it may vary from person to person, and is difficult to measure.
- Ecological capacity means a maximum degree of using the space for purposes of tourism and recreation, and as this takes place it

does not lead to ecological degradation. The degree of changes depends, on the one hand, on the number of tourists, activities and objects, and on the other hand, on the characteristics and sensitiveness of the space, that is, on the geological factors, relief, soil, vegetation, etc. For example, it is not the same thing whether people walk along the shores of the lake, or they ride a horse, or ride a bicycle, or drive a car.

Carrying capacity of space would likely be a combination of environmental capacity and ecological capacity. It is a maximum degree of using space by tourists, and as this takes place the intensity of a tourist's experience does not decrease, on the one hand, and ecological degradation does not take place, on the other hand. The majority of the authors accept this definition of carrying capacity. If the threshold of carrying capacity is crossed, the above-mentioned negative effects take place: the quality of a tourist's experience progressively decreases as the number of tourists grows; tourist objects conquer the space, and the original contact with nature and the created environment is lost; the presence of the excessive number of visitors damages the natural and man-made resources which caused the visit, etc.

Taking into account the above-mentioned facts, it is necessary to limit the development of tourism in space within the range of the previously determined carrying capacity of a definite region, zone, or locality. This also means that tourism should not cross the definite upper thresholds, namely:

- The ecological threshold, or tolerance threshold of ecological system;
- The material capacity threshold, which is defined by the maximum capacity of objects, infrastructure equipment, and superstructure;
- Tolerance threshold of local population, which is a situation when the local inhabitants demand that the further development of tourism should be stopped (Venice and Capri, for example);
- Tolerance threshold of a tourist, which appears when the space becomes blocked, trite and degraded, and which leads to stagnation and decrease of tourist turnover.

The appearance of different tolerance thresholds depends on the properties of space, local inhabitants and the type of tourism that is developed.

Thus, one of the first and the most important steps aimed at protecting heritage and environment from excessive development of tourism consists in determining the carrying capacity of space, the degree of exploitation, the available capacities, and other relevant space indicators. On the basis of these factors (by combining them and establishing mathematical relations

between them), it is possible to plan an optimal level of development, measures to mitigate the environmental effects of mass tourism on certain ecologically sensitive regions, as well as effective measures to defend natural and man-made resources. It is only after these indicators have been determined that it is possible to implement plans for the development of tourism in a definite space, and, at the same time, to protect space, to adjust and arrange it within the previously defined limits and up to the determined maximum level.

Creating an Ecologically Compatible Tourist Product

Unpolluted environment is a key precondition for successful development of tourism. Tourist regions, localities and hotels cannot function successfully in a longer period of time without clean beaches, clean water, and unpolluted space. Today unpolluted environment is a highly rated demand on the list of tourist preferences, therefore tour operators who wish to work effectively and to survive in the market should secure healthy environment. According to professor Opschowski's research (1993: 7) at least seven out of ten main characteristics of "Quality tourism" singled out by tourists are ecologically relevant (they are underlined): 1. Landscape must be attractive (46%); 2. Atmosphere must be relaxed (46%); 3. Everything must be clean (39%); 4. The sun must be shining (38%); 5. Climate must be healthy (32%); 6. Good cuisine has an important role (30%); 7. Silence and very little traffic (29%); 8. Environment must be typical for a certain country (28%); 9. There must be a possibility of bathing in the sea or in the lake (28%); 10. Availability of attractive places for trips (26%). Taking this into account, great tour operators, as for example, the German TUI, exert pressure on recipient regions, tourist locations and hotels, demanding that they should meet certain ecological standards if they wish to continue cooperation with this giant of tourism industry. So as to achieve this purpose, TUI (Touristik Union International, Department of Environment) formulated the following recommendations and criteria for tourist destinations and hotels to which they bring their clients (Iwand, 1995 : 5):

Ecological Criteria and Suggestions for Management of Tourist Destinations

1. *The sea and the coast.* The quality of bathing water (bathing water = the sea, lakes, rivers)? Assessment based on appearance, smell, or concrete data if available? Cleanness and care of beaches = refuse collection, way of cleaning the beach? Blue flags? Toilets? Showers? No access for vehicles, dogs, etc.?

2. *Discharge of used water.* Sewerage plants (technology, capacity, functions)? Other ways of filtering used water? Where exactly are used waters discharged? Recycling used water? How are sediments and dregs treated?
3. *Discharge of refuse.* Collecting refuse (who collects, how often)? Measures that are taken to prevent discharge of refuse in inhabited zones, in the rural area? Separating and recycling refuse? Unauthorized rubbish dumps? Location, number, and types of rubbish dumps and units for burning refuse? Dangerous waste products?
4. *Quality of air and noise.* Air pollution by industry and traffic, burning rubbish at rubbish dumps? Measures of reducing noise (traffic, disco clubs, machines), etc.? Traffic limitation, pedestrian zones? Noise protection?
5. *Environment.* Architecture, density of buildings, an "overcrowded" appearance? Traffic, and measures to limit traffic? Green zones, parks, play grounds? Division into construction zones, regulation plans, etc.?
6. *Scenery and nature.* Scenery? Construction sites along the coast? Natural reserves? Flora and fauna protection? Environment protection measures, etc.?
7. *Energy sources.* Energy generators (the kind of fuel); energy-saving measures? Alternative energy sources: the wind, solar energy, etc.?
8. *Supplying water.* Sources of drinking water: springs, surface water, desalination, etc? The quality of drinking water? The method of disinfecting water? Measures of saving water? Measures of reducing the use of surface water? Recycling used water (for example, filtering used water), etc.?
9. *Ecological information and measures.* Informational materials distributed by local authorities? Public health service? Local information centers, the possibility of getting information, posters, information billboards? Trim paths, cyclist paths, jogging areas, organized groups, hikes, safari trips in a jeep? Renting a car with a catalytic converter? Lead-free petrol?
10. *Ecological activities, awareness and behavior.* Ecological awareness of the local inhabitants and the local authorities, business partners, suppliers, etc.? The general attitude to this question and behavior? The treatment of ecological protection at schools, in mass media, etc.? The readiness to offer information and the volume of efforts taken by the local authorities in this respect? Ecological legislature? Planning tourism, etc?

On the basis of the above presented directives, TUI together with its local partners all over the world endeavors to implement an “ecologically compatible tourist product”, that is, to realize environment protection and at the same time to secure economic profit for all service providers in tourism. As to environment protection, a short-term ecological objective is reduction of pollution (it is almost impossible to sell a tourist center if it does not have refuse collection). A medium-term objective is to improve environment protection and to prevent pollution at the very source. And finally, a long-term objective is a positive and energetic improvement of nature, which complements and accompanies the previous stages. As far as economic objectives are concerned, short-term objectives are supposed to provide quality and optimization of product accompanied by acceptable economic effects. A medium-term objective embraces a somewhat adventurous business policy that requires creative management, able to balance between risk and opportunity. Finally, a long-term economic objective is to secure a safe future and profit increase for TUI and its business partners.

Creating an Ecologically Compatible Hotel Product

Creating an ecologically compatible hotel product is impossible without hotel industry. It is essentially due to the fact that hotel industry as a major carrier of the material basis of tourism exploits environment to a great degree, and, consequently, affects and changes immediate environment. This refers not only to capacities for providing essential hospitality industry services (accommodation, cooking and serving food and beverages), but also capacities for providing additional services (recreational and sports facilities, entertainment activities, manifestations, and other activities). In this context, the designing and construction of hotel industry operations in definite locations has as its starting point respect of the basic principles of carrying capacity of space. However, the capacity of hotel industry operations as such and the planned degree of the capacity exploitation cannot be a sufficient guarantee of implementing compatibility between the ecological and economical aspects of tourism. The essential feature of hotel product is its complex technical-technological, organizational and staffing structure. It is explained by the fact that the functioning of a hotel industry operation presupposes a repeated process of providing hospitality services in the course of several days, a process aimed at satisfying physical needs of people away from home.

The technical-technological framework for the realization of these services includes a well-developed communal infrastructure, the use of energy, sufficient supplies of pure water and foodstuffs. But at the same time, it causes the formation of used water and all kinds of refuse, different

kinds of noise and other kinds of unfavorable effects on the immediate environment. In other words, if hotel industry is treated as a basic component of ecologically compatible tourist product, then it is necessary to reduce the existing unfavorable effects to minimum.

International hotel companies are physically expanding and growing on locations with well preserved nature, attractive both from the tourist's and ecological point of view, which makes them market-propulsive, while the use of clean technologies results in the fact that the locations remain what they are. At the same time, as carriers of tourism and economy development in these locations, the hotel companies change the attitude to the natural environment, by raising and strengthening awareness about its limited resources, the necessity to protect it, to preserve its original features. The creation of ecological tourist product is a major subject of concern for the leading international companies in the field of tourism. In this context, there appears a hotel industry of a new kind: it endeavors to institutionalize, on the international level, the activities of introducing ecological standards into the business. At the end of the 90's of the twentieth century active measures were taken to form different organizations that would deal with giving information, advice, recommendations, and expert assistance in this field. In this era of information technologies they mainly function as international networks, the largest among them is "International Hotels Environment Initiative" – IHEI, with the seat in London. This organization publishes a professional magazine "Green Hotelier", as well as numerous other publications – instructions, manuals and guides in this field.

Environmental management becomes an integral part of business strategy of international hotel corporations. In the centers and in regional areas departments for environment protection are formed. They create a corporate "green policy", the principles of which are included into business strategy. Programs for introducing ecological standards into all key activities are worked out (refuse dispatch, economy of energy, recycling, minimizing the use of toxic materials, air pollution control, surface waters control), and corporate supervision of their fulfillment is organized, with the respective education of the employees and local inhabitants.

Conclusion

The development of tourism based on the irresponsible use of resources cannot last long, but would inevitably threaten tolerance capacity of space. In order to achieve a constant growth – a growth which is in good agreement with the needs of the people and the limitations of nature – it is necessary to ensure a close connection between the ecological and the tourist policy on all the levels of state administration and in all sections of economy. In the developed countries, including the Balkan states, there

is a growing awareness about the fact that the preservation of natural resources is compatible with the economic growth, that is, that healthy environment and strong economy go hand in hand. In other words, healthy environment contributes to the development of tourism, while well-planned development of tourism helps to protect environment. The connection between the degree of economic development and ecological awareness refers both to states and to social groups. Highly developed industrial states with a strong economy and high living standards strive to spend more time and money on solving ecological problems, and therefore they are in a better ecological position. On the contrary, ecological questions have never ranked high in those countries whose ecological condition was bad. Developing countries, poverty-stricken and in constant struggle for survival, are neither ecology-conscious, nor have enough means to be concerned with environment protection. Poverty-stricken societies would go so far as to destroy their natural resources and pollute environment just to eke out a primitive existence and to keep social peace.

Technological development, in spite of the fact that it caused numerous past and present troubles, begins to play a more important role in solving ecological problems, but only in developed countries that have enough means for financing such programs. Both ecologists and technocrats recognize this phenomenon, so called “technology paradox”. If we take all this into account, the policy of sustainable development of tourism can be outlined in the following way: the development of tourism on the Balkans and in Yugoslavia should be aimed at a tourism that generates enough profit for preserving and developing environment, and not at extensive, dispersed in space mass tourism, tourism at all costs, as was the case in certain coastal and mountain regions of the Balkan states.

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The Old Environmental Charges and the Approaches of Managements on Elimination of Their Impact on Environment

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Abstract

The economic activities of Slovakia in the past period were not considerate to components of environment in many cases. During the mining and processing of minerals, the production of electric power from coal or other activities came to damage the environment component, especially the soil and biota. These problems are considered in this contribution, specially focused on problem areas of east Slovakia.

Key Words

Environment, quality, heavy metals, acidification, polluted regions

Caption

Environmental regionalization and ballasted regions in Slovakia

Enforcing the principles of ecological optimalization it is necessary to create objective image concerning the state of environment, identify reasons and results of worsen quality of its individual parts and on the base of purpose analysis to elaborate the programs for revitalization and restitution of damages. Thematic and objective intention of the research and developing project under the name of „Identification of the environmental elements changes in problem regions in the east Slovakia“ is conceived in this understanding. According to the re-elaborated environmental regionalization there were qualified 9 ballasted regions on the basis of complex evaluation of the atmosphere state, rock environs, water quality, waste management, biotas and other inputs as well. The area of the ballasted regions is 4 980 km² and 1.8 mil. inhabitants live there. Hereof 2 441 km² (49 %) with 650 thousand inhabitants (36 %) there are in the east Slovakia. Ballasted regions of the east Slovakia with the most important sources of natural resources pollution are as follows:

- Rudnany – Gelnica ballasted region (Mid – Spiš) within the frame was concluded region with the source in Krompachy and Rudňany with „geological hazards“ of minerals mining ,their arrangement and processing in the past, tailings piles, decaning plants, endogeneous biochemic abnormalities of mineralization in Rudňany, Poráč, Gelnica, Slovinky, Krompachy vicinages etc.
- Jelšava –Lubeník ballasted region (Mid – Gemer) the territory of districts Revúca (SMZ Jelšava, Lubeník) and Rožňava (ŽELBA a.s. Nižná Slaná). This incompact region is situated in the basin of the Muráň river and from Revúca to Jelšava belongs among the most devastated regions in Slovakia due to alkaline dust from the magnesite enterprises. The following part of the ballasted region represents the part of the Slaná river basin, contaminated by the mining and processing enterprise of iron-ore mines in Nižná Slaná, environmental balast because of long lasted ore mining , geochemical abnormalities etc.
- Košice – Prešov ballasted region with dominant source of pollution U.S.Steel, s.r.o. Košice, and other sources of pollution as town heating plant, local boiler plant for local waste combustion and much more sources of Košice agglomeration as well.
- Zemplín ballasted region – in its northern part Bukocel a.s. Hencovce, Chemes a.s Humenné, Energetika, s.r.o Strážske, Chemko a.s. Strážske produce emission of thermal energy, chemical productions and wood-processing industry. In the south part there is the Electric power plant Vojany as the biggest source of solid pollutants in the Slovak Republic at all, the fourth biggest source of SO_2 and the second biggest source of NO_x in Slovakia.

Emission and immission situation in the east Slovakia.

As it is well known, antropogeneous emissions of pollutive materials into the atmosphere are the reasons of the current and potential problems, namely reduction of the atmosphere quality, risk to the ozone layer (increased penetration of ultraviolet radiation), increasing of ozone ground concentration (change of global climate due to antropogeneous emission of greenhouse gas is the most important environmental problem in mankind history generally), acidification or alkalization of the natural resources, vegetation and land damaging etc. According to evaluation of the development trends of pollutive materials from the stationary sources in the east Slovakia fluent decrease of solid pollutive materials emission and SO_2 has been noticed since 1990. Besides decrease of the production and energy consumption it is caused by the change of fuel base on the behalf of noble fuels, introducing of more effective separating technology in big exhalating sources, installing desulphurizers in the Electric power plant

Vojany. Since 2005 a slight increase of solid pollutive materials emission from the local stationary sources (wood heating) has been observed. While there is a significant decrease of SO_2 , NO_x emissions show only a modest decrease. Denitrification in the Electric plant Vojany participates in NO_x decrease, U.S. Steel, s.r.o. Košice participates in CO decrease by using new combustion technologies at lime production and reduction of sinter production.

Evaluation of atmosphere quality is based on the valid legalisation of Department of the Environment of the Slovak Republic. The results of regional stations of Slovak Hydrometeorological Office measurements confirm that average annual concentrations of SO_2 did not reach even 1/5 of the limit value for ecosystems and measured values of NO_x were on the level less than 30 % of the limit value in Slovakia. In accordance to these values the data of ground SO_2 and NO_x concentrations in the surroundings of the dominant polluters according to the dispersing models present the emissions decrease in comparison to years 1995 – 1998. For example, in the U.S. Steel, s.r.o. Košice surroundings there are 6-7 $\mu\text{g SO}_2\cdot\text{m}^{-3}$ values in the boundary cadastral areas and average annual concentrations reach 11-12 $\mu\text{g NO}_x\cdot\text{m}^{-3}$. The ground concentrations in EVO surroundings are calculated in a wider agricultural surroundings 4-6 $\mu\text{g SO}_2$ and 10-12 $\mu\text{g NO}_x\cdot\text{m}^{-3}$. To compare the limit value for ecosystem protection for SO_2 it is 20 $\mu\text{g}\cdot\text{m}^{-3}$ and for NO_x it is 30 $\mu\text{g}\cdot\text{m}^{-3}$. On the other hand, the small emission source in the broken relief, where are worse conditions for natural emission dispersion in the hollow basins in the Mid Spiš and the North Gemer are able to produce in certain conditions such ground immersion concentrations of SO_2 and NO_x , which are the cause of necrosis on the assimilatory parts of plants, evoke the frequency changes of some agriculturally significant plant kinds, retardation of the plants, yield and quality decrease. The formation of the ground ozone level is a difficult process. In accordance to the results of ground ozone measurements in Slovakia the average annual reference value for vegetation protection are exceeded in last years in all regions. The results confirm very small influence of Slovak emissions to the central European ozone concentration level. Significant reduction of ozone precursors in last 15 years did not bring ground ozone concentration decrease in Slovakia as the origin of the ground ozone is mostly advective. The transmission predominates in direction towards the surface from the layer of accumulated ozone over the European continent and horizontal –transboundary transmission from the south directions mostly. The results received from the mathematic models in combination with the results of the regional stations were used as the background for the map expression of average annual SO_2 and NO_x concentrations and the cadastral regions

were specified, which are the most affected considering localization of the source of pollution and current natural specifics. (note. Annual Report 2007 p.3 – Localization of the problem regions in the East Slovakia). To specify the cadastres of regions in danger the current state is considered and essentially higher air pollution during the period of industrialization, polymetallic deposits of heavy metals especially in Spiš-Gemer Rudohorie, spot and line centres of pedogeochemical anomalies, old ballast from tailings piles, decaning plants etc.

The creation of digital informative layers of the geographic informational system on agricultural soils and the country in the problem regions of the east Slovakia.

Regarding the newest technologies and methods of distant earth survey – using satellite multispectral pictures, orthophoto maps, databasis of typological-productive soil categorization, databasis of soil hygienic state maps, especially soil acidification and metalization including current knowledge on state of contaminants in the soils, map outputs of selected soil characteristics were generated and basic pedologic characteristics of the ballasted eastern Slovakia regions were elaborated. In the area of reviewing the soil sources as important elements of the environment agricultural soils characteristics were elaborated, followed by modelling of optimal use of agricultural country and suggestions on revitalization and recommendations of ecological stability steps as well. In accordance to the results of physical state, agrochemical properties and the degree of the soil degradation suggestions concerning optimization of soil using by the conversion into grassgrown in more areas in Nižná Slaná, Krompachy, Jelšava a Strážske were introduced.

From the physical properties of soils point of view especially problem are considered grain heavy soils, clays and clay soils (so called minute soils) of Zemplín ballasted region in its southern part: there are mostly pseudogleys, fluvisols and brown soils VSN, with significant water infiltration into the soil, soils in the long term influenced by surface or ground water, with unsuitable representation of salts in its profile. By the analogy problem is soil of Košice – Prešov ballasted region in the surroundings of U.S. Steel as well, which was founded in sloppy areas with heavy impermeable bottom.

Accelerating water erosion decreases productive and ecological soil potential on moderate or medium sloping sidehill, flysch and volcanic highlands and the widest spread is in heavy clay soils, pseudogleys and cambisols of the Ondava highlands. Accelerating water erosion is characteristic in the Mid-Spiš, where slow flysch erosion caused formation

of the shallow waters suitable mainly for grassgrown. Unbalanced division of the hydrological net created by the Hornád river and its tributaries does not ensure diversion of surface water, storm-sewage, whereby unfavourable water mode is formed. The soil protection in Zemplín, Košice region, the Mid Spiš and the North Gemer is evaluated as important agrotechnical and ecological problem, which reflects in floods, swamping of all areas, mostly during July – August. Therefore antierosive and antiflood protection by increasing the infiltrating soil capacity and ensuring its surface drain is necessary.

The content of humus and its composition belongs among the most important soil quality characteristics. Regardless the soil type in the ballasted east Slovakia regions reduction of the content in top soil is occurred. In the higher locations the quality of humus decreases thus the humus of podzolic soils and rankers belongs among the least quality with predomination of fulvoacids. The highest humus losses occur in the shallow cambizols on the flysch in the surroundings of Krompachy and Nižná Slaná, while the lowest losses occur in fluvizols in the surroundings of Košice and Strážske and brown soils in Košice ballasted region. Significant balance destroying between losses and inputs of organic matters into soil started after 1990. Therefore the part of the project of soil management and recultivation of the contaminated soils is balance of soil organic matters and establish the need of organic fertilization.

In general, the inputs into plant nutrition and insufficient liming treatment currently are low, so it is especially important to monitor the content of accessible nutrients. There are substantial differences in the content of accessible nutrients in the soil in individual loaded regions. For example there is a low content of accessible phosphorus at measurement 2 – 10 % in the soils of the North Gemer, in Zemplín ballasted region it is 15 – 80 % of soils. The contents of the accessible potassium vary in all categories of providing and at the level of individual areas as well. There is a low content of accessible potassium - 25% in the cadasters of Košice region (Čečejevce, Soroška, Dobogov, Komárovice, Cestice, Rešica, Perín), while in Zemplín ballasted region it is 50% (Čierne Pole, Krišovská Lieskova, Veľké Kapušany, Kapušianske Kľačany). Low contents of Mg are in the cadasters of the North Gemer (up to 70 % arable soils) and in the Mid Spiš up to 50% of arable soils.

In general, macronutrition balance shows that its occurrence presents unfavourable values which finally negatively influence the decrease of natural soil fertility.

Chemical soil degradation in the ballasted regions in east Slovakia.

Chemical soil degradation is caused by the influence of pollutive matters

from natural and anthropic sources, which in particular concentrations have negative impact on the soil, produce physical, chemical and biological changes of the soil, negatively influence productive soil potential, reduce nutritional, technological and sensoric value of the grown crop. This implies the the soil is not only a passive acceptor of pollution but it is also a source of contamination the other elements of environment and food chain.

The most extended ways of the soil degradation are as follows: acidification, alkalization, salinization, metalization and contamination by organic pollutants.

Acidification is a process when acidity of abiological elements in the environment is increased. This is caused mainly by sulphur and nitrogen oxids emitted into the atmosphere from stationary and mobile sources. These are transformed into sulphur and nitric acids and cause the acid rains. Consequently they acidify the soil, water and cause the leaching of some nutrients. The plants in the acid surroundings accept more easily heavy metals. The evaluation of the soil reaction in the individual areas in the ballasted regions in east Slovakia the North Gemer shows accelerated soil acidification in the North Gemer – the immission area Nižná Slaná (cadasters Vlachovo, Gočovo, Kobeliarovo). Summary of extremely acid and strongly acid soil reaction in 2004 – 2006 presented here 52,7 % arable soil. In cadasters Gemerská Poloma, Henckovce, Nižná Slaná and Betliar i tis even 61,3 % arable soil. Summary of extremely acid and acid soil reaction in grassgrown presents even 90 – 100% soils. Summary of extremely acid and strongly acid soil reaction in the immissive area of Electric plant in Vojany it is 43,2 % and in the north part of Zemplín (cadasters Strážske, Voľa,) it is 53,7%. Meadows and pastures show acid reaction in all acreage.

Overalkalized soils occur in east Slovakia in immission areas of magnesite plants in Jelšava and Lubeník as the result of alkaline rains ($\text{pH}/\text{H}_2\text{O}$ 11) from emitted magnesite light ash. Magnesite light ash has strongly alkaline reaction caused mostly by MgO which is formed at the temperature 900°C . This aggressive MgO enters into mineral sorptive water complex and push hydrogen out of it, then calcium and finally potassium as well. This cause soil overalkalization, reduction of phosphorus accessivity, worse humus quality, accelerated mudhole and areal water and wind erosion and generally reduction of ecological soil function.

Really visible macroscopic soil degradation caused by magnesite immissions occurs in above mentioned since operating three rotary furnaces in SMZ Jelšava in 1969. Alkaline soils at acreage 12 700 ha are in the cadasters areas Lubeník, Chyžné, Magnezitovce, Mokrý Lúka, Revúcka Lehota, Jelšava, Gemerské Teplice, Hucín, Licince, Šivetice, Nandráž a Turčok.

Overalkalized soils are categorized as soils strongly damaged by immisions. Their acreage has not been changed for fifty years. These contaminated and devastated soils (in which volcanic complex presents only magnesium) require inputs of remediative matters in accordance with innovated Bioproject of environment regeneration. Oversalinized soils occurs in the driest and warmest regions of east Slovakia. They are heavy clay soils in Východoslovenská nížina. Their alkaline reaction is the subject to the presence of natrium cation in soil sorptive complex and sodium carbonate in the soil solution. They are characterized by wrong physical qualities. In humid state they swell, after drying harden, form short-term drought and they have very low fertility. Risk reduction of these soils is in displacement of natrium by the calcium sulphate cations at the creation of neutral salt of natrium sulphate, which is washed up from the soil by drainage waters. Complexity of calcium sulphate fertilizing is supplemented by application of organic mater and subarable soil mellowing.

Metalization of the soils.

Metalization of the soils is input of metals into the soils in the surroundings of metallurgical plants, thermal power plants and other sources. Some industrial fertilizers and waste materials can cause it as well. Natural endogeneous abnormalities significantly participate in the increasing of heavy metal contents in the soils besides above mentioned anthropic sources in some regions. Such endogenous geochemical abnormalities occur in the ballasted east Slovakia region mainly in Rudňany – Gelnica and in the north part of Jelšava – Lubeník ballasted region. The most spread soil contamination occurs in the areas of endogenous geochemical abnormalities in the surroundings of mining and metallurgical industries Rudňany, Slovinky, Gelnica, Krompachy and Nižná Slaná. In these ballasted areas the concentration was focused on the detailed evaluation of heavy metals problem regarding the air pollution in Rudňany, Krompachy and in Nižná Slaná. Total contents of heavy metals in the arable soil were evaluated. The result is unambiguous increasing of Hg, Pb, Zn, Cu, As in the arable soil horizon due to long lasting anthropic influence of mining and processing of ore. The results of the samples required in 1987 at the same places confirm high persistence of heavy metals in the soils, mostly hydrargyrum, copper, chrom, zinc. Widespread is the distribution of Hg a As in the surroundings of Rudňany (cadasters Markušovce, Spišské Vlachy, Chrast' nad Hornádom, Poráč, Jamník), in which exceeded value is 2 mg Hg. kg⁻¹ (limit value for clay, sand-clay soils is 0,5 mg Hg. kg⁻¹ and for heavy clay, clay soils 0,75 mg Hg kg⁻¹). Such soils are unsuitable for classic agricultural production. Overlimited values of Cd, Cu, Hg, As a Pb were

found out according to the valid legislation since 2004 in the surrounding of Rudňany and Krompachy. They are caused by large mineralized areas in surroundings of Rudňany and also by copper in the surroundings of Krompachy (cadasters Kolinovce, Krompachy, Kluknava, Richnava).

Totally 227 soils samples were evaluated in Rudňany – Gelnica ballasted region from 57 areas regarding the two sources of pollution namely Rudňany and Krompachy.

Contents of heavy metals mostly As, Cd, Cu, Pb in the soils signalize exceeding of the critical values regarding relationship soil- plant (according the supplement No.2 the Act No. 220/2004 Zb). The exceeding of the allowed values for Cd in cereals, potatoes and maize was found in the surroundings of Rudňany. Overlimited contents of Hg in the grown products in Rudňany surroundings are connected with the transformation of hydrargyrum and its absorption by plants from the air as well. Overlimited contents of As, Pb a Zn in the productive parts of plants are due to their ability of transformation from the root to other parts of the plant. One of the most important parameter limiting the contents of heavy metals are pH values. While Cd, Cr, Pb, Zn a Ni show the highest mobility at $\text{pH} < 5,5$, Cu and As at $\text{pH} < 4,5$ and $\text{pH} > 7$. The mobility of Hg soil reaction does not influence.

The soil contamination with Hg and As is a special problem in the Mid Spiš and the Mid Gemer. It was counted $1,28 \text{ mg.kg}^{-1}$ and mode $0,86 \text{ mg.kg}^{-1}$ for Hg of total number of analyzed samples in the Mid Spiš. The maximum content of Hg was $6,65 \text{ mg.kg}^{-1}$. It means that after 15 years of finishing the metal procession in Rudňany the soil is still contaminated by Hg. This nondegradable metal stays, according to the professional literature, 500 to 1000 years in the soil. The project is concentrated to biological and technical soil decontamination.

According to the analysis results of 108 soil samples were overlimited values of Cd, As, Hg, Pb found in Nižná Slaná and Henckovce.

It is recommended to monitor bioallowed contents of Cd, Pb, As, Ni and Cu and active aluminium in the ballasted regions of east Slovakia, especially in the ballasted region of the Mid Spiš and the North Gemer. There is necessary to eliminate the acid soil reaction by calcification and thus decrease the bioallowed contents of heavy metals. In accordance with the Act No. 220/2004 z. z. on the protection and using of agricultural soils it is necessary to realize soil protective steps on the base of the monitoring results to keep its biological variety.

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Effects of Past Industrial Production on the Environment in the Spiš Region

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Abstract

Every society shows signs of living. Waste and industrial production are main sources of pollutants. Environmental loads are one of the main all-society problems these days. Problems resulting from a decline in the environmental quality have given rise to increased efforts for elimination of the negative consequences and improvement of damages caused in the past. The mining of ore, their processing, generation of electrical energy from less quality coal caused abnormal charge of land, where was realized.

Slovakia was typical industrial country in the past and now we can see the results of land usage. At the present, in Slovakia there are registered eight areas with the excessively damaged quality of the environmental components. Four from them are located in the east part of Slovakia. In each of them is necessary to appoint a specific approach, how the issue of an environmental status should be solved.

Key Words

environmental quality, heavy metals, acidification, polluted regions, pollutants

Introduction

In general, we discuss about 8 basic resources in the regions. There are soil, water, air, than energy sources, agricultural sources, capital and labour. Solution of problems in the regions and solution of environmental quality has been considered as a priority question of human community. People use natural resources very drastically without thinking about sustainable development, and the nature is in danger.

Material and Methods

Negative aspects of human activities were noticed from complex monitoring of environment in the Slovak Republic. In this thesis we would discuss about relationship between environment and human activities, and about degree of environmental quality in polluted regions, mainly in Stredný Spiš region and about possibilities of revitalization and sustainable future. Relationship between quality of resources and human activities descript authors Brinkman, R., Sombroek, W.G. (1), Chiras, D.D. (2), Hronec, O., Adamišin, P. (4), Hronec, O., Tóth, J., Tomáš, J. (5) and especially about region Stredný Spiš discuss authors Demo, M., Bielek, P., Hronec, O. (3), Vilček, J., Hronec, O., Bedrna, Z. and others.

Results and Discussion

Anthropogenic activities affect the soil, water and air. Immissions, which come from these activities have bad influence on environment. They caused damages in agricultural production as well as in forest production and human health. The development of industry in the last century had very negative influence on nature, too. This is reason why our society tries to eliminate the pollution of environment by different rules, regulations and other legislation norms.

Environmental problems can be categorized:

- soil degradation, land use changes
- air pollution
- water pollution
- noise and vibration aspects
- waste disposal aspects
- ecological degradation
- socio-economic problems

Air pollution is a common issue in the industrial sector. Air in the Slovak Republic is strongly polluted by exhalats, which come from different resources. Their chemical composition is very different, as well. For taking care about our nature and environment, we would know quantity production and composition of matters which pollute environment, we would know the area, which is polluted, way of its transport, synergic effects and ecological and economic effects, as well. Air pollution comes from many different sources such as factories, power plants, dry cleaners, cars, etc.

Air pollution affects everyone. Children breathe even more air per pound of body weight and are thus more sensitive to air pollution. Millions of people in world live in areas, where urban smog, very small particular matters, and toxic pollutants pose serious health concerns.

The relationship between polluted air and soil has been expressed by next three negative consequences:

- acidification (by SO_2 , NO_x , ...)
- alcalization (by M_gO , ...)
- metalization (by heavy metals – Pb (lead), Cd (cadmium), Hg (mercury),...)

Soil is the integral part of environment. It is a base for production of food and other crops, for maintaining biodiversity for landscape. Soil is considered to be the most important resource in every country. There are ecological functions of soil - soil is the area for our life, soil is resource of matters and water, too. Soil is producer of biomass and it is cultural property. Soil quality is not a major problem in Slovakia, although there are some problems of erosion, acidification and other contamination. But there are long term pressures on soils.

Basic functions of soil are:

- production of biomass – it is a basic condition of life on the earth
- filtration, neutralization and matters transformation in the nature
- biodiversity (keeping of ecological and genetic potential of living organisms)
- space for economic activities (agricultural, forestry, industry, transport, building industry, tourism) and social security for inhabitants (labour, salaries etc.)
- source and supply of raw materials (water, minerals, etc.)
- cultural heritage

Soil is a very special part of environment, because soil can not grow when it is polluted, soil loses some of these functions.

Water is the most expanded matter on the Earth. It is the basic component of our environment and it is a basic condition of life on our Earth. It is necessary ingredient of all plants and animals ecosystems. There is 5 – 95 % water in the plants and 70 – 80 % water in the mammals.

The main functions of water are:

- biological
- cultural and aesthetic
- medical
- economic

Surface and groundwater which are basic material resources, represent an important part of the natural environment, and serve to secure economic and other social needs.

There are two types of water pollutants - point source and non-point source. Point sources of pollution occur when harmful substances are emitted directly into a body of water. Non-point sources are much more difficult to control. Pollution arising from non-point sources account majority of the contaminants in streams and lakes. Waste water is the

permanent ecological problem.

Water pollution occurs when a body of water is adversely affected due to the addition of large amounts of materials to the water. When it is unfit for its intended use, water is considered to be polluted.

Environmental situation in the Slovak Republic according to basic components

- for the Slovak Republic there are socio-economic and political changes, which have negative incidence to basic environment components
- long-run and bad usage of natural resources, air devastation, water and soil devastation input of polluted matters to the food-chain and to the nature
- waste problems
- devastation of nature in same regions
- unhealthy lifestyle
- negative influence of changed conditions for organisms
- decrease of biodiversity
- more than 12 % of area in the Slovak Republic is polluted
- more than 43 % of people live in polluted regions

Endangered territories of Slovakia according to the environmental regionalization of the Slovak Republic, there are the territories where the environmental quality reaches degrees IV and V at the same time. They occupy more than 12 % of the total area of the Slovak Republic, and the population, living in these territories, is approximately 43%. These territories are usually larger urban areas with concentrated economic activities.

More detailed specification of endangered areas resulted in the determination of the following parameters of 10 endangered areas:

Basic parameters of the deteriorated regions

Table 1

Deteriorated region	Area of km ²	Number of inhabitants	Position in frame of region - rate in %
Bratislava region	345	417.721	Bratislava 100 %
Lower-Povodie region	673	124.305	Nitra 43 %, Trnava 57 %
Upper-Nitra region	483	164.609	Nitra 14 %, Trenčín 86 %
Lower-Nitra region	481	179.421	Nitra 100 %
Upper-Povodie region	509	106.289	Žilina 100 %
Middle-Pohronie region	599	194.092	Banská Bystrica 100 %
Middle-Gemer region	342	54.072	Košice 51 %, Banská Bystrica 49 %
Spiš region	203	24.392	Košice 93 %, Prešov 7 %
Košice-Prešov region	773	339.438	Košice 82 %, Prešov 18 %
Zemplin region	229	36.279	Košice 75 %, Prešov 25 %
Total	4.567	1.810.519	

Source: SEA

Stredný Spiš region

Stredný Spiš region (now Spiš region) is area which creates place

among Spišská Nová Ves, Krompachy and Gelnica. This region is located in the middle of Eastern Slovakia. Area of region Stredný Spiš is 203 km² and has more than 24 000 inhabitants.

The main resource of water, soil and air pollution is Kovohuty Krompachy, which produces more than 7 thousand tones SO₂. These types of exhalats include heavy metals like cooper, arsenic, lead and manganese, have impact to soil and from soil to the food - chain.

The most significant stationary sources of air pollution in Spiš deteriorated region and their emissions of basic polluting substances (BPS) in 2002 (t/year)

Table 2

Operator	SPM	SO ₂	NO _x	CO
1. Vápečka, Inc., Margecany	7.0	2.6	0.9	1,009.1
2. Zheravet S&Z Krompachy, Inc., Krompachy	8.4	5.7	1.5	165.7
3. F – MARKET, Ltd., Spišská Nová Ves	33.2	52.8	7.6	11.3
4. Kovohuty, Inc., Krompachy	3.3	0.3	19.8	39.9

Source: SPSIE

Soil is strongly metalized by these components, and this fact is very dangerous for agricultural production as well as for human health, because metal chemical elements that have relatively high density and are toxic or poisonous at low concentrations in some formulations. Unfortunately, people live in areas with contaminated soil.

Mining, manufacturing and the spending of synthetic products (pesticides, paints, batteries, industrial waste, industrial sludge and domestic waste) can cause metal contamination of urban and agricultural soil.

Heavy metals content determinated in leaches with 0,01 M CaCl₂ (I.), 0,05 M EDTA (II.) and with 2M HNO₃ (III.) z A – horizons of soil in mg.kg⁻¹

Table 3

number of sample	Cd			Pb			Zn			Cu			Ni		
	I.	II.	III.	I.	II.	III.	I.	II.	III.	I.	II.	III.	I.	II.	III.
1	0.08	0.43	0.61	0.08	2.8	11.35	1.65	13.45	18.25	0.30	13.00	21.24	0.30	0.80	1.40
2	0.12	0.42	0.42	0.09	3.1	13.90	1.12	13.10	19.28	0.84	14.95	35.60	0.30	0.81	1.57
3	0.12	0.46	0.46	0.07	3.3	14.52	1.22	13.62	18.24	0.95	14.72	20.79	0.34	0.95	3.10
4	0.09	0.45	0.45	0.08	3.2	15.96	0.16	8.42	17.65	0.44	7.80	21.98	0.18	0.89	4.20
5	0.17	0.75	0.75	0.09	4.1	21.11	0.38	8.91	17.32	0.82	14.70	196.20	0.74	3.22	7.58
6	0.19	1.10	1.10	0.10	9.3	62.00	1.72	14.25	44.38	1.34	23.50	152.30	0.54	2.76	10.25
7	0.22	0.70	0.70	0.09	8.5	55.30	2.23	12.63	46.21	1.62	53.24	110.25	0.29	3.10	3.46
8	0.35	0.95	0.95	0.10	7.1	46.21	2.26	15.26	17.35	1.81	25.98	89.20	0.14	3.14	6.15
9	0.28	0.71	0.71	0.11	10.35	39.20	2.52	11.45	43.21	1.32	27.40	140.24	0.35	1.49	3.12
10	0.14	0.55	0.55	0.12	10.4	61.20	1.98	13.95	21.23	1.20	28.45	99.45	0.45	2.29	4.28
average	0.18	0.67	0.67	0.09	6.12	34.07	1.49	12.50	25.90	1.03	29.37	88.73	0.36	1.95	4.51
min.	0.08	0.42	0.42	0.07	2.3	51.42	0.16	8.41	13.65	0.30	7.80	21.24	0.18	0.80	1.40
max.	0.35	1.10	1.10	0.12	10.4	11.35	2.26	15.26	46.38	1.62	53.24	196.20	0.74	3.14	10.25
% of total content	12,67	81,7	81,7	0,14	9,24	61,20	0,98	8,26	17,14	0,58	12,64	50,16	0,95	5,14	11,88

Source: own data processing

There is the heterogeneous soil contamination by mercury and other heavy metals (Cu, Pb, Cd, Zn) that are waste from the extraction and treatment companies. The area of contaminated and degraded agriculture

land is approximately 9 000 ha. The considerable concentrations of Hg are in surroundings of Rudňany and Gelnica. High concentrations of magnesium are in the acid soils in the area near Krompachy, Kluknava, Richňava, Hnišovce and Slovinky. The high concentration of copper is in the area of Krompachy, Kluknava and Mníšok nad Hnilcom.

Metal also occurs naturally, but rarely at toxic levels. Potentially contaminated soils may occur at old landfill sites (particularly those where industrial waste was applied), in old orchards and livestock dipping vats where pesticides containing arsenic were used, in fields where waste water or municipal sludge was applied in the past, in areas in our mining waste piles and tailings, near smelters, in industrial areas where chemicals were dumped on the ground, or downwind from industrial sites.

Determination result of heavy metals in mg.kg-1 of dry mass

Table 4

Parcel number	Crop	Cd	Pb	Cr	Hg	As	Ni	Cu	Zn
1	winter wheat	0.08	0.90	2.25	0.14	0.18	1.96	4.10	24.36
2	spring barley	0.07	0.85	1.95	0.17	0.22	2.10	4.26	29.36
3a	winter wheat	0.09	0.95	2.68	0.14	0.18	2.16	5.12	21.24
3b	rye	0.05	0.80	3.21	0.09	0.21	2.15	5.28	22.38
4	potatoes	0.12	0.75	2.46	0.11	0.15	1.95	4.21	18.95
5	PGS	3.23	8.54	3.98	0.38	6.25	4.85	18.56	72.60
6	PGS	5.24	12.36	4.26	0.38	4.83	5.00	21.20	69.80
7	TTP(10)	5.24	15.32	3.35	0.29	7.22	4.38	26.50	47.20
8	winter barley	0.12	1.12	2.30	0.06	0.32	1.19	8.25	38.65
9	winter wheat	0.11	0.95	3.25	0.04	0.29	2.12	10.15	40.15
10	rye	0.25	1.22	3.06	0.07	0.022	2.22	9.85	36.25

Source: own data processing

Surface water quality in the area is within I. – V. quality class. In comparison with the previous period an improvement in D – indicator group of one class occurred at all sampling sites, in Hnilec watercourse from V. to II. class in B – indicator group and in Smolnik watercourse in E – indicator group from III. to II quality class. To the classification of the watercourses to the V. quality class contributed the indicators: B – group – pH, E – group – coliform bacteria, F – group – As, Al, Cu, Hg

Determination results of total content of heavy metals in Rudniansko-gemerskej loaded area in A-horizon of soils

Table 5

mg.kg ⁻¹	Cd	Pb	Cr	Cu	Zn	Ni	Co	As	Hg
arithmetic average	1,3	65,92	82,8	187,9	160,41	41,13	17,56	42,62	8,23
median	1,28	27,15	66,76	156,5	84,65	39,20	16,85	35,58	0,82
modus	0,86	16,30	72,35	142,6	89,90	38,20	16,85	20,62	0,59
min.	0,19	13,17	42,60	24,10	31,60	27,2	14,36	11,31	0,68
max.	6,65	453,9	237,3	597,28	558,80	189,5	32,10	39,45	38,00
number of locations	57	-	-	-	-	-	-	-	-
number of evaluated samples	227	-	-	-	-	-	-	-	-

Source: own data processing

Main river in Stredný Spiš region is Hornád (V. degree of quality class), with a high concentration of heavy metals (Hg, Cu, Zn...). Still, there are problems with wastes, especially with a wild waste dumps.

Conclusion

For better quality of our life in this region it is very important to know all negative aspects and adapt to conditions in order to take care to input of polluted matters to the food-chain. These matters could endanger human hygienic conditions and also living conditions of animals and flora. When we know all these problems we could make better decisions for environmental revitalization in regions, in rules of sustainable development.

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MANAGEMENT 2008

IN TIMES OF GLOBAL CHANGE AND UNCERTAINTY

(Part II.)

**Prešov
2008**

**V. Psychological, Ethical, Legislative,
Cultural and Other Aspects
of Management**

Long-term Unemployment and Its Social-economic Aspects and Qualities of Life of Unemployed

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Abstract

The aim of this work is to provide the characteristics of people without job and to give information about possible impact of unemployment on people and their families. The only ambition is showing a change of their life quality. The worst type of unemployment is long-term unemployment. It is both relevant economic and social problem. It does not influence only the unemployed, but also their families and community. The person loses his working mode and looks for the reasons why not to work. He can get to socially unacceptable phenomena as well. That's why the long-term unemployment is very important to solve.

Key Words

Unemployment, long-term unemployment, influence of unemployment on person, social risk of unemployment, unemployed and their quality of life

Introduction

Before we start with long-term unemployment, we should mention the basic terms, which are starting-points of this work, and these are the terms unemployment and unemployed.

There are a lot of definitions and sights to the problem, what is unemployment. I work with definition that says that unemployment is social-economic phenomenon, which definition is founded on it, that person, who is available to work is out of ability to work in paid job, he is not satisfied with his lockout and he finds a new paid job, although only for a partial duty. Then unemployed will be such man, who hasn't got a job on the first side, but he finds a new job actively on the other side, or he waits, while he will be able to return to his job or if he accepts a new job. In this case active detection of employment is a basic mark of unemployed man. Man who is unemployed, but he hasn't found a job, we haven't got a reason to call him an unemployed man.

Very important thing of this work is to differ between short-term and long-term unemployment, when long-term unemployment has bigger economic, social, personable, psychological effect on man than short-term

unemployment. And we will be concerned with this type of unemployment in this work. We get to impacts and results of unemployment for a man. As well as definitions say every time, it goes about social-economic phenomenon, and hence we don't skip a social phenomenon, too. Unemployment is coupled with such things that are quality of life, physical and mental health, self-confidence, public status and communication, divorce rate, criminality, alcoholism or other social-pathologic cases.

1 Long-run Loss of Employment

In advance we must mention, that unemployment reflects incomplete utilization of employable population acceptable for work in the widest aim of text. We don't comprise employable population (but they prepare to their profession, dormant form of profession, persons in household) in the unemployment range at the same time. (Schronk, 1994)

Duration of unemployment is complicated problem, which is influenced by all files of factors:

- demographic lines of population evolution
- status of aggregate demand for a job
- low mobility of work /regional and occupational mobility/
- elasticity of salaries and proportion between job profits and social benefits
- time period and level of take creature comforts
- effectiveness of implements of active policy of unemployment
- share of risk groups of population (Rievajová, 1997)

1.1 Long-term Unemployment

It has accelerated tendency and it has happened a relevant peculiarity of unemployment. It is allowed to be deep-going economic and social problem. It is characteristic feature for specific social groups of population and it produces specific problems not only for person, but for state and society, too. Very significant thing (mainly from sight of return a client to working process) is duration of unemployment. It relates to the question of short-term and long-term unemployed people.

Factors which influence birth of long-term unemployment:

- insufficient of qualification, little work-chance
- insufficient self-confidence
- lassitude and discrimination of specific categories from sight of employers
- low financial assessment of bid jobs or lassitude of little paid places from sight of applicants for a job
- value orientation of applicants for a job, which is different as conditions of offered works

- lassitude about a job – dependence on unemployment benefit
- objective factors (economic conditions, employment market in region, high outlay for commutation...)

Long-term unemployment signifies a disqualification from working process. And this fact brings innumerable quantity of problems with work. Reclassification of long-term unemployed people calls for higher outlays from society than arrangement a job for people who were unemployed for a short-term. It means maximal complications and quantity of problems for long-term unemployed man.

In general a long-term unemployment attacks the most:

- people with low incomes
- unskilled labors force, and here women with low payroll valuation especially
- people with cumulative personal and social handicaps
- members of ethnic communities and migrants
- dwellers of country
- health handicapped persons
- youthful and problem persons

If we look at the statistics of the first quarter 2008 about district Prešov, we get to know several interesting numbers. Among of all unemployed (8861 people) there are 3606 people long-term unemployed. That is not only 40 percent of all unemployed, but that is the third highest number of unemployed of all districts in Slovakia, too. Prešov is on third place after the districts Rimavská Sobota and Košice – okolie.

Structure of candidates for employment in conformity with registration session

Area	Total	Number of persons in conformity with registration session in months										
		to 3	3 - 6 include	6 - 9 include	9 - 12 include	12 - 18 include	18 - 24 include	24 - 30 include	30 - 36 include	36 - 42 include	42 - 48 include	over 48
Prešov	8861	1518	1100	807	469	646	468	359	329	256	245	2664

Information source: <http://www.upsvar.sk/rsi/rsi.nsf/0/FFD5E14330975429C12574480044E83C?OpenDocument>

In successive steps there have been profiled the groups of citizens between long-term unemployed, which have become heavier locatable in employment market from different reasons. There are women in classification according to sex (by short-term unemployment contrast by contrast men). There are the most productive years in classification according to age groups. Here we have people in age 25 – 44 years with 58th percentage representation in number of long-term unemployed together. It is alarm

from these two reasons. Idle people in the most productive years invite direct loss in manufacture, but it reduces their human capital and self-mind or work interest, too. People with basic general education are most befallen in classification according to education – over 70 percent. Hence there is ambition of society to up average of people with graduation or academic education. They have representation only 1, 5 percent. There are casual and unqualified laborers and people without position in classification according to antecedent employ. (Rievajová, 1997)

It vindicates a conclusion of unemployment analysis in regions among people, who haven't got a job. This analysis says about some reasons of long-term unemployment in districts with the highest unemployment, and there are:

1. global loss of production in regions, and loss offer of job vacancies
2. big population growth, especially in gypsy population live here
3. lassitude to employ risk groups of citizens
4. low interest about offered an unqualified and low qualified labor force
5. lassitude of employers about youngest age categories and woman labor
6. low motivational effect of pay (in compare with social benefit or creature comfort)
7. low mobility of labor force, and low capacity for persons with ZPS, ZŤP
8. weakening a moral-voluntary attributes of unemployed, feeling of redundant, slight myself

Yes of course, that we could select next specific reasons for every region. (Rievajová, 1997)

2 Solving Long-term Unemployment in Slovakia and World

2.1 Solving Long-term Unemployment in Slovakia

There came to change in passive and active politics of employment market a few years ago. It had in target a reduction of long-term unemployment and split-off people of register of unemployed, who misused passive politics and didn't want to work.

Exchanges, which fell, already got accent on active politics. It has three primary targets. Employed had to remain in employment market. Active politics had to improve access to employment market for unemployed. And employment market had to work most effective. Passive politics of employment market was damping. State so urge a man. He must actively find a job, because state will not be sponsor and supports for life. If he

wants to sustain himself and his family, and keep his standard of living, he is urged to employ himself. The result of this change in employment market was consecutive decrease of unemployment rate.

On that account there were established intensive implement of active politics in employment market. There are implements, which were successful in other countries. These countries apply active implements in the long term and those help to growth of unemployment rate. It goes mainly about programs of requalification, subsidized employ, mobility and youthful programs. (www.upsvar.sk)

2.2 Solving Long-term Unemployment in World

We can to demonstrate experiences from countries of European Union. There are realized projects for long-term unemployed, that combine various instruments and as aim it is presented:

counseling, wage benefits, requalification, public-helpful works, mechanisms for reintegration, social and vacation services and general-purpose projects.

On this help, organization and provision is alternated by governments, regional organizations, non-for-profit corporations, employers and labor union with different participation in individual services. (Rievajová, 1997)

Different projects exist in countries of EU. In the world and mainly in countries of European Union there are many examples for solving unemployment. For example there are projects as Know-how fond in Britain, agency START in Netherlands, project Werkraat realized in Dutch Haag, project Charlois in Dutch Rotterdam, and others. Project LEDA is maybe more expanded in EU. LEDA is project constituted by special commission of European Community in year 1986. All these projects are specialized for concrete problems of specific region. Netherlands excels in these processes. It manifests by low unemployment rate. There is on level 10 percent.

Also in Slovakia we need to create programs. Those must verify:

- being addressed to a person
- aim at reservation of employment for definite group of unemployed with respects on particularity of specific region
- organized on local employment market under support of local authorities
- cooperated with governments, regional institutions, non-for-profit corporations, employers

Slovakia has committed, as well as next countries adhering in EU that will fight against unemployment. At this context there were traced following key requirements:

- raising adaptability of employees and concerns
- flexible behavior of employment rates

- raise rate of private and also public investments into research and progress
- raise number of people in employment market
- superior and more effective investments in human capital
- apply national action plan of employment (Martincová, 2005)

3 Social-economic Aspects of Long-term Unemployment and Quality of Life of Unemployed

3.1 Social-economic Aspects of Unemployment on Personality of Unemployed

„The one from the most risk of long-term unemployment is change in style of life area. Long term unemployed loses basic working habits in successive steps. He creates new alternate stereotypes. How longer man is unemployed; the worse man can find a courage and motivation to change this new-created style of life. Not once he generates whole rational substantiations, why he can't employ himself. There is only protection to self uncertainty and misfire fear. The longer man is at home out of work, fortiori grow fears from potential success. He leaves off believing himself, rarely he declines to apathy. (Mareš, 2002)

Although fall of incomes is a direct effect of unemployment, the most grievous is loss of own price in the eye of the community. Hence it relates with next limitations, whether in level economic, social and psychological.

Effects of unemployment for a person:

1. Economic symptoms – living standard of persons and their household decline
2. Problems in human relations – troubles in married life, isolation from friends
3. Depressive symptoms – helplessness, resignation, passivity, violated self-mind
4. Alcoholism and criminality – as involved too, or effected too
5. Psychosomatic defects – mainly stress symptoms – increased blood pressure, heart attack, limitation of personal comfort
6. General displeasure – lassitude and crises of belief towards state and society.

If we want to analyze psychological after-effects and impacts of unemployment, we should see it from three levels:

1. from the one point of view all unemployed are in one level – they are disqualified from working process

2. from the second one only someone is in the same level and others differ from them(short-term unemployment doesn't leave psychological after-effects, but long-term unemployment interrupt their mental balance)

3. from the third point of view every unemployed man is unique. Unemployment benefit is not enough for him. There is a matter of frustration. Psychological moment of unemployment is that the more time unemployment lasts, the less trust the unemployed has. The job search will be less systematic. We have to begin with his retraining, requalification and a raise of the qualification as soon as possible. Self-confidence, certainty and ability of communication are missing.

Unemployment has various negative effects on a family:

- financial problems
- change of roles (especially in case if mainly bread-winner lost his job)
- stress
- violation of relationships between members of a family (in some cases destruction of family too)
- home violence
- violation of stereotype of family life (Fedáková, 2003)

3.2 Course of Unemployment and Its Influence on Mental Condition and Quality of Personal Life

Course of unemployment and its influence on mental condition of person has its legal development. It results from Harrison's model of unemployment, from which we get knowledge about this: if someone is in a phase of pessimism or apathy, there is in specific period lawfulness coupled with suffering of unemployed. It is not his "voluntary alternative". The Harrison's model shows effect of unemployment on mental stability of unemployed in addition on time. He uses four phases: shock, optimism, pessimism and fatality. (Rievajová, 1997)

Everyone, who was unemployed for a long time, alternatively he has such a man in his community knows that this Harrison's model is completely exact. Unemployed refuses reality in the first moment. He refuses that he is unemployed. He mobilizes his forces later. After specific time (mostly six months) pessimism oppresses. He thinks that he doesn't find work. Finally he compound subjectively with a situation, but within apathy to society and civil values grow. Person, who get into final phase, is only very difficult employable.

Quality of life is inter-disciplinary category (it is a section of a psychology, medicine, sociology and economy too). Health itself doesn't belong to the quality life, but functional family, ability to have and retain work, ability to manage everyday situations, find to solve new problem

situations creatively too. Ability to education, free information access, freedom (not only material), life-comfort, well-being etc is variable, which participate on multi-dimensionality quality of life. (Kováč – Benkovič, 2004)

When Kováč with Benkovič made their research of a quality of life between unemployed too, one from their conclusion was that unemployment really affects negatively a living subjective well-being. They used various types of questionnaires. Not only well-known questionnaire WHOQOL-BREF, but for example BDP (Bern questionnaire of subjective well-being), IVE (classic „Eysenck“ questionnaire) and SOGAS (semi-projective methodic oriented on social behavior) questionnaire too.

Unemployment is endurance, crises life situation. Everyone masters it individually. Adaptation depends on general personal and life situation of the person, but from his personality too. When we take these difficult situation, so cardinal factors are general financial situation, rate of poor-relief in family and in wider social community, good physical and mental health and usefulness education. From individual factors age, sex, load resistance, flexibility and activity of person, motivation to work and subjective value of work play the main role.

Unemployed man transforms his values. It begins with family, and continues with financial situation. We can find out this if we give questionnaire for a quality of life to unemployed people and to working ones.

We have different types of questionnaires, but we must be careful on the right type of questions. We can use for example this question: „If you think over your life and individual situations, are you glad with your life en bloc?“ (Cummins a kol., 2003).

This question is till so global, that there is not possible to identify reciprocal proportions of emotional evaluation and cognitive reason. This measurement has next ineligible attribute – there is hardly influenced by actual emotional status of a person. Some group of researchers consider this type of question as an indicator of a quality of life, for another part of researchers subjective well-being is this indicator.

Several prominent economists use questions, which operating with comfort a different sphere of life (comfort with income, terms of life...), and there is not so affection with actual emotional status of respondent. For example question: „How successful are you in your life?“ (Cummins a kol., 2003). Question is from Australian index of subjective well-being (Cummins primarily use name „quality of life“ and original range was name Comprehensive Quality of Life Scale, ComQol).

I recall that actual comfort is a base of measurement in quality of life and in subjective well-being too. ‘WHO’ is the biggest representative

of multivariate construction of research quality of life. They apply questionnaire WHOQOL-100 (or abbreviated version WHOQOL-Brief) on measurement of a quality of life. These questionnaires detect six dimensions of a quality of life.

While centre of interest in 70-years of the 19th century was economic and social indicators of a quality of life, afterwards in the centre of interest subjective indicators of a quality of life were.

At the one research was obtained next scale of values of unemployed:

1. fair work finding
2. acceptable financial position
3. good family comfort
4. not be liable of future fear
5. advisable exploitation of leisure time
6. evaluation of decorum of people
7. not be liable of depressions
8. have sufficiency of information about alternatives of solving this situation
9. retain hot activity and independence
10. good health

The odds are that it goes about essentially different scale of values as describes at another group of people (for example at employed, students...). Values as health, family comfort and many different priorities figure here in first positions.

Conclusion

The unemployment is a very capital problem momentary and especially there grows in the unacceptable size in some spheres. The worst type from among single types of unemployment is long-term unemployment, because the most this type attacks a present and future of man too. This type changes his look on work, life, society. There affect a community of unemployed too. He doesn't suffer alone, but all family and close relatives suffer too.

I had ambition to analyze an impact of unemployment on people. I showed psychological, social impact of long-term unemployment and I adverted for it, that isn't any relevant regional program to support of reduction unemployment rate in Slovakia. But these programs exist in other countries EU. As far as successful results in Slovakia in last years, there was reorganization of passive and active politics of state and employment market, which brought positively effects and implications in backwater of unemployment.

That I have showed long-term unemployment has especially maximal negative effects on person and his quality of life. There is very heavy

season for person and everyone equals this factor individually. It comes to this, that it can hit more one person, but less other. Someone manages this situation better, though unemployment has very knock-down effects for some people. In my opinion, there is a cardinal thing at this stage. It is to keep belief in new work finding. And see tough for some unavailing attempts, too. It's very difficult for person to believe himself and be strong.

Today when low numbers appear in statistics, unemployment is big problem still. We know that unemployment has a big impact on mental condition and personality development of man. In case that man cannot longer find some fair work, he falls in depression and he believes about himself negative things – that he is uneducated, till stupid sometimes. Hence good relations invade, not only in family but in a group of friends, too. Man falls in alcoholism more often than not. If unemployed man has got ambition, he may find a better job as those who were not unemployed. There is need to support this mobility of people to work but we must make some projects in individual regions for jump an employment rate, exactly in specific regions. And the main reason for it is that enhanced rate of employed people advance an attractive of city and region, better standard of living, better business environment, social relations.

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Management of the Strategies of Behavior in the Demanding Work Situations

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Abstract

From the point of view of our research approach the attention was concentrated on the problem of selection strategies of behavior (problem solving, avoidance, and social support seeking) in demanding work situations with social contexts. Presented results of the study have confirmed assumed structure of strategies of behavior in these demanding situations. The gained results contributed from the methodological level to solving of questions of transsituational stability and situational conditionality in the sense of application of interactional paradigm. At the same time these results have contributed to verification (e.g. eigenvalues, explanted variance, Cronbach's alpha etc.) of the original questionnaire SBDWS (Strategies of Behavior in Demanding Work Situations) for diagnostics and prediction of behavior in demanding work situations with social context.

Key Words

strategies of behavior, demanding work situations, interactional paradigm

Introduction

Demanding situations are being perceived as a problematic, crises, conflict, complicated, unpleasant, critical, stressing, or they are perceived as a challenge and opportunity to show and apply own abilities. They are being represented not only by the crucial moments in the human life (death of the close person, lost of the employment) or in the existence of the organization (decline of the firm, unexpected profit), but also problems and difficulties which we meet more often sometimes in everyday life (conflicts with the colleagues, strained relationships to the superior or inferior).

Managers are being involved into these situations every day and to solve them they need to mobilize all their power to manage them sometimes with bigger sometimes with lower success and there are also cases when they fail in these situations. Knowledge of the typical managers' manners of the behavior allows to:

- Make the decision with the higher chance of successful mastering of the manager posts during the employee selection process.
- Prepare the system measures and the decision mechanisms for the problem case.
- Preparation and managers' training in the field of managing and solving of the demanding situations in the organization.

Searching for the effective methods of human adaptation to the complicated conditions of contemporary dynamic lifestyle concentrates the attention of the professionals from various science disciplines. Not insignificant space is dedicated to these problems also in economy and psychology.

Formulated research questions allow focusing the attention according to Frankovský (2003) to searching of the answers in at least three basic lines:

- The first line is connected with the characteristic, identification and classification of the situations which can be perceived by the managers as problematic, demanding, conflict, complicated, stressing, unpleasant etc. This line leads mostly to limitation of several important dimensions of situations, on which basis is subsequently proposed particular empirical taxonomy and classification of these situations.
- The second line is represented by the effort to reveal how can the manager behave, solve and manage these situations. Likewise we stated in the first line, this one can be characterized as an effort by the way of inductive taxonomy to create general classification of the procedures of the manager while solving demanding situations.
- The third line includes analyses of the connection between the way of managing of the demanding situations and dispositional characteristics of manager, or situational conditions of the concrete story.

Increase of the interest dedicated to the behavior strategies in the demanding situations is connected with the research of the coping questions (Folkman, Lazarus, 1980, Lazarus, 1981, Lazarus, Folkman, 1984, Folkman et al., 1986, Lazarus, Folkman, 1987, Carver et al., 1989, Amirkhan, 1990, Nurmi, Toivonen, Salmela-Aro, Eronen, 1996, Terry, 1994, Baugartner, 2001 and others), as well as the requirements of the social practice (new approach and development of the managers' activities, necessity of the mechanisms for the democratic solution of the social problems, increasing amount of the demanding situations occurrence in our lives, increasing interest to the questions how to effectively solve these situations, what is their impact to psyche, health and human well-being, questions dealing with the quality of life, effective functioning of the organization, inevitability of passing of unpopular disposals, time stress at decision making etc.)

In both of these close research orientations (behavior strategies in

the demanding situations and coping), the attention is mostly focus to the questions how the human solves and manages demanding stressing situations. Smaller space is dedicated to the questions of identification or classification of these situations. Whereas the question what is the demanding situation or what situation is being perceived as a demanding is the crucial (Frankovský, 2001).

It is obvious that for example discharging from the work, making the decisions about the new investments, changes in the infrastructure of the enterprise etc. can be for one manager common routine work which he doesn't perceive as a stress or unpleasant situation. On the contrary for the second person can be the same situation highly stressful and unpleasant which solution demands the maximum self-control and concentration. This type of situations from the point of view of impact to the manager is being perceived from some individuals as threat and stress, while the others can see it as a challenge, impulse to start something new.

From these illustrations it is obvious that the demanding and stressing fact is necessary to interpret in context of the situational characteristics and personal features of concrete person. Choice of the behavior strategies in these situations can have various results. According to what is the impact of the situation to the individual it can be a self-strengthening or self-endangering behavior. (Fedáková, 2002).

Výrost (1997) described from the situation point of view (antecedents), which are being perceived as demanding from the responses point of (consequents) to these critical conditions three chosen connections. According to author it is possible to specify stressing situations to which as a respond matches coping. Life events, to which correspond life skills and demanding life situations to which correspond behavior strategies.

In the presented work we use instead of designation demanding life situation concept demanding situations. We've decided to realize stated adjustment for more distinctive differentiation of the demanding situations from life events or stressing situations.

The longest tradition of the research we register in the area of the stressing situations, which were in the beginning of investigation (WWII period and the study of the war neuroses) characterized as human's general threats events, often connected with the life endangering. (Selye, 1956, 1966). Yet before pre-selye period came to the moving in comprehension of stress concept into broader complex of situations which influence the organism.

In the level of the stressing situations is on the consecutive side i.e. psychic processes actualized by the stress activity, research concentrated on to the questions of coping.

As we already stated, yet in pre-selye period, immediately after WWII appeared that not only life endangering situations but also everyday life brings the conditions (loss of work, school exam, financial control, business fraud etc.), which can invoke effects comparable those which were examined in connection with the life endangering.

Stated broader context of the demanding situations is connected with the term

„life events“. Taročková (1994) in this connection she emphasizes main transitions (change of the routine behavior scheme) in long life development, which are usually called life crises. It is needed to specify that into this concept belong negative crises (loss of work, loss of leading position in the firm) as well as positive crises (gaining of the new work, gaining of the leading position in the firm).

Emphasis of the interaction between the individual and the social environment is one of the level essential characteristics by mutual relationship demanding life situations and behavior strategies. Demanding life situations are perceived as situations which are subjectively perceived as complicated, their managing put the increased request on human, but in the same time the higher impact is put on to the presence of the mutual relationships of the social objects (persons, groups, social objects) The social dimension of these situations, which from the presented structure of the antecedents and consequents, are the closest to the question of managing of the demanding situations in the human resources management is being accented.

These situations don't have to be only decisive life terminuses as it is being thought in the relationship life events – life skills, but neither stressing situations within the meaning of critical, life endangering situations, which mainly characterize the relationship stressing situations – managing. On the contrary, in the principle they are everyday situations of the social interaction with which the managers meet everyday.

In manager practice we can basically meet with all three presented relationships of the causes and consequences. Managers can not avoid on real or potential level critical situation in their work, which have unambiguously characteristic of stress (e.g. bankruptcy of the company, financial or tax control etc.)

They are as well with the antecedents, which we defined as life events (e.g. transfer to the higher or lower manager position, resigning from work etc.). With the third level of causes and consequences relationships in the stated scheme, the managers probably meet as we already stated most often in the human resources management (e.g. conflict solving in interpersonal relationships, evaluation and motivation of the employees

etc.). This scheme which enables to fill particular considered terms by concrete content, contributes to the projecting of the individual researches in various areas of human life, also for example in manager's practice and specifically in human resources management (delimitation of the research intentions, formulation of problems, hypotheses, operationalization of research variables, construction of specific measure methodics and not least also meaningful interpretation of gained knowledge) and in the same time it is a basis for the solution of the questions connected with the specification justness of the three stated research orientation (stressing situations – managing, life events – life skills, demanding situations – behavior strategies).

From the manager's point of view that gets into the demanding situation is the crucial fact the choice of the behavior, process of its solution, which is necessary to realize immediately or in the very short time interval.

In many works dedicated to coping, there is an individual group created by the papers, which focus on to the description and characteristic of the various processes and strategies of managing. In spite of some certain specific differences in orientation of the particular behavior in the demanding situation researches we can according Frankovský and Baumgartner (1997a) to find between the authors some general characteristics.

These are represented in theoretical level by the endeavor to analyze the procedures and strategies of settling up with the given situations in term, as are stated by S. Folkman, R. S. Lazarus et al. (1986, 572) "regulation of inner or outside pressures, tensions which result from the transactions of person and the environment."

What is common and dominant for majority of the individual authors in the empirical analysis level is the effort to reveal on the basis of elaboration of extensive lists of behavior forms via factor-analysis procedures, essential dimensions of behavior and managing of demanding situations strategies.

Three-dimensional classification of behavior in the demanding situation strategies have been designed by Lovaš et al. (1997). Stated classification was the starting point for conceiving of the questionnaire SPNS (Behavior strategies in demanding life situations) of authors Frankovský and Baumgartner (1997a, 1997b).

The aim of the authors was to develop the questionnaire, which would enable to detect the behavior strategies in demanding situations, but also contribute to the solution of theoretical-methodological problems of trans-situational stability of these strategies. Accent was put in terms of interaction paradigm (Endler, Magnusson, 1976) not only to the size of trans-situational stability of behavior predictors in demanding situations, but also to the situational context influencing stated behavior. Design of the

questionnaire resulted from usage of trans-situational stability principle in construction of the tools for the personality diagnosis, as the mentioned procedure was described by Výrost (1998).

Questionnaire enables to diagnose three behavior strategies:

- Problem solving
- Social support seeking
- Avoidance

Stated classification has some specified, common, corresponding characteristics with three dimensional model of classification of managing coping styles, which were presented by Endler a Parker (1990). Even higher rate of similarity we can see between this classification and classification designed by Amirkhan (1990).

It is not only three dimensional approach to classification of the reactions to the critical situation, but also content similarity and familiarity of the particular dimensions (instrumental strategy –orientation to independent solution, help searching strategy, searching for social support, avoiding strategy – passivity and escape tends).

We used SPNS questionnaire construction principle (respondents judge individual options of their behavior in relationship to various model situations) also at conceiving of presented SPNPS questionnaire (Behavior strategies in demanding work situations).

Method

The aim of this work is to identify behavior strategy in model demanding works situations. Research sample was created by 95 respondents, in which were represented students of management, psychology, officers and IT technicians.

Results

Developing SBDWS questionnaire (Strategies of behavior in demanding work situations) by authors Frankovský and Ištvaníková (2008) is intended for recognition of preferred behavior strategies in demanding work situations. Its construction and development in the presented research comes out from reviewed version of SPNS questionnaire (Baumgartner, Frankovský, 1997a, Frankovský, Baumgartner, 1997b), about which we already mentioned in an introduction part. Stated version includes description of the 19 model situations, which represents various demanding work situations. To each of the described situations there are linked several possible ways of reactions. For instance see the situation below:

Imagine the situation: *„As a manager of a company you find out that one of your employees takes home office supplies. What will you do? “*

After the description of the situations there are stated following solution possibilities:

a) I will do nothing	1	2	3	4	5
b) I won't show that I know about it	1	2	3	4	5
c) I will avoid information about his acting from other colleagues	1	2	3	4	5
d) I will consult it with my friends how to act in this case	1	2	3	4	5
e) I will consult it with my family	1	2	3	4	5
f) I will consult it with my chief	1	2	3	4	5
g) I will warn him that it is illegal and possible results of his acting	1	2	3	4	5
h) I will inform chief about his acting	1	2	3	4	5
i) I will start to take the office supplies home as well	1	2	3	4	5

Task of the respondents was to judge their own behavior in each alternative on 5 points scale (from 1 – definitely yes, 2 – yes, 3 –I don't know, 4 - no, 5 – definitely no).

By means of factor analysis (we used the Principal Component method with Varimax rotation) we extracted three factors, which represent tend of the respondents to behave in demanding situations some way. We named factors as: *escape factor*; *help search factor* and *action factor*.

Extracted factors explain 28% variance (Table 1). Even ratio of explained variance is on the acceptance limit, enlistment of other factors which will raise the stated per cent was not suitable, because it wasn't possible to specify the meaningful content of these other factors. In the same time it is necessary to mention that stated analysis represent introduction phase of method development, also the limited sample could contribute to relatively low percentage of total explained variance. On the contrary, it was possible to quite unambiguously to specify the extracted factors according to their content. With exception of action factor, it is reflected also by the high rates of Cronbach's alpha (Table 2, Table 3, Table 4).

Table 1 Size of variance, which is explained by the particular factors

Component	% of Variance	Cumulative %
1. factor	11,8	11,8
2. factor	8,8	20,6
3. factor	7,5	28,1

Escape factor is saturated by 13 items, which are being represented by respond possibilities for instance.:

„I will do nothing“.

„I won't show that I knot about it“.

„I will pretend that I don't see it“.

„I will pretend that nothing happen“.

Also from these lines it is obvious that the preference of the stated possibilities

Correspond to the passive reactions, non-committal, release from responsible strategies of behavior. In general the respondents in comparison with other behavior strategies incline to this strategy at least. Average rate 3.8 is distinctively nearing to respond “no” (Table 2).

Table 2 Basic metric data of escape factor

Average	Std. deviation	Cronbach's alpha
3,8374	0,46034	0,807

Second factor called help search factor is saturated by 18 items, or possible responds for the model situations, from which the most apposite are characterized by the responds bellow:

„I will complain to my family members“.

„I will consult with my friends how to proceed in this case“.

Also these chosen examples clearly document the fact, that the preference of this strategy is orientated to search of the clue, information help in the closer or broad social surroundings. In contrast from the previous behavior strategy in this case the respondents in general incline more likely to neutral respond „I don't know” average rate 3.2 (Table 3).

Table 3 Basic metric data of help search factor

Average	Std. deviation	Cronbach's alpha
3,2516	0,86745	0,954

The third factor – action factor is saturated by 7 items, whereas from the presented responds is obvious that the respondents within the framework of action factor decided for so-called positive and also negative actions. Because our intension was not to evaluate suitability or unsuitability of the respondents' reactions, but the choice of the items saturated the action

factor, in the following lines we mention the most characteristic items saturating the active reactions for the demanding work situations:

„I will report his behavior to the superior“.

„I will report his behavior (or discrimination) to the company management“.

„I will tell it to colleague who owns the table“.

„I will join the argument of the colleagues“.

„I will let the sexual harassment to flow into the sexual relationship“.

„I will also start to discriminate my colleagues“.

As we stated before, it is obvious that in this factor are cumulated positive as well as negative reactions. However both groups of behavior in contrast from previous strategies document active solution of the problem. It is a little bit surprising the average value of examination of this strategy by the respondents in general. In previous researches and also our findings (Frankovský, Baumgartner, 1997a, 1997b) were proved above positive evaluations of this strategy, i.e. respondents expressed higher rate of agreement. In this case, likewise at the help searching strategy respondents tended more likely to neutral respond (Table 4). In case of this strategy was found also lower rate of Cronbach's alpha. This indicates about not too satisfactory rate of inner consistence of the particular items which saturate this factor.

Table 4 Basic metric data of action factor

Average	Std. deviation	Cronbach's alpha
3,3230	0,48705	0,632

Summary

The possibility of prediction of manager's success in practice is for sure inspiring. Whereas the manager will be successful is influenced by many factors and on his training participate professionals from several science disciplines. In the presented paper we pointed at according to use important aspect, i.e. possibility to detect level of behavior strategies at managing of the demanding situations, which are being created in organization or in a work process.

We consider the development and consequently validation and checking of this method as a meaningful activity. Methodic in the final version should definitely contribute to at least solution of the suitable candidates for the manager posts question and to creation of the system arrangements and decision mechanisms in case of problem appearance and last but not least also to preparation and training of managers in the field of solving and managing of demanding situations in organization.

Presented findings and knowledge prove about the possibility of creation such a methodic, even it is needed to make several measurements and especially realize them on more numerous and heterogeneous samples.

The results of the realized analyses show the fact, that in the concrete case the solutions of the demanding work situations is not possible to take over uncritically the knowledge gained from the researches and behavior strategies or coping on general problem situations. Proof of it is for instance lower rate of preference reaction strategy, then it is in other researches with generally conceived situations. In the same time these findings show to necessity constantly consider rate of generalization of accepted conclusions about the behavior strategies or situation and situation conditionality of these strategies.

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The Quality of Life of the Unemployed in an International Context

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Abstract

A generally accepted opinion is that the situation of unemployment has negative economics, social, psychic and health impacts. These are shown in decreasing living standard, increasing stress in family and in the other interpersonal relations, in aching, feeling sadness, social isolation, depression, despair, apathy and also in health troubles. In this article, which arised on the basis of the results of European Social Survey, is the quality of life defined by the selected social aspect of the life satisfaction. The social aspect is compared not only in term of international, but also by the appraisal of gender. Thus is the article also orientated on checking the possibilities of interactive access to the searching the quality of life, that is in this case defined on the side of situation by the concrete state and on the side of individual characteristic by the gender.

Key Words

unemployment, European social survey, gender

Introduction

Although the history of unemployment in Slovakia is relatively short, its start and process was dynamic and unexpected and in the present time it represents serious social as well as human problems. Unemployment itself is a significant factor of negative evaluation of developmental changes in Slovakia, to which several European institutions are paying attention (Fedáková, Frankovský, 2005).

The dynamics of sociological changes, and therefore the unemployment itself, didn't allow the transmission of knowledge, information and behaviours from generation to generation as it was the case in common social life. After the transformation of the social system, unemployment illustrated itself as a totally new phenomenon, which everyone had to cope with. Those who had lost their job, but also those who were still employed,,

had to learn how to deal with it. Even though unemployment isn't the only sphere with which we lacked experience (market mechanism and free market being some others), it definitely is one of the most dominant.

According to current results of the EUROSTAT unemployment is one of the most serious social problem in many European countries. It is confirmed by the attention paid to this problem at the EU level. Among the EU goals, there are actions undertaken in order to; improve the working and living conditions of the EU inhabitants, encourage social cooperation, develop an economical union without frontiers and with a single currency and even out the economical differences between the states and regions. These actions have a direct effect on the solving of the unemployment problem in our society. The structural policy of the EU, aims to harmoniously support the general evolution of the society through economical and social cohesion, thus reducing the difference between the levels of development inside the same regions, while dampening the lag that the most disadvantaged regions suffer from (Frankovský, 2003).

The European council, and The International Labor Organization, encourage actions that improve social coherence (guarantee an average level of social security, improve employment, special development and workers rights, guarantee a protection of the most vulnerable social groups, implant the right to have the same opportunities for everyone, fight against exclusion and discrimination), and whose goals are to allow the access to work, for the unemployed citizens of the states that are members of the EU. A great contributing of the success of this task is done by a life-education, effective cooperation between commercial, private and volunteering sectors as well as the free movement of the working mass. The International Labor Organization (ILO) is focusing its attention on questions concerning social equity, international acknowledgement of human working and social rights, encouragement and realization of working norms and principles, creation of greater opportunities for men and women in order to assure them a worthy job and salary, increasing coverage and efficiency of social protection for everyone and strengthening tripartite and social dialog (Fedáková, 2003a, Ištvaníková, 2007).

Unemployment is afflicting men and women of different ages, of different education level and from various social standings. Non-deserved loss of job, failure to get a job and worries of employed people based on possibility to lose a job have negative economic, social, psychic and health consequences (Frankovský, 2003, Fedáková, 2003b). They are connected to the sphere, which we, as a whole, call the quality of life. Loss of job can afflict anybody, but like in the case of disease, we realize its impact upon the quality of life only when it hits us directly.

Studying the quality of life of the unemployed requires evaluation not only from European perspective but also from particular, first of all, cultural and situational aspects of each EU country. For example, the WHO defines the quality of life as an individual's perception of his position in life in the context of culture and values system with consideration of his goals, expectations, standards and interests. In this connection, important are the resources, which the individual can draw upon on one side and results, or goals, which he wants to achieve on the other side. The resources as well as results can have a material or non-material nature. The availability of resources and achievability of goals is narrowly connected to the political, economic, cultural and social contexts relevant to the situation of the individual. Consequently, when evaluating an individual's quality of life, it is important to judge it in these contexts (Frankovský, Kentoš, 2004).

It's quite logic, that the status of unemployment and the situation of an unemployed person is different in an economically strong state with a strong social policy compared to an economically weaker state that has a usually corresponding weaker social policy. The society's point of view and understanding of an unemployed individual is different in a state that has a long experience with unemployment, compared to, as we just saw, a state where unemployment is a new social phenomenon.

In connection with the quality of life, for a considerable period of time, it was supposed that the economic growth of a society improves the overall standard of life. However, since the seventh decade of the last century, a new opinion prevails, stating that the economic indicators such as the gross domestic product, consumer's income and spending and the development of infrastructure do not automatically improve the quality of life. In other words, having more doesn't necessarily mean having a better life (Frankovský, Kentoš, 2004).

Armstrong (1999), when characterizing work, states that work relies also on other human needs (the need to do a mind satisfying work, to be successful, to prove what we can do and etc.) not only financial security and the gain of various material goods. People are even capable of working without financial remuneration for the work they've done (help relatives, voluntary work and etc.). In relation to this reality, it is necessary to call the attention to yet another paradox, that mostly touches the most laborious and economically strongest group of citizens. These people can, with their salary, buy considerably better, and considerably more products, but they don't have the time to use them. People create even more quality products and offer better services, for which they receive more money, but they still keep having less time to benefit from the salary they receive (Glos, 1997). The ideas we just introduced concern the employed people, but they form

a background image that can contribute to understand the quality of life of the unemployed.

In this direction there are also several researches devoted to study the issues of the quality of life. These researches lead to several key conclusions. The quality of life is a multi-dimensional category most frequently conceptualized on the basis of well-being, happiness and satisfaction with life. Until today there a consensus doesn't exist regarding the factors of the quality of life. In his research, Cummins (1996) analyzed the relevant studies concerning the quality of life and gathered different spheres, or factors of quality of life, which he, on the basis of resemblance, grouped into 6 areas:

- 1 social relations with the family and friends,
- 2 well-being,
- 3 health,
- 4 work and activity,
- 5 community participation,
- 6 personal safety.

There are several approaches to the issue of the determination of the quality of life. In the broadest sense, the quality of life can be described as certain levels of dimension (factors) of life, which are more or less defined by the consensus, and reflect important social values and goals (Land, 2001).

The notion of quality of life in common, every-day life, but also in professional analyses, is occurring frequently in mutual inter-connections with notions that characterize a certain social group. Therefore, it is logical, that when probing the issues of the unemployed it is impossible to avoid the issue of quality of life of this social group. Also the opposite connection is valid – solving the problem of the quality of life is impossible without including real existing large groups of people – unemployed.

When we connect these notions, we can conclude that unemployment means a lower quality of life, either from subjective or objective evaluation (Frankovský, 2004, Kentoš 2004, 2005, 2006). In the general specification frame of the research on unemployment the attention is mainly focused on the quality of life of the unemployed. Of course there are other areas in the research on unemployment (coping, values, self-perception, self-esteem, and so on) but the quality of life is the main one, and the objectively most revealing one.

Existing definitions of the notions of unemployment (Buchtová, 2001) and quality of life (Kováč, 2001) are pointing to their multidimensional structure and inter-disciplinary character of research on these issues, relative to their own cultural context.

The content of the approaches to the research on unemployment and the quality of life (Buchtová 2004) are mostly leading to delineation of the structure of basic dimensions of unemployment and quality of life. A generally accepted opinion says that these categories (unemployment and quality of life) include the following markers of life:

- 1 psychic,
- 2 health,
- 3 social,
- 4 material.

Further possible approaches to the delineation of content focus of research in stated areas is discerning of two angles of view upon these issues:

- a) social, when general societal (possibly international) connections of unemployment and quality of life are emphasized, unemployment and the quality of life are researched as a social or an international problem,
- b) individual, in which the significance of individuals are accentuated, their perception of unemployment, coping with unemployment etc.

The two stated differences are narrowly connected, but despite of this, we can in their frame specify scientific researches, predominantly oriented on the analysis of social attributes of unemployment and quality of life, or researches oriented upon individuals (Frankovský, 2003).

The question solving how to probe these issues we can come out of this differentiation:

Objective information:

- in case of unemployment there are markers such as the number of unemployed people, percentage of unemployment, level of unemployment benefit etc.
- in case of the quality of life there are markers such as HDI (Human Development Index), average life expectancy, literacy, mortality of newly-born etc.

Subjective information:

- evaluation of individual attributes of unemployment and quality of life. In analysis of this evaluation the issue of preferences in regard to the quality of life is dominant.

Method

In the presented paper our attention was focused on the analysis of the quality of life of the unemployed in regard to the social context in the international background. Results were obtained on the basic data from research sample from 43 000 respondents from 23 European country (Table 1).

Table 1 Research sample

	Frequency	Percent	Valid Percent	Cumulative Percent
Austria	74	3,3	3,3	3,3
Belgium	118	5,2	5,2	8,5
Bulgaria	163	7,2	7,2	15,7
Cyprus	37	1,6	1,6	17,4
Germany	242	10,7	10,7	28,1
Denmark	38	1,7	1,7	29,8
Estonia	36	1,6	1,6	31,4
Spain	77	3,4	3,4	34,8
Finland	95	4,2	4,2	39,0
France	119	5,3	5,3	44,3
United Kingdom	98	4,3	4,3	48,6
Hungary	81	3,6	3,6	52,2
Switzerland	40	1,8	1,8	54,0
Ireland	86	3,8	3,8	57,8
Netherlands	87	3,9	3,9	61,6
Norway	41	1,8	1,8	63,4
Poland	136	6,0	6,0	69,5
Portugal	143	6,3	6,3	75,8
Russian Federation	94	4,2	4,2	80,0
Sweden	81	3,6	3,6	83,6
Slovenia	137	6,1	6,1	89,6
Slovakia	133	5,9	5,9	95,5
Ukraine	101	4,5	4,5	100,0
Total	2257	100,0	100,0	

The analyzed data was obtained through an international research done by the ESS (European Social Survey). The aforementioned research is explained in detail, in the annex - Frankovský, Takáčová: The work and the life satisfaction in this text book.

Among all of the respondents, we choose 2 257 individuals, who were unemployed, i.e. didn't have a job, could start working and were looking for a job (It's impossible to compare individual countries on the basis of the number of unemployed, because the size of the samples from these countries were different and were chosen in a different way).

In the annex, we concentrated ourselves on an international comparison of the social judgment in the context of the quality of life of the unemployed,

which demonstrated itself under the form of inappropriate behavior of a person towards another unemployed individual.

The question of the pool relative to unfair behavior was formulated in the following way: "Do you feel that people treat you unfairly?" The question of the pool about the respect towards the unemployed people was formulated in the following way: "Do you feel that people treat you with respect?" The respondents could answer to these questions by giving a numerical answer on a 7 unit scale (0 - meaning not at all, 6 - a lot).

In conclusion of the aforementioned international comparison of these two aspects of the social context of the quality of life, we analyzed smaller differences in the answers from unemployed men and unemployed women when they considered other chosen characteristics of the social context of the quality of life of the unemployed (living through stress and happiness in family, social encouragement from relatives, loneliness, respect of others and unfair behavior from others) on the basis of the answers received by all the unemployed respondents without considering which state they were from. The respondents could answer to these questions by giving a numerical answer on a 7 unit scale (0 – none of the time, 6 – all of the time).

Results

Based on the results we gathered, we first focused our attention on the international comparison of the judgment of the unfair behavior towards unemployed individuals and on the judgment and the respect paid to an unemployed individual. Concrete results of the international comparisons can be found on the graph 1 and 2.

In the annexed graphics, the states are tagged by colors' that represent groups that were obtained by applying the statistics method of analysis of variance (One-Way ANOVA) with the use of Turkey's test for Post Hoc comparison.

The results of this analysis confirmed the expectations of a significant influence of the country from which the unfair judgment behavior towards the unemployed data came from ($F = 4.358$, $\text{sig.} = 0.000$).

The gathered results allow the specification of seven groups of states, with similar judgment of the questions (graph 1). To understand this analysis, it is important to know that the respondents from all the countries scored in average on the positive part of the scale (under the average of the scale, which has a value of 3, graph 1). The unemployed people that have to deal with the less unfair behavior are inhabitants from Hungary and Switzerland. On the other side, those who suffer from this behavior

the most frequently are citizens from Austria. With them, we can also regroup respondents to the research that come from Germany, Slovakia and Bulgaria, who scored over the value of the average of the research sample (2.15, the graph 1, which is also indicated).

Just like in the previous case, the expected statistical influence of the country of the respondents is also significant in this case when talking about the judgment of the people when dealing with an unemployed person ($F=5.500$, $\text{sig.}=0.000$). It is therefore logic, to expect higher average values for each country, because this pool had an opposite meaning than the other. So just like when judging unfair behavior, when evaluating respect given to an unemployed person, all the respondents, without considering their origin, had an average weighted answer that was situated in the first part of the scale (over the average of this scale, which has a value of 3, graph 2). The highest value of respect of the person was obtained by unemployed people from Spain, Portugal and Norway. Once again, we can regroup with them the citizens from Sweden, Switzerland, Denmark and Cyprus, whose answers were always over the average of the research sample (which has a value of 3.96, graph 2). The lowest value of the respect paid towards an unemployed person was given by respondents of the pool that were from Slovakia, and they significantly differed from the other respondents.

The gathered results are witness that the perception of the unfair behavior towards an unemployed person, and judging the levels of respect of this person isn't really a contradictory characteristic. If we compare seven rankings of countries, the respondents who judged the respect level at the highest while judging the unfair behavior at the lowest, we realize that only four countries are responsible for this kind of contradictory perception. This knowledge rather confirmed the independent perception of the given characteristics.

The international comparison of these two aspects of behavior towards an unemployed individual was completed by a more specific analysis of the answers obtained from unemployed men and women when judging other chosen characteristics of the social context of the quality of life of the unemployed (living through stress and happiness in the family, social encouragement from the relatives, loneliness, respect paid by others and unfair behavior from others) based on the answers gathered from all the unemployed persons, without consideration for their nationality.

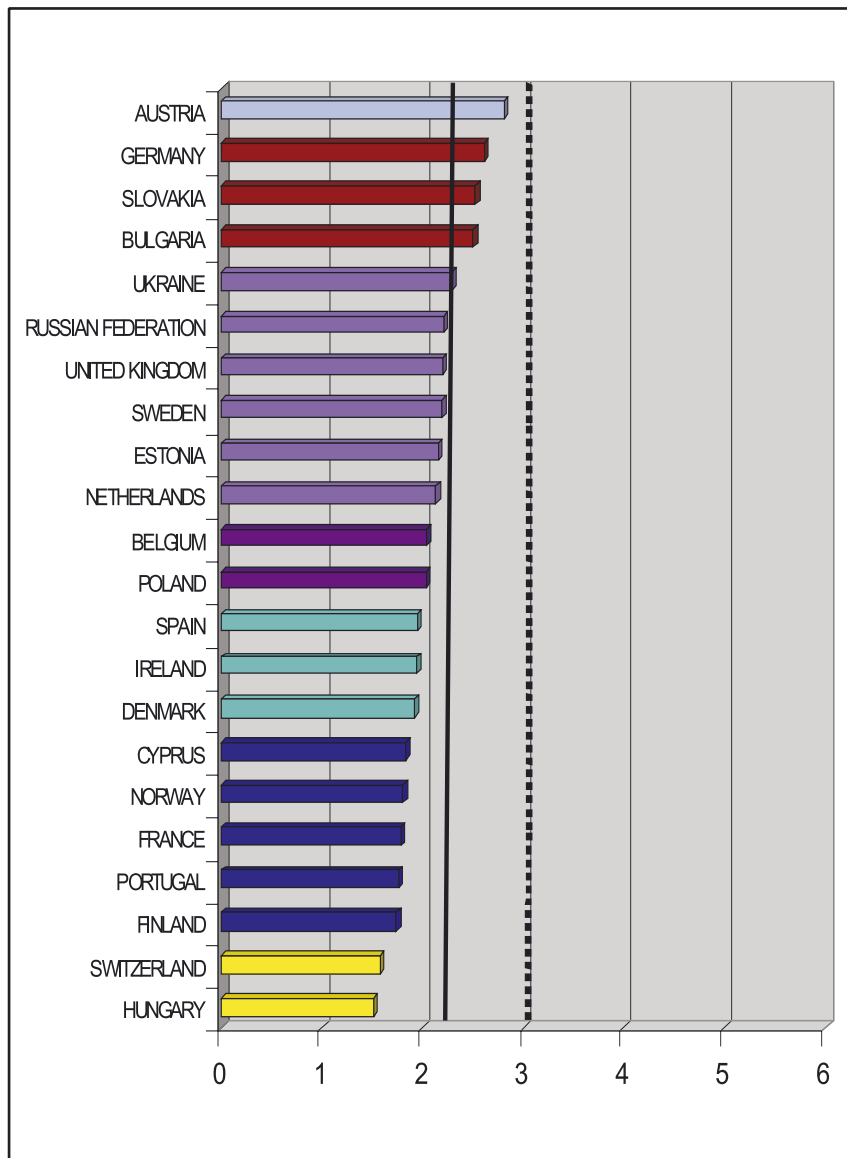
On the table 2, we present the calculated value of the t-test in the statistical significance as obtained from unemployed men and women in the given characteristics of the social context of the quality of life of the unemployed. The obtained results, definitely confirm the existence of a statistically significant differences. Those differences were only undetected

when considering the examples of loneliness and unfair behavior. On the other side, when ranking the experience of stress or happiness in the familial environment, social support from the relatives and self-respect, the aforementioned differences were confirmed. Women consider the time they spend with their closer family as less stressful and less enjoyable than men. It's interesting to note that while judging the stress in a familial context, men and women both scored on the negative side of the scale, they perceive that a lot of time spent in the company of their family, as stressful. Meanwhile, women consider social support from relatives as more positive than men. Although, unemployed men and unemployed women all said that there are people in their lives, who really care about them. There are as many men as women who perceive a respectful behavior from others towards themselves in a positive way, but in a statistical manner, women considered this question more positively.

Table 2 Unemployed men and women and social context of the quality of life

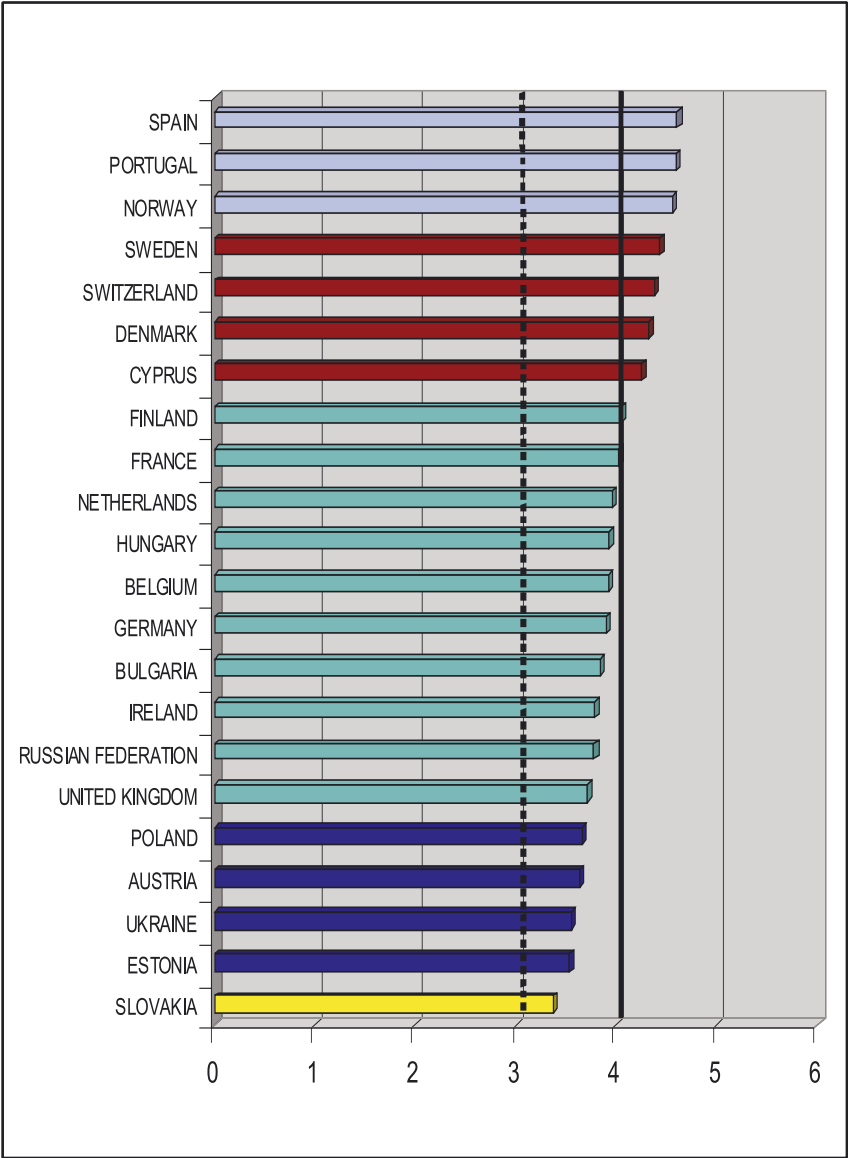
	t	Sig.	Male	Female
How much of the time spent with immediate family is enjoyable	2,295	,022	6.76	5.92
How much of the time spent with immediate family is stressful	2,652	,008	4.37	3.27
There are people in my life who care about me	4,269	,000	1.91	1.75
Felt lonely, how often past week	,692	,489	1.66	1.64
Feel people treat you with respect	-3,578	,000	3.85	4.07
Feel people treat you unfairly	1,673	,094	2.21	2.09

Graph 1 People treat you unfairly (mean = 2.15, std. deviation = 1.641)
(0 – not at all, 6 – a great deal)



$F = 327.173$, sig. = 0.000

Graph 2 People treat you with respect (mean = 3.96, std. deviation = 1.434)
(0 – not at all, 6 – a great deal)



F = 5.500, sig. = 0.000

Conclusion

The presented results of the research confirm, in the aspect of an international comparison, the expected differences when judging the given factors in the social context of the quality of life of the unemployed. The interpretation of the differences testify that the judging of the social aspect of the quality of life of the unemployed is greatly influenced by social and cultural factors and that they also have an effect on the way the unemployed people are perceived, how other individuals from the country act towards them and how they live and behave in their closer and in their more enlarged social circles.

Among the factors that are part of the social context of the quality of life within an international comparison, we focused our attention on the respect given by others to the unemployed person, and on the unfair behavior towards an unemployed individual. In our opinion, these are very sensitive aspects of the social context of the quality of life of the unemployed people. Generally we can denote that, even if in each country these characteristics of the social life are perceived in various ways, they are nevertheless perceived positively by the unemployed individuals.

The acquired knowledge confirms the reality, that the respect given to an unemployed individual and unfair behavior towards him, aren't, from a social and cultural point of view, completely contradictory characteristics. It means that in some social conditions, it is possible to judge one of these characteristics positively and the other less positively or even negatively.

The new information we gathered through our comparison didn't confirm any specific situation of the countries that were once part of the USSR a.k.a. the Eastern Block, or in another way, the countries that joined the EC the last. Nevertheless, when we evaluated work, quality of life and similar characteristics among the respondents of various countries, without taking in consideration whether they are employed or not, we identified this specification for these countries (Frankovský, Takáčová, 2006, Frankovský, 2006). We can deduce that not identifying this particularity of these countries, in a research on the social context of the quality of life, is caused by the attention given to the social context, which is in his turn influenced by cultural and social traditions of a specific country.

Looking at the social context of the quality of life of the unemployed while taking in account the gender, give us the opportunity to provide multiple differences in perceiving and evaluating these characteristics. The presented analysis of the results was intended to aim at the closest social environment of the unemployed person, his family, as well as wider social environment that include social encouragement from individuals, loneliness and other previously mentioned characteristics such as the

respect paid to an unemployed individual and unfair behavior. What we discovered confirmed that there is a strong relationship between the gender of an individual and perceiving these characteristics. Unemployed women apparently feel a greater support from the family, they don't have the same pressure as men do, that urges them to assure a living for the family and that's why they judge the stress in the family as being less negative than men (Fielden, Davidson, 2001). On the other side, men consider the time spent with their family as more enjoyable than women. It is partly explained by the discoveries of Fielden and Davidson (2001), according to which, men rather solved their unemployment problems within the family circle, where they received more support than women.

The quality of the family and the bonds between the family members manifests themselves mainly in critical situations. The loss of a job by one or both of the partners is definitely one of these situations. Unemployment basically verifies the quality of the familial bonds. The family isn't therefore only jeopardized by the unemployment, but can also strengthen itself and be positively influenced by giving and receiving encouragement from one to another and by demonstrating the family's solidarity (Fedáková, 2003b).

As mentioned by Halvorsen (1998), divorce, which can be caused by multiple reasons, but also by the loss of employment, means the loss of social and material support for the unemployed one. Grossi (1999), says that losing a job is more stressful for the divorced, than for those who still live in family and can seek support from the family.

In a broader social context, women feel more respected than men, and they also perceive a higher degree of social encouragement from the individuals around them. As a whole, the unemployed men and women perceive their social environment as being positive. The results we just mentioned, added to the discoveries we made through the research on unemployment in relationship with the gender, testify on the unequal perceptions of men and women of the unemployment situation (Frankovský, 2005). The cause of this perceptual differentiation can be the patching-up of the positions of men and women on the work market. And yet men, still perceive the unemployment situation rather more as transitory and with good outlook of having it solved than women. This characteristic isn't necessarily due to gender differences, it may have been provoked by a mechanism of self-defense, to defend one's own status, which is more significant for the unemployed men (Leeftang et al., 1992) and corresponds for example on a less positive perception of self-respect than what would one expect as being the average.

On the other side, women have never considered the unemployment situation as being humiliating. And in this case also, we can suppose that

various factors contributed to this behavior such as the fact that women spend more of their time doing things that they used to do in their free time, when they were not working. So that might be why, being unemployed isn't as negative for them (Laite a Halfpenny 1987, by Walsh, S., Jackson, P. R, 1995) and why they are more receptive towards the respect they receive and feel good about themselves.

In relation to this argument, Bartell a Bartell (1985) despite the fact that it has been generally accepted by past experiences, that the effect of unemployment on the women is as complicated as for men. And moreover, it can have even more negative effects if we include the factor of matrimonial relationships. Married women, often are in the position of the person that provide second income, so they cannot say that when they lose their job, it is as dramatic, as when a men does (in the case he provides the main source of income) . Or the results of unemployment for women can be even worse than for men, if they are single.

The research results you find herein, as well as the resulting discussion, led us to discover the fact that in the social context, the quality of life of the unemployed, is an important area that has to be, not only taken in account and accepted, but also needs responsible attention within researches and within the resulting implementation of the results in the work done with unemployed people. In the annex, we have mentioned two areas, that nearly relate with the social context of the quality of life of the unemployed. And the subject of cultural differences of definite countries, that correspond with social stereotypes and patterns of perception, the evaluation of the behavior of the population towards the unemployed, as well as the problematic of the gender differences in the whole complexity of the considerable goals, have an influence on the evaluation of the quality of life of the unemployed and meanwhile studying them is an important factor to cope with the unemployment problem and increases the probability of seeing positive results in the work market.

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Work and Satisfaction with Life

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Abstract

The context of human work is significant from the perspective of both employees and employers. An antecedent's perception of their work is determined by various factors (earnings, working conditions, social climate, etc.) and on the side of consequents, their level of satisfaction is related to other attributes concerning either work (fluctuation, company loyalty, productivity), or their personal life (general satisfaction with life, subjective well-being, quality of life, etc.). Work is, amongst other things, a means of fulfilling a person's ambitions and satisfying their needs. The extent to which these requirements are met is closely related to the person's evaluation of their level of life satisfaction in general. Numerous studies in this field have validated high rates of correlation between satisfaction with life and with work.

In this paper, which is based on data of the European Social Survey, we focused on the analysis of links between a person's own work evaluation (interest, stress, financial reward, job security, time pressure, satisfaction) and their satisfaction with life in general (meaningfulness, optimism, social relations). The links between the perception of work and satisfaction with life were analyzed not only from a national perspective, but also from a cross-cultural point of view, with the associated impact of cultural context.

Key Words

human work, job, life satisfaction, cultural context

Introduction

Human work can be analyzed from various frames of reference, from position of different subject areas, from many other points of view like organizers, individuals and society, requests and its impact on life.

Work is not only means of material security for survival and wealth, but

is also a scope for personality development, his self-realization, acquisition of status and social appreciation. Work creates and supports human identity in relation with society. As Buchtová (2002) states, work creates also social field with opportunity for contacts, dialogs, friendships and represents lifelong space of human socialization. It is scope for satisfying needs of personal progress and expansion, that belongs between the most important human needs (Pružinská, Mižičková, 1999). Work creates symbolic and real world, in which man lives. In process of work man transforms not only a nature, but also oneself, creates his own subjectivity in the surrounding world (Nový, 1997).

Work helps individuals look ahead and organize the future, creates their personal autonomy and scheme of common lifestyle. It forms and develops all their competences. In Deiblová (2005) opinion is work a means of fulfilling a person's ambitions and satisfying their needs.

Work as a meaningful activity creates a daily programme and a common life stereotype. Nowadays, development of modern technologies, market globalization, and process automation cause relative decline in need of human work. This phenomenon of modern society can cause a change of work position so, that work, which forms man's life will be formed by this life and on the market will be not enough work objectively (Šmajš, 2004).

Along with emphasizing of positive work benefits, we must not forget its possible negative effects basically on all areas of life - intellectual, physical, social etc. (Frankovský, Takáčová, 2006). Work in stressful conditions, exhaustion, time demands of work, work claims, which don't correspond with possibilities, have important impact on quality of human life, but in this case in negative way. Work can cause not only growing a man, but it can him also getting down. An appropriate example is a relation between the necessity of fulfilling family needs and employment needs (Baltes, Heydens-Gahir, 2003; Greenhaus, Singh 2004).

But we cannot identify a work with a job. As for the job, there is only a part of human activities that we can classify like a term work. In a simplified way we can consider job to be a form of paid human work. In common life is work often associated with job. However, many authors (Forresterová, 2001) refer to the fact that work cannot be perceived only in its economic dimension. Work (apparently not for everybody in the same extend) is not only a way for ensuring finance.

Lea (1994) refers to four reasons why people work:

1. reward from outside – work is doing, because brings useful results;
2. inward satisfaction – people work, because they take relish in it;

3. self-realization – people try to carry out so type of work, in which they can utilize their skills, abilities, where they can realize their plans;
4. social interaction – work creates a social situation, in which is a space for meetings, for getting new friendships, creating new social groups.

Given reasons are relating to paid and unpaid work as well.

Job specification in context of human work doesn't decrease his significance in man's life. People spend a lot of time of their economically active life in a job. Entrance to a job and retirement are important landmarks for everyone. For people job ensures both means for civilized survival, and for personality development in cultural, sport, educational and other areas (Ištvaníková, 2007).

Job meaning and its value likewise for example health value, we can consider mostly in cases when we lost it. Even the responses to the job loss are individually different, surely is evident, that unemployed do not experience only difficulties connected with economical consequences of their situation, which a state to a certain extent saturates, but they loss also social sureness, social contacts, social status, what represents strong mental and social frustration (Frankovský, 2003, Kentoš 2004, 2005, 2006).

Giddens (1989) characterizes six essential displays of paid job:

1. financial income
2. forming and developing people competences
3. entrance to a new social context
4. organizing a daily programme
5. creating new social relations
6. creating personal identity, oneself value

Difference between work and job is less in their informative influences than the job is organized by certain law, duties and is like mentioned above realized for salary.

For work conception in the board sense of the word it is essential, that it is any kind of activity which brings meaningful values (volunteer, charitable activity, relief to other people, household work etc.) regardless of the fact of financial value.

Human work and job did not implement in an artificial, greenhouse environment. Quite the reverse, they are impacted by existing social conditions, political, ideological, cultural, period historical. The analysis of work characteristics in international context must respect both economic-legal factors and socio-cultural conditions, level of technical and organizational progress in countries, living standards etc. (Frankovský, Takáčová, 2006).

An antecedent's perception of their work is determined by various factors (earnings, working conditions, social climate, etc.) and on the hand of consequents, their level of satisfaction is related to other attributes concerning either work (fluctuation, company loyalty, productivity), or their personal life (general satisfaction with life, subjective well-being, quality of life, etc.).

In Spector (2006) numerous studies have validated high rates of correlation between satisfaction with life and perception of work, mostly from the work satisfaction point of view. In the analysis of links between satisfaction with life and work satisfaction comes Warr et al. (1996) to the conclusions, that the whole satisfaction with life enters to the work satisfaction in the larger rate than is the impact of this work satisfaction on the satisfaction with life. It is obvious, that the penetration of satisfaction indicators in particular fields of life (family, work, free time etc.) and changes of their share on rating the whole satisfaction with life is inseparable from everyday life.

Method

In this paper we present results of the analysis based on the perception of work and satisfaction with life from a multicultural context. Above mentioned analysis was realized on the sample of 43 000 respondents from 23 European countries (Table 1).

Table 1 Research sample

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Austria	2405	5,6	5,6	5,6
	Belgium	1798	4,2	4,2	9,8
	Bulgaria	1400	3,3	3,3	13,0
	Cyprus	995	2,3	2,3	15,3
	Germany	2916	6,8	6,8	22,1
	Denmark	1505	3,5	3,5	25,6
	Estonia	1517	3,5	3,5	29,2
	Spain	1876	4,4	4,4	33,5
	Finland	1896	4,4	4,4	37,9
	France	1986	4,6	4,6	42,5
	United Kingdom	2394	5,6	5,6	48,1
	Hungary	1518	3,5	3,5	51,6
	Switzerland	1804	4,2	4,2	55,8
	Ireland	1800	4,2	4,2	60,0
	Netherlands	1889	4,4	4,4	64,4

Norway	1750	4,1	4,1	68,5
Poland	1721	4,0	4,0	72,5
Portugal	2222	5,2	5,2	77,7
Russian Federation	2437	5,7	5,7	83,3
Sweden	1927	4,5	4,5	87,8
Slovenia	1476	3,4	3,4	91,2
Slovakia	1766	4,1	4,1	95,3
Ukraine	2002	4,7	4,7	100,0
Total	43000	100,0	100,0	

Analyzed data were acquired from an international survey - European Social Survey (ESS). On this biennial research (realization of this project was preliminarily organized on five rounds in years 2002 – 2011) participate more than 20 European countries. The principal long term aim of the project is to chart and explain the interaction between Europe's changing institutions, its political and economic structures, and the attitudes, beliefs and behaviour patterns of its diverse population. The ESS Questionnaire developed by the European experts includes about 300 questions and focused on different areas of the society life. The issues of life satisfaction and satisfaction with work are included in the rotating modules (groups of questionnaire items, which are changing in every round) this methodology of 3rd Round ESS.

In participating countries was sampling (43 000 respondents) realized by any form of random sampling from the elementary data file of all country citizens older than 15 years, the substitution of the respondents who were not reachable or refused answer the questionnaire was not allowed.

In this paper we focused on an international comparison of judging the perception of work, which was represented by satisfaction with work and judging the life satisfaction.

The item relating to judging the life satisfaction was defined as follows: "How satisfied are you with how your life has turned out so far? Respondents judged this item on 10-points scale (0 – extremely dissatisfied, 10 – extremely satisfied).

The whole satisfaction with work we analyzed on the item: "All things considered, how satisfied are you with your present job?" Respondents answered on 1-points scale (0 – extremely dissatisfied, 10 – extremely satisfied).

To continue with above mentioned cross-cultural comparison of the perception of life satisfaction and perception of work, we analyzed more detailed interactions between judging selected work characteristics (interest, stress, financial reward, time pressure, satisfaction with job) and

selected factors of life satisfaction (optimism, positive self-perception, sense of unsuccessfulness, satisfaction with life in general) on the basis of all respondents answers regardless of their nationality.

Results

As mentioned above, first we focused on an international comparison relating to a judging the satisfaction with job and life satisfaction. Concrete results of this international comparison are recorded in the Chart 1 and the Chart 2.

There are in various colours marked particular groups of states, which were identified on the basis of the statistical analysis of variance (One-Way ANOVA) with using the Tukey's test for Post Hoc comparison.

Results of this analysis have validated an expected statistically significant effect of the factor "country" on the judging satisfaction with job ($F = 47.881$, $\text{Sig.} = 0.000$).

Acquired results enable to specify five groups of states with similar judging the job (Chart 1). The lowest figures in a measuring the satisfaction with job were referred by respondents from Russian Federation, Ukraine and Bulgaria. It is important to say, that these figures were on the positive side of the job judging scale (on the scale marked point 5), however at the lower position than the figures gained from other countries participants. To the contrary the most positive judged the job respondents from Denmark, Switzerland, Cyprus and Finland. It is possible to this group classify also these respondents, who judged this factor above the average of all the research participants (Belgium, Norway, Austria, Sweden, Netherlands, Ireland, Spain, Hungary).

Alike in previous case, have validated an expected statistically significant effect of the country factor on the judging life satisfaction ($F = 327.173$, $\text{Sig.} = 0.000$). Like in the case of judging the job, also by judging the life satisfaction, the highest satisfaction rate expressed respondents from Denmark, Finland and Switzerland. Together with these countries the group with the highest life satisfaction rate creates also respondents from Norway and Sweden. To the contrary, the lowest life satisfaction rate with this indicator expressed Bulgarian together with Russian and Ukrainians. It is identical group like in the case of job judging. It is important to call attention to the thing that this group of respondents by judging the quality of life has scored on the boundary of the positive and negative judging (Chart 2). However we could identify five country groups, the difference of answers among the respondents from particular countries was in connection with life satisfaction stronger.

The international comparison of the perception of life satisfaction and the perception of work, as mentioned above, we supplemented with the

interaction analysis between judging selected work characteristics and life satisfaction factors on the basis of all respondents answers regardless of nationality.

In the Table 2 we present calculated values of Pearson's correlation coefficient between these two factor groups. Acquired results validated unequivocally the existence of statistically significant connections between the perception of selected work characteristics and judging certain life satisfaction indicators. The more positive the respondents judged their job as interesting, balanced from the work time and activities out of work, with appropriate salary, the higher rate of optimism in to the future, the more positive self-perception they expressed. In general, they judged their life, like they wanted it to have. To the contrary, the higher stress in a job was related to the higher rate of an unsuccessful feeling, the lower optimism rate and positive self-perception.

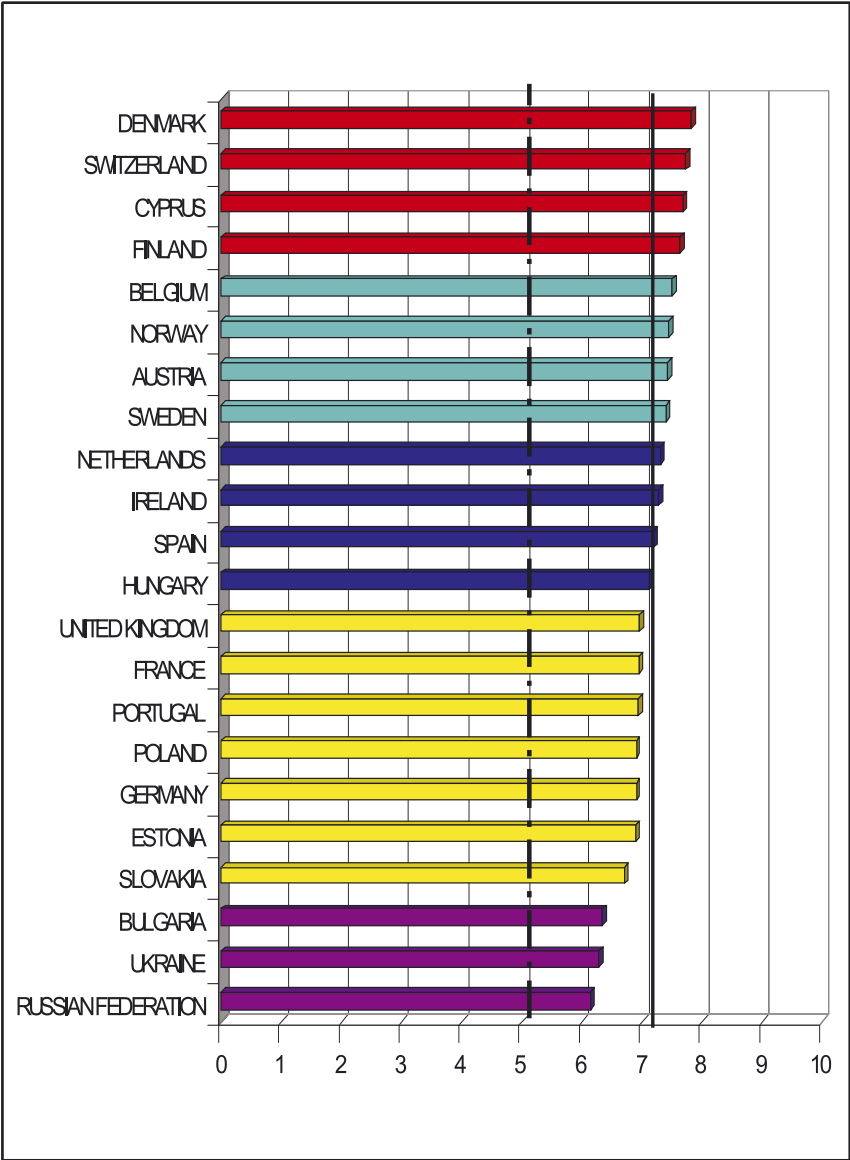
These partial results answer with a result of interaction analysis between the whole satisfaction with job and judging own life from the position, what it would be like. (Correlation coefficient 0.328).

Table 2 Interactions between judging the life satisfaction and the perception of work

	In general feel very positive about myself	Always optimistic about my future	At times feel as if I am a failure	On the whole life is close to how I would like it to be
Find job interesting, how much of the time	,169(**)	,197(**)	-,159(**)	,264(**)
Find job stressful, how much of the time	-,059(**)	-,078(**)	-,084(**)	-,037(**)
Satisfied with balance between time on job and time on other aspects	,119(**)	,166(**)	-,127(**)	,252(**)
How satisfied with job	,181(**)	,234(**)	-,177(**)	,328(**)
Get paid appropriately, considering efforts and achievements	,093(**)	,160(**)	-,114(**)	,253(**)

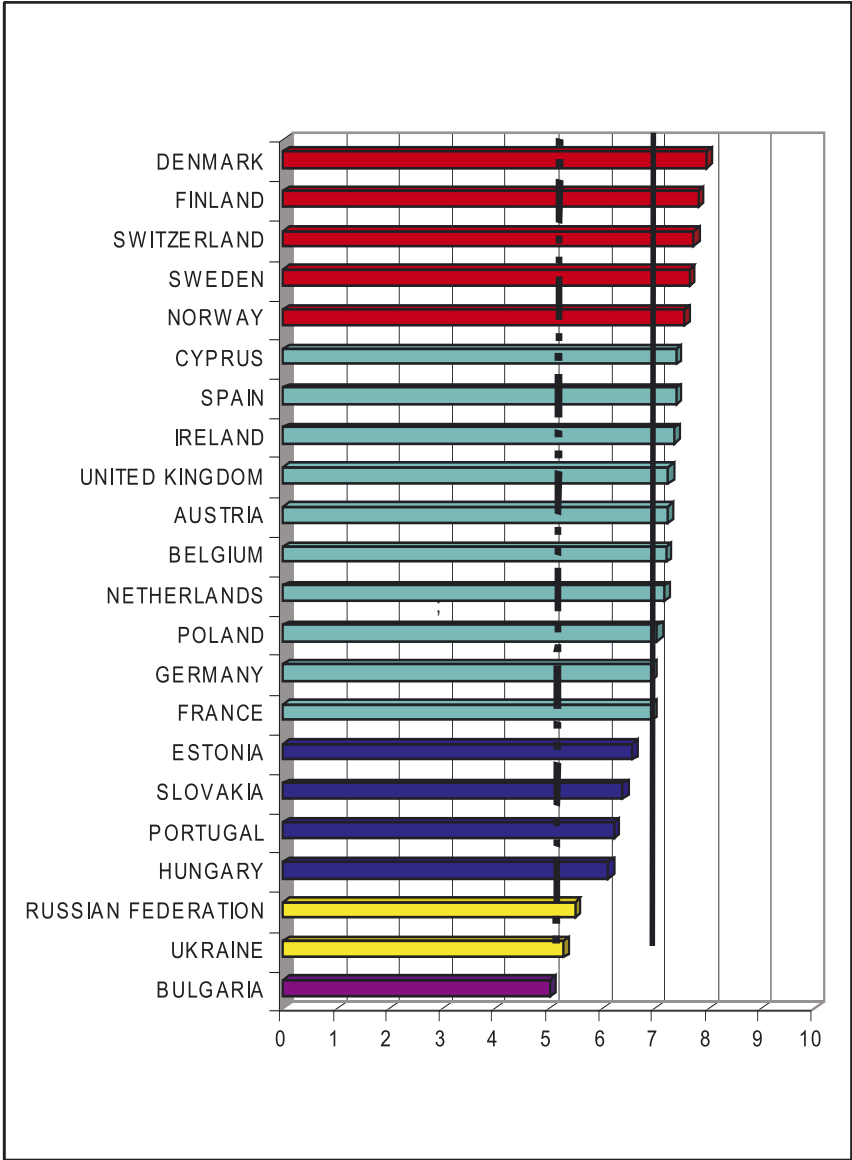
** Correlation is significant at the 0.01 level (2-tailed).

Chart 1: Satisfaction with job (mean = 7.12, std. deviation = 2.141)
(0 – extremely dissatisfied, 10 – extremely satisfied)



F = 47.881, Sig. = 0.000

Chart 2 Life satisfaction (mean = 6.88, std. deviation = 2.092)
(0 – extremely dissatisfied, 10 – extremely satisfied)



F = 327.173, Sig. = 0.000

Conclusion

Presented results validate existence of significant interactions between judging the life satisfaction and the perception of work as a job. Our findings indicate, that the more positive judging of particular job characteristics and the whole job judging, the more positive judging of the whole life satisfaction. Many existing research results were validated this way (Spector, 2006), which refer to the high correlation rates between the life satisfaction and the perception of work. We remind that we analyzed only interactions between these effects, not the line of the effect, dependence one effect by other one. On the basis of our results it is impossible to discuss about this question (Warr et al., 1996).

There exist significant differences in judging monitored factors among particular countries from the standpoint of international comparison. There were validated expected lower values of judging the life satisfaction and the satisfaction with job, which were answered by respondents from Russian federation, Ukraine and Bulgaria. To the contrary, the most positive were these indicators judged by respondents from Denmark.

If we compare the composition of particular country groups qualitatively by judging mentioned characteristics, we will see an unequivocal resemblance of these structures in both cases of the judging, what in the end result validated also high correlation rate between total indicators of these characteristics. As mentioned above, human work and job are part of existing society conditions in the broad sense of the word. The job analysis must therefore respect all these conditions (Frankovský, Takáčová, 2006).

Presented results of life satisfaction analysis enabled also compare these findings with the analysis of similar data, which were acquired in the second Round ESS (Frankovský, Takáčová, 2006). Mentioned comparison indicates just a gently positive movement in judging the life satisfaction mainly in countries from Eastern Europe.

A job, as mentioned before, represents an important part of the life. Both in the narrow and the broad sense of the word, it offers the space for creating values of both material and nonmaterial character and this space is also indispensable for a development of the whole personality. It is obvious, that not every work in connection to particular individual fulfils these expectations. On the Labour market can people choose from jobs (chiefly its paid form) freely only to a certain extent. By the end result is sometimes necessary to accept a job regardless of that if it complies with fulfilling our needs, expectations, sometimes also man preconditions. Especially in situation when there is a small supply on the Labour market and a big demand the factor is even stronger. Doing job, which is for us uninteresting, not challenging, in which we only keep our eyes peeled for

the end of working hours, in the worst case if we are neither skilled for this job, it is very hard to think about its positive formative impact on a personality. That is the reason why the attention paid to the analysis of interactions between work, development of personality and life satisfaction is valid and necessary as well.

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Global Changes Need One Approach – A Cultural

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Abstract

Only combining the new theories and old principles already rooted in organization, applied in one hand with the system culture can bring satisfying results as an answer to the global changes.

Key Words

Cultural approach, management, strategic planning, systems theory

Understanding Changes

“The world has changed...” doubtlessly, but what kind of change are we facing in managing an organization today? Is it a one big change a variety of changes or a change that does not affect the way we run a company at all? Is it a change that affects every, some or just a few?

Change is fundamental element that brings mankind further; either the progress is made as a reaction or as a change itself.

One kind of change is the need for making things and processes better, more effective, or less demanding etc. and it is present in evolution itself even if the result miss the goal. This inner-system changes are “produced” by human and have impact on processes or/and relations or/and environment of the systems in which human lives. On the other hand there are changes within the environment of these systems itself, that are rarely controlled by human, and they may or may have not a significant impact on processes within the systems. There are also systematic changes driven by both environmental and inner-system changes, which lead to global change of macro-system structure/elements or even to creation of new systems and decline of the old one.

The changes are happening all the time and it is obvious to accept that things “happen” to change, but for management it is crucial to understand the principles for each and every change that could afford the organization. The better we know the principles of coming change the better we can prepare the organization for its impacts, the better we can focus on meeting the organizational goals, the better we can manage it.

For managing an organization on a strategic level, environmental changes are that to take the most afford, because the impact of how

successful the organization reacts on changing variables in environment is directly determining their further existence - for instance if management of a well-running petrol-station located by an important “non-highway” road does not take in account government plans for building a highway in the neighborhood, the further long-term existence of this company is dim.

Determining which environmental variables to take in account, predicting their trends, recognizing processes leading to manage impacts and applying measures for keeping sustainable organizational presence are considered key elements for management decisions to take.

How far we can go in understanding variables and their principles? Management theories rely on knowledge and exact data, where often applying mathematical-statistic models. An inconvenient it can be the weakest side of applying any measure into practice. The complexity of system and system environment changes and the ambition to understand them, manage them and to predict impacts and future feedbacks in as many environment variables as it gets may lead to mistakes, misunderstanding the key aspects and in fact mismanaging the organization.

Therefore to understand this complexity there is an ambition in modern contemporary management theories to be set up on principles of theories like - contingency theory, systems theory and chaos theory. It is not a goal of this article to discuss those theories; still there are common factors in considering environmental changes in these theories that are important to understand the background of changes.

First is a view on an organization from a broader perspective.

Second is an understanding that each organization as a system has its own special, particular status – elements and relations that have to be considered first if any decisions are to be put in action.

Third is focusing on key aspects.

For strategic management that changes in environmental variables are important that affect organization in broader perspective, (well-going newspaper stand located by the entrance to a big factory can have problems if the management of the factory decide to distribute major newspapers free of cost to their employees), that have or can have an impact on key aspects, and mostly that which do not fit organizations special, particular status.

Bees, Birds and Horses -the Meaning of System Special, Particular Status in Applying Management Changes - System Culture

“According to all known laws of aviation, there is no way that a bee should be able to fly. Its wings are too small to get its fat little body off the ground. The bee, of course, flies anyway. Because bees do not care about what humans think is impossible.” - the title of The Bee movie. The

bee model of behavior is an excellent case to show the culture principles applied in well operating system. Every member in this system has its particular role, particular behavior, particular benefit for the whole system and special particular relation to every other member of this system. The key element is the queen, which gives the whole system a reason for existence, and the surveillance of this very single element determines surveillance of the whole system. No individual member of the system could survive if it leaves the system (except in some cases the queen).

Environmental changes, such as the change of quality or/and quantity of flowers in set radius have or may have impact on outputs of the bee system, measured or recognized in quantity of the production of a honeycomb and a honey and in flavor of these products. Next effect can be increased or decreased reproduction. But I assume that any change in environmental variables could not change the role of any member of this system, even when it means its decline and decay. The management is then respecting a culture based on firm position/role of members inside the system. On the other hand there are systems adaptive, with tendency for example to build a continual hierarchy - e.g. horses, when specific roles (as the leader) can be adapted and individuals replaced due to circumstances, up to fully volatile systems with no set up rules for structure – like birds colonies.

Global changes in environmental variables would in meaning of management techniques and approaches have very different impact on bees, birds and horses models. The same principle is in managing an organization. When considering of applying any management method (on strategic level) we strictly have to respect the culture of the system. If the cultural approach is underestimated the benefit of management theories adopted to bring progress can easily be diminished.

As a conclusion we can agree with Heller and de Bono (10) that “... *there is a whole raft of business management theories for top management to follow; such as Total Quality Management, Six Sigma, kaizen...but there is a lack of strategic management theories which would bring a success to any company relying on them.*”

Only combining the new theories and old principles already rooted in organization, applied in one hand with the system culture can bring satisfying results as an answer to the global changes.

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Coping with Difficult Situations in Management

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Abstract

Coping with difficult and stressful situations is today a broadly discussed question among the people from professional public. The reason for this may be the fact that the answer can be helpful to any layperson. After clarifying this question, professionals can help their clients as well as managers while trainings of skills dealing stress management. It can lead to higher quality level of both advisory and crisis interventions.

A very interesting look at the problem is shown in a new discipline called health psychology. It deals not only with situations harmful to health but also with strengthening of those forms of psychological functions and behavior that have a positive importance. Effective stress management can be considered as an indicator of psychological health.

Moreover, coping styles of management concentrated on task, emotions and avoiding are also mentioned in this part.

Key Words

Personality, Manager. Stress. Stress factor. Stress management. Behavioral strategies. Positive thinking. Coping. Adapted behavior. Life style. Regeneration. Emotional reaction.

The everyday situations that we come across leave their marks on us, such as strains, fatigue, moodiness and annoyance. This, of course, leads to the decrease in physical and psychical performance. In some cases, we have to use all our effort and strength to cope with them.

Coping with difficult situations is a field, which attracts the attention of many professionals in different study areas. From the individual's point of view, these situations are problematic and critical and make special demands on the individual in order to go through them (Lovaš, Výrost, 1997, 13)

Strains and Stress

A certain level of stress is important, moreover for life, growth and development it is essential. However, there are differences between

dangerous, pathogenic stress - when a person undergoes negative strains and positive stress - leading to the increase of resistance and support of individuals development. Stress that is healthy and gives a feeling of fulfillment is called eustress but when it has negative implications, we talk about distress. Eustress keeps individuals excited about their lives; it stimulates the positive growth and development (Selye, 1981, 299)

In comparison to eustress, distress is more important as it has bigger influence on activation processes, is long lasting, more noticeable and it has bigger inertia. In other words, distress is that kind of stress which can be destructive.

There are three stages how individuals respond to stress (distress). In the first stage, they go through the bad emotional strains, for instance anxiety and anger. The second one is the stage of behaviour. Negative anxiety can lead to two types of behaviour, either it provokes the tendency to avoid the unpleasant situation or it leads to aggressive behaviour. Physiological changes refer to the third stage. Based on them we can judge the intensity of activation which leads to the adaptation to stress.

The starting point is anxiety or anger as the reflection of threat and lead up of secretion of catecholamine /adrenaline, noradrenalin/ which put the cardiovascular and locomotive system on alert. This is the so-called quick stress based on the Cannon's concept of the reaction escape - attack.

The main point in today's stress theories are the concepts of stress management. Coping is regarded as the stabilizing factor, which can help individuals to maintain the adaptation during stress periods (Lazarus, Folkman, 1984; Holahan, Moos, 1987). The relationship between the environment and individuals moderate two processes:

- evaluation - primary evaluation in which individuals evaluate the effect of certain situations on their comfort and secondary evaluation where the individuals try to find ways how to face them
- coping - defined as the "complex" of cognitive and behavioural efforts focused on coping, reduction and tolerance of inner and outer demands that endanger or increase the possibilities (sources) of individuals (Lazarus..)

Several models were introduced to classify coping strategies, however, despite their clear difference there is only 1 basic difference - coping based on the target or coping based on the process. On the one hand, there is an effort to change or gain control over those factors of environment which are stressful. On the other hand, there is an effort to manage and control our own emotions rising in the cause of stress episode.

In scientific literature much attention is paid to analyses dealing with those factors which in some way influence or ease the coping processes. The most commonly introduced are:

- personal factors - personality, hardiness, vulnerability, inner localization of control, interpersonal skills, intellect, self-reflection, anxiousness
- environmental factors - social net usually called as "social support" showing the complex of one's interpersonal relationships. These will provide positive emotional bonds, practical help as well as information on the evaluation of stressor, etc.
- situational characteristics - dependent on the factors of environment as well as on one's conditions important for the correct choice of coping strategies. These are not only the nature of stressors, their closeness and duration but also the subjective perception of stressful situation and extent in which the situation is considered to be manageable or unmanageable, expected or unexpected, challenging or threatening.

In the 1960s, a new line of research, initially related to work being conducted on defense mechanisms, began to coalesce under the "coping" label. Before this period, the word coping had been used informally in the medical and social science literature (Lazarus et al., 1993, 55). In the 1960s, however, the concept of coping began to acquire a technical meaning for some researchers.

Coping is a stabilizing factor that can help individuals maintain psychosocial adaptation during stressful periods, it encompasses cognitive and behavioral efforts to reduce or eliminate stressful conditions and associated emotional distress. At a general level, conceptualizations of coping may be categorized according to their assumptions about the primary determinants of coping responses. Dispositional approaches assume that relatively stable person – based factors underlie the selection of coping behaviors (Endler, 1996, 25).

Earlier definitions within the literature conceptualize stress as being an external stimulus, a physiological response, or an environmental condition. Later definitions have emphasized the active role played by the individual in the stress process and have suggested that stress is best understood as resulting from the interaction or some imbalance between the individual and aspect of the environment (Cox, 1978, 56).

Stress and Strains in Management

Stressful situations are mostly connected with family, work and school environment. However, most studies show that the workplace environment

is the most important source of stress and stressful situations. These are often brought to family environment. The majority of people must cope with many stressful situations. They have to bear responsibility, make quick decisions and meet the deadlines. If stress is accompanied by a negative attitude and aversion to solve the problems, one's health is endangered (D. Ježová, Ústav experimentálnej endokrinológie SAV)

Stress should not be underestimated as it can be very useful. People need it in order to perform well but too much of it is harmful. Companies prefer the so-called resistant people, i.e. people who can better cope with stressful situations and work under pressure. Moreover, these companies deal with the fact how to eliminate stress and, at the same time, not to underestimate the risk of economic losses. In general, it is better if people can work in workplaces with high level of stress and that is why this ability is important while recruitment process. At some positions, this criterion is formal and strict while at some other it is only a part of one's profile. Stress elimination is the question of communication, teamwork but also of removal of its sources. Trainings and coaching that give people "tools" on self-reflection and self-control are very helpful.

From the physiological point of view, many changes occur during stress. While chronic stress, the immune functions are weakened and as a consequence the susceptibility to different infections and inflammations increases. Stress stimuli activate the cardiovascular system and the excessive activation forms the basics of heart and blood vessel diseases. Stress hormones have influence on the activity of stomach and bowels so long-lasting stress can lead to functional diseases of these organs or to ulcerous disease. Stress also causes changes in human brain so mental diseases are another consequences of excessive stress.

Less important situations, that one meets in managerial practice or everyday life, can be stressful situations as well (Oravcová, 2004, 288)

1. time stress - fulfillment of tasks
2. stress from too many tasks
3. stress from big variety of tasks
4. stress from chaotic work management
5. stress as a consequence of dull and boring activities
6. stress from bad interpersonal relationship - e.g. in the workplace

Workplace Stress

The literature on coping generally has focused on internal resources for coping with stress and external resources, notably social support. Increasingly, the influence of problem type or content, and the distinction between dealing with work and general life stresses, is recognized as playing a major role in determining coping strategies.

During the 1980s, widescale uncertainty and concern for job security resulted from major and unexpected organizational changes of radical rather than incremental nature. Mergers, acquisition, and corporate restructuring were coupled with massive job losses, particularly in the manufacturing sector. Although, as Callan (1993) suggests, the responsibility for coping with such change often seems to stop with the individual, a small but growing body of research evidence indicates that majority of individuals do not cope well with organizational change and suffer long – term adverse mental health. Compared with routine problems where the individual can apply past experience, such events represent circumstances in which individuals perceive themselves to have no control and no appropriate coping strategy to deal with the stress (Endler, 1996, 209).

Elkin and Rosch (1990), summarize a useful range of possible organization – directed strategies to reduce stress:

- Redesign the task.
- Redesign the work environment.
- Establish flexible work schedules.
- Encourage participative management.
- Include the employee in career development.
- Analyze work roles and establish goals.
- Provide social support and feedback.
- Establish fair and family – friendly employment policies.
- Share the rewards.

Sources of Workplace Stress

Whereas stress may have common manifestations and symptomology (e.g. raised blood pressure, irritability, insomnia, depressed mood), the potential sources of workplace stress are many and various, and are not necessarily easy for the individual or the organization to identify, nor to deal with systematically and effectively. According to the model proposed by Cooper and Marshall (1978), the sources of occupational stress can be considered as falling within six broad categories: (In. Endler, 1996, 204)

1. Factor Intrinsic to the Job. These include qualitative and quantitative work overload, poor physical working conditions or badly designed work environments, disruptive work patterns, uneven workload demands, long working hours, risk or danger, new technology, and travel.
2. Role in the Organization. Three critical factors – role ambiguity, role conflict and the degree of responsibility for others – are identified as major sources of potential stress.

3. Relationships at Work. Research has established both a theoretical basis and strong empirical evidence for a causal impact of social relationships on health. Most studies have concluded that a psychological sense of support and trust in coworkers and colleagues is a powerful determinant of well – being . Poor relationships at work (with superiors, colleagues and subordinates) not only can be primary sources of stress but also adversely affect the development of supportive relationships that act as a stress moderator or buffer.
4. Career Developments. These factors include problems of over/under promotion, having reached one's career plateau, early retirement, or an unclear career future. Job insecurity and career development have increasingly become a source of stress during the merger and acquisition boom of the 1980s and seem likely to continue throughout the recessionary 1990s.
5. Organizational Structure and Climate. Potential stressors in this category can broadly be described as factors that relate to being in a particular organization and its culture. They include poor communication, incompatible managerial style, and lack of participation, feedback, and effective consultation.
6. Home - Work Interface. Finally, managing the interface between work and home is a potential source of stress, particularly for dual – career couples, and those who may be experiencing financial difficulties or life crises (Cooper, Lewis, 1993, 96). Balancing the often – conflicting demands and responsibilities of home and work life produces especial pressure for individuals in the current economic climate of job uncertainty and increased individual workloads, and may result in a spillover effect.

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Demographic and Organization Factors' Analyses in Relation to Mobbing in Companies

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Abstract

Mobbing is a company negative phenomenon. The study analyses the presence of the mobbing behaviour in relation to some demographic and organization factors. We found out the fact that the employees, working for state offices with number of them more than 500, meet the mobbing behaviour, as well as those of middle management in the field of administration and health care. The investigation reveals that the mobbing behaviour is closely connected to the degree of the employee's freedom and independence.

1. Introduction

Mobbing is one of the factors, which invokes the state of stress, injustice and discrimination in the working process. Mobbing may be perceived as demanding life situation (Frankovský, 2001), that causes changes in quality of life (Frankovský, Kentoš, 2004).

Mental attacks, abuse, threatening, insulation of employee from the others – all these phenomena, if they are long lasting, lead to the mental health violation.

Mobbing can be characterised as a complex of the negative factors, which appear with a certain frequency in a group of employees.

Mobbing is a type of a hidden aggression. An aggressive man, being punished for a physical aggression, is looking for another form for his aggression, which is difficult to prove.

Mobbing is from the point of view of law hardly obnoxious and it is difficult to prove it.

Approaches to the mobbing investigation are orientated on the results of mobbing and the victim feelings (Lehman, 1998) or on the description of the individual negative acts on the working sites. This approach representative is professor Einersen from University of Bergen in Norway. He with his colleagues prepared questionnaire NAQ (Negative Acts Questionnaire).

Methodology was changing during the time. At present time it is used the version with 29 items or that of 23 items. Studies, prepared from given methodology (for example of Hoel, Cooper and Faragher, 2001), (Einersen, Mikkelsen, 2001), analyse the negative acts of behaviour and the mobbing behaviour especially in Scandinavian countries and in Great Britain. These studies reveal that manipulative behaviour (making jokes) prevail and it is more seen than the aggressive behaviour at work (threatening, crying, etc.).

2. Investigation and the Sample Description

Data selection was provided within the investigation task VEGA Nr./3638/06: Discrimination, mobbing, bullying in the working process. Project head: doc. PhDr. Viliam Kubáni, PhD.. 1093 participants were participated the investigation, and from this number there were 726 women, 315 men and 52 non-valid men, questionnaires which were excluded from observation. There were students of the overgraduate study of Prešov University in the sample. At analysing of the individual problems we used the method NAQ with 29 items. The aim of the investigation was to find out, which demographic factors (sex, education, marital status, company scale, working position, company type) are connected to the mobbing behaviour at workint site. The investigation was made in 2007-2008 and recorded in statistics programme SPSS. The basic data on sample are pointed in figure Nr. 1.

SEX	Nr.	%
man	315	30,3
woman	726	69,7
STATUS	počet	%
married	601	64,7
divorced	69	7,4
widow/widower	15	1,6
single	244	26,3
EDUCATION	počet	%
Sec. School - no school leaving exam	76	8,2
Sec. School – with school leaving exam	621	67,1
University Education	229	24,7

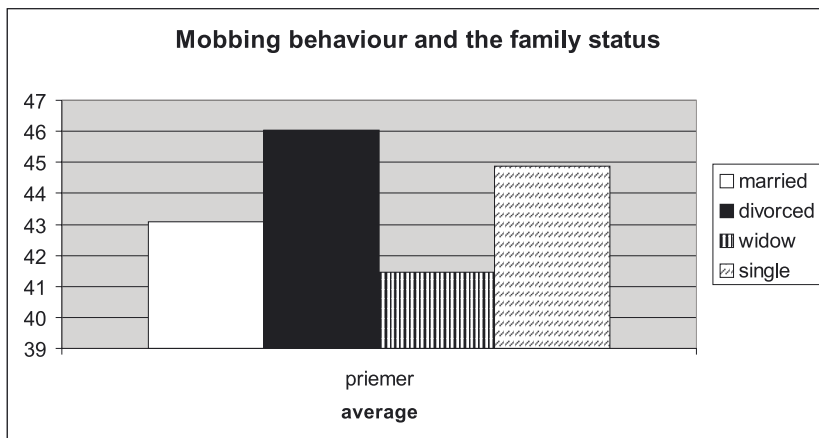
Figure Nr.1: Demographic factors

3. Mobbing Behaviour and the Individual Demographic and Organisation Factors Analyses

1. Sex

Difference between men and women is inconsiderable. The average score at men (43,67) and women (43,46) is nearly the same.

2. Family status



Graph Nr. 1: Mobbing behaviour and the family status

From the above graph we see the difference between the perception of the mobbing behaviour and the marital status. Divorced people are considered to be more mobbited than the others. Widowers are considered to be mobbited less than the others. This difference we tested also by Mann-Whitney test, Z is 1,97.

3. Type of company

COMPANY TYPE	Nr.	Average	STD
private	540	42,51	11,511
state	512	44,66	13,023

Figure Nr. 2: The mobbing behaviour in private and state company

The above figure reveals, that the mobbing behaviour is seen more in the state subjects as in private companies. This difference is statistically relevant in Mann-Whitney test Z is 2,7. We can explain it in fact, that the private companies are orientated on effect and the tasks are exactly specified. There is time enough for the manipulative and mobbing behaviour in the state offices.

4. Working field

We were interested, in which field (health care, education) the mobbing behaviour exists in bigger degree. Results are described in figure Nr. 3.

NAQ Scores in different fields	Nr.	Average	STD
Health care	201	45,10	13,357
Education	109	40,08	11,229
Bureau, administration	212	45,69	11,953
industry/production	175	43,16	11,805

Figure Nr. 3: Working field

The above figure depicts, that employees in the field of education don't perceive the mobbing behaviour and on the other hand the mobbing behaviour exists in the field of administration and of the health care. This difference is distinctive. (Mann-Whitney test $Z = 5,02$). We can explain it by the fact that the employee of the educational field have more freedom and possibility of self-realisation. Employees of the administration field and of the health care field must fulfil given tasks, duties and their remuneration is arranged by indeterminate criteria.

5. Working position

We analyse the mobbing behaviour in relation to the working position. Results are in figure Nr. 4.

Working position	Nr.	Average	STD
Employee	817	43,62	12,506
Middle Management	144	43,65	11,500
Higher Management	31	40,26	7,848

Figure Nr. 4: The working position

The middle management is executed by the mobbing behaviour more than the higher management. The difference is tightly over the border of relevancy (Mann-Whitney test $Z = 1,3$) We can explain it by the fact that high management has the bigger degree of independence and freedom.

On the basis of our investigation we can try to specify the employee typology, who percepts the mobbing more than the others.

Mobbited employee is divorced person, working for a big company, in administration and he is a referee or of the middle management.

Non-mobbited employee works for a little company, of a private one, often in educational field, he is married or widower.

The investigation reveals that the degree of freedom and independence at work is indicator of the mobbing behaviour perception. In general we can say the more freedom employee has, the less mobbing behaviour feels.

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Taxation of Income from Capital Assets

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Introduction

Financial market offers opportunities of variable investments, so people consider suitable investments, which would help them improve their financial situation. Not only business people have the opportunity to invest money, but also physical entities, who do not possess enough financial sources necessary to entrepreneur or do not have a special liking for entreprenuring activities. Today, financial institutions (banks, stock brokers, insurance companies) offer the opportunity to the above mentioned persons of increasing their possessions through investing of private capital in securities with a guarantee of set interests or yields. Next, the offer interests or yields from financial means on deposit accounts. Fulfilments in the form of interests, yields, or levies are called income from capital assets and it is a subject to taxation.

The issue of taxation of incomes from capital assets is regulated by the Section 7 on Incomes from capital assets and the section 8 on Other incomes of Law Act No. 595/2003 Coll. on income tax as amended, whereas in wording of the above mentioned, income from capital is defined in details.

The income from capital assets can be defined as an interest or yield mainly from using financial means for products of various financial institutions, incomes from securities and incomes from granted loans. Collection of taxes on income from capital assets given in the Section 7, par. 1, subpar. a), subpar. b), subpar. d) subpar. e) and in the par. 2 of Law Act No. 595/2003 Coll. on income tax as amended is made by means of deduction in the sense of Section 43 of the same act.

Tax Collection by Means of Deduction

“Tax collection by means of deduction is made at the following incomes:

- interests and other yields from securities – Section 7 par. 1, subpar. a)
- interests, winnings, and other yields from deposit books, including interests from financial means on deposit accounts, accounts of savings for building purposes and current accounts – Section 7 par 1 subpar. b), apart from interests from financial means on current accounts used in relation with making income from business activities or other independent self-employment activity given in Section 6 par. 5 subpar. b) of Law Act No. 596/2003 Coll. on income tax as amended,

- levies from supplementary retirement savings according to special direction as well as compensation money granted in accordance with a special direction – Section 7 par 1 subpar. d,
- payment of insurance benefits in case of accomplishing to live a certain age including a one time compensation or surrender is paid in case of premature termination of insurance.”¹

Interests and others yields from securities – Section 7 per. 1 let a) and Section 7 par. 2 Law Act No. 595/2003 Coll. on income tax as amended.

Yields from a security means an income from capital assets, which is regulated by the section 7 of Law Act 595/2003 Coll. on income tax as amended, whereas income from the sale of security is classified in other incomes given in the Section 8 of the above mentioned Law Act. The definition of security is contained in Law Act No. 566/2001 Coll. on securities and investment services and on changes of and amendments to some of the acts as amended. In the sense of the Section 2 par.1 of the cited Law Act, a security is “by money appraisable registration in the form and shape recognized by law, to which the rights according to this law appertain and the right according to special acts, mainly the right to require certain property settlement or to exercise certain rights toward the persons appointed by law.”²

Based on the above-mentioned and in the sense of Section 2 par. 2 of Law Act No. 566/2001 Coll. on securities and investment services and on changes of and amendments to some of the acts as amended, the system of securities is made by the following:

- a) stock
- b) temporary certificate
- c) investment certificate
- d) bond
- e) certificate of deposit
- f) treasury bill
- g) savings book
- h) coupon
- i) bill of exchange
- j) cheque
- k) travel cheque
- l) bill of landing
- m) warehouse certificate

¹ Law Act No. 595/2003 Coll. on income tax as amended

² Law Act No. 566/2001 on securities and investment services and on the changes of and/or amendments to some of the law acts as amended

- n) warehouse mortgage bond
- o) goods mortgage bond
- p) cooperative participation certificate
- r) other kind of security, which was declared as security by a special law

Share and Temporary Certificate

In Section 155, Commercial Code defines a share as “security, to which the right of a share holder to participate in management of the company is related according to the law and company’s statutes, in its profit and liquidation balance after its dissolution, which are related to the share as security”³. A share may have a form of paper security, the so-called paper share or a form of registered security. An inscribed share can be in form of paper security or registered security, whereas a bearer share can only be registered.

Temporary certificate is a security, which is inscribed and the rights connected to shares are related to it; it replaces the shares due to the Law Act that an assurer did not pay all share issue price prior to the registration in the Register of Companies, and for this reason he was not able to become an owner of the share.

A share is a special kind of security, from which income is included to incomes from capital assets in form of interests and other yields from securities, shares in profit of a joint-stock company (dividends).

A share holder has the right for a share in profit of a company, the so called dividend. In the sense of Section 52 par. 24 of the Law Act No. 595/2003 Coll. on income tax as amended, if a share in the profit shown in the periods of taxation to 31st December 2003 is received from April 2004 by a tax payer with a limited tax liability, it is a revenue from sources in the area of the Slovak Republic; in this case, taxation is made by means of deduction in the sense of Section 43 of the cited Act. The above-mentioned income is not subject to tax when the tax-payer has residence in an EU member country and in the moment of payout or credit of such income to the account, a tax-payer has 25% share in the total basic capital of the entity that has paid this income to him. In case when a profit shown in the tax period to 31st December 2003 is being received by a tax-payer with unlimited tax liability from the entity residing in another EU member country and in the moment of payout or credit of such income to the account, a tax-payer has 25% share in the total basic capital of the entity that has paid this income to him, this income is not taxable from the moment of effect of the agreement on the accession of the Slovak Republic to the European Union.

Another legal regulation considering taxation of income exclusively

³ Law Act No. 513/1991 Coll. Commercial Code

related to shares is given in Section 8 par. 1 subpar. e and Section 8 par. 5 of the cited Law Act (income from transfer of securities to not entreprenuring persons) and Section 19 par. 2 subpar. f (claiming of costs at sale of shares and other securities of entreprenuring entities).

Bond

In the sense of Law Act No. 530/1990 Coll. as amended on bonds, a bond is “a security, to which the rights of an owner to pay the debt price in the nominal value and yields disbursement as of a certain date, and obligation of the entity authorized to issue bonds (the eminent) to fulfil these obligation are related.”⁴ The term nominal value denotes a sum of money to which a bond is issued. Rate of issue is a price, for which the eminent sells a bond at its issuing. It is possible to state the yield from bonds by a fixed interest rate and a share in profits or a difference between the nominal value and the lower rate of issue. In case we consider fixed interest rate at yield calculation, the yield is taxed by means of withholding tax in accordance with Section 7 par. 3 and Section 43 par. 3 subpar. i of Law Act No. 595/2003 Coll. on income taxes as amended and deduction is made by the entity that has issued the bond. Yield arising from the difference between the nominal value and the rate of issue of a bond at the date of its maturity is also subject to withholding tax in the sense of Section 43 of the cited Law Act. In case of premature repayment of a security, instead of a nominal value, a price for which the security was bought back is used and the expense represents the rate of issue of the bond, whereas the above given difference is subject to withholding tax. If a physical entity has income from government bonds issued and registered abroad or from bonds issued on behalf of the Slovak Republic by the Ministry of Economy, this income is not taxable in the sense of the Section 9 par. 2 subpar. s) and Section 18 and Section 19 of Law Act No. 530/1990 Coll. on bonds as amended. Also government bonds in foreign currency issued (emitted) up to 31st December 2003 are free-of tax.

Investment Certificates

An investment certificate is a security, to which the right of a shareholder to a corresponding share in assets in mutual funds and the right to participate in the yields from this assets according to the statute. An investment certificate can be issued for one or more shares of the shareholders in open mutual funds.

Legal regulation of investment certificates as securities is regulated from the Law Act No. 594/2003 Coll. on collective investing as amended, whereas the definition of the investment certificate is given in Section 40

⁴ Law Act No. 530/1990 Coll. on bonds as amended

of the above mentioned act. The Law Act on collective investing regulates the practice of the “administration company, legal entity, which upon the public appeal collects financial means from the public for the purpose of their further investing in mutual funds”⁵. In the sense of Section 55 par.2 of Law Act No. 594/2003 Coll. on collective investing as amended, the regulation mentioning the Law Act that an administration company is obliged to pay on a yearly basis yields from assets in a mutual fund in the amount of yields from securities, means of financial market and saving accounts paid to the administration company for the respective calendar year to the shareholders is mandatory. The obligation to pay yields from assets in a mutual fund is considered also issuing of investment certificate, which has the value of yield.

The profit from them represents yields from investment certificate holding, which is divided into the following groups:

- a) capitalization return – is a yield, which is not paid and will be used for further re-investment,
- b) distributive return – represents a form of the yield, which is paid on a regular basis and is subject to tax, tax rate 19% in case of the return which comes from the sources in the Slovak Republic.

When returning an investment certificate (redemption), it is not an income from the transfer of securities, just the contrary, it is an income from capital assets in accordance with Section 7 of Law Act No. 595/2003. The income from payment or returning of the investment certificate has been subject to withdrawal tax since 1st April 2007. By incomes from payment or returning of investment certificate to domestic mutual funds, the bank levies the withdrawal tax on the level of 19% right at payment. Tax withdrawing is made from the difference between the value of investment certificate at payment or returning including administration fee and the credit of the clients at issuing of the investment certificate, and so the client receives net yield, which can be considered to be settled. At incomes, which are from abroad and are paid to foreign mutual funds, tax withdrawal is not made, however the client includes this income to his tax return. No tax on yields occurs when sum of incomes of physical entity from other occasional activities does not exceed 5 times the subsistence minimum, which is SKK 24,900.00 for the tax period of 2007. Generally it holds true, that if a physical entity has had such income over SKK 24,900.00, only income exceeding this amount is counted to the tax base. A different situation occurs, when the client sells securities, or returning (payment) of the investment certificate, which has been acquired before 31st December

⁵ Law Act No. 594/2003 Coll. on collective investments and on the changes of and/or amendments to some of the law acts

2003. In case that a shareholder can dispose of yields, the yields are taxable in a similar way as interests on credits on saving books, but if it is the amount that expresses the current value of shares, which expresses the Law Act considering the change of value, then the shareholder has an actual profit only at the moment of payment of the share and the above mentioned difference is taxed.

In this case it holds true that a physical entity, who does not perform a business activity, does not have to pay any tax from the sale of securities in the following cases:

- if the physical entity has owned securities for 3 years or
- if they are domestic securities accepted to the stock exchange market and the physical entity has owned them for a shorter period of time on the condition that the profit from the sale of those securities is not higher than SKK 50,000.00 in the tax year.

Other Securities

Other securities are securities, of which the substance is regulated according to the law on securities. Bill of exchange is a security, content of which is defined and regulated by Law Act No. 191/1950 Coll. bills of exchange and cheques Law Act and it is appropriate to note that the above mentioned Law Act is regarding its validity one of the oldest acts. A treasury bill is a security, which at its due time, enables to its owner to claim payment of the par value of this security, which is regulated by Section 3 of Law Act No. 566/2001 Coll. on securities and investment services as amended. A profit from a treasury bill is a difference between its par value and a rate of issue. The “coupon as a security, which is issued as a talon or in favor of named and serves for exercising the right for profit from a share, temporary certificate, a bond, or an investment share”⁶ is regulated similarly as a treasury bill. Legal regulation is given in the

Section 4 of the Law Act No. 566/2001 Coll. on securities and investment services and on changes and amendments of some acts as amended. A bill of lading is a specific security and its specialty rests on the Law Act that the security in question is regulated by the Civil Code in the Section 612, and which carrier issues it to a sender. Warehouse mortgage bonds and goods mortgage bonds are regulated by Law Act 144/1998 on warehouse mortgage bonds and goods mortgage bonds and on amendments to some of the law acts.

Interests, winnings, and other profits from incomes on saving books, including interests from financial means on savings account, from accounts

⁶ Law Act No. 566/2001 Coll. on securities and investment services and on the changes of and/or amendments to some of the law acts

for saving for building purposes or purchase of house and from current accounts – Section 7 par.1 subpar. b) of the Law Act 595/2003 Coll. on income tax as amended.

In its 14th Chapter, 8th paragraph, the Civil Code (No. 40/1964 Coll.) regulates deposits. “The contract on deposit arises between a legal entity and a physical entity, an entrepreneur, (a creditor) a financial institution by means of paying a deposit and its acceptance by a financial institution”.⁷ In the sense of the Section 779 of the above mentioned act, the depositor is entitled for interests or any other assets set by a financial institution in accordance with a directive according to separate regulations. After agreement with a financial institution, the depositor can block the payment of the deposit for notice of a password or after fulfillment of some other condition. In the sense of Civil Code, profits from deposits can be classified into the following categories:

Profits from the Deposits on Saving Books

A saving book is a security in favor of the named. A financial institution will certify the acceptance of the deposit by issuing a saving book in such manner that the following facts are clear:

a) the amount of deposit, b) its change, and c) final balance. It is necessary to note that if a depositor did not manipulate with the account or failed to submit the savings book to complete the records within the period of 20 years, the deposit relation is cancelled by elapsing this time period and the depositor has the right for payment of the balance of the cancelled deposit.

Profits from Deposits Certified by Deposit Certificate

A deposit certificate is a certificate by a financial institution on fixed one time deposit, whereas the amount of the deposit is issued on the deposit certificate, otherwise regulations of the Civil Code on savings books are applicable. A deposit certificate is a security, which is regulated by the Section 786 of the above-mentioned Code.

Interests and other yields from financial means on current account. A current account is legal- economic service, which is provided by financial institutions of physical entities and legal entities, as well as physical entities, who are not entrepreneurs. Interests from the current account, which is used by a legal entity and a physical entity, an entrepreneur in relation with business activity and other self-employment activity are considered to be income from business activity and other employment activity in the sense of Section 6 par. 5 let b) of the Law Act No, 595/2003. Tax on interests is made in the sense of Section 9 par. 2 of the Law Act No. 595/2003 Coll. on

⁷ Law Act No. 40/1964 Coll. Civil Code as amended

income tax as amended with reference to Council Directive No. 2003/48/EC, the aim of which is to provide environment for every member country of the European Union in such manner that the interests from savings are taxed only in the country of residence to their actual consignee.

Interests on accounts of the saver for building purposes or purchase of a house

Legal regulation of tax on interests on the account of a consumer is regulated in the Section 7 par. 1 subpar. b) and Section 43 par. 3 a) of Law Act No. 595/2003 Coll. on income tax as amended, the aim of which is regulation of a tax-payer right to deduct the withheld tax from such income as an advance tax payment in accordance with Section 43 par. 7 of the above mentioned Law Act. Allowances including compensation benefit from supplementary retirement saving

Indemnification from personal insurance is in the sense of the Section 9 par. 2 subpar. of the Law Act No. 595/2003 Coll. on income tax as amended free, except for 2 cases:

- a) indemnification of endowment insurance
- b) fulfillment from supplementary retirement saving

The aim of this article is mainly to offer a global explanation and easier orientation in the issue of income tax on capital assets for beginner accountants and legal clerks specialized in tax law and also to point out the subsidiary legal regulations connected with Law Act No. 595/2003 Coll. on income tax as amended.

Conclusion

Taxation of income from capital assets is a separate part of income to the state budget. Income tax that arises from capital assets is made in form of withdrawing or by means of fulfillment and filing a tax return for the respective tax period. Tax base is decreased by the costs purposefully paid for the acquisition of capital assets or for its increasing. Currently, many legislative changes, which cause financial disorientation in all legal branches, including tax law, occur. Taxes, their amount, the manner of paying taxes, tax preferring of certain economic activities affect decision making of physical as well as legal entities in their investment activities, and therefore, in my opinion, it is necessary for the experts in the field to provide their knowledge in this area to public through specialized articles.

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Law Act No. 594/2003 Coll. on collective investments and on the changes of and/or amendments to some of the law acts

Law Act No. 530/1990 Coll. on bonds as amended

Law Act No. 513/1991 Coll. Commercial Code as amended

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Value Orientations of Selected Groups of Employees

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Introduction

Research of values, or value orientations is narrowly connected to the research of attitudes and behavior of individuals, groups, institutions and cultures as well. The values in this context are presenting relatively stable characteristics in form of convictions, abstract trans-situational goals, motivation constructs, standards and criteria. On individual level they vary according importance and this way are creating specific groupings.

One of the most elaborated conceptions of values is presented by a Schwartz theory of values (1992,1994), on which we are in submitted paper drawing upon. Values are indirectly related to the indicators of life quality. (Bašistová, A. – Ferencová, M. 2008) The Schwartz theory of values is based on following outcomes:

Values are convictions – they are convictions connected permanently with the emotions and not objective “cold” ideas. When values are activated, either we are aware of it or not, they are arousing positive or negative feelings. In case of persons, for whom independence is an important value, a state of negative emotions is emerging in moment of danger to their freedom. These persons are angry, or desperate, when they are helpless in struggle to protect their independency, or they are content and hilarious, when their independence in spite of many dangers is protected.

Values are stimulating constructs – they are connected to desired goals, which people are endeavoring to achieve. For example, justice is a desired goal for a majority of people in a majority of societies, as well as health, willingness and success. Also a justice, health and success, all these are values. Values, which are important for a person, are rousing corresponding behavior. Values by their content are transcending specific actions and situations. They are abstract goals - conformity and honesty are, for example, values, which are important at work, or at school, during sport activities or business, in a family circle, with friends, or strangers. The abstract nature of values sufficiently differs them from other concepts such as norms and attitudes, which are usually connected to specific activities, objects or situations.

Values are leading principle in selection or valuation (evaluation) of activities, plans, people and events – that means, that values are serving to us as standards or criteria. We are pondering, if activities, plans, people and

events are good or bad, justified or not justified, worth an effort or refuse in dependence on their ability to facilitate or complicate achievement of values. We are rarely aware of an impact of our values upon our every day decisions. We are aware of our values mostly in situations, when our activities or judgements of which we are contemplating can have conflicting results upon other values, which we are judging to be important.

Values are sorted according to mutual importance one after another – humans are creating ordered system of preferred values, which consequently characterize them as individuals. These values are attaching greater importance to justice or success, to originality or to tradition, to material wealth or to spiritual wealth. This hierarchical mark of values, separate them also from norms and attitudes.

The basic property of values is their motivational character, which individual values mutually separate and is aiming them on various goals. Schwartz created this way a circular model, which is representing ten various value orientations. The circular model is also expressing mutual relations among individual value orientations. Similar values are positioned next to each other, and, on the contrary, opposite values are distanced from each other as is shown on pict.1.



Pict. 1. A circular model of values by S. Schwartz

Individual value orientations are, in addition, creating bipolar value dimensions: readiness in regard to change – protection of status quo, self-transcendence – self-assertion. The first pole is constituted by values of universalism and benevolence, which are rousing a transcendence of personal interests, transcendence of an individual toward something supra individual (other people, nature, cosmos). In an opposition to them are values, such as power and success, which are enticing self-asserting goals.

Values of universalism and benevolence are mirroring cooperative social relations whereas power and success are supposing competitive relations among people. On the other dimension are positioned against each other values of conformity, tradition and security, which are related to the pole “protection of status quo” (conservation) and values of self determination and stimulation, which belongs to the pole “openness toward change”. Poles of this dimension are introducing a different view upon attractiveness, or acceptance of change and insecurity in material, social and intellectual spheres of life. Tent value – hedonism is containing a tendency toward self-assertion and also toward openness to change. The value system this way is expressing a motivational continuum via value types, which, according to their position are representing mutual dynamic relations.

Method

Analysed data are part of the database of third round of European Social Probe, an international comparative research, which was executed in 25 countries. Nowadays we have results from 19 countries shown in table 1. On research participated 30 902 respondents of age 15 – 1000 years ($M = 45,25$ $SD = 18,11$). Representative selections with a minimal participation of 1500 participants (with exception of Denmark, Hungary, Slovenia and Iceland) monitored basic population characteristics – genre, age and education, which were, consequently, in regard to population statistics, weighed. In Slovakia on research participated 1 766 respondents, of this were 841 men and 896 women, 29 respondents did no report genre,. The age of respondents varied from 15 to 91 years ($M = 43,42$ $SD = 17,88$).

Country	Total	Filter
Belgium	1 798	1 767
Bulgaria	1 400	1 248
Cyprus	995	933
Germany	2 916	2 828
Denmark	1 505	1 451
Estonia	1 517	1 420
Spain	1 876	1 802
Finland	1 896	1 645
France	1 986	1 948
UK	2 394	2 301
Hungary	1 518	1 409
Switzerland	1 804	1 758
Norway	1 750	1 533
Poland	1 721	1 629
Portugal	2 222	2 117
Russian Fed.	2 437	2 306
Sweden	1 927	1 585
Slovenia	1 476	1 329
Slovakia	1 766	1 670
Total	34 904	32 679

Table 1 : Participants of ESS in individual countries

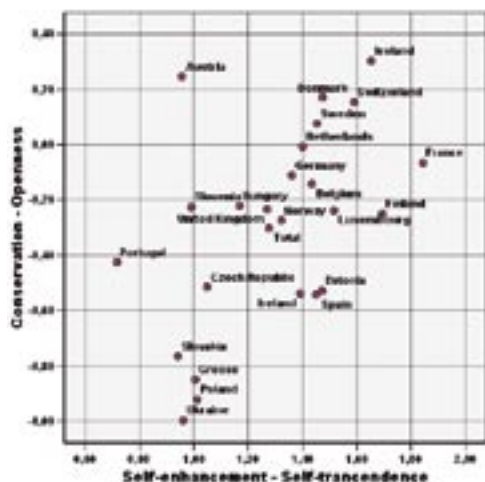
The value orientation was probed via modified version of methodic Portrait Values Questionnaire, which consisted of 21 items. Each item represents goals, aspirations, or wishes, which are corresponding with the basic values, for example such as “He is looking for every opportunity, to have a fun. For him it is important to do things, which are entertaining.” These are representing value of hedonism. Nine value types are represented by two item and one type – universalism, is represented by three items. Individual items are describing by various persons and respondent on six points scale is expressing similarities with this person. Schwartz (2005) states, that a direction of comparison of a concrete description of person (portrait) with the participant is giving a larger opportunity to gain a valid responds as in case, when respondent is comparing himself with individual descriptions. In the second case into comparison is entering a large number of characteristics, which respondent is not able to find in a description and is not accepting given description.

In connection with recommendation of Schwartz (2003) out of analysis were excluded respondents, who not responded on 5 or more items of methodic and at the same time those, who responded to 16 and more items in the same way, so they were to capable to discriminate logically opposite items. The numbers of respondents, who fulfilled these criteria is stated in third column of table 1.

Results and Interpretation

Value orientations of respondents according countries

An international comparative research – European Social Probe is offering a possibility to compare data gained via same approach of gathering, in the



same time and with use of same tool in various countries. For reasons of comparison of value preferences of respondents of all participating countries we opt for two-dimensional graph showing value dimensions as bi-polar constructs with values from -5 to + 5.

Graph 1:
Average preferences of value dimension in individual countries

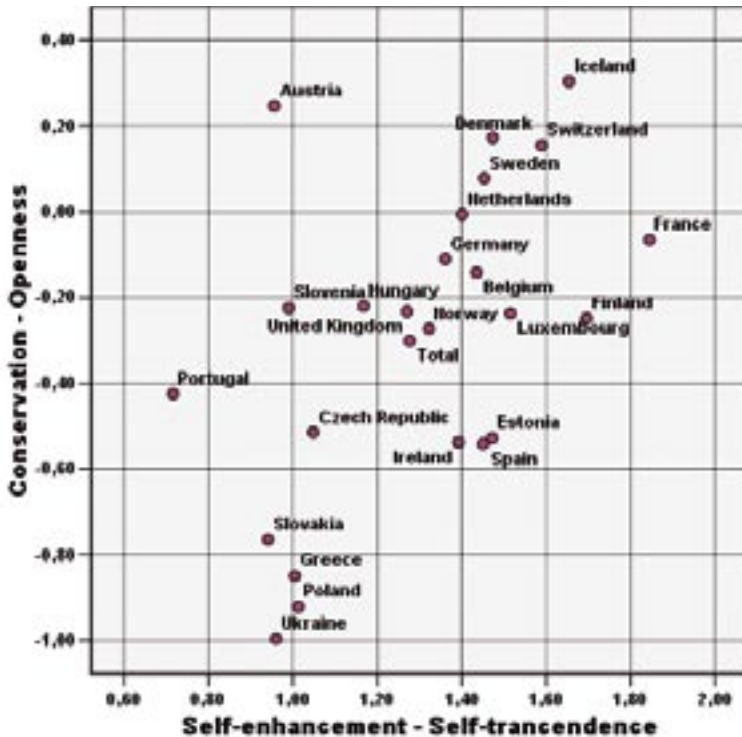
The presented graph is clearly showing, that respondents in a majority of countries were holding rather conservative values, especially in Ukraine, Poland and Greece, which in a frame of Europe belong to the most religious countries. Similar results were recorded also in Slovak respondents, who prevalently are adhering to values resisting to changes. On the contrary, more liberal values preferred respondents from northern Europe, from Austria and Switzerland. On the dimension self-assertion – self-transcendency all respondents preferred values aimed at other than to themselves. These varied only in degree of this dimension. Similar results reported Ištvanikova, Čížmarik (2005, 2006) Ištvaniková (2007a, 2007b), Ištvaniková, Frankovský (2007).

Value Dimensions of Various Groups of Employees

Value orientations of managers

Methodic ESS is offering information about work position and areas in which respondent is active. This information was elaborated according to International Standard Classification of Occupations and enabling selection of respondents according work positions. For purpose of comparison of various groups of employees we analysed value orientations of managers and exceptionally performing workers in individual countries. Stated groups differing primarily in degree of education. As is Schwarz reporting (2003), the education is stimulating intellectual overview and openness to new activities and ideas. The education at the same time is supporting flexibility, stimulation and values connected with self-assertion. Schwarz in detail records negative correlations between achieved level of education and value types such as conformity and tradition.

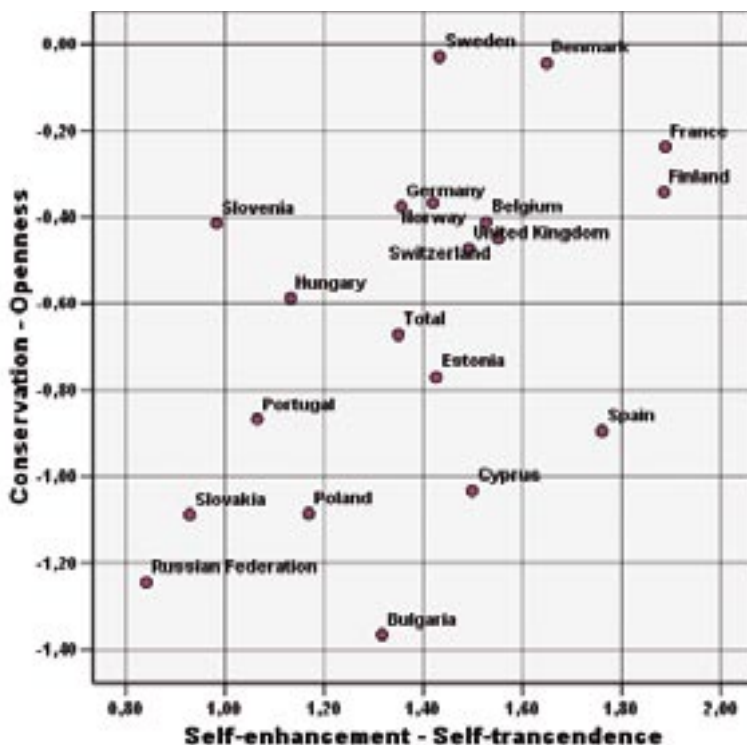
Value orientations of managers in individual countries are in line with results of non-structured population (Graph 2), however, with varied intensity. In general it is possible state, that value orientations were more liberal. On dimension self-assertion -self-transcendency the value orientations of managers did not differed from non-structured population. On level if individual countries the variation of results was considerably greater. The results of Slovak managers showed larger degree of liberalism and self -assertion in comparison with average.



Graph 2: Average preferences of value dimensions of managers in Europe (N=6175)

Value Orientations of Performance Workers

In connection with supposed relations between level of education and value orientation we were expecting preference of conservative values among performance workers. The stated supposition was confirmed in all participating countries. The average values on dimension conservatism – liberalism of all participants were found only in the segment conservatism (Graph 3). On dimension self- enhancement - self- transcendence mixed results were recorded. Value orientations of performance workers in Slovakia exhibit almost highest measure of conservatism and greater shift to self-assertion in comparison with other countries. If we, however, compare value orientations of managers and performance workers, it is evident significant differences on both dimensions.



Graph 3: Average preferences of value dimensions of performance workers in Europe (N=6093)

Conclusion

Several conclusions are coming out of presented results. The use of methodic Portrait Value Survey to determine value orientation of various groups of employees seems to be justified. In spite of relatively small number of items applied to monitored dimensions the methodic exhibits satisfactory external validity. Schwartz (2003) came to similar results, but he is calling attention to sufficient number of respondents.

In international comparison it is evident, that value orientation of Slovak respondents exhibits a greater measure of conservatism and self-assertion in comparison with other countries. Comparison of two different groups of employees on two basic value dimensions, significant differences were confirmed on dimension conservatism – openness to changes. In all cases a greater preference of conservative values among performance workers was recorded in comparison to managers.

Presented results at the same time are offering referential denominations of value dimensions of researched sub-groups in Slovak as well as in European context.

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Intellectual Property as Part of the Possession and Its Relation to Marketing

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Abstract

The objective of the study is to transparently outline a complicated system of intellectual property as part of the possession of natural persons and corporate bodies within the frame of its relation to marketing. In this study author dealt with legal regulation of the immaterial matters (in context of the particular branch of laws) which on the basis of its relation to marketing carry a great weight in competitors fight. On grounds of analysis consequently author persuade to the conclusions which are evaluation of the present importance of the immaterial matters as part of the possession of persons.

Key Words

Property right, Content of property right, Forms of property right, Intellectual property, Marketing

I. Introductory Note

Intellectual property creates part of the possession of the persons (individuals and corporate bodies) and from this point of view it is necessary to deal with the concept of the property right and its relation to the intellectual property.

Intellectual property and especially its protection are important to support the innovation. Without protection of intellectual property, companies would not gain the full benefits of their inventions (and investments in them) and would focus less on research and development.

Intellectual Property is a valuable business asset which can be used in the marketplace to as a competitive advantage. Last part of the study deals with intellectual property rights that can contribute to the marketing strategy of the companies.

II. Generally About Property Right

1. Concept of Property Right

For definition of the common concept of property right it is necessary to deal with common concept of property, origination of the property right and relationship between property and property right.

Consistent scientific understanding leads to the distinction between concepts of property and property right. It arises from the finding that property means economical category, economical relation and property right is legal relationship, legal category of the property. In legal practice, legislation and also in legal literature are both concepts (property and property right) used alternatively but in both cases is the meaning the same, i. e. legal form of property is always represented whether in character of objective or subjective property right.

Exact definition of the property right does not exist in the legislation. In legal theory property right is defined as a right to handle with the thing by own power that is independent on present existence of the other to the same thing, as far as it is not defined by the law or the right of the other.¹

Common legal regulation of the property right is in the first part of the second section of the Civil Code, where are defined rights of the owner which indirectly define concept of the property right.

Property right can be apprehended in two lines and that as an objective and as subjective right. Objective property right is collection of the rules of law, which regulate discretions and duties of the owner, his protection as well as gaining and loss of the property right.²

Subjective property right is the broadest right in rem. Concept subjective property right can be defined as by objective right established possibility to of the owner to hold the thing, use the thing and dispose with it on the basis of own consideration and decision making and that by own power confirms and protected by the law which is independent of the present existence of the power of anybody else to the same thing.³ Subjective property right then defines subactive discretions and duties subjects of the legal relationships that result from the objective law.

2. Forms of the Property Right

Thing can occur in the property of one person but there are also situations when the same thing belongs to several persons at the same time. Co-ownership can be then defined as property right of several persons to the same thing, who regarding to this thing conduct in the face of each other as co-owners.

In the matter of the co-ownership, it is distinguished between divided co-ownership and matrimonial property.

3. Content of the Property Right

Content of the property right are discretions and duties that are defined by the Civil Code (CC). Paragraph 123 of the CC establishes that owner

is within the law authorized to hold the object of his property, to use it, to enjoy its hay and utility and to dispose with it.

To the content of the property right belong except of the discretions also duties that hold down subjective property right. This duties and restrictions are bounded with concrete property relationships and most often arise from the concurrence with other property rights or in concrete case also with common interest.⁴

A. Right to hold the thing (ius possidendi)

Discretions that create content of the property right are not legally defines. Right to hold the thing means to have the object of the property about one, to have the thing in actual power and to have right to use it or enjoy it.⁵

Concept of possession is in CC defined in paragraph 129 article 1 which declares that the possessor is the one that dispose with the thing as with one's own thing. This provision of law defines possession as separate institute of the civil law different from the partial right of the owner of the thing.

Disposing with the thing is meant as actual disposing (corpus possessionis) that embodies in direct or indirect physical impingement that is manifestation of the owner's will to dispose with it as with own thing, what is the second obligatory character of the possession (animus possidendi).

Subject of the possession as the independent institute of the civil law is the possessor who is a person different from the owner of the thing however characteristic marks are the same for the possession as ius possidendi are the same.

B. Right to use and to enjoy the thing (ius utendi et fruendi)

Right to use the thing involves also right to enjoy its hay and utilities. Ius utendi et fruendi means discretions to use the use value of the things. In spite of similarity of these concepts ius utendi justifies to use the things for personal needs of the owner whereas ius fruendi means usurping of the hay and utilities of the thing and disposing with them. Right to enjoy the thing is possible only by the fructiferous thing that gives natural (fruits) or civil hay (interest).

C. Right to dispose with the thing (ius disponendi)

Right to dispose with the thing means discretion of the owner to utilize exchange value of the thing and that mainly through the legal acts. Right to dispose authorizes owner to alienation of the thing, what means to alienate property right to the other person but also to dispose with the thing so that property right stays conserved (lease). Specific cases of the disposing with

the thing are dereliction of the thing and its destruction (only in cases that law does not defend that).

III. Intellectual Property

1. Generally About Intellectual Property

Intellectual property refers to creations of the mind: inventions, literary and artistic works, and symbols, names, images, and designs used in commerce.

Intellectual property is divided into two categories:

- a) Industrial property - includes patents, trademarks, industrial designs, and geographic indications of source.
- b) Copyright - includes literary and artistic works such as novels, poems and plays, films, musical works, artistic works such as drawings, paintings, photographs and sculptures, and architectural designs. Rights related to copyright include those of performing artists in their performances, producers of phonograms in their recordings, and those of broadcasters in their radio and television programs.

2. Differences Between the Content of the Intellectual Property Right and the Property Right

As it concerns intellectual property right, has the entitled person – owner (exclusive) right to utilize, use and dispose with the intellectual property. Disposing with intellectual property is possible only by granting or transmission of the right to utilization (license).⁶

From mentioned results that in contrary to the property right, intellectual property right does not have such contents as right to hold it and right to take benefits and hays.

As well as there is difference between the property right and intellectual property rights in using these rights. While object of the property right can be used only by one subject (who has it in his power), intellectual property rights can be used by unlimited quantity of people independent on themselves.

IV. Intellectual Property as Part of the Possession of the Persons

Intellectual property presents inseparable part of the possession of the persons.

Property right is regulated by the Civil Code in his second part within the estate. Civil Code regulates both forms of the property right, thus divided co-ownership and matrimonial property. It is necessary to concern on relation between these forms of the property right and intellectual property.

a) Relation between the divided co- ownership and the intellectual property

Provisions of the Civil Code which regulate divided co-ownership are appropriately applied on the co - property of the intellectual property (e. g. co- patentees).

b) Relation between the matrimonial property and the intellectual property

Legal regulation of the property gained by the spouses during the time of their matrimony and with which they dispose, has in every society big practical importance. Matrimonial property presents the biggest part of the property of the individuals, to what extent that the biggest part of the incomes of the citizens is composed of the incomes of the people who live in matrimony. From that reason it is important to deal also with relation of the intellectual property and the matrimonial property.

From mentioned results that legal regulation of the matrimonial property in the Slovak republic is with regard to its obsolete character needs not only partial but complex updating. But from the point of present regulation matrimonial property comprehends only subjects which can be subject of the property right. New legal regulation should find a new conception of the matrimonial property which would involve movable goods, immovable goods, obligations and other property rights.

Results of the creative activity of the spouses, as e. g., literary works, productions and scientific works, including computer program do not belong to the matrimonial property. If during the duration of the matrimony it comes to the granting of the rights to these pieces for payment or to the transmission of the property right to the original of the piece, then rewards from this realization, on which the title originated during the matrimony, belong to the matrimonial property. In the same way to the matrimonial property belong payments for granting rights (licenses) or payments for transmission of the rights to the inventions, innovation suggestions, topography of the semiconductor products, if they were paid off or the title on their disbursement originated during the duration of the matrimony.⁷

V. Intellectual Property and its Relation to Marketing

There are intellectual property rights that can contribute to the marketing strategy in many different ways, e. g.:

- a) Trade and service marks
- b) Industrial designs
- c) Geographical indications
- d) Patents
- e) Utility models.

A) Trade and service marks

A well-crafted mark is often a decisive tool for the success company in the market. It will help consumer to distinguish products or services of one competitor from the others. Before company starts using a new mark for its products and services it should search for conflicting marks. If company starts using already existing identical or conflicting mark in the market, it could mean for company unnecessary expense for encroachment on rights.

B) Industrial designs

In present competitive environment, a visually attractive design (e. g. attractive shape) of a product alone may ensure to company a much-needed edge over the competition. Creative designs could help a company to reach out different groups of consumers of e. g. different age.

C) Geographical indications

Certain products from particular regions are characteristic regarding to the soil, climate. Customers expect these products of those products adequate quality and have confidence in them. Company producing these types of products can benefit from such skills and should use geographical indications in differentiating its product from those of others. Of course company must ensure standards and quality expected of these types of goods from particular region.

D) Patents

Newly introduced product should be protected by obtaining a patent protection. Holding a patent could bring a company business avenues such as a licensing.

E) Utility models

Protection of utility models is important for companies which are active on a market where technological advantage has crucial role in determining who holds a larger share of the market. These companies should protect their utility models by utilization.

VI. Conclusion

Intellectual property is all around us and importance of regulation of this sphere arises with every human creativity and inventiveness. Products and services offered on the market that we use every day are results first of the inventions and then of the human innovations (as design changes or improvements).

As to the legal regulation of the intellectual property, countries with strong intellectual

property protection have proven to be most prosperous. This brings question of the intellectual property as part of the possession of the persons (whether individual or corporate bodies) to the point, where it should be given a great focus on the regulation of the property right and especially matrimonial property which is distinguished by its obsolete character.

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The competitive power of an enterprise depends on the effective work of a staff. The acceleration of work rhythm causes numerous psychological, emotional and informational overworks. This article shows the essence of emotional “burning out” of a staff, stages of its beginning and passing. Practical recommendations of individual and organizational character about preventing and removing critical situations are presented.

Strengthening of competition of producers and services at the market obligates enterprises to work in the mode of complete return and to direct their efforts to end-point which is indissolubly related to efficiency of staff work. It is not a secret that exactly a human factor is determining in forming of enterprise image at the market, of efficiency of its work and of competitiveness. That is why large attention is lately spared to scientific developments dedicated to the competent management of a personnel. It is important to notice that health, vital functions, activity, capacity, creativity, efficiency, etc are not only indissolubly tied-up but also depend on the psychological and emotional state of personality. Forgetting this important factor, the managers of many enterprises achieve the desired results «today» and «now», and in a prospect they get the decline of efficiency indexes, high employee turnover, unhealthy microclimate in a collective, etc.

Appearance of the numerous man-caused factors which influence on an organism assist to development of the most widespread phenomenon of contemporaneity, known as stress. Stress is the source of many problems of a worker. It is the nonspecific reaction of organism, which arises up under act of any strong shocks and is accompanied by alteration of the protective systems of organism. [2]

Stress shows up as a general adaptative syndrome which passes three successive stages in its development:

- reaction of alarm;
- stage of firmness;
- stage of exhaustion.

The reaction of alarm is characterized by mobilization of protective forces of organism. Within it the stages of shock and antishock are distinguished. In the phase of shock the lowering of muscle tone, of blood pressure, of body temperature, of blood clotting, etc is observed. The phase of antishock is characterized by the changes at reverse direction – increase of blood pressure, of muscle tone, etc that results in the next stage – stage of firmness.

It is possible to say that at the stage of firmness organism adapts to stress.

In the process of long influence of negative factors adaptation is violated and exhaustion of organism is observed at the third stage.

According to the types of factors which cause the stress reaction physical, chemical, pharmacological, informative, psychological and emotional stresses are distinguished.

The reasons of psychological and emotional stress on an enterprise are conflict situations, in which a man during long time is deprived of a possibility to satisfy the social and biological necessities, shortage of time for the decision-making, necessity of processing of large volume of information for time unit, etc.

It is proven by scientists that chronic psychological and emotional stress is the reason of sleep disturbance, of immunodeficiency, of neuroses, of endocrine violations, of ischemic heart trouble, of high blood pressure, of heart attacks, of strokes, of ulcerous defeats of alimentary canal, of diabetes, of tumour diseases. It is worth to mark that for the last decades the new diseases, which were not known before, are described in medicine. They are characteristic for people who conduct tense labour activity. One of such diseases is «Karosh syndrome» - death of worker on a workplace, caused by the overfatigue. The first case was registered in Japan. The synonym of this term is workaholism. Workaholism is an illness that kills people and destroys families [3]. It is worth to mark that workaholism is the disease, which is, possible to say, contagious. People, who work with or are next to a workaholic, become alike or have the complex of inferiority and the understated level of solicitations in relation to the labour activity [4, 142-144].

In Ukraine every third Ukrainian comes to work even being ill, got a trauma, or must execute the medical settings. Workaholism does not allow every fifth Ukrainian to use the annual vacation which is one of main reasons of premature death. Such people are sure that when they return

from vacation, they will find other worker on their workplace, or are sure that a company will show worse results for the period of their absence.

Famous American organization «Anonymous Workaholics» regularly publishes the list of symptoms of this new illness:

- continuation of workweek to 40 hours on own initiative;
- implementation of part of work in a bed during illness, at weekends and during vacation;
- permanent talks about work with relatives and friends;
- confidence that long hours of work is the evidence of love to the profession and devotion to the matter of organization;
- reflections about work at the helm of a car or during sleep, etc.

Another phenomenon which is progressing and which became the subject of research of psychologists and physicians in Ukraine and abroad is called “emotional burning out”. The emotional burning out can be related to the third stage of stress. It should be concerned as the professional crisis related to work.

Researches of the psychical burning out are conducted today among public servants, managers, guards, teachers, psychologists-consultants, etc. In the process of comprehensive researches scientists formed essence of burning out and its structure. They came to a conclusion that the psychical burning out should be understood as the state of physical, emotional and mental exhaustion, that is more frequently observed among the workers of social sphere. Scientists are unanimous in the fact that the syndrome consists of three basic components:

- emotional exhaustion – feeling of emotional devastation and chronic fatigue, caused by labour;
- depersonalization - an indifferent attitude toward the labour. Negative attitude not only toward clients, inferiors and guidance but also to work on the whole. Treatment of the living people as of the «labour objects» with whom they conduct the routine operations is observed;
- reductions of professional achievements - the feeling of lack of success, incompetence.

Scientists proved that development of syndrome in many cases is accompanied by the row of psychosomatic reactions: anxiety, irritation, anger, understating of self-appraisal, speed-up palpitation, headache, sleep disturbance, etc. A question appears: will a worker in such a state effectively fulfil his position duties?

Researches haven't found out connection between the age of worker and development of syndrome. It can arise up even at the beginning of professional activity in consequence of disparity between the requirements

of profession and possibilities of a worker. The dependence of syndrome on a sex is also not traced. However, it is worth mentioning that men are anymore inclined to depersonalization, and women are inclined to emotional exhaustion.

The risk to have burning out also depends on that, how much functions that workers execute meet the sex-role orientation. Yes, men are more sensible to influencing of stressors in those situations, especially when it is necessary to show masculine characteristics, such as physical force, restraint, high professional achievements. Women are more sensible to the stress factors at duty, which require sympathy, educating abilities, subordination. Besides a woman, who works, feels the greater overwork in comparison with men-colleagues through additional home duties.

The comparative analysis also showed the display of “burning out” among the representatives of different professional groups, that testifies that the reason of syndrome is not separately taken factor of profession but a complex of factors.

Scientists prove that overworks, extra tasks assist to the development of “burning out”.

Thus, among major socially psychological factors which can become reason of the emotional “burning out” are relations in organization, where a man works, social support (alienation) from the side of colleagues, especially those, who are higher in status, support (indifference) of a manager, wrong staff policy in organization (a man does not correspond the position), implementation of monotonous work for a long time, absence of carrier growth, absence of self-realization, overwork, insufficient stimulation of labour, etc.

All factors enumerated above and many other can be placed among the personal and administrative problems. As, on one hand, everybody is interested in salubrity which depends above all things on the psychological and emotional state. On the other hand, as was marked higher, efficiency of work of enterprise and its competitiveness depend on the psychological and emotional state of personnel. Accordingly, to neutralize or prevent the consequences of stress factors is possible only by the complex of measures, both personal and administrative.

The preventive measures against stress of private character are:

- observance of psychological principles and directions of the American psychologist Carnegie Dale in everyday life;
- systematic training of organism for the increase of firmness to stress (psychological unloading, physical exercises);
- ability to behave adequately for defence in a stress situation (application of assertive model of conduct);

- organization of the mode of labour, taking into account the graph of man's capacity for work. Psychological activity begins from 6 o'clock and lasts till 7 o'clock. Subsequent activity requires conations. The improvement of day biological rhythm begins again at 15 o'clock and proceeds during two hours. At 18 o'clock psychological activity gradually goes down, and specific changes in the conduct take place till 19 o'clock: decline of psychological stability, nervousness, enhanceable inclination to the conflicts. Psychologists name this period critical. At 20 o'clock a psyche activates again and such state proceeds till 21 hour. Memory activates at this time. Further there is the slump of capacity:
- providing of defence from harmful factors on a workplace.

Administrative measures for preventing emotional exhaustion of personnel are:

- creation of comfortable conditions of work;
- application of complex motivation of work. Special attention in this situation should be drawn to competent application of the social and psychological methods of management;
- account of personal individualities of personalities in the division of plenary powers and placing of personnel.

Thus, effective opposition to psychological and emotional stress foresees conscious activity of every worker regarding his health. Health can't be purchased, it is the main capital of a man and of an organization that he works in. Indisputably, a labour protection needs complex of organizational, ergonomic, psychoprophylactic measures and responsibility from the side of employer and state.

The main thing that a manager has to realize is that the maximal capacity of a man depends on the well-planned operating mode, on the proportional change of labour and rest. Workers, being in the state of chronic fatigue, will never be able to make their company a leader at the market.

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Tax Execution Concerning Businessmen - Tax Debtors

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I.

Regulation of taxes and payments belongs to an important area of public administration. Its main function is to assign enough financial funds in order to complete tasks and state functions regarding territorial autonomy by means of going through the proper authorities. The authority of the trustee concerning taxation and payment are the tax offices, municipality according to laws in regard to excise tax, customs and other authorities are also included in this responsibility such as the tax headquarters of Slovakia and the minister of finance in Slovakia.

Funds required for fulfilment of tasks and function of state and regional autonomy are acquired through taxes and payments. According to the irreplaceable tasks of taxes and payments during fulfilment of this assignment and functions of state and regional authority is especially important in the inquiry of law regulation regarding tax payments and tax collection including the modification of some progress in relation to state and regional authority in the case of not fulfilling tax payments. In respect to this particular case please refer to law number 511/1992 statute book concerning taxation and payments and changes within the system of regional financial authorities found in the most recent regulations. It became a part of the most recent statute which the tax reform initiated in 1993 in the Slovak Republic. This law is typical concerning the question of tax procedures in theory it is called the procedural code of tax laws¹.

Statute number 511/1992 concerning the regulation of taxes and payments evoked a substantial turnaround in the perception of the procedural and legal field regarding tax laws. An important implication in this process was confirmed in two important law institutions – tax pursuance and tax execution pursuance. This second institution was established effectively 1. September 1999.

¹ Babčák, V.: Tax and tax laws in Slovakia ,II Aprilla, Ltd. Košice , 2008, page 48.

II.

Law qualification of tax execution pursuance is parallel to the theory of the perception of tax pursuance according to some authors it is one phase of tax pursuance but not an independent law institution. I am persuaded to believe that if this legislative branch legally determines this tax execution pursuance independently from tax pursuance, then it is done with the intention of emphasizing its independent existence.

Tax execution pursuance is not consequently a part of tax pursuance, but a natural successor of tax pursuance which plays a role in the process if tax pursuance does not accomplish its purpose. This subsequent purpose is tax collection, so taxable income does not effect the public budget.

Tax execution procedures are the responsibility of the trustee in which has the authority of collecting unpaid taxes and also financial decree and executional expenses and immediate payments. It is the legal term which is defined in law number 511/1992 statute concerning taxation and payments which can be found in paragraph 1. a line h. In addition to this statute the term tax execution pursuance is also characterized in paragraph 73 of the same law(part7) without reference to the official pursuance.

Unlike the term tax execution pursuance, tax execution is defined legally, however not in the introduction of this statute, but in the seventh section. Tax execution is understood to be a forced action which makes people pay their tax debt or lower their tax debt and also pay their financial fulfilment assigned to them as well as compensation of legal costs attributed to tax execution which is decreed in § 82 statute number 511/1992 of tax law concerning the payment of taxes.

Tax execution runs within tax execution pursuance, however it is important to focus on its introduction which is not identical to the implementation of tax execution pursuance. Tax execution pursuance starts with the tax administrator who begins this process with the title of the decree about beginning of tax execution pursuance.

Law number 511/1992 statute concerning taxation and payments determines the manner in which the administrator can follow through with tax execution. In characteristics in relation to tax execution² by the respected authority highlights specific procedures of the tax administrator, which are required differences in various types of tax execution.

To accomplish legal and effective procedures of the tax administrator in tax execution pursuance, the tax administrator has to apply general and distinctive adjustments in specific cases regarding tax execution based upon the rule that every case subjected to tax execution will first have to apply

² paragraph 82 from statute number 511/1992 Ltd. Taxation and payment administration.

general adjustments. Modification of these adjustments arise based upon distinctive enactments which adjust certain methods of tax execution. If there are any conflicts of general and distinctive adjustments the distinctive adjustments will be given priority.

As long as there are different methods of tax execution according to paragraph 82 statute 511/1992 Ltd. which relates to taxation and payments. At present we can recognize eight methods of tax execution:

- tax deduction from gross earnings and other taxable income
- commandments
- selling of chattel
- suspension of money and property which you are prohibited from selling
- selling of commercial documents
- selling of real estate and commercial property
- selling of a business and its sections
- affecting property tax connected with a business associate within the business organization

If statute number 511/1992 Ltd. concerning taxation and payments does not determine otherwise, the tax administrator may use his or her discretion when determining tax execution. There is a rule that states that the tax administrator can combine more methods of tax execution. However, it must be effective and successful realization of specific tax execution according to special circumstances and conditions related to the tax debtor.

Different methods of tax execution could be applied depending on circumstances in relation to the physical person or legal person and it is necessary to distinguish if it is a business subject or otherwise. I will only mention some of the methods used in tax execution which are used in practical tax experience against a tax debtor – business subjects.

The easiest methods of tax execution by the tax administrator, if it is a legal person, is a commandment for tax execution by the commandments which can be implemented:

- commandment to pay from initiated bank account
- commandment to pay from other financial claims
- affecting other property laws

Tax execution concerning the *commandment to pay from an initiated bank account* can affect financial funds in all accounts of the tax debtor. This happens when money is written off from all bank accounts belonging to the tax debtor and are transferred to the bank account of the tax administrator which is named in the tax executational decree.

Commandments concerning the transfer of financial funds to the tax executional administrator does not involve financial funds which are appointed to be salaries for workers, financial resources for disability insurance or worker's compensation during this designated time frame from the beginning of tax executional pursuance.

In the subject of tax execution, tax execution is not practised below the poverty level, neither financial resources nor state assistance or the budget from the European Union will be affected.

The tax execution *commandment to pay other financial claims* is realized through a third person's financial budget towards the tax debtor. The tax debtor is required by the tax authority to provide a written list of all assets. Examples of other financial assets include: royalties, etc....

Tax execution *affecting other property laws* proceed in a similar way as the two prior commandments which were mentioned.

Tax execution concerning the selling of chattel is another method of the tax execution process. It is related to coparcenary of the tax debtor, guarantor or another person. The tax authority prohibits you through a tax executional proclamation combined with business assets that are listed. This proclamation is sent by registered post and must be signed for by the tax debtor. If the tax authority believes the assets could be ruined or taken away, the tax authority must provide a safe place to store all assets in danger of being ruined. Special attention should be given to works of art including painting and sculpture and it is realized specifically. Tax execution cannot affect assets which have been prohibited from being sold or assets not related to tax execution regulations.

In the case of tax execution realized towards a legal person it is important to mention relatively new methods of tax execution pursuance which includes seizing money and other assets which cannot be sold. After the tax execution proclamation is delivered to the tax debtor the tax authority will create a list of veritable money and other assets which cannot be sold or manipulated. This mentioned tax execution could be realized if veritable money exceeds five thousand crowns.

Previous mentioned methods of tax execution is in connection with the legal person associated with tax debt. It is necessary to mention other methods of tax execution which includes: selling a business or its branches. This type of execution is carried out by auction.

The tax administrator must evaluate this business as a complex and appraise each branch or part as well as the name of the business and its ownership and its employees. The value of the business is realized by surveying which must provide the general worth of the business including supplies, equipment, etc... This general value of a business is established

by a specific regulation. The opening bid at the auction is designated by the tax authority based on the surveying. The authority issues its decision concerning the value of the business and forwards it to the tax debtor and people who have the first option to purchase the business before it goes to auction. This method of tax execution regarding real estate except for determining the value. This execution applies to state run businesses except strategic and important state firms and joint stock companies.

III.

Tax execution pursuance is only one category of the legal process. It is not only one which concerns dispensation of tax duties in which physical and legal officials have the authority as given to them by the state as well as other legal subjects. Parallel with tax execution pursuance exists other categories of the law process in which the basic function assigns realization and obligation concerning state enforcement. Some of the law processes are closely related to tax execution pursuance and legal execution pursuance as well as administrative pursuance.

Summary

To conclude the explanation that I have provided concerning tax execution pursuance and tax execution, which is considered as a tax subject, which is not going to be a voluntarily paid debt that is due. The subject is now classified as a tax debtor. This tax debtor will have an underpayment and the tax authority will proceed with tax execution with permission of the official legislative power. In this case it is important to mention an increasing number of debtors in the Presov region and based upon this knowledge it is necessary to implement one of the previously mentioned tax execution methods.

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The Threat for Managers – Burnout – Do Not Ignore IT!

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Abstract

Burnout is a problem of many people, not only managers, of those days. It is psychological term of diminished interest or exhaustion especially in the work. One of the activator of burnout syndrome is permanent work (without leisure), disproportionate many liabilities and duties, or physical and mental emaciation and so on. Nevertheless job stress should not be mean factor that manager is at risk of job burnout. But question is not only what burnout is, but also how to make prevention? There are basic warning sings of burnout in the article. Burnout is not problem of person. It should be in a company's best interest to insure burnout doesn't occur.

Key Words

Burnout, Management, Warning Signals, Prevention

Introduction

The term was first coined by a psychotherapist named Herbert Freudenberger, who himself probably took it from Graham Greene's novel *A Burnt-Out Case*. Health care workers are often prone to burnout. Cordes and Doherty (1993), in their study of employees within services industry, found that workers who have frequent intense or emotionally charged interactions with others are more susceptible to burnout. Still, burnout can affect workers of any kind, including students at the high school and college levels. High stress jobs can lead to more burnout than normal ones. The employees in customer service industry for instace: taxi drivers, air traffic controllers, teachers, lawyers, engeneers, emergency wokers and managers seem more prone to burnout than others. (4)

Another authors, who studied this problem are Maslach and her colleague Jackson (8). Their the most well-studied measurement of burnout in the literature is the Burnout Inventory. Their first identified the construct "burnout" in the 1970s, and developed a measure that weighs the effects of emotional exhaustion, depersonalization, and reduced sense of personal accomplishment. Web master Wikipedia writes this indicator has become the standard tool for measuring burnout in research on the syndrome.(10) People who experience all three symptoms have the greatest degrees

of burnout, although emotional exhaustion is said to be the hallmark of burnout.

Maslah said, that burnout is a syndrom of emotional exhaustion and cynicism that occurs frequently among individuals who do “people work”. As their emotional resources are deped, workers – managers feel thay are not longer able to give of themselves at a psychological level. (9)

What Burnout Is

High stress and a sense of loss of control over one’s life and business contribute to a stress syndrome known as burnout. What are the symptoms? Emotional and physical exhaustion, insomnia, gastrointestinal problems, sadness and depression, negativity, increased cynicism, deceased creativity, quickness to anger, defensiveness, edginess and quickness to blame others, detachment (especially from clients and staff) and loss of satisfaction or sense of accomplishment. (3)

So how do you know if you or someone who reports to you is suffering from burnout? Here are the early warning signs: (12)

1. Chronic fatigue - exhaustion, tiredness, a sense of being physically run down
2. Anger at those making demands
3. Self-criticism for putting up with the demands
4. Cynicism, negativity, and irritability
5. A sense of being besieged
6. Exploding easily at seemingly inconsequential things
7. Frequent headaches and gastrointestinal disturbances
8. Weight loss or gain
9. Sleeplessness and depression
10. Shortness of breath
11. Suspiciousness
12. Feelings of helplessness
13. Increased degree of risk taking

The cause of executive burnout may be traced to perfectionism (trying to do too much because they expect it of themselves), business hero complex (feel that others expect it) or poor communication (failure to clearly define their limits to clients, co-workers, employees and others). It is necessary to determine the legitimate, realistic and feasible expectations of what managers can do, at what pace and rhythm, for how long and what creative or rest breaks will be needed. If managers do not clarify, and then communicate, their plan and needs to others, there is a danger that the expectations that others have about their time and attention may be too great. (12)

Managers and Employees in Tourism Industry

Burnout isn't just having too much to do, managing too many pieces of software or having to train several new employees while job pressures mount.

Burnout is feeling that no matter what managers do or how hard they try, they are powerless to make any progress. When managers feel that they simply can't make a difference any more, when they dread coming to work, when they become indifferent to dealing with workplace problems, managers are experiencing burnout and entering a management death spiral.

We used simple test in our survey, which author is Robert Green. He writes in his article CAD Manager-Battling Burnout (2006) about Vacation test. (6)

A focus group was managers and employees in tourism industry (45 people). We sent them an enquiry by mail. Managers and service workers work in the accommodation, hospitality, tourism information sector and travel agencies in Prešov answered the following questions with yes, maybe or no.

Robert Green's Vacation test:

Question 1: Do you clear your desk of tasks and prepare for your vacation with vigor?

Question 2: After a day or two on vacation, can you relax and forget about office problems?

Question 3: After a vacation, do you return ready to get back to work?

Question 4: After returning to work, do you feel refreshed and productive?

(6)

The key of the results based on how you answered:

All yes answers: not burned-out, but a break refreshes.

Some yes - maybe answers: not burned-out, but a few things may be bothering you enough to cause ongoing stress.

Mostly maybe and some no answers: the first signals of experiencing burnout. Do some chances in work and take time for vacation.

Mostly no answers: burned-out, to find yourself in this position, you need to take drastic action immediately or get into another line of work.

We added more questions into our questioner. We asked managers and employees if they heart about burnout symptom, if they know warning signs, what to do, if they were or they thing they are burnout (or somebody in their job) and so on.

Whilst 98% believe burnout exists as a real workplace threat, only 4% note it in their own organization. On the whole 40% of managers in tourism industry have no formal process in place for helping an employee who is

suffering from burnout, and nearly half (47%) of workers in this industry are concerned that their employers and co-workers could not help them with those kind of problems.

The male, 40 to 50 and women over 45 working in tourism industry in Prešov are most likely to have experienced symptoms of burnout. Also informants adduce they could be hit by burnout work in education system (23%), followed closely by tourism and leisure industry workers (21%) and financial services (18%), with employees in health service (35%) and other kinds of work (3%).

Over one quarter of managers and workers in tourism (28%) have experienced physical or emotional exhaustion in the last six months and 19% have experiences with loss of sleep or illness due to worrying about work. Over 60% of informants write as the basic signs of burnout losing ideas, creativity in work and disinclination for work. Sleeplessness and depression are signs for 27% managers and employees in tourism. Other 13% of informants specify different characteristic of burnout as – headaches, high blood pressure and high emotional volatility.

Workers (including managers) in tourism industry has the same ideas, what to do, if he / she will identify the first symbols of burnout. At first they answered to relax and take a free time or vacation. Then come to see a specialist doctor. Especially employees are afraid to change their job. Managers and employees answered the simple R. Green's Vacation test: Do you clear your desk of tasks and prepare for your vacation with vigor? The most of managers 65% answered yes, maybe 21% and no only 14%. Employees - 70% yes, only 12% maybe – sometimes and 18% no. After a day or two on vacation, can you relax and forget about office problems?

Managers have more problems to relax and forgot about work than employees. Almost managers 45% answered yes (reason – they have credible workers), 20% said maybe (reason - it depends from situation in work) and 35% of managers said no reason – it is important to know what is on work). More than 80% of employees do not have problem to relax during vacation. 15% said maybe (without reason) and only 5% answered yes (reason – if they do not finished their work or their colleagues have to do their work).

After a vacation, do you return ready to get back to work?

Most of managers answered yes (over 65%), 30% maybe (if their vacation was success and long) and only 5% no – it is oppressive for them. Most of employees should prefer longer vacation (than usual – 10 -12 day), but they answered yes (57%), maybe (20%), but they wish their first day should be more easily and no 23% - they are still tired.

After returning to work, do you feel refreshed and productive?

All groups, managers and employees, answered yes. (Some of them wrote a small comment – maybe only the first two days).

Prevention is Better than Cure

Managers who know what the symptom burnout is, know, that it is LAST TIME do make a changes. It is necessary to make decision what they can, accept what they cannot. So, there are some questions which managers have to answer by their selves. What can you control? What are your choices? Be realistic about your limits, learn to say “no”, and clarify your to-do a list of “wants”, “shoulds” and “musts”. (5)

There are some basic tips by Mary Rou-Foster, which can be useful not only for managers:

- Set aside time for rest and relaxation – the time to take a break from responsibilities and recharge batteries,
- Keep sense of humor - this includes the ability to laugh at yourself, the act of laughing helps the body fight stress by different ways,
- Make TOFU – understand to take Time Out For You (TOFU) and address physical, psychological and emotional needs. Time off, holidays or a vacation is a great start in getting regenerate, but it will not be enough,
- Ask for Help – it is not possibly does everything and to perfect in everything. Managers who are burnt out, they cannot be functioning at peak performance. Let's help you - at home and at work. Tell them you're going through a bumpy period, and you need their support. There's no shame in reaching out, we are all human beings, not human “doings.” For top managers it could be difficult to ask for help,
- Seek professional help - if anybody doesn't feel comfortable sharing at work. The key is to unburden and get help,
- Stay connected with people - one of the top stressors leading to burnout is the struggle to achieve work-life balance. Managers' relationships with a business partners, family and friends are a critical part of what make them strong. Spend time with positive people. (11)

Conclusion

Burnout is a problem that many managers either face or come very close to at some point of their life or career. If manager's job or some other commitment keeps his / her completely drained physically or emotionally, and if this situation goes on for years, months, or maybe just weeks, managers may finally reach the breaking point and fall a victim of burn out syndrome.

Burnout is a chronic condition that happens when the body or mind can no longer cope with overwhelmingly high demands. People are trapped

in a state of emotional exhaustion, and it is hard to get out of that state. Managers stop caring about what they do, even though they may feel guilty about that fact. Even if managers still continue working, it seems to be hard to make progress. Everybody have to have remembered the true: PREVENTION IS BETTER THAN CURE!

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Education of Managers – Necessary Assume of Manager Proficiency

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Abstract

The article is oriented to necessary assume of manager proficiency – education of managers. Many managers have to fulfill very intensive request to flexibility, adaptability and mobility. This actuality creates intensive pressure to organization. Organization have to educate managers intensive and in high quality. Authors show to practice skills with managing courses in Armed Forces of Slovak Republic. In Armed Forces Academy we realized on Management department for three years short – time special courses, which is called: “Improvement of key competence of managers.”

Key Words

Education of managers, investment to human capital – improvement their competence, modular managerial courses in Armed Forces Academy conditions in Liptovsky Mikulaš, analysis of courses rating,

In European politics of education is talking about consequence that people take responsibility not only for acquired basic education and occupation preparing but for keeping radical knowledge in whole work life. Tempo of change in many work aspect and work environment support common competence of learning. Qualification competence and knowledge of each other is known like basic for development of nationality informing participation on democratic decision making – what I need to know, what I have to learn and what I have to improve in my nowadays position.

Development in scientific knowledge and inputting new technologies involve education. It is better to prepare for changes. If nowadays organization will be successful it has to be preparing for next education and learning. Nowadays is idea and shivy of new context of organization learning (learning in organization) have to negotiate with these competences:

- Flexibility, adaptability and mobility (employees have to be able abide by new competences, process and regular actualize their knowledge's).

- Study in fast changing environment (tempo of change in many aspect of work and work environment support competence of learning, adapt their qualification if it is necessary).
- Learn with social interest like target of education.

In whole life education of managers gives much more accent on flexibility, adaptability and mobility. Curriculum and process of learning in organization is considered to be deficient for development knowledge's and competences requisite for economic development and severity for knowledge's.

Process of organization value making is based on financial capital (moneyed active in money shape and stock and bonds) but intellectual capital, too (organization skills are used to make riches of organization) and needs of economical technologies.

M. A. Armstrong defines intellectual capital like stocks and knowledge flow, which are available in organization. Regard them for spectral source, which with tangible property and money create market or whole value of organization (1).

Human capital is made from employees and their inborn and obtained knowledge's, competences, qualification, approaches. In these days is finding with business education structural capital too – in organization capital, which present institutional knowledge's. This is some work practice, stock of the work, organizational structure, and database of business partners, manuals, technologies and branches (knowledge management in praxis).

Initiate fact make intensive pressure on organization to understand that investment to human capital is necessary for competence development. Competences = approach of human behavior which had to expected result. Representative file of employee behavior, which have to use to successful fulfill work task of work position.

Managers with competence subserve task on ask level. This means that in praxis must fulfill 3 basic assume:

1. He is in his internal fitted with properties, knowledge's and competences which he need for his behavior.
2. He is motivated to this behavior, he has value in it and he is prompt to invest energy in this way (incentives, approaches, values, certitude).
3. He has in his environment this behavior possibility use it (2).

Competences are relative stability element of personality. If we know level of competence we can predict human behavior in his work. Competences include incentives, character, self-perception, knowledge's, qualification. We can divide competences in many approaches. Basic

approach is social competences, technical competences, incentive competences, directional competences, efficiency competences.

In literature we can find 3 categories of competences. Incipient like combination of capability of 3 categories:

1. Managerial competences – it is made from capability and ability, which support to excellent output of managers. It want to ensure, that task will be make in harmony with strategic plan, have to make luck environment in team, choose and develop his tributaries. We make use of it in solving conflict, coaching and delegate employees, employees ranking, employee selection, strategic plan.
2. Interpersonal competences – we need it for effective communication and making positive relationship with others. It is important in every position, where we talking with people. It ensures achieving synergic effect to make target of group. We used it in active listening, empathy, negotiation, presentation skills, co – operation work and relationship building.
3. Technical competences – it is made from capabilities which pertinent to tangible function. Provide that employee is able to subserve tasks or task, or serial task, which are typical for his work and at the same time different from other specialist. It include task like accounting (financial, data collection, analysis and summarization, solving problems and decision making, programming budget making, and so on.

In last days in renew and combination various unit of competences, which maximal output individual, team and whole organization. It used to divide:

- Key – for all employees
- Team – for group which depending on each other and project oriented
- Operational – finance, development and expansion, marketing.
- Leadership and managerial and so on.

Approach to education based on competences is very useful. Slovak republic has worked key competences, which servient to description statement of behavior, which is very important for citizens (in OECD countries intention).

Key competence is used to description of behavior which is important for employees. Support organization value to needs of organization culture and expected output. It is base for estimate criteria, which we need in employees chosen and to define development priority for wide

circuit employees. We meet in foreign organization with list of corporation competences, which firm distribute to all branch office.

In management theory we can find competence models of each organization. That is reason why we in management department start to make a courses calling: "Development of key competences of managers." Structure of courses is made from module system with common mode all managers in Armed forces of Slovak republic.

These modules include knowledge teaching, ability and competences which we need in our present day management. This course is about this key competence development in these modules:

1. module – Effective manager
2. module – Communication skills of manager
3. module – Team work – building and leading teams
4. module – Stress and psycho health of manager
5. module – Fellowship and etiquette of manager
6. module – New trends in manager education

These courses are organized by 3 – 4 days congestion in one module term – 24 lessons (one lesson takes 45 minutes). Maximal count of attendant in one course is 20 people. Between each other modules is month break. In time of professional lecture enter from academicals and external lecturers, attendants of course are learning by active social learning form.

Available besides theoretical enter of lecturer have various form of active learning through for example: public inquiry, tests, inquiry, model situations, workshop with target on experience teaching and dialogic form of teaching. This is implicated to active form of education. In lecture discussion attendants try to find results of problems and in practical way devise creative and innovative approaches.

Theoretical input is intersecting with practical skill of course attendant in Armed Forces in Slovak republic, which whole managerial education has sense and sear of effectively.

Every attendant of course obtains verification of education module absolved in law intentions. Anonymous style we find out sight on absolved course. I.e. on its content part, teaching form, lecture approach and at the same time we assemble their remarks and recommending for the better quality of courses.

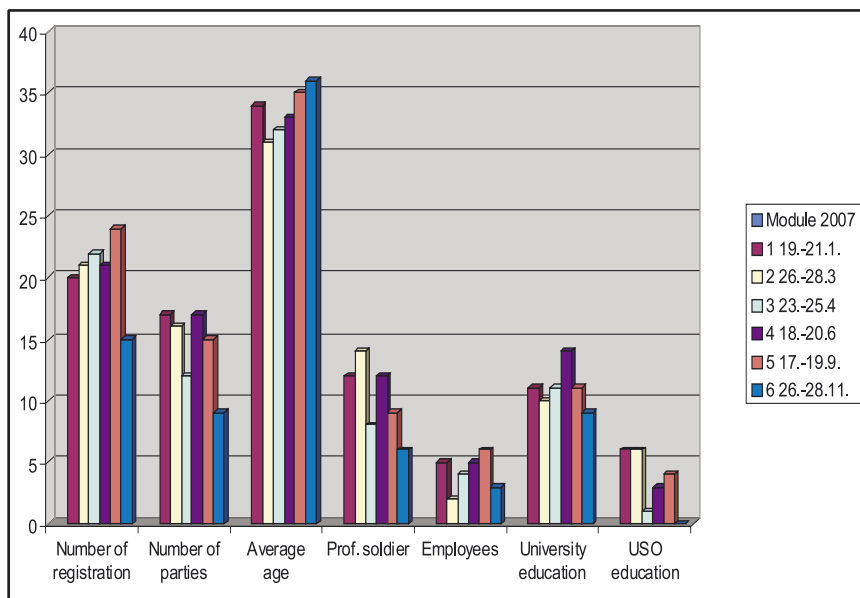
This feedback is very valued source of information and together is the stimol of courses improving. Return of inquiry is high, about 85 – 100%. Return of inquiry show that attendants want to improve quality of managerial education. Ranking is public – it is part of annual report of Armed Forces Academy of gen. M. R. Stefanika, ranking attendants and their remarks can improve these services and help to satisfaction all necessary.

Target of this article is appraising of public with result and practical skill from organization these courses in 2007 at Armed Forces Academy of gen. M.R. Stefanika in management department. Courses attended 86 attendants (see scheme 1).

Scheme no.1 Composition parties of courses

Module	Schedule 2007	Number of registration	Number of parties	Average age	Prof. soldier	Employees	University education	USO education
1	19. - 21.1.	20	17	34	12	5	11	6
2	26. - 28.3	21	16	31	14	2	10	6
3	23. - 25.4	22	12	32	8	4	11	1
4	18. - 20.6	21	17	33	12	5	14	3
5	17. - 19.9.	24	15	35	9	6	11	4
6	26. - 28.11.	15	9	36	6	3	9	0
Together	6 modules	123	86	33,5	61	25	66	20

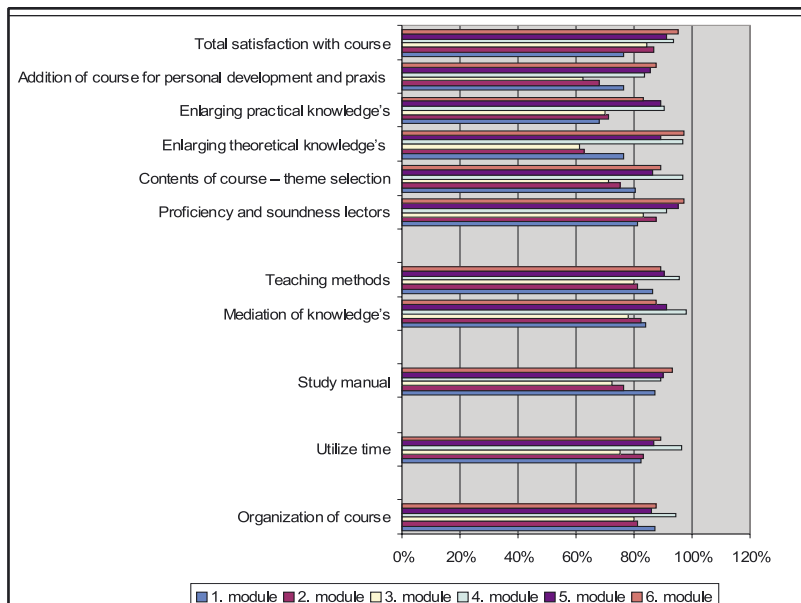
Graph no.1 Composition parties of courses



Scheme no.2 Course analysis

	1. module	2. module	3. module	4. module	5. module	6. module
Organization of course	87 %	81,2 %	80 %	94,3 %	85,7 %	87,5 %
Utilize time	82 %	83 %	75 %	96,2 %	86,8 %	88,8 %
Study manual	87 %	76 %	72 %	88,8 %	89,8 %	93 %
Mediation of knowledge's	84 %	82,2 %	78 %	97,7 %	91 %	87,5 %
Teaching methods	86 %	81,2 %	80 %	95,5 %	90,5 %	88,8 %
Proficiency and soundness lectors	81 %	87,5 %	83 %	91,1 %	94,9 %	97,2 %
Contents of course – theme selection	80,5%	75 %	71 %	96,3 %	86 %	88,8 %
Enlarging theoretical knowledge's	76 %	62,5 %	61 %	96,3 %	89 %	97,2 %
Enlarging practical knowledge's	68 %	71 %	70 %	90,3 %	89 %	83,3 %
Addition of course for personal development and praxis	76 %	68 %	62 %	83,7 %	85,4 %	87,5 %
Total satisfaction with course	76 %	86,8 %	84,2 %	93,6 %	90,9 %	95 %
Order of lecture team success	6	4	5	2	3	1

Graph no.2 Detailed analysis of course valuation



Results from the analysis are that the best is module no. 6 “New trends in education of managers.” At least popular is module no. 1 “Effective manager”, even though other side 76% like total satisfaction with courses is not small. Also, that confirm that quality of course depend on lecturer quality, what organizer on management department know. New challenge for next education of managers is especially opening and supply module (courses) for civil sector – organization (firm) in Liptov region.

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The Environment as an Integral Part of a Company's Activity in the Era of Globalization

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Abstract

The problems connected with the issue of the environment are complex and multi-dimensional. In practice, an enterprise has to answer a great deal of questions referring to liability for the natural environment in view of a number of existing threats. The issues refer to all areas of a company's activity, mostly to the production process. Management of the environment, with respect to the closer and further environment of an enterprise, contributes to the improvement of the state of the environment as well as affects the way it is perceived by its employees, local society and its customers.

Taking the above into consideration, the purpose of the work is to present the problems connected with the issue of the environment in the management of an enterprise in the context of the balanced development as a priority of the activities tending to the improvement of the quality of life.

Key Words

Environment in the management of an enterprise, the balanced development, threats and environmental causations, the global exhaustion coefficient, Human Development Index (*HDI*), the quality of life (*QL*)

Introduction

The realization of the elementary human existential needs has significantly influenced the increase in the number of population and the introduction of the social division of work and, consequently, provoked a transformation in a size of an individual consumption of the natural resources of the environment.

Thus, it can be ascertained that the threat of the environment is mostly

caused by the increase in the number of population and the technological progress.

Today, humans negatively affect the environment, including some additional (hazardous) substances, both the substances occurring in the nature e.g. lead, and the ones made by themselves e.g. pesticides, to the biogeochemical cycle.

All productive processes also affect an enterprise. Socioeconomic activity of a human, that fulfills their needs as well as consumption, exploitation of the subjects of needs always evoke pressure on the natural environment. Unequivocally, the deepened consumers' knowledge on ecology obliges enterprises to comply with socioethical matters and the environment protection into their strategic activities in favour of social interests in view of the conception of a socially liable business. It means, an enterprise consists of people, it is depended on people and it serves people as well.

Taking the above into account, the purpose of the work is to present the problems connected with the issue of the environment within the enterprise management in the context of the balanced development as a priority of actions tending to improve the quality of life (*QL*).

Threats and Environmental Causations

Economic development results in a wider exploitation and continuous improvement of human impact on the environment as well as in emergence of the factors that may disturb the ecological balance. The characteristic feature for the 20th and 21st century is introduction of enormous amounts of harmful anthropogenic substances that are input into the natural environment. Such substances are described by a large variety of chemicals formed as a result of human activities. The substances negatively influence human health, life forms and their populations as well as both short-term and long-term habitations and ecosystems.

Only in the second half of the 20th century people started realizing that the non-renewable natural resources are limited not only in the local or regional aspect, but also in the global scale. The confirmation of the fact might be the size of the global exhaustion coefficient for the chosen substances that is shown in table 1.

Table 1. The size of the global exhaustion coefficient for the chosen substances

<i>Substance</i>	<i>The global exhaustion coefficient</i>
	<i>years</i>
Coal	390
Natural gas	60
Crude petroleum	40
Iron ores	119
Copper (land resources)	36
Gold	22
Industrial diamonds	18
Mercury	25
Silver	100
Sulphur	24
Zinc	21

Sources: Lewandowski J., *Zarządzanie środowiskiem w przedsiębiorstwie*, Wydawnictwo Politechniki Łódzkiej, Łódź 2000, p. 29

Initially, in the first period of industrial development and urbanization only the economic aspects were taken into consideration. There was no information on negative influence of some certain factors on the state of the environment and human health. Only in the 1960s negative effects of industrial activities were considered as well as it was learnt that they may become a barrier of economic development and a health hazard in the future. Since then, numerous legal regulations that oblige organizations to do things that had been unknown before, referring to the impact and shapes of the surrounding environment, have been accepted in many states.

Such understood environment, in the aspect of a company's activity, can be considered twofold (Lewandowski, 2003, 250):

- macro-environment—threats within the external environment of the organization/enterprise
- micro-environment— threats within the internal environment of the organization/enterprise

Both environments interact and the balanced management of these environments contribute to diminution of potential hazards for humans.

The threats of the macro-environment, that are global and contribute to degradation of the natural environment, include: global warming, thinning of the ozone layer, utilization of the raw material

resources, the energetic problem, air pollution, toxic chemicals, water pollution, deterioration of the quality of life, factors harmful for the balance of the global ecosystem.

The threats of the micro-environment include: unsuitable microclimate, dustiness and unsuitable irradiation of the workplace, noise and vibrations at the workplace, electromagnetic radiation, ionizing radiation, static electricity.

Harmful influence of the factors of the material environments may influence not only employees at work, but also the macro-environment.

Regarding the fact that civilizational improvements or continuous changes in techniques and technologies carry along a great number and variety of threats, more and more attention has been paid to human health which determines direction of optimization of work conditions, including intellectual and executive processes.

Today, enterprises more often comply with the factors that refer to social liability, particularly to (Lewandowski, 2003, 248):

- creation of suitable work conditions for the staff of any age groups as well as for disabled persons by suitable organization and culture of work;
- health promotion and commencement of a healthy life style, mental health, protection in cases of social illnesses by the policy of the state referring to the creation of pro-health conditions of work places as well as within the management process;
- diminution of costs of the health care referring to accidents and injuries at work;
- rational utilization of the resources in favour of natural environment protection as well as creation of the health fostering environment;
- improvements of the social communication referring to the terms of health and environment as well as to social needs with affiliation to a work group.

Besides, the priorities of the World Health Organization are: protection and promotion of health and supporting the professional development, assurance of suitable conditions and work environment as well as development of a friendly organization, implementation of the working methods assuring the maintenance health and work safety and, simultaneously, improving work effectiveness.

The concern for the integrated method of management of health, environment and safety is a result of not only legal acts, but first of all of development of social cognition of both organizations and government agencies, trade unions and employers and workers.

Balanced Development – Eco-development as a Paradigm of the Mankind Development

The concept of the balanced development has been accepted by the society as a basic paradigm of the development of mankind at the end of the twentieth century and the beginning of the twenty-first century. Today, the balanced development is the only way to fulfill the needs and ambitions of the society and its rules have been written into all strategic and operational documents of the developed countries, including the European Union states.

Nevertheless, the concept of the approach to the balanced development was not understood equivocally. It had been contributed by the evolution of the analyzed development that made it become a subject of interest of numerous scientific disciplines such as, among others, ecological economy, environmental economy, environmental engineering.

At present, there are more than a hundred various definitions and interpretations of the balanced development. That is a contemporary paradigm based on system thinking that analyzes mutual and manifold relations between the environment, economy and society, whereat it does not determine a homogeneous and strictly defined ecological and social and economic conception. However, despite the ambiguity, development is characterized by long promptness referring to application of the environmental protection procedures, to thrifty economization of the natural resources and maintenance of providence in utilization.

The United Nations Millenium Meeting, held in September, 2000 in Johannesburg, confirmed the ideas of the balanced development as a basic problem of the global society as well as it stresses a global range of activities in support of the environmental protection and diminution of poverty.

In Poland, the balanced development is a constitutional principle which presents a new conception of the global, regional or local development and counters tightly understood economic growth. The conception has emerged as a result of general environmental hazards and it referred to the creation of ways of their minimization as well as to liquidation by realization of the ideas of social respect of the resources. The Strategy of Balanced Development of Poland, approved by the Ministry in 2002, points new directions of development up to 2025.

Its main purpose is to separate the correlation of economic growth with expenditure of natural resources and its impact on the environment as well as life quality improvement.

Permanent Development and the Quality of Life

Life quality improvement is a priority of the rules of the sustained,

balanced development, formed by economists and governments, which is a stimulator of socioeconomic development that concurs with the rights of the nature.

The life quality level is influenced by: factors shaping the life environment of humans, organizational culture, culture of domestic or school life and finally culture of attentiveness to goods of nature. A critical element of the quality of life is also professional life quality due to the fact that a man spends majority of his/her life at work. Today, high quality of life seems to be a priority of a proper economic development. Therefore, it is largely liable on conditions at the institution. It happens as for majority of people work is one of the basic ways of realization and fulfillment of their needs. Quality of work conditions is critical for effectiveness of the enterprise, determining the quality of life.

A grade and a way of human needs and rights fulfillment, within the range of such terms as: Welfare, Health, Safety and Culture (Pawlak, 2004, 81), can be accepted as a measure. Determining the level of life quality not only quantitatively measured criteria (e.g. size, selection) but also the qualitatively defined factors of welfare can be distinguished.

To make up the international comparative analyses a synthetic measure of a social development level *Human Development Index – HDI* (Hibner, 2003, 26) has been elaborated. The measure describes three indexes:

1. expected lifespan – the index presenting the conditions of health, conditions of the life style and natural environment, quality of health care;
2. qualifications – the index based on an average number of years of education and on a grade of adult alphabetization;
3. the level of GDP per inhabitant, calculated according to the purchasing power parity.

A premise of the HDI construction is a necessity of a more exact description of the level of social development than it is presented by the most common GDP. The HDI value (scaled from 0 to 1) allows to include the given country to one of the three groups: highly developed countries, medium-developed countries and lowly-developed ones. Poland is classified in the highest category in view of the relatively high level of education and the increasing lifespan. According to the researchers it is a result of the systematically improved quality of the natural environment as well as the improved cognition on a healthy lifestyle. To make the results of the research more detailed the partial indexed, such as: the rate of unemployment, health care expenses in GDP.

Thus, it can be ascertained that the quality of life of an individual is a reflection of the level of satisfaction they experience from the occupational

work, consumption of goods and services purchased on the market, consumption of public goods, forms of leisure activities and other material and social causation of the environment, including the work environment (Błasiak, 2005, 383).

Recapitulation

The environmental issue has a complex and multi-dimensional character. The current state of knowledge confirms the correlation between the conditions of the environment, socioeconomic development of the state and the quality of life of its inhabitants. The critical challenge is the inter-action between a man and the environment and the pro-ecological awareness stresses dilemmas and limits of the natural resources exploitation and intrusion into the environment.

Limited possibilities of the natural environment within the range of procurement of the raw materials or reception of impurities require integration of socioeconomic goals that ought to be considered in the strategies of every organization in global, regional and local context. The need for the clean environment requires such formulation of the long-term activities of either institutions and the whole economy so as the eco-development was thought to be the only possible conception of the socioeconomic development.

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Contribution to the II. International Scientific Conference Management 2008

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Abstract

Prešov region has changed. There are coming here a lot of investors to searching new business opportunity. Unemployment has decreasing tendency. Finally.

The goal of my contribution is to watch this reality more in details. New investors need reduce their costs of production, employees expect increase their life standard. What is the role of Slovak managers? What incentive and personable factors of management do they have to use? These question are main themes of my research.

The first chapter describes the situation on the labor market in Prešov region. Second part recognize structure of new production and the third part asks which forms of affects on the labor pover should be used in Prešov region

Key Words

Business opportunity, job opportunity, new production, unemployment, motivation, incentive factors

INCENTIVE FACTORS OF MANAGEMENT IN THE TIME OF PRODUCTION INCREASE IN PRESOV REGION IN THE LAST THREE YEARS

The economic situation of the Presov region has changed within the last three years. The increasing rate of the bussines and production, many newly built shopping centres, number of investors coming here and searching new bussines opportunities should bring new job opportunities for the people living in the Presov region. This is a very good message as well as the fact at last.

The reality si motivating, new plants being built here recently, many old factories re-opened and the rate of unemployment shows the decreasing tendency. Presov region as a part of Eastern Slovakia could be contend. This region had to wait for many years untill the bussines found its path to the place.

But let's see more details of the reality.

New investors need to reduce their costs of production in comparison with the Western Europe, even with the Western Slovakia. In the same time the employees here expect to increase their incomes. These two expectations could meet the common point satisfying both sides if each would accept the other as a partner.

This is the important task for the managers. They have to find the way to keep a long life of a company in the region. Whether this is real and what to do, these will be the questions for me and you in this contribution.

My first question is – isn't it too late? For the business persons as well as for the employees?

My second question is – what kind of production is coming here?

My third question is – what can the managers do in this situation to keep their companies here and to provide the qualified labour?

Is it really too late?

People from the Eastern Slovakia are not lazy. We can see this fact in the history of Slovakia. After the World War I. many people moved to America searching their bread there, leaving the families and their homes. After the World War II. It was quite similar, as well as in the time of communism.

Nowadays, when the Slovak Republic became a member of the European Union and many countries opened their labour markets, a number of young people want to know the Western Europe countries and earn more money than in Slovakia. Especially those highly educated people with the academic degrees are working in stocks of supermarkets, at the hotels as the receptionists. The technical engineers and craftsmen are building new houses in the whole Western Europe.

It is documented in the statistical review of the Presov region:

In the last 3 years the rate of unemployment decreased from 21,5 per cent to 13,8 per cent in 2007 and 11,4 per cent in June 2008. Analyses of the labour exchange affirm – one of the three factors influencing the unemployment is high mobility of qualified labour to abroad. In the year 2007 more than 52.000 people from the Presov region worked abroad, it covers 30 per cent of the whole Slovakia. Also, during the huge investments in the Western Slovakia many people from the region moved to the places like Bratislava and Trnava, with newly built car plants.

We have to say that very important factor of unemployment decrease is active politics of labor market, national and international projects of European social fund. This is very important with regard to fact that 77

per cent of free labour forces in our region are people with basic or lower education.

The comparison in the new self-employing activities in 4 largest regions of Slovakia – Bratislava, Kosice, Nitra and Presov at the end of the year 2007 is very interesting .

Nitra - 254 people, Košice - 342, Bratislava - 657 and Prešov - 1.676 people !

In Prešov region it is more then other 3 region together. Maybe it is because of there are a lot of people which do not like working in big companies, maybe it is necessary, especially in service job.

So, my first question , if is not too late for investment in Prešov region I can answer - not for all is too late, there are a lot of companies, which are searching easy assembly production that people can understand and learn in few weeks. In this plants are working hundreds employees without qualification or with basic education.

For future of Slovakia is this fact not very cheerful, more optimistic seems to be our young generation, whit their education, effort to learning foreign languages. I hope for these people is coming new business investment and it is really not too late.

Now we are going to my second question - **what kind of production is coming here**

According to statistic of labor exchange about 77 % of free labor power in Prešov region are people with lower qualification, without school-leaving exam... despite of this they are manual skillful and reliable. This fact is known for all potential and real investors and mangers. They known exactly what they need and where to search and fint it.

Most often line of business is electrical engineering and machine industry. This is suitable for this corn of Slovakia, Prešov region was not long ago well-know as stable source of textile industry. A lot of women found their new job in car assembly production. Only in Prešov city are 3 plants for cables assembly, in which are working more then 600 women. An American investor in Prešov gave in last year job for 700 people.

Very often searching works are refinishing of products, it means that complete material is delivered from mother company and it is handled in workrooms with special machinery imported from companies, in which are not more working, because they have bought new machines.

It is problem of many investors. They have started production here with older machinery and instrumentation, to use machine running hours till last minute. In conjunction with unqualified labor power it is not very happy start to be successful. When they want to hold their production not only for

a year, managers have to slowly change both sides of business - investors and employees.

This is the main theme of this contribution – **what the managers have to do in this situation.**

In years 2004 and 2005 have managers had easier job then today. When they were searching for labor forces, it was no big problem. People living still were happy, when they found some job. And they accepted all the conditions in companies. When boss said - it is black, it must to be black, although it was white. Because outside of the company there were the crowds of the unemployed bodies. Unemployment rate was in this time 22,9 and 21,5 per cent.

In the last three years the role of the managers got changed. They must forget that are the bosses and the only authorities, the unemployment has dramatically decreased to the 11,8 per cent and the people do not have to accept everything what the companies offer. They have larger possibilities of the employment.

The fight for the skilled labour force started, but not all the managers have understood it yet. There is a shortage of the personell.

I am only on start of my dissertation thesis, but my research about manager work confirm my working hypothesis - personality of manager is most important factor of successful business.

Manager in Prešov region have big shortages of manager education. Many of them are branch specialists, they know detail technical their job, many of them have started as a self-employer or as family company. So they have to be good in their business, but now when company has increased, they have to work with other people and this is often unknown sphere for them.

I gave away many questionnaire about the role of manager in company and I can now say that 80 % of manager are too proud for their position, they are not democratic, technical good educated but without good manners.

So at first they have to **come back to managers books** and recapitulate or new learn the role of manager. Theory of management (Letovancová, 2002, 10-12) emphasizes basic tasks of manager are:

1. define goals and priorities for perosnell
2. resource securing and allocation - pressure to owners for permanent investment
3. know and follow the work of employees and be helpful for them
4. motivation and quality assurance of works

The most important is the correct motivation and stimulation of the people. The people at all the positions are the biggest wealth of the companies. But people... why. (v poriadku). Otherwise they can work often overtime, when they feel as the members of the team.

Motivation is not manipulation!

For many managers are these words not only similar, there are very often intentional interchanged. manipulation is behaviour in two plains with different goals and real goal is manipulators profit.
(Oravcová, 2000,210)

Motivation is internal soul state of people, which move on them forward. Stimul is every impulse, which evokes changes in people behaviour. Trought the right stimulation can mangers influence productivity, quality of production. It is important to use all kind of stimulation:

- material incentives as wages, rewards
- moral incentive as praises, allowances
- internal incentives as satisfaction with work, self-realisation

Motivation programs do not need to be expensive.

To say to workers – hallo, good morning, how are you doing, have a nice evening, well done, you are right – all these magic words could be the first point for every motivation program.

They have to **go back to the history** and study work and life of the successful managers like Tomas Bata, world-famous founder of the shoes-making imperium, who started 100 years ago but his ideas are still useful for current days.

We can compare incentive instruments used in Bata company and broad palette of instruments in today literature (Bedrnová, Nový, 1998, 270)

- financial allowance - wage, bonus, premium
- unfinancial allowance - staff share, company car, flat
- work contents - self-realization, pride, satisfaction
- encouragement - informal valuation
- team atmosphere - emulation between workgroups, vertical and horizontal relationships
- work conditions - permanent improvement
- job identification - my work, my company as a part of my personality
- external incentive instruments - image of company

All incentive instruments could be effective only when company know their employees and their motivation profile.

Many of these instruments were used by Bata managers and it must be accepted in this time in Prešov region too.

Most important message for Prešov managers - do not forget we are working with PEOPLE, they do not need too much, they only need

DECENCY, RESPECT and CONCERN. Every company will be then successful and lively for long time.

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Ethic Problems of an Entrepreneur in the Transformation Process in the Contemporary Society

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Abstract

The contribution is orientated for problematic the ethical problems of businessman in transformation process at the present society. The important attribute of enterprise management at 21. century is ethic at the business. Ethics of businessman represents the economics has found at the human principle, that accents, that the entrepreneurial activity is not purposeless, but has achieve with the people and for the people. The attendant effect of all business activity are problems of ethical character, that businessman treat must. The contribution refers for nevitability to enforce the ethical attribute in business, for the situations for the businessman is in the entrepreneurial risk, for the inevitability to find the methods to develop the ability of businessman to identify problem of ethical character. Moreover to know causations no ethical aktivty, to know their to identify, to find and implement forms resolution of ethical problems and lastly to apprehend the entity of problem. The key aspect for resolution of ethical problems is decision making. To know resolve the ethical problem constitutes for businessman to know correctly and accountably to decide. At the business setting is arices many complicated ethical problems. The most ethical problem is problem connection profit – ethic. The people have differently denominations and is causes problems to look at them. To know to comprehend perspective of many people too, is neccessary. The aim of society, enterprice and businessman for the „reasonable“ profit is improve the grade of ethical accountability.

Key Words

Ethic at the business. Ethic problem. Profit – ethic.

Ethic problems of an entrepreneur in the transformation process in the contemporary society

The meaning and position of ethics in entrepreneurship in the transformation process

Economics in the transformation process is characterized by an inadequacy of ethic manners. The transformation of ethics into the entrepreneurial area is a long-term and „incessantly passing process of cultivation of the businessmen’s manners and formation of the culture of

an inter-office management, intercompany competition, as well as socially responsible behavior of companies to external environment.” (Luknič, 1994, p. 12) Asserting the ethic attribute of entrepreneurship means systematic re-evaluation of preferring entirely economic, more precisely profit business interests including various aspects of social responsibility.

In the legislation area passing laws supporting and protecting ethic principles in business and in living is required. Ethic norms are very extensive, but it is not possible to encompass every human activity. In the ethic area moral principles can be supported by a law, however, morality in regulation of behavior is not able to be compensated by a law.

The determinant of public opinion is the deciding attribute in keeping business ethic rules. The social atmosphere situation, the public opinion authority cannot tolerate illegitimacy of lines in business. Responsibility for a business, responsibility to employees, customers, suppliers and the whole society with an effort to respect ethic rules is an eminent factor of economic growth. Nowadays a considerable part of public opinion inclines to the opinion that free-market economics is not guided by morality, what is more that it also clears profit from damaging products. According to Howard Hughes it is evident that we cannot have high principles and high profit simultaneously. (Klopfer, 1994)

Problem of the Relation Profit versus Ethics

The central problem of business ethics is the problem of the relation profit – ethics. Profit and its maximization appear as motivations of a business activity. It is a case of an individual interest of the individual as an entrepreneur and his or her effort to maximize profit as a moving force of market economy. In our conditions an economic conception of business success dominates and a conception of that what to be successful means. Concept of success is identical with concepts of output, efficacy, production rate, increase etc. without its moral standpoint. Given comprehension does not content any ethic reflection. Proceeding from business ethic principles this comprehension is considered to be ethically incorrect. Success, not only in business, should be broadened by principles of humane rational-discourse ethics, by principles of tolerance, justice, freedom and humanism. New understanding business success must contain criteria of increase, quality, and productivity apart, i.e. quantitative criteria, criterion of ethic reliability, too.

Business ethics gives a particular ethic status to business, which is different from everyday living of people. The aim of business ethics is to point out that how it is possible to co-ordinate the areas of business and ethics, on the outside divergent areas, and to answer the question why

business decision should exceed the scope of clearly economic interest. Business ethics focus substantially on co-ordination of its business interest with duties and moral responsibility to rightful claims of those people who are concerned by business activities directly or indirectly. In the narrowest sense it is a case of the problem of the relation between an effort for profit and an obligation to saturate another's needs.

From the economic point of view profit is a difference between total costs and total incomes. As an eminent business impulse it is one of the criteria of prosperousness of business strategy. From the business ethics point of view is questionable whether it is possible every profit, and also a way of its acquiring, to be considered morally defensible.

An Entrepreneur's Ethic Problems

Making decisions is one of the most important business activities. It is a specific kind of thinking, which is applied in problem situations, and also in the inception of ethic business problems. Business decisions concern besides common and current problems also complicated problems of a special nature. In solving ethic problems it is necessary for an entrepreneur to make decisions responsibly and in a way of high-quality. Every business decision always has the impact on other people, other business, organizations, the society as a unit. This impact can be positive or negative. Nowadays we encounter frequently the fact that many business activities are not in accord with ethics and morality. An entrepreneur succumbs different pressures frequently in his or her activities, he or she makes decisions on the basis of different circumstances and this corresponds to different ethic degree. An entrepreneur sometimes works without realizing negative or incorrect consequences of doing. Sometimes he or she cannot establish correctly what is ethic and what is not. But it is inexcusable when he or she does unethically consciously or aim-consciously. With every final decision a particular risk of the consequences is always connected. Every entrepreneur has the right of the free choice; he or she must defend it in front of others, society and, mainly in front himself or herself.

An entrepreneur must distinguish an ethic dimension of conflicts, which he or she must solve. As main features of an ethic problem Luknič (1994, p. 63) defines many attributes. He defines an ethic problem as a problem, which:

- can be named easily,
- does not fall within the context, it stands out of a specific situation,
- is considered to be ethic in general,
- relates to one correct and one incorrect value,
- supposes that the individuals can do 'right thing' when they want.

In general three kinds of ethic problems are differentiated (Smreková, 1999, p. 65):

- a) moral problems of a nature: it is a case of making decision about whether to keep or break moral norms by changing for certain concurrent advantages on the market. It is about how the individual evaluates individual alternatives personally, so this is a question of prevailing pragmatic point of view – what is worthwhile, prevailing moral point of view – what is good and bad,
- b) problems of moral behavior under the pressure of circumstances: it is a case of moral evaluation of an act which was done in a specific situation, as so called situation of a conflict of interests. It is questionable whether renouncing certain moral norms is right in a case, when it is the matter which is existentially important for an entrepreneur (e.g. paying the bribes, what is a condition of quickening the process arranging a request).
- c) problems of moral behavior of institutions: up to this mark righteousness or unrighteousness of certain manners of institutions is evaluated from the legitimacy point of view, i.e. keeping laws and moral norms, e.g. paying the bribes because of making business advantageous on the market – for example because of obtaining government order, it is not only the question of good and bad, but of admissibility or inadmissibility (legitimacy or illegitimacy) (Contemporary Moral Controversies in Business, 1989, p. 4-5).

An ethic problem can be defined as a problem appearing in business activities, which have an ethic dimension in a negative sense. A conflict clearly resulting from the general state can be defined by an entrepreneur clearly, and it concern only one immediate participant who is supposed to have the opportunity of free ethic decision, and making decision has an unambiguous form of kind yes-no, and the conflict will be solved by accepting decision without right of appeal. (Seknička, Putnová, 2007, p. 118).

We must have precisely set the value system to be able to undertake solving ethic problems. In solving ethic problems participating subjects must not only master the ethic point of view, but be able to differ which values are important for business and how they influence correctness of a done decision. If an entrepreneur want to influence the reality and change it for the better, he or she must know reasons of an unfavourable position. The fact that what is the reason of unethical business manners is questionable in connection with given problems. Ethic problems originate mainly, because there are conflicts between not only individual morality, organization morality and society morality, but values of the individuals, organizations

and societies, too. Entrepreneurs are in a constant risk, because they must solve three dilemmas incessantly in their business activities: To keep laws or not? To prefer economic interests or social interests? To give priority of their interests to interests of an organization or society. Business ethics is elaborated as reliable making decision and activity in often conflict economic situations. It is a case of applied ethics as so called reflection of ethic principles into all the business activities, including individual, corporate and social values and norms. The motto of business ethics is to create the culture of manners and activities, which is established mainly on trust and reliability as two central principles. It is a case of an effort to co-ordinate high efficiency, meaningful function and certain principles. It is not possible to separate ethics and business. It is not possible to agree with the statement that there are no moral values in economy and high profit and the highest share on the market is the only business duty and task. The topical relevance of ethic problems is given by the process of social transformation, when the space for an entrepreneur's initiative is created and in connection with it reliability not only for his or her existention and position, but for existention for the employees or consumers, too. It reaches to reciprocal synthesis of the economic, ethic and moral-value aspects.

The basis of correct market relations in the contemporary period is transformation of ethic features into business. Activities of an entrepreneur as the individual always have the impact on other subjects. Activities in accord with ethics should be not only a possibility of choice, but a law, too. Many social problems indicate the presence of unethical business manners, which have the impact on our lives. Entrepreneurs do not take account of the others in the effort to maximize profit. Discrimination of employees, inadequate evaluation of their deserts, usurping their ideas, fictitious promotion for consumers, inobservancy of the conditions of trade terms, incorrectness in partnership, and many irrelevant problems on the outside are present nowadays in business activities. In the interest of the aim ethics is passed over. The reason of business activities following only profit is the presence of many ethic problems.

Conclusion

In these days a minimal attention is paid to ethic business problems. Necessity of researching these problems is given by the period, transformation process, damaging the environment, and what is more breaking the basic rights, not respecting moral values in their substance as fundamental conditions of the contemporary period and an appropriate environment as a place for human life and activities. I dare to say that the reasons of business activities indicate there is a lack of human dimension in business manners and activities, humaneness of the role, service to the

people, respect to the others. There is an absence of human education with respect to the others.

Ethics in its essence indicates what is right and unright. It shows that business activities are not considered to be right, ethic in the consequence of the presence of many negative impacts of the activities on the society. Ethic problems in their essence grows in the measures and size. The contemporary period becomes the period of experimentation where is applied that the more an entrepreneur risks, the higher profit he or she will reach. According to A.Z. Carr (1989) it is not unusual for entrepreneurs to break a law, although they wait that they will be caught if they calculate with that the penalty which must be paid by them will be only a small part of profit which will be given by the break. Frequent doubts in connection with business ethics can be summed up into the following questions: Is it worthwhile for an entrepreneur to behave morally? Does it not mean for a company voluntary limitation and a lack of competition ability on the market? Economical reasons of reducing business ethic principles to market economy give evidence of their necessity in business. The favour image of a company is created and strengthened for suppliers and customers. Only business which does not overlook demands of business ethics can reach maximal profit from the long-term point of view. In the interest of effective business activities in the society there should be recognizing reasons of unethical manners and activities, the ability to identify them and following finding and adopting ways of resolving into ethic problems.

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Reaction of Some Activities of the Human Resources Management to the Slovak Legislative Changes

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Abstract

There is a big dynamics in the Slovak legislation, that is caused by the influence of the EU legal provisions and by the political and economical changes. Due to the abovementioned conditions a plenty of legislation is beeing changed – and it mostly induces the human resources management. Labor code and antidiscrimination law have been changed just recently. The aim of this paper is to show the reaction of companies to the legislative changes and their display in the particular actions of the human resources management and in the changes of labor cost. The necessity of taking appropriate measures and evaluation of abovementioned changes will be important as well.

Key Words

Human resources management, labor code, antidiscrimination law, influence of the legislation

Legislation in the area of Labour law is relating to almost every citizen's life in his productive age. It is the core of the work of every HR manager. The most important regulation in the respective area is the labor code. (Law No. 311/2001 Coll.of laws). Labor code belongs to the group of laws that are sensitively reacting to the economic , social and political changes. It has been amended 15 times since its birth in 2001. Although some amendments were of smaller importance, the amendment number 348/2007 Coll. of laws from june 28 2007 has substantially changed the employees and employers rights and obligations. The government intended to improve the position of employees trough the number of employees advantages in contrary to the employers disadvantages. What about the labor code amendment changes and its impact on the HR managers?

One of the most discussed changes is connected to the HR planning – forms of cooperation with the future partner. Manager must resolve whether it is necessary to conclude the labor contract or simple civil or commercial contract can be used.. To decide whether to cooperate with an entrepreneur or to take an employee is not easy - the definition of subordinate work

is important. According to the labor code the subordinate work is work carried out in the relation of subordination of the employee and superiority of the employer. It has to be only the personal work of the employee for the employer according to the employers' request, in his name, for salary or reward, in the working time, at employers' costs, through his production means and on his responsibility if it is the work consisted mostly of repeating certain actions (Section 1 of the Labor code).

The aim of this definition was to extinguish the civil or commercial contracts that simulated the employment and that saved money that had to be paid for the social or health insurance. The reaction of companies was either positive (they concluded labor contracts with previous entrepreneurs) or negative (they just redefined their mostly commercial contracts). Because of the classified character of this information that companies don't want to make public, the whole impact of the abovementioned changes will be seen only after the publishing of labor inspection controls.

If the manager is clear about the form of cooperation and decides for the labor agreement, then the planning the number of employees and the whole organizational scheme comes into question.. Number of employees and the organizational scheme depends on the financial possibilities of companies. Costs connected with employees are mostly salaries. Factors that are influencing the decisions of companies on height of salaries are foremost: legislation, trade unions, state of the economy, implementation of new technologies, salaries in other companies of the same business. Based on these factors the company decides how to rule on salaries for specific positions.

Companies are in the more difficult situation in the area of rewarding their employees. Basic regulation by the employees rewarding became the principle of paying the same salary for the same work or for the work of same worth (women vs. men). This principle comes from the article 141 of the EC Treaty and various Directives (Directive of the Council 75/117/ECC from the 10th of February 1975 on approximation of laws of Member states regarding the implementation of the same reward for men and women; Directive of the European Parliament and Council 2006/54/ECC from the 5th of July 2006 on execution of the principle of the equality of chances and equality of handling men and women in the area of employment).

Although there are some positive changes that came through the foreign companies, subsequently the differences between men and women rewards should be diminished. Nowadays HR manager who is the member of the board of directors earns 69 069,- Sk if he is a men and only 57 652,- Sk if she is a women. There are not such a big differences in the area of public service because of the legal system between men and women rewards.

Man – counsell specialist earns 21 271,- Sk, woman earns 20 380,- Sk. (www.eprofit.sk).

If men and women get the same salary for the same work, the principle of the same salary for the same work is not solved, because it has to be in force for both genders. So, if there are the same accountants with different salaries, it should be changed. It could be solved through the more precise elaboration of the internal organizational structure of the firms and their departments in relation to the education or professional experience. The division of position of assistants, juniors, seniors will probably not be just the feature of foreign firms but also Slovak employers will have to think about it as well in relation to the section 119a of the Labor code.

The precise HR planning will be inevitable, because besides of the costs connected with salaries, employers have to think about the necessity of a new employee since September 2007. Just because the Labor code amendment changed the possibility of a time limited labor contract. Labor contract on a limited period of time can be concluded on 3 years maximally. If there would be a labor contract on a period shorter than 3 years, the labor relationship can be prolonged or concluded again only once during the 3 years period. Surely there are some exemptions like representation or season work but the reason of this regulation is to ban the chain of the time limited labor contracts. The time limited employment was used for the necessity of the temporary higher need for employees but also as the instrument of fear against the employees. Time limited labor contracts are problem mostly for elder people who can be without any salary in time when their pension will be the question but the time of their labor contract expired and the employer doesn't want to conclude another one. If there is an employee that used to work in the firm longer before, we can say it is unserious because many companies are defending themselves through the argument that they don't know whether they will be satisfied with the employee. So, in the case of dissatisfaction they rather wait for the time expiry that they would have given a notice to the employee.

It could be solved through the „classical“ employment without the time limitation. But what if the employee is wrong? Sure it is necessary to know why this happened and then to try to improve the employee to give better output. But if the company in spite of many education, motivation and control investment finds out that this employee is not good, it is necessary to find means of terminating the labor contract. Labor code made the termination of labor contract harder not only because of the legal but also because of the economical reasons. If the employee becomes to be useless, employer can fire him, but he has to pay 2 months salary to him. It is necessary to count it to the notice period when employee still works, but

employer must still pay for it. So the decision on the uselessness of the employee costs at least 4 monthly salaries.

Not to deter firms from taking new people we can say section 62/3 of the Labor code is almost the only positive thing for the employers because there is the possibility of claim for the one month salary of the employee if he doesn't stay during the notice period. Such an agreement must be concluded in writing so it can be used only by the new contracts.

The goal of the labor code amendment was to improve of the employees position, but it is hard say whether it will be fulfilled because the employers will probably want to have the smallest possible amount of employees. Bigger amount of employees means higher costs for salaries and whole care.

In the area of HR the amendment means the necessity of precise planning because the company could loose big amount of money. Changes in reward systems will not be easy – it will mean changes in organization of the firm. In the field of control shall companies cooperate more with trade unions that can change the social policy of the company.

Although employers seem to be defeated through the Labor code amendment, maybe some changes can help them. They will have to care more about the HR management. If till now the position of HR manager was seen as useless and ineffective, now experienced HR manager can save vast amount of money for the company. It is possible to rationalize the using of HR management through the perfect knowledge of Labor law and through the creative application of management functions – company can gain important advantage through qualified people.

It is possible to find pros and cons in the respective legislative changes, it depends on the point of view. The best evaluation will be the amount of investors using Slovak labor force - or their departure.

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Influence of Corporate Culture in Company

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Abstract

This feature is dedicated to influence of corporate culture, which influences by important way the long-term success of company. Strong corporate culture positively influences decisions, cooperation, motivation, communication, fixing of problems and their realization in company. Managers of companies are realizing more often, that corporate culture can be source of competition advantage. Every company has its own corporate culture and its relating values.

Key Words

Corporate culture, factors of corporate culture, managers, resources of corporate culture

Introduction

Every company has its own identity. Owners of companies and employees are realizing more often importance of corporate culture. Presentation of companies with built corporate culture, where employees behave jointly, every one of them knows what to do, they have the same opinions on some things, is much easier than companies without corporate culture.

Corporate Culture

Companies are building more often the company image. Its definition is in many points of view difficult, but in base it is created of three components.

First component is company identity. By help of symbols it shows elementary informations about institution. Visually strongest symbol is normally company emblem. Very useful symbols are joint interiors or uniforms of employees. Not to fix only on material side, companies are creating their identity also by slogans, greetings and company stories (for example about company establishing) or special ceremonies (system of introduction via phone) and customs (invitation for Christmas party with

partners is always green). Next two components of company image are company communication, which creates image what is said about company, and corporate culture, which evidently defines, what is important and implausible in company.

Corporate culture has important influence on many aspects of company management. Corporate culture is defined as care, which company dedicates to needs, interests and inclinations of its employees, so which climate and social-organizational conditions are created for it (C.R, HICKMAN a M. A.SILVA). Mostly it is interpersonal relations. For creation of positive corporate culture it is recommended to respect next „3C“. They are commitment, competence and consistency. It is necessary:

- to place such company philosophy, which creates and connects interests of management, employees and individuals,
- to set some clear rules, which help to choose right people, their motivation, evaluation and stabilization,
- to push long-term management in same company philosophy with rule stability and relations for dealing with employees.

Authors stated that integration of strategically thinking and performance with corporate culture is necessarily shown in leading behavior of managers. Corporate culture defines a system of decisions, which are taken in any part of managing process. This decision system and corporate culture impact it is possible to classify as follows:

- planning system – criteria's and methods used for forecasting, programming and creating of budgets,
- managing system – leading style, delegation level, methods and systems, internal relations, communication levels, interactions, targets, motivation, education,
- organization system – company structure, hierarchy levels, importance of authority,
- control system – most important areas of control, information systems, criteria's used for rewarding and correction of employees.

Corporate culture enables for company to secure common shared vision of its targets, to come to common targets, resources, which should be together used for reaching of mentioned targets, to reach an agreement regarding criteria's, which are used to measure a progress of group a change strategy, which is necessary to receive in special situations.

Company managers are starting to realize in present time, that corporate culture can be a source of competition advantage, mostly when it is considered by valuable and good for company. It is good, when corporate culture is very heavy reproduced by other companies. Strong company culture in company positively influences decision, communication,

motivation, cooperation level, problem fixing and their realization. When we are speaking about corporate culture, we think „the rules“, which should regulate decisions of organization and its members. Some rules are strongly stated. Every company has its special values. Some of them are the same as we can see in teams or in schools. Some of them are different, because companies are in different situations. Values common for different companies include for example: honesty, respect, interest about colleagues, responsibility. Other values can be special, it depends on company and its role on market, for example customers services, product quality and financial success. People are holders of corporate culture. Reason, why they are employed in company, relations between them, rules and principles they respect, what is good and what is wrong, and everything what influences company rules and values, it is not only distinguishing one company from others, but it shows function of company from long-term view. Corporate culture is shown in managing of employees, in product quality, in reclamation way, in company strategy and in company policy.

Components of Corporate Culture

Elements, which are creating a corporate culture, we can separate in three categories:

- base components (history, values, environment, culture network, personal profile of managers),
- implicit visible components (habits, practice of management, behavior rules, used strategy and tactics, managing system, stories and legends, heroes),
- explicit visible components (symbols, rituals, events, announcements).

Resources of Corporate Culture

Symbols are important resource of corporate culture. Signs, which have sense content, they are easy understandable. Content can have ideological or material form.

For corporate culture it is important:

- verbal symbols (stories, ...),
- symbol behavior (habits, rituals, ceremonies, ...),
- symbol artifacts (logo, color, architecture, ...).

Good corporate culture we can see in commercial banks, in hypermarkets, in mobile phone providers. Choice of suits, color of interiors, propagation materials, logo, behavior to customers has direct impact to customers. Good example of corporate culture is equipment of Mc Donald's fast food, which is working as franchising organization. For keeping of common system the franchisant must use standards of Mc Donald's:

- management methods, inventory checks, accounting and marketing,
- business and service marks,
- concept of restaurant design, marking and placing of equipment,
- receipts and technical norms for preparation of meals.

Types of Corporate Culture

It exists four base types of corporate cultures:

- internal oriented cultures,
- market oriented cultures,
- adaptable cultures,
- inadapttable cultures.

Two of those corporate culture types can bring effective running of company and its success to serious danger – internal oriented cultures and inadapttable cultures.

Internal oriented cultures prevent the companies to see, what happens in their environment, and consequence is that they are not able effective to react on challenges from market.

Inadapttable cultures prevent the companies to make internal changes, which would help them effective to react on rising changes in their environment.

Internal oriented cultures:

- Most important is to lead the company, managers are too busy by leading, that they forget market and environment.
- Financial areas are getting power inside of company.
- Key tool is budget.
- There is an idea that products can be sold alone without advertisement.
- Base confidence are as follows:
 - internal effectivity is more important than customers,
 - short-term success is only company target,
 - real success is reached by decreasing of costs, consequences are put on customers,
 - more important is to fulfill the demands of shareholders and top managers instead of customers.

Inadapttable cultures:

- usually they are very bureaucratic,
- people are not creative and they are working according habits,
- there is abnormal control, which decreases motivation and passion,
- employees on all levels of company defend a change or innovation, because it is „unsure adventure“.

Conclusion

Lower interest of Slovak companies about corporate culture in comparison with foreign companies is caused mostly by insufficient history, culture conditions, size of Slovak companies, and also that they don't think corporate culture is important. International companies have very good presentation of corporate culture in Slovak republic, because they bring corporate culture with them from foreign, but it is necessary to consider about culture differences of mentioned country. In present more and more companies are considering and dealing with this area.

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Pedagogic Psychology and Leadership in the Frame of Bachelor Dissertation – Towards the Customer-Based Approach

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Abstract

The vision of the article is to introduce marketing platforms to the process of bachelor thesis supervision at the faculties of management and business administration so that it would be performed with the **customer (student) in mind**. Certain amount of students, systematically encounter significant problems while they elaborate diploma thesis. Symptoms are low study performance and often work at the last moment. Imaginary cause is the lack of effort or eventual laziness. However, to our opinion, the real cause of the problem is twofold: (1) the choice of the theme and research type do not respect student's portfolio of psychological and personal competencies, (2) supervisor does not respect or even know the principles of leadership & motivation. We propose evidence from international research journals suggesting that **if the student's personality is respected at the choice of study specialization, student performs significantly better**. Particularity of business faculties is that they propose wide range of specialization requiring different mental & personal competencies. That's how the high risk persists that the student chooses theme that does not correspond to his competencies and interests. However, this disadvantage could be turn into advantage as the managerial & business framework allows wide range of research types and approaches. The crucial point is to understand and respect student's specifics within the process of educational servuction. In the first part of the article we propose the model of **complex customer-oriented pedagogic leadership** in the frame of bc. thesis supervision based on three paradigms: 1. *Student is a client* (implies psychopedagogical diagnostics in order to understand the client), 2. *Education*

is a professional service (implies designing the highly customized theme and research type), 3. *Supervisor is a professional* (implies high quality service delivery based on the leadership principles). In the second part we discuss relevant tools of psycho-pedagogical diagnostics (Holland's theory, Myers-Briggs Personality Indicator, ad-hoc approaches based on creativity, intelligence, wisdom, capacity to apply the knowledge) and relevant leadership platforms. The concluding chapter describes project of integration the diploma thesis with the real business environment (in accordance with the Bloom's hierarchy of pedagogic objectives).

Key Words

marketing, higher education, university, bachelor dissertation, pedagogic psychology, diagnostics, Holland's categorization, Myers-Briggs Personality Indicator, customer-oriented pedagogic leadership

Introduction

"If you don't know where you're going, you could end up someplace else."

Casey Stengel

Since the 1989, the market of higher education in the field of business administration and economics has undergone several important changes, one of which has been the saturation of the market by many new and easily accessible programs. Almost every university in Slovakia proposes a diploma in the field of management and business administration. Further to it, student can also choose study program at universities in Czech Republic or Austria. Therefore institutions of higher education must inevitably make **shift toward marketing thinking** if they want to succeed in attracting quality students.

The concept of marketing thinking in the field of higher education is widely spread and accepted, especially in the Anglo-Saxon world. This article has an ambition to extend the concept in the **specific field of bc. thesis supervision**.

Diploma dissertation represents crucial step in the student's career path and it can be a turning point for his or her further personal and professional development. Accordingly, an educational institution should pay higher attention to the process. We suggest the diploma thesis supervision to be perceived as the delivery of professional educational service and thus should be performed with the **customer (student) in mind**.

According to our experience, certain amount of students, systematically, encounter significant problems while they elaborate their diploma thesis. Symptoms are low study performance and often work at the last moment. Imaginary cause is the lack of effort or eventual laziness. However, to our

opinion, the real cause of the problem is twofold: (1) the choice of the theme and research type do not respect student's portfolio of psychological and personal competencies, (2) supervisor does not respect or even know the principles of leadership & motivation.

We propose evidence from international research journals suggesting that **if the student's personality is respected at the choice of study specialization, student performs significantly better.**

Particularity of business faculties is that they propose wide range of specialization requiring different mental & personal competencies. That's how the high risk persists that the student chooses theme that does not correspond to his competencies and interests. However, this disadvantage could be turn into advantage as the **managerial & business framework allows wide range of research types and approaches.** The crucial point is to understand and respect student's specifics within the process of educational servuction.

The objective of this article is twofold: (1) We propose ideological concepts of marketing thinking in the process of bc. thesis supervision in the form of the **complex customer-oriented pedagogical leadership model.** (2) We discuss relevant **psycho-pedagogical, leadership and organizational platforms** that could serve as efficient and fully operational vehicles for implementing the marketing paradigms into the process of the bc. thesis supervision.

1. Marketing Paradigms

In this part we will introduce three marketing paradigms to be implemented into the process of cooperation between supervisor and bc. student: (1) Student is a client, (2) Education is a client oriented service, (3) Supervisor as a professional provider of educational service. The chapter will be concluded by the concept of the *paradigms triad* resulting into the *model of complex customer-oriented pedagogic leadership.*

1.1. Paradigm 1: Student as a Client

American and British universities have created model "student as a customer" in the 19th century. According to this model all the school activities are subordinated to win the client's satisfaction. However, in Germany Wilhelm von Humboldt proposed another approach where teacher and student serve each other mutually. Teacher is a scientist & researcher while student is his assistant. The model has been widely adapted by the majority of prestigious universities.¹ However in the domain

¹ CLAYSON, D. E. – HALEY, D. A.: Marketing Models in Education: Students as Customers, Products, or Partners. In: *Marketing Education Review*, Vol. 15, No. 1, 2005. ISSN1052-8008

of undergraduate education the general paradigm “*student as a customer*” widely prevails.

1.2. Paradigm 2: Education as a Service (or servuction)

We perceive education, if defined through the prism of marketing as a creation and delivery of service. Instead of term service we propose the term „servuction“, which is a neologism composed of two terms “service” and “production”.² Semantically, the term servuction depicts better the emphasis on the (1) long-term process and (2) highly customized service creation and delivery.

1.3. Paradigm 3: PhD. Student is a Professional Provider of (educational) Service

If we accept the two previous paradigms, the PhD. student who is in charge of bc. student supervision should be considered, and should consider himself, as a professional service provider.

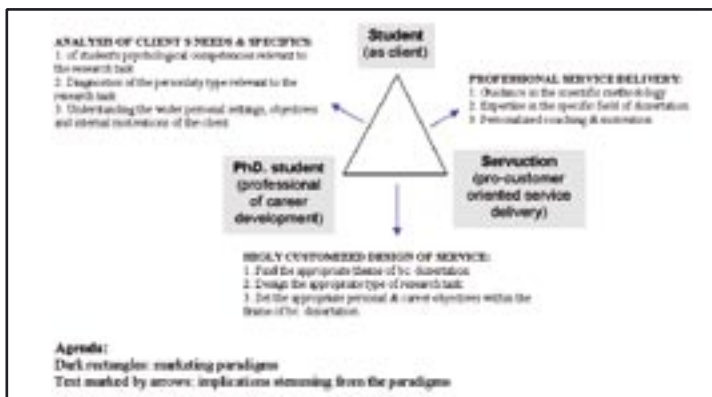
Professional in the field of education should dispose of (1) high level of expertise in the given specialization and (2) scientific methodology of thesis writing, (3) understanding the client’s (student’s) specifics and needs based on his (3a) psychological competencies, (3b) personality traits and (3c) wider personal settings and life objectives. Owing to the character of the task, an educator should dispose of (4) strong competencies in the field of personal leadership and motivation.

1.4. The Triad of Marketing Paradigms

If we combine all the three marketing paradigms into one triad we will see interesting implications. The bc. thesis supervision should comprise of: (1) client’s psycho-pedagogical diagnostics, (2) client-oriented design of service, notably the theme and type of research, (3) professional delivery of service based on leadership and motivational techniques.

² Course on media studies, Department of Art-Communication-Language (ACL), Philosophical Faculty, University of Nice Sophia-Antipolis, France, 2005

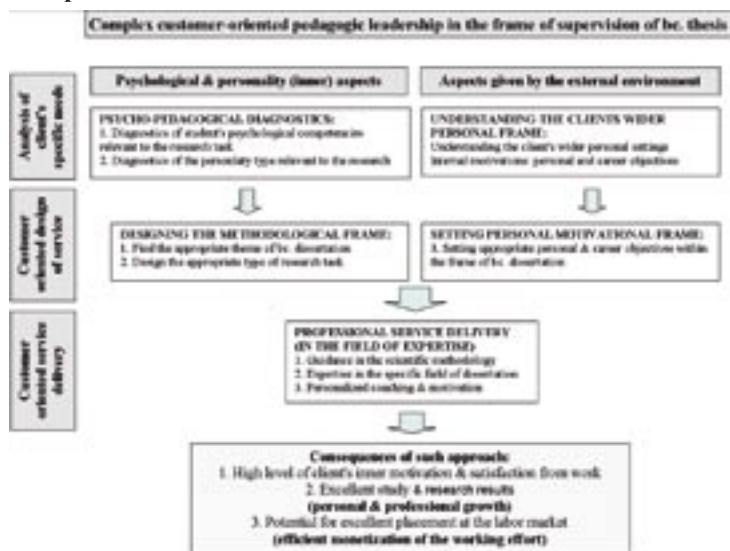
Figure 1: Triad of marketing paradigms applied in the process of supervision of bc. dissertation



Source: authors

By transforming the *triad of marketing paradigm* into the time-frame scheme we obtain a model of **Complex customer-oriented pedagogic leadership** in the field of bc. thesis supervision. The procedural steps are obvious: (1) client analysis & understanding, (2) client-oriented service design, (3) professional service delivery.

Figure 2: Model of complex customer-oriented pedagogic leadership in the frame of supervision of bc. thesis



Source: authors

The model puts emphasis on the (1) internal aspects based on client's psychological and personality potential and on the (2) aspect largely determined by the client's external environment (for example existing contacts and experiences with businesses and wider life ambitions). Admittedly, internal and external aspects are closely interrelated.

Results of the complex customer-oriented leadership will emerge at three levels: student, supervisor, university. Student can expect: (1) higher level of inner motivation and satisfaction, accompanied by (2) excellent study performance and resulting into (3) successful placement at the labor market. Supervisor will experience higher professional and personal satisfaction induced by the significant increase of the student's motivation and effort. And university will benefit from the increase of reputation and perceived quality of education. In general, we can say that all stakeholders are to expect an increased quality of the university experience.

Objective of our further research in pedagogic psychology alongside with the continuous analysis of pedagogic experiences is to design efficient methodological and organizational platform for successful implementation of the model.

2. Searching for Methodological Frames of Customer-oriented Pedagogic Leadership

As a particularity of faculties of management and business, in general, we perceive the fact, that they offer a wide choice of specializations corresponding to relatively large scale of requirements as regards student's mental competencies and personality types. That's why we strongly propose to consider student's portfolio of psychological competencies and personality specifics when designing theme and research type within the diploma thesis.

In the following part we propose three categorizations (Holland, Meyers-Briggs and ad hoc categorization) as potential platforms for student's psycho-pedagogical diagnostics aimed to design highly personalized customer-oriented educational service. Next we discuss the platform for leadership and motivational techniques. In the final chapter we describe the project of cooperation between university and business in the field of diploma dissertation.

2.1. Holland's Theory of Vocational Preferences

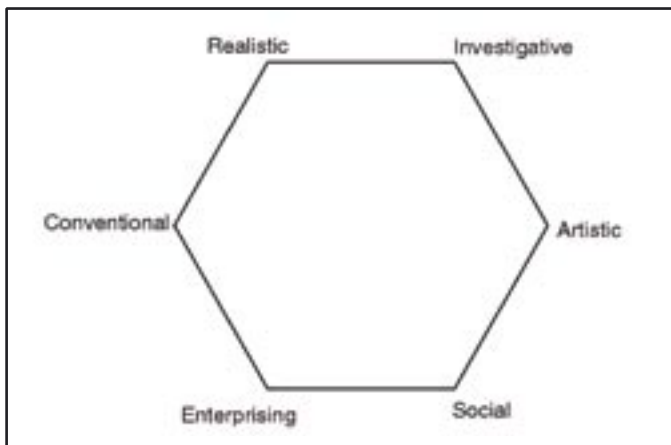
According to Holland's theory (1973), individuals can be characterized by **six personality types corresponding to six occupational environments**.³

³ BALKIS, M. – ISIKER, G. The relationship between thinking styles and personality types. In: Social Behavior & Personality: An International Journal, 2005, Vol. 33, Issue 3, p. 283-294, ISSN 03012212

Students whose personality types corresponds to major have higher levels of interest and ability in domains related to that discipline than did students whose personality types were not congruent with the major.⁴ Holland's theory provides a powerful framework for student's vocational choice. Personality types are also related to the preferred way of learning (traditional vs. experiential learning) what again influences the student's results.⁵ Holland's system of personality types is briefly described in the Annex 1.⁶

Holland recommends to assess the “**degrees of congruence**” based on whether the environment type is identical or adjacent to the personality type. Holland proposed the hexagonal model of personality types to illustrate the degree of congruence.

Figure 3: Holland's hexagonal model of personality types and model environments



Source: PIKE, G. R., Vocational Preferences and College Expectations: An Extension of Holland's Principle of Self-Selection. In: Research in Higher Education, August 2006

⁴ SMART, J. C., FELDMAN, K. A., 'Accentuation effects' of dissimilar academic departments: An application and exploration of Holland's theory. In: Research in Higher Education, August 1998, Vol. 39, Issue 4, p. 385-418, 34p, ISSN 03610365

⁵ FALLAN, L., Quality Reform: Personality type, preferred learning style and majors in a business school. In: Quality in Higher Education, Vol. 12, No. 2, July 2008, p. 194 – 205, ISSN 1353-8322

⁶ PUSKUNIGIS, A., Criteria that influence the choice of vocation – the use of Holland's method to optimize the process of selecting students for aviation studies. In: International Journal of Aviation; 2006, Vol. 10, Issue 4, p. 30-33, ISSN 16487788

A Realistic person in a Realistic environment would represent the highest degree of congruence, and a Realistic person in adjacent Investigative or Conventional environments would represent a lower level of congruence. A Realistic individual in an Artistic environment would represent incongruence.⁷

Holland's theory give rise to three propositions about college students and their academic majors: (1) Students actively select academic majors that are compatible with their personality types; (2) Academic majors differentially reinforce and reward student abilities and interests; and (3) **Students are more likely to flourish in environments that are congruent with their personality types.**⁸

Besides the effect of better study results, Smart and Feldman discuss the **effect of accentuation**, i.e. effect of deepening differences in the personality type if a student is in the congruent environment. In the case of Artistic and Enterprising disciplines, initial differences were accentuated; however, the results for both Social and Investigative ability and interests provide no evidence of accentuation.⁹

In the Appendix 2 we can see that an **economic faculty, in general, covers different majors and different potential theme of thesis** that correspond to wide range of different personality types. Hence there is a significant risk that a student might choose a theme of a bc. thesis with which he is not congruent that might, according to Holland's theory, affects his motivation and study performance.

Balkis and Isiker conclude that the teachers can learn more about student by systematic use of appropriate testing methods for personality type (SDS test)¹⁰ and about student's dominant way of thinking (TSI test)¹¹

⁷ PIKE, G. R., Students' personality types, intended majors, and college expectations: further evidence concerning psychological and sociological interpretations of Holland's theory. In: Research in Higher Education, Vol. 47, No. 7, November 2006, p. 801 – 822, ISSN 1573-188X

⁸ PIKE, G. R., Vocational Preferences and College Expectations: An Extension of Holland's Principle of Self-Selection. In: Research in Higher Education, August 2006, Vol. 47, Issue 5, p. 591-612, ISSN 1573-188X

⁹ SMART, J. C., FELDMAN, K. A., 'Accentuation effects' of dissimilar academic departments: An application and exploration of Holland's theory. In: Research in Higher Education, August 1998, Vol. 39, Issue 4, p. 385-418, 34p, ISSN 03610365

¹⁰ SDS – Self-Directed Search Style, proposed by Holland, Powell, Fritzch (1994). Self-administered, self-scored, and self-interpreted career counseling tool developed for the reason to support the career counseling.

¹¹ TSI – Thinking Style Inventory Test, proposed by Sternberg & Wagner (1992), based on the Sternberg theory of mental self-government. TSI is a self-report test in which subject evaluates himself on a scale. Result indicates one of thirteen thinking styles, usually applicable in managerial situation.

and thus **raise the academic achievement of students through knowing them well**. Educators should consider these concepts carefully when they try to guide their clients (students) in choosing the most appropriate occupations or fields of study in which they would be happy, successful and contended.¹²

2.2. Myers-Briggs Type Indicator (MBTI) of Personality Type

Myers-Briggs Type Indicator (MBTI) serves as a tool to determine personality type. It has been used by several researchers to examine the role of personality type and learning style in determining achievement in economics courses.¹³ Hence, we propose this tool for discussion.

The MBTI is based on Jung's thesis that apparently random differences among people are actually consistent and measurable differences based on preferences developed early in life. According to the MBTI, opposing preferences exist on four dimensions; each dimension has a dichotomous scale:

1. Interaction with the external world: Extraversion-Introversion (E-I),
2. Decision making: Sensing-Intuition (S-N),
3. Information gathering: Thinking-Feeling (S-F),
4. Structuring lives: Judging-Perceiving (J-P).

Each person taking the MBTI will prefer one of the two categories in each scale, resulting in 1 of 16 possible 4-letter types (e.g., ESFP or INTJ). The interplay of these preferences within each type affects how people think, act, and behave.¹⁴

Appendix 3 contains tables summarizing description of the four MBTI personality dimensions alongside with the relevant empirical recommendation for the tutor's strategies on supervision and feedback. The strategies are pre-destined for the specific case of tutoring social work students during their traineeship (field work). However we find this recommendation highly illustrative and inspirational for other fields of tutoring, including the case of the bc. thesis supervision.

2.3. Ad hoc Approaches

Some pedagogical experts propose to **implement a more complex**

¹² BALKIS, M. – ISIKER, G. The relationship between thinking styles and personality types. In: *Social Behavior & Personality: An International Journal*, 2005, Vol. 33, Issue 3, p. 283-294, ISSN 03012212

¹³ EMERSON, T. - TAYLOR, B., Interactions Between Personality Type and the Experimental Methods. In: *Journal of Economic Education*; Winter 2007, Vol. 38, Issue 1, p. 18-35, ISSN 0022-0485

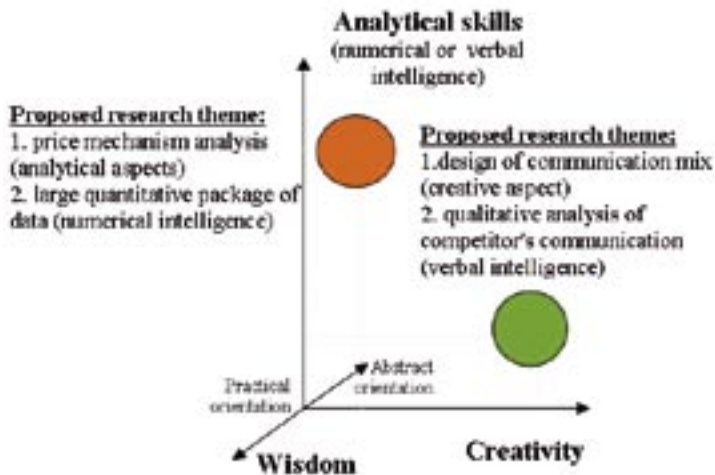
¹⁴ LINDA, S. – DETTLAFF, A. J. - DIETZ, T. J., *Journal of Social Work Education*, Spring/Summer2004, Vol. 40 Issue 2, p. 337-349, ISSN 10437797

view on student, his competencies and performance. Model of student's evaluation should respect student's qualities in their complexity and integrality including **analytical skills, creativity, wisdom and capacity to apply knowledge** in practice.¹⁵

Professor of marketing, Stephen P. Ramocki, suggests that in the field of marketing education an educator must consider three factors: intelligence, creativity and the interdisciplinary transfer. Thus students of marketing receive richer education and a complete long-run advantage throughout career.¹⁶

The following figure displays three dimensions that should be considered when designing theme and research assignment.

Figure 4: Three dimensions of student's competencies



Source: authors

We propose to **consider a simple psychological diagnostics** (in the form of a short test or a structured dialogue) that would enable teacher to understand student's psychological competencies and pre-dispositions. Right away we have the results, which help us to make up the theme which is suitable for particular student. It is important to know if the student likes creating something new or analyzing present conditions, if he disposes of verbal or numerical intelligence and if he prefers practical smaller

¹⁵ STERNBERG, R. J., Finding students who are wise, practical and creative. In: Chronicle of Higher Education, Vol. 53, Issue 44, June 2007, ISSN 0009-5982

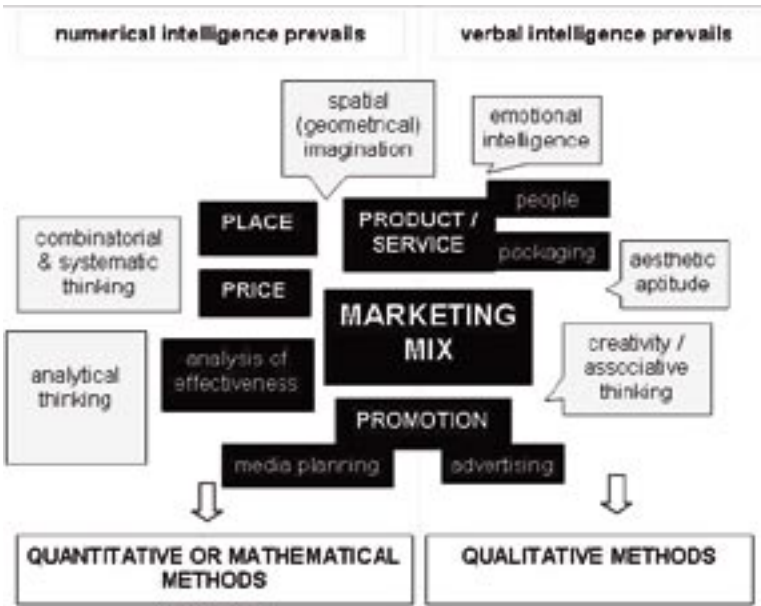
¹⁶ RAMOCKI, S. P., A new model to implement marketing education. In: Marketing Education Review, Vol. 3, Spring 1993, p. 18 – 23, ISSN 1052-8008

and well-framed topics instead of abstract and complex problems and conceptualizations.

Especially **peculiar conditions appear in the field of marketing**, which by its diverse nature of issues implies large scale of potential ways of thinking, psychological competencies and personal approaches. Teacher should design the research task so that it would fit the best the student’s psychological portfolio of competencies.

The following figure indicates the wide scale of competencies corresponding to the particular research assignment in the frame of marketing mix.

Figure 5: Marketing mix and required portfolio of student’s psychological competencies



Source: authors

The figure implies two basic categories of thinking based on verbal or numerical intelligence with the relevant scientific method (quantitative or qualitative). Another important implication is the orientation towards analytical or creative assignments.

The conclusion is highly favorable. **Field of marketing mix offers a wide palette of diverse assignments that could be designed**

(customized) in the way to fit perfectly the student's (customer's) portfolio of psychological competencies and personal preferences.

2.4. Leadership and Motivation in the Frame of the Educational Services Delivery

Another important proposition within the customer-oriented pedagogic platform is the **systematic use of leadership and motivational techniques**. Good leadership and successful motivational frame-set depends on understanding of student's personality as well as of his or her larger personal background. Crucial is the capacity to lead the students from week to week, motivate them and discuss about obtained results in the way the student will prefer the most. As a subject for discussion, we briefly outline two concepts of leadership and motivation for the field of bc. thesis supervision.

For **an efficient and motivational goal-set** we propose to consider principles determined by Stephan Covey in his reputed book *Seven habits of highly efficient people*.¹⁷ Notably we propose to focus on three principles: (1) *Start with the end in mind* principle. Student should understand his or her work on bc. thesis in wider context, notably as an important step on his career path. (2) *Pro-active approach* principle suggests that student should actively seek the ways where to apply his knowledge, especially in the manner to monetize his or her effort at the potential employer. (3) *Synergizing* principle invites students to make a good use of other school activities in the frame of work on bc. thesis, for example semester assignments from other subjects could be directed as the support for the bc. thesis.

Another platform of leadership stems from the **understandings of leadership and motivational styles based on the student's personality**. Czech author Jiří Plamínek suggests an easy to understand and efficient matrix of leadership styles and principles based on person's characteristics corresponding to the Belbin Team Role Inventory.¹⁸

2.5. Building the Bridge Between Theory and Practice – Climbing the Bloom's Hierarchy of Pedagogical Objectives

The crucial step in the student's curriculum is the application of the knowledge in practice according to the Chinese proverb: "the knowledge without being applied is priceless". An educational institution in the field

¹⁷ COVEY, S., *The Seven Habits of Highly Effective People*. Free Press, New York, 1989, ISBN 0743269519

¹⁸ PLAMINEK, J., *Tajemství motivace - Jak zařídit, aby pro vás lidé rádi pracovali* (The secret of motivation – How to arrange so that the people would be glad to work for you). Grada, Praha, 2007, ISBN 8024719916

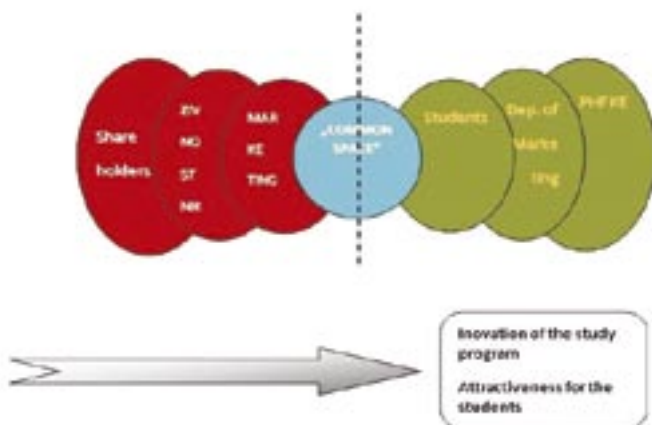
of business administration should make a continuous effort to build the bridge between theory and practice which corresponds to the **Bloom's theory on taxonomy of pedagogical objectives**.

By the experiences from the work with our students we found that the students prefer the dissertation themes that fulfill the following conditions:

1. **Topicality** (theme is actual and interesting),
2. **Suitability** (theme respects student's characteristics, personal and professional ambitions),
3. **Local orientation** (theme enables the student to get into contact with the business, obtain information directly from the management),
4. **Practicality** (the possibility to solve concrete problems; propose improvements that have real impact on managerial reality).

The Faculty of Business Administration in Košice systematically tries to develop cooperation with the private sector in order to get the students involved with the businesses. In May 2008 the faculty started cooperation with the company providing services for the sole traders through the Internet domain Zivnostnik.sk. The company offers services that sole traders usually fail to use, especially in the field of marketing advisory (elaboration of marketing strategies and plans, etc.). Company also offers financial consultancy and assistance in project financing. The model of cooperation is displayed bellow.

Figure 6: Program of cooperation between the Faculty of Business Administration in Kosice and the private sector



Source: authors

The goal is to create a “COMMON PLATFORM” that integrates knowledge, skills and working experiences into one single process. University offers specific theoretical instruction and company provides the application framework. Students are invited to elaborate their diploma thesis in the concrete business environment and to contribute to the business through their dynamically (on-the-job) growing expertise. Based on the student’s effort and results the company will consider offering student a job (part-time or full-time after graduation).

In our opinion, this is the best way how to light the sparkle of student’s enthusiasm that turns into constant flame of motivation & effort and will lighten student’s curriculum path towards bright professional career.

Conclusion

This article should be perceived as a research manifesto and *raison d’être* for further research and continuous analysis of pedagogical experiences with the vision to develop an efficient platforms where the educational services will be shaped & delivered on the customer-based principle.

The article brings a strong innovative appeal into the process of the bc. thesis supervision which is perceived as a formal and rather rigid process, traditionally marked by the low level of students’ motivation and performance. The article tries to re-establish and re-dynamise the process at three different levels: (1) Customer-oriented approach could be an important turning point in the student’s professional career. (2) PhD. student supervising thesis becomes a highly qualified and pro-active professional. This highly satisfactory experience brings new quality into his academic curriculum. (3) A systematic application of the customer-based approach by the faculty increases perceived quality of education, improves its reputation and creates a sustainable competitive advantage.

Authors believe that the proposed direction towards **complex customer-oriented pedagogic leadership model** will bring new quality of the university life to all stakeholders.

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Appendix 1: Holland's categorization of six personality types

The Realistic (R) type. Individuals of this type choose realistic professions, e.g. mechanical engineering, production planning, building inspection, work protection, etc. They have mechanical skills, are well built, and prefer working outdoors with mechanical tools, gadgets, and other gear. They prefer working with tools rather than working with people. R-type personalities are described as tractable, straightforward, warm, humble, practical, tough, and economical.

The Investigative (I) type. This type of person chooses scientific professions such as biochemistry, anthropologist economist, and management analysis. They are talented mathematicians and scientists. They like working and solving problems on their own. I-type people prefer working with ideas rather than people or things. They are commonly described as analytical, infusive, methodical, rational, careful, independent, through, quiet, complex, clever, smart, and humble.

The Artistic (A) type. Such people are commonly architects, writers, technical editors, composers, and interior designers. They have exclusive artistic skills like creating original, unique pieces, and have an impressive, wild imagination. A-type people, like E-type people, prefer working with ideas rather than with things. Described as: straight-out, original, imaginative, intuitive, emotional, independent, idealistic, uncommon and “standing above the crowd”.

The Social (S) type. These people are best suited for the work of teachers, psychologists, speech therapists, personnel managers, etc. They have social skills, are interested in people's relationships, and help solve other's problems. They prefer working with people rather than with things. The S-type is described as helpful, responsible, idealistic, social, tactical, friendly, warm, charitable, patient, and understanding.

The Enterprising (E) type. This type of person mostly chooses the profession of representative, financial manager, realty agent, trade manager, broker, lawyer, etc. They have leadership skills, are interested in economics and politics and seek to be important. They prefer working with people and ideas rather than with things. The E-type is described as adventure loving, strenuous, optimistic, extraverted, popular, communicative, and self-confident.

The Conventional (C) type. Such people are commonly accountants, bookkeepers, budget analysts, programmers. They have officer skills and are often talented at mathematics. They prefer working indoors with texts and numbers or organizing things. The C-type is described as tractable, practical, acquiescent, economic, tidy, consistent and honest.

Source: PUSKUNIGIS, A., Criteria that influence the choice of vocation – the use of Holland's method to optimize the process of selecting students for aviation studies. In: International Journal of Aviation; 2006, Vol. 10, Issue 4, p. 30-33, ISSN 16487788

Appendix 2: Academic Disciplines Included Within Holland Types

<i>Realistic</i>	<i>Social</i>
Electrical engineering	History
Mechanical engineering	Philosophy
Marine science	Theology/religion
Drafting/design	Elementary education
Military science	Physical education/recreation
<i>Investigative</i>	Special education
General biology	X Home economics
Biochemistry/biophysics	X Library science
Botany	nursing
Marine (life) science	Political science
Microbiology/bacteriology	X Psychology
Zoology	Social work
X Finance	Women's studies
Aeronautical/Astronautical Engineering	Law enforcement
Civil engineering	<i>Enterprising</i>
Chemical engineering	Journalism
Astronomy	X Business administration
Atmospheric science	X Marketing
Chemistry	X Management
Earth science	X Business education
X Mathematics	Industrial engineering
Physics	Communications
X Statistics	Computer science
Pharmacy	<i>Conventional</i>
Premedical/pre dental/preveterinary	X Accounting
Anthropology	X Secretarial studies
X Economics	Data processing
Ethnic studies	<i>Not in Holland</i>
Geography	Other humanities
X Sociology	X Other business
<i>Artistic</i>	Secondary education
Arts	Other engineering
English	Health technology
Language/Literature	Therapy
Music	Other professional
Speech	Other social science
Theatre/drama	Other technical
Music/art education	Agriculture
Architecture	

Agenda:

X ... the field marked could be studied as major at one single faculty of economics and business and can represent the theme for bc. dissertation

Recommendation:

The economic faculty when proposing the major specialization or theme of diploma dissertation should also consider the student's personality type.

Source: PIKE, G. R., Vocational Preferences and College Expectations: An Extension of Holland's Principle of Self-Selection. In: Research in Higher Education, August 2006, Vol. 47, Issue 5, p. 591-612, ISSN 1573-188X, (Agenda added by authors).

Appendix 3 – 1: Guidelines for field supervision using MBTI (personality) types

TABLE 1. Field Education Preferences of Extraverts and Introverts

	Extraverts	Introverts
Student Preferences	• Activity • Interaction • External stimulation • Breadth • Talking out ideas • Action before thought	• Pause • Isolation • Introspection • Depth • Processing ideas before sharing • Reflection before action
Supervision Strategies	• Provide face-to-face supervision, in groups if possible • Allow students to seek new experiences and opportunities for early client contact • Provide opportunities for students to talk out issues • Provide variety and action	• Provide individual supervision with additional input by memos or email • Allow students to adequately prepare before new experiences and client contact • Provide opportunities for students internally process issues before discussion • Provide orderly structure
Feedback Strategies	• Provide substantial encouragement and feedback • Discuss ongoing performance	• Provide feedback as needed • Allow time between feedback and discussion of performance

TABLE 2. Field Education Preferences of Sensors and Intuitives

	Sensors	Intuitives
Student Preferences	• Details • Accuracy • Focus on present • Step-by-step • Experience • Physical reality	• Big picture • Insight • Focus on future • Creative • Imagination • Symbols
Supervision Strategies	• Focus on practical application of theory • Provide experience before theory • Provide specific tasks and structured assignments • Encourage tried-and-true techniques • Encourage projects • Allow student to learn from experience of field instructor	• Focus on possibilities of theory • Provide theory before experience • Provide insights and opportunities for independent learning • Encourage new ways of doing things • Encourage ideas • Allow opportunities to debate ideas and theories
Feedback Strategies	• Provide stability • Provide concrete information	• Provide change and variety • Praise creativity

Source: LINDA, S. – DETTLAFF, A. J. - DIETZ, T. J., Journal of Social Work Education, Spring/Summer2004, Vol. 40 Issue 2, p. 337-349, ISSN 10437797

Appendix 3 – 2: Guidelines for field supervision using MBTI (personality) types

TABLE 3. Field Education Preferences of Thinkers and Feelers

	Thinkers	Feelers
Student Preferences	• Principles • Logic • Fairness • Truth • Objective facts • Conflict and criticism • Analytical • Task oriented	• Personal impact • Values • Empathy • Meaning • Subjective viewpoints • Tolerance and harmony • Relatedness • People oriented
Supervision Strategies	• Provide constructive criticism • Allow debate and argumentation • Provide logical explanations • Provide the truth • Facilitate professional relationships • Encourage opportunities to analyze issues	• Provide appreciation and concern • Facilitate harmony • Provide personal discussion of issues • Be tactful • Facilitate personal relationships • Encourage opportunities to help people
Feedback Strategies	• Give recognition to a good job • Recognize accomplishments • Give specific information on what needs to be done or changed	• Give recognition for good relationships • Appreciate as a person • Suggest changes or new tasks

TABLE 4. Field Education Preferences of Judgers and Perceivers

	Judgers	Perceivers
Student Preferences	• Plan • Anticipate • Schedule • Decide • Steady effort • Routine • Tasks • Work before play	• Live • React • Open, flexible • Consider • Starts and stops • Spontaneous • Process • Work is play
Supervision Strategies	• Provide structure • Provide a plan for work and deadlines • Assign projects so they can be completed consecutively	• Provide organization • Allow flexibility, but maintain firm deadlines • Assign multiple projects but completion
Feedback Strategies	• Structure feedback • Provide consistency	• Show appreciation • Provide motivation

Source: LINDA, S. – DETTLAFF, A. J. - DIETZ, T. J., Journal of Social WorkEducation, Spring/Summer2004, Vol. 40 Issue 2, p. 337-349, ISSN 10437797

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**VI. Management of Tourism,
Regional Development,
Public Administration**

Teaching Informatics in the Preparation of Tourism and Hotel Industry Managers – Perspectives and the Future

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Abstract

The article deals with the change in the attitude to the knowledge presentation in teaching informatics to tourism and hotel industry managers. It suggests the implementation of new software products into the preparation of future managers with an emphasis on individual work and the ability to adapt more effectively to the future professional environment.

Key Words

Innovative teaching methods, individual knowledge acquisition, EIZ.

Introduction

In the 21st century we are standing on the threshold of changes that the life itself and technological progress has required. One part of knowledge is becoming out-of-date very fast. The ability to individually enrich one's own knowledge and to solve even problems which are brand new thanks to the technological possibilities of IT will have an extraordinary importance in the future.

We are getting to the period of virtual methods and we are trying to work with the old methods used for many decades in education. Classic understanding of knowledge presentation meets with new possibilities of information technologies. The tempo of development is extraordinary fast. The clash of old methods and new possibilities used by students is sometimes an uneven battle. The methods of knowledge delivery are developing slowly and this area is rather conservative. Some axioms seem to be invalid.

According to Miron Zelina: "We are the witnesses of a paradox that the younger generation, children and students can work with computers and the Internet but many adults cannot. It is a strange situation also because the traditional opinion that education means giving knowledge and experience of older generation to the younger one is not completely valid here. A man does not learn by direct giving of knowledge and experience but by using a medium that creates the nature of virtuality.(1)

Current Situation in the Preparation of Tourism and Hotel Managers

Nowadays, when thanks to various activities like e.g. mass implementation of European Computer Driving Licence (ECDL), we are successful in massive increase of the ability to work with a computer. With respect to the needs of the future and praxis we can expect that after the first phase of an effort to learn how to master the programs we will proceed to the term of learning society and the need to individually acquire new knowledge and above all how to individually solve problems that students have never come across at school. In some areas this task is quite obvious in these days and there is a need to prepare students also in the level of flexibility and transfer of acquired knowledge and skills to different computer programs that they have at a disposal at schools.

We think that the last century was from the point of view of using computers in office praxis similar to the Guttenberg's invention of book printing press. Text information started to be used in a massive way and they were transmitted in electronic form. To master text editors has become a basic requirement for working in an office. Current school system is also moving between these dimensions. We proceed according to well-proven schemes. To show procedures how different things can be done and then to examine e.g. at ECDL exams.

We proceed similarly with other office software. By learning databases, Excel and making www pages. Education is usually directed to show a procedure and on its mastering. We do not condemn this method and we believe that it plays an important role in today's teaching praxis. We do not expect abandoning these methods. Students must learn certain extent of information undoubtedly. But we think that at least 5% of educational process should be oriented towards creativity and future.

A manager of the future will work with more multimedia. The manager will use not only video, but also various geographic information. That's why it is very difficult to guess what such a manager should be prepared for. To simulate the transition to new unknown software and to train adaptability (the ability to learn and to adapt to new software) is probably a thing that could be used in the future (in a long-term horizon of the professional career of our graduates). (2)

Suggestions for Innovation

We think that current orientation towards performance and the number of acquired knowledge should be added by the preparation for individual problem solving and the training of individual knowledge acquiring, e.g. by the method of Individual Knowledge Acquisition (EIZ). Students'

preparation for critical evaluation of information from the Internet is important. By the assessment we should not evaluate only the result but also one's own process itself. The development of the ability to learn should be one of the main aims of schools.

Traditional teaching methods are verified and widely used. These methods are fast and teachers are persuaded that students can learn more. But at least one part of seminars should be devoted to the preparation for knowledge acquiring itself and to the ability to quickly learn how to work with new software products. Our graduates are already workers of a global labour market. They work abroad in various companies in the USA, Australia and it is difficult to assume which computer programs they will come across at their workplaces. One of the possible solutions would be to prepare students for knowledge transfer and to teach them how to search for similar programs properties. The philosophy of mastering several programs, e.g. for the work at a hotel front desk is very similar.

When teaching a hotel reservations system it would be useful to inform the students about a product of a local middle European company, e.g. program Horec of the Datalock Company and at the same time to complete the preparation with a product used at a global level in the international hotel net. In our conditions hotel reservations system Fidelio offered in Slovakia by a company Axon consulting would be useful.

Even at a basic level of computer knowledge and operation systems knowledge a future manager should know not only Windows but he/she should also have experience with Linux and its implementation into praxis. Or the future manager should be familiar with the offer by Apple Company and its Mac OS X Leopard. If we explore what is used in office praxis in the area of office packages, we can see a leading position of Microsoft Company and its MS OFFICE. This software does not have to be so dominant in the future. It is verified by a slow transfer to a new version MS OFFICE 2007 but also by a certain lag in the emergence of new Windows Vista. (3)

Therefore at informatics classes we try to make students familiar also with office packages that are provided for free today, e.g. OpenOffice - especially suitable is the version portable, able to operate also from an USB key. It is important to catch the emergence of online version of office packages, e.g. GOOGLE Docs but also the one of the competition, e.g. ZOHIO, AJAX13 and others. The importance of this direction is proven also by the continuous enrichment of the Microsoft Windows Live offer.

If we think about the transfer from text presentation of information to its multimedia presentation, it is very important to improve the work with pictures and photographs. This area is according to our researches

especially suitable for testing the learning itself and for implementing new methods of teaching. In the preparation of tourism and hotel industry managers it would be useful to teach students how to use several software products. We should inform them about the possibilities of free editors, e.g. IrfanView and teach them the basics of using at least two paid products, e.g. Zoner or Photoshop. Here is a room to point out similar philosophy of program creators and similarity of the products on the market.

Due to limited time possibilities other topics are taught also abroad, as e.g. video processing and sound processing are being taught only in a limited form. Here is a chance to complete the seminars with pointing out the available textbook video enabling individual mastering of the basics of many products, webuniversity and motivation to individual search of materials available on the Internet. (4)

By these innovations we should not forget the importance of information technologies movement (IT). Maybe that we live in breaking times but we do not see that. As shown by the possibilities of office packages, data and programs for their processing will be gradually transferred from the office environment to the Internet. This trend is much broader. Today there are non-professional cameras offered which are able to send photos to the Internet. They can allocate GPS positions to the photos and then browse the archive of photos according to the place they were made in. A manager of the future will not be dependent only on the computer in the office but he/she will use a small device in his/her pocket which will enable him/her an access to all needed data. This trend is shown by mobile phones and their continuous development.

Summary

The future and what means preparation for a dynamic tourism development is best characterized by the information about a teaching program for the students of the specialization of Tourism and Recreation Management at INHOLLAND UNIVERSITY Haarlem in Netherlands.

„Education of the future – studying nowadays is more than just attending classes. Students have regular contact with the business world during their studies. For the rest of their lives they will probably have to find a good balance between working and learning. Knowledge becomes out-of-date very quickly these days. Therefore, it is important that they gain plenty of practical experience during their higher vocational course.“(5)

IT technologies represent a very fast developing world of their own. A young generation is moving to the virtual world step by step. The TV advertisement has only a small impact on them. Young people watch their own video records on the Internet. Instead of newspapers they read blogs. Second Life as a virtual place for living is only a logical result of it. Getting

to know new possibilities of IT technologies is more important today than ever before.

If we think about the current situation of today's music industry and its lost labor to fight with the possibilities of MP3 format and making music copies or its transmitting via the Internet, we can see an example of misunderstanding the possibilities of new technologies. A top level manager must follow these trends because ignoring them could lead to bankruptcy. Therefore it is important to show our students not only current possibilities and what is available in our textbooks but to show them where the development is directed and how they have to individually prepare for it.

According to the founder of praxeology Tadeusz Kotarbinsky the A students are as water in a container – they will adapt to the form. How will they look for new ways? The founder of Microsoft Company Bill gates left his studies and was looking for his own way. A teacher as an educator of the future should be a partner for a student and should help him/her to find the right way and to show him/her the direction he/she should go.

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Tourism in the Context of Cross-Cultural Relations

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Abstract

The article deals with examining of the role of tourism in cross-cultural relations.

The significant feature of a human being is the ability to transcend the borders of an immanent, and to move permanently in physical space and in spiritual dimension. This fact defines human being as “Homo Viator” / “Travelling Man”. Travel is always associated with the discovery of something unknown, different.

The world’s globalization today leads to assimilation of individuals, peoples and nations into some greater entities. On the other hand, the globalization causes growth of conflicts based on antagonistic religious, ethnic and cultural positions, and this process also raises the importance of search for the opportunities of overcoming inter-ethnic borders. The situation demands the ascertainment and consistent elimination of all possible barriers for mutual understanding among peoples and cultures.

Authors assume that the most important role in this situation belongs to tourism, which has great opportunities to fulfil several functions of interaction at once: cognitive, informational, communicative, psychological, as well as political and economic etc. Tourism promotes the development of personality’s self-consciousness, to understand own vital position concerning social affairs and human behaviour, helps to conceive the world better in its variety.

Key Words

tourism, cross-cultural relations, clash of cultures, otherness, globalization, multiculturalism.

The modern philosophical conception of human being does not recognize the interpretation of personality as one of factors of anonymous social forces, or the “agent” of social relations (K.Marx). The idea of the co-evolution proceeds from the principle of organic unity of space, nature, society and man. The new comprehension of individual also proceeds from the fact that every personality is absolutely significant in this world. Its originality, and subjectivity make a human being as a unique creature, equitable to “any reality”. Due to the very fact of its existence personality “binds” the being and provides the world with its essential meaning.

Tourism as certain type of human behaviour and activities is based upon a natural desire to change environment as well as to search for something new and unknown. The significant feature of a human being is the ability to transcend the borders of an immanent, and to move permanently in physical space and in spiritual dimension. This fact defines human being as “Homo Viator” / “Travelling Man” (G.Marcel, 1999). Travel always deals with motion in two dimensions: self-affirmation and self-overcoming, that is, overcoming the ordinary and returning back to oneself. Although tourism as type of activity and as branch of entertainment business is now defined as some special phenomenon which cannot be reduced to ordinary travel, we should not forget its fundamental basis.

Here we have several different levels, domains and planes, where this desire of unknown may manifest itself. The first thing, the travel activity is usually associated with is moving in geographic space, when a person gets acquainted with new territories. However it is well-known that people also create some certain social and cultural space which can appear to be an object of tourists’ interest. We also know well the extraordinary impact upon the consciousness of soviet people because of more broad acquaintance with the living standards of Western countries during the period of so-called Gorbachov’s «perestroika».

Actually, such acquaintance doesn’t have always positive consequences. Sometimes the people do not accept another culture, another system of values, another social peace (e.g. reaction of the population of several European countries at the expansion of McDonald’s restaurants).

In this context the special attention has to be paid to the concept of “otherness” and “other” — other people, other culture, other way of life. Travel is always associated with the discovery of something unknown, different. We can say that the more different is the new environment for the tourist, the more impressions he can experience, and the more reminiscences will remain. First of all this difference arises in the form of unknown landscape, nature, human surrounding. But finally tourist also opens up other culture, other customs, other mentality.

Tourism promotes the development of personality's self-consciousness, helps to conceive the world better, to understand own vital position concerning social affairs and human behaviour. All this can be achieved by means, what immanent to the tourist activities alone: excursions, visiting various significant places, living in host in families, meeting interest groups, professional meetings (social tourism), visiting holy places, heritage tourism etc (Fedorchenko, Minich, 2000). This has special importance for the correct evaluation of some conflict phenomena and finding the ways of conflict resolution. The tourist contacts help their participants to acquire the fresh "models of thinking", to improve their communicative and discussion skills, to learn to prove their own viewpoint, and to understand themselves better.

Cultural shock, experienced by a person because of meeting other culture, gives a chance to rethink its own experience, to realise the origins of its own culture. However the phenomenon of "otherness" appears to be ambivalent. On the one hand, the presence of "other" enables a person to start reflecting over the legitimacy of its culture, customs, values. Due to such reflections and critical thinking it ascends some higher level of personal development. Yet on the other hand this process is not painless and conflictless. Meeting with another culture can acquire the form of "clash of cultures" or even "clash of civilizations" (S.Huntington, 1996).

This issue became topical in the context of growth of globalization processes. The problem of the global transformations of world order acquired special significance in 1990^{ies} on a background of the appearance of trends of growth and merging of economic, technological, information processes around the world. Global interdependence of societies in various spheres of coexistence created an impression of certain mainstream going to expand world-wide; and all countries would join it and move in one progressive direction.

The globalization theory emphasized at the huge scale of the changes which comprehended almost entire world, and at the same time seemed to signify the potential of west model of development which determines and represents this trend towards globalization. Altogether, this trend looks like an active expansion of western civilization. And this last fact is linked with rise of anti-globalistic ideas among the population of numerous countries. Anti-globalists account such modernization and westernization as the factors which destruct local culture and accustomed order of life.

It is necessary to say, that modernisation and technological development were regarded for a long time as the only possible way to the prosperity of nation. But the blind imitation of Western standards of development too often happened in the contrary to the existing norms of life and cultures.

Moreover, the concepts of economic development (which were dominant in the course of all the 20th century) considered culture as something archaic, traditional that only hinders technological and economic development. And although the modernisation and orientation on economic development through the external imitations did not give desirable effect, the contradistinction of westernization and national cultures abided in the centre of scientific discussions concerning desirable models of economic development.

The history of civilizations shows various examples of borrowings and imitations along with the other forms of interaction. But a good deal of facts attests in favour of the “constancy hypothesis” which shows that each civilization contains some constant kernel inside which remains immutable during and despite any imitations and borrowings. Civilizations borrowed particular elements of other civilizations selectively accommodating, converting and assimilating them in order to provide the survival of fundamental values. E.g. the acceptance of Indian Buddhism in China didn’t result in “hinduisation” of the Chinese people. Arabs-Muslims borrowed several acquisitions of ancient Greek culture. Japan borrowed Chinese culture at the 7th century and transformed it into more high civilization.

So such borrowings are both possible and even desirable. Albeit there exist many other examples with negative effect. Scientists figured out that there are two types of cultures: some fragile ones and instrumental ones; each ones possess different aptitude to borrowings and acceptance of another culture. The instrumental systems have more high liability concerning the innovations which are included organically into the traditional system of values. Fragile cultures, on the contrary, are characterized with high extent of unity, and are based upon religion as determining principle of cognition. Such systems treat innovations irreconcilably. That’s why Chinese and Japanese societies (as instrumental cultures) modernized themselves more quickly than Islamic one. Thus, modernization as a source of technological progress is not unilaterally accompanied with the acceptance of west culture and its system of values. Some nations resist uniformity, and change towards cultural uniqueness.

In this connection there arises a question whether should we facilitate the movement towards cultural uniformity/universalism, or should we be oriented at cultural originality and uniqueness? Proceeding from the thesis that it is necessary to use any opportunities to prevent conflicts, there appears conclusion concerning the necessity to facilitate unification, or the so-called process of “mutual enrichment of cultures”. However another question arises at once: on which principles should the process of cultures rapprochement be based, that is on benchmark of dominant (more

“advanced” — Western) or via the variation of some incompatible cultural paradigms? Cultural anthropologists at the middle of the 20th century came to the conclusion about the equivalence all cultures, about impossibility and uselessness of ranking cultures according to some universal criterion.

This situation can develop in two potential directions: either we have to defend self-value of each particular culture (dealing with growth of interest to original cultures), or have to support the trend, aimed at the promotion of universalistic culture (Western one or any other sort of “world” culture). Western universalism is dangerous for the world, because it can result in large war of civilizations between core nations. The first trend is also dangerous because of growth of particularism, aspiration to disestablishment, and independence in the world. Finally it changes configuration of the world and results in its instability.

Each above-mentioned level has certain acceptable ways to overcome the defined limitations in order to regain compromise and understanding. One of the ways of finding common language is to explore in details the peculiarities of the other nation, stereotypical models of asserting their interests, negotiating abilities, compliance or intractability etc.

It takes the analysis of the causes of conflicts, the ascertainment of the opportunities of the formation of new basic socio-cultural premises for accomplishment compromises. Moreover, the growth of conflicts based on antagonistic religious, ethnic and cultural positions also raises the importance of search for the opportunities of overcoming inter-ethnic borders.

Therefore, the delineated situation demands the ascertainment and consistent elimination of all possible barriers for mutual understanding. Certainly, some misunderstandings can be easily eliminated by means of exploration and learning the peculiarities of given nation or ethnos. Others demand contacts at the level of political institutes, interstate relations. Some of them can be reduced by means of commercial activity, and economic agglomeration etc. But the most meaningful are informal contacts which allow to break borders at the psychological level (“domestic - alien”) and at the level of interactions of cultural traditions, which appear to be more stable, more conservative. And here the most important role belongs to tourism, which has the greatest opportunities to fulfil several functions of interaction at once: cognitive, informational, communicative, psychological etc.

The realities of modern world demand theoretic comprehension of the achievements and issues of international and internal/national tourism as the social phenomenon. For this is a background of rendering new constructive impacts to the practice the tourism, in order to improve its capability to

realize its humanistic and multicultural nature as full as possible. And in this context, it's hard to over-estimate the role and meaning of tourism for the formation of future world free of conflicts.

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Crisis Management in Public Administration and Potential Threatening Risks

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Abstract

Crisis management deals with the system of society control in the conditions of short-term or long-term imbalance caused by external force (an attack on the country, a terrorist attack), an unpredictable, out of control disaster, technical emergency or any other industrial crisis situation. The fundamental function of crisis management in every society (as well as in every state) is to create and actively apply such a set of legal, economic, and technical principles and tools that would be of assistance for managers to keep control over a crisis. Crisis management is the test of professional knowledge and skills, personality and leadership qualities of managers. Crisis management is applied at all levels of public administration. The main task of crisis management in public administration is to anticipate crises and crisis situations (general and special prevention), to create conditions for their control and immediate reaction (to the created situation by means of controlling and organisational units of crisis management). The goal of crisis management in public administration is to evaluate potential risks and to analyse conditions of crisis origination, to formulate the envisaged crisis development and crisis course, to work out variants of the crisis development and a crisis situation, to accept the adequate solutions that would be applied in the real crisis situation, to get control over a crisis and to minimise its losses.

Key Words

Crisis. Crisis management. Exceptional state. The state of emergency. Extraordinary situation. Crisis planning.

Crisis and a Crisis Situation

A crisis may be defined as a series of commonly unexpected events, that generate real grounds for unfavourable, extreme, or even catastrophic consequences. A crisis happens suddenly, its prediction is impossible. Regardless of the legal standpoint of every crisis situation, a crisis in its duration, from its beginning to the end, is perceived as a threat to the

public and may dramatically affect the whole society. The list of potential crises that may affect society is basically limitless (f. i. natural disasters, political imbalance, economic inequality, strikes and labour riots, industrial catastrophes, terrorist attacks and many others).

There are many types of crises; they may be divided from different viewpoints.

According to (Claudie Reinhardt (2000)) there are three basic types of crises. They differ in time length and duration:

1. sudden crises – the most redoubtable – they occur so abruptly, suddenly and unpredictably that there is only little or no time left for exploration and planning (f. i. a natural disaster, a terrorist attack, an industrial catastrophe, drinking water or food etc.),
2. emerging crises – they provide more time for investigation and planning, they may, however, break out abruptly after taking a longer time to develop,
3. permanent crises – lasting for months or years despite all the effort put into their elimination.

A crisis is primarily a social phenomenon characterised as a certain state of tension in society or in a group as well as all kinds of material shortage, financial strain, etc. The common indicator is tension or a state of tension that has two sides:

1. static – defined as a state – a crisis state,
2. dynamic – defined as a process – a crisis situation.

A crisis situation is a period of time in the course of which the state safety is imminently endangered, violated or corrupted and which may, after having fulfilled conditions laid down by the constitutional law for its solution, be declared by the constitutional bodies as:

- the exceptional state,
- the state of emergency,
- an extraordinary situation.

Generally, a crisis situation may be defined as coexistence of phenomena and processes that are temporarily and spacially restricted or limited. It occurs after violating principles of balance in social, natural, and technological systems and processes that endanger people's lives, the environment, and economy, the spiritual and material values of a state or of a region or the institutions of public power.

The President may, acting on a proposal of the Government, declare the exceptional state only provided that a terrorist attack has occurred or is imminent, or there have already been or are imminent the incidents such as extensive street violence in the country accompanied by attacks

on the public authorities, looting of shops and warehouses or other mass attacks on property, or if any other mass violent and illegal occurrence has arisen that significantly threatens or disturbs the public order and the security of the country. The exceptional state may only be declared in the affected area or in a directly endangered area to the extent that is necessary and for an essential period of time no longer than 60 days. In accordance with the level and nature of threat for the duration of the exceptional state people's fundamental rights and liberties may be restricted and the scope of responsibilities may be defined.

The Government may only declare the state of emergency in the event that people's lives and health have already been or are endangered imminently as a result of pandemics, or there has been or there is a threat to the environment, to the property of a significant value as a result of a natural disaster, catastrophe, or an industrial, traffic, or other operational accidents.

The emergency state may only be declared in the affected area or in the directly endangered area to the extent that is essential and for an essential period of time of no longer than 90 days.

In accordance with the level and nature of threat for the duration of the state of emergency it is permitted to restrict people's fundamental rights and liberties and to define the scope of responsibilities in the affected or in the directly endangered area.

The extraordinary situation is the period of existence of an extraordinary event in an area affected by dangerous substances, injurants, or injuring factors that have negative effects on life, health, property and the environment.

The extraordinary situation is the state caused by an unpredictable disaster, technological breakdown, an industrial accident or catastrophe. They may be distinguished as follows:

- a) an unpredictable disaster is an occurrence when cumulated energies or substances are undesirably released as a result of unfavourable effects of natural forces during which certain injuring substances or destructive factors with negative effects on life, health, property and the environment may be generated,
- b) a technological accident is a breakdown of an operational process connected primarily with the release or effects of dangerous substances and all related injuring factors in its surroundings,
- c) a catastrophe is an occurrence resulting in unfavourable effects of injurants or destructive factors larger than that of a technological accident.

Dangerous substances and injurants are considered to be natural biological, chemical, and radioactive substances that may have negative effect on life, health and property.

Crisis Management

Crisis management is an interdisciplinary scientific branch dealing with management as a purposeful activity of people. Its aim is to create the methodology of control with the emphasis on the goal-related effectiveness, i.e. protection of the human civilisation and material values from crises effects. It is an activity or a set of activities through which managers may achieve the stated goal and may keep control over a crisis. It also has a coordinational function; it unifies and coordinates people of different occupational fields.

Finally, crisis management is a supervising activity of people who fulfil their managerial duties in a specific environment different from common administrative-territorial or production environment. It is essential to gain knowledge of solving current crisis phenomena and of selecting corresponding methods, approaches and measures for the concrete conditions and the concrete environment.

The goal of crisis management according to Gozora (2000) is:

1. to evaluate potential risks and to analyse conditions of crisis origination;
2. to formulate the envisaged development and the course of crises, to work out variants of the development of a crisis and a crisis situation;
3. to accept the adequate solutions that would be applied in the real crisis situation;
4. to get control over a crisis and to minimise its losses.

The main task of crisis management is:

1. prevention – to anticipate crises and crisis situations;
2. an adequate reaction to a crisis or a crisis situation – to create conditions for its control;
3. preparedness for reaction at all levels of public administration – managing and organisational units of crisis management have to immediately react to a situation that has arisen.

The task of crisis managers is to react promptly and successfully in order to change a real threat into a “potential danger”, i.e. to ubiquitously emphasise and strengthen the role of preventive measures. A specific crisis manager is supposed to manage a crisis as a means causing the most unexpected change as well as a compulsory tool for speeding up the development of a crisis.

Crisis Planning

According to Novák (2005) planning is the fundamental function of managerial processes which influences all other functions and creates goals for them, determines basic limitations and states methods and tools.

Crisis planning is a set of activities created by public administration authorities, entrepreneurial, legal, physical and other entities upon a prior analysis and risk evaluation with the aim of preparation of adequate measures and tools and creation of sources for prevention, solution and removal of effects of crisis situations. The crucial reason for crisis planning is the ethical standpoint: the protection of human lives and the avoidance of accidents and injuries. The next reason is the material standpoint: the minimisation of material damage and property losses. Moreover, it is social viewpoint: cooperation with authorities and governmental bodies for law execution. At the very beginning there must be a crisis manager – the one who has to get control over the crisis situation. Crisis planning is one of essential preconditions for achieving the required safety level and preparedness for crisis situations solution. The goal of crisis management is to find sufficient sources, forces and means for the solution of crisis situations depending on the economic potential. On the other hand it determines effective methods, tools and approaches necessary for the solution of real-world situations and for the removal of their negative effects on society.

Conclusion

Crisis phenomena are inseparable part of the society development and all human activities. At present it is vital to accept effective preventive measures aimed at protection from generating crisis phenomena or lowering crisis destructive effects to the maximum extent with the emphasis on the protection of human lives.

Crisis management, however, will be sufficiently effective only if it has well-professionally prepared managers at the central organs of public administration, at the municipality level of public administration, at the self-administration level, at selected legal entities as well as at executive units of security forces and rescue systems.

In addition, there is an urgent need of citizens' education in the field of crisis management which creates favourable conditions for preparedness of civilians for the state defence and for the solution of crisis situation effects. .

The fundamental task of the Slovak Republic in the field of security strategy is to secure the effective operation of the security system with the aim of controlling and coordinating forces and means targeted at

prevention, avoidance, reduction, and removal of effects of various security risks, threats, and crisis situations. The security strategy also includes the creation of the state crisis management system focusing on the exact distribution of competences and coordination of public power authorities on the both vertical and horizontal levels.

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Government Agencies in the Tourism Sector According to Bulgarian Legislation

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The changes in government structure in Bulgaria necessitated a number of alterations in tourism administration. One of the important areas, which require compliance with specified principles in the regulation of relations in the given subject, is tourism. In regards to this the first tourism law was passed in 2002.

This law was repeatedly altered and amended to take into account the dynamic development in tourism, which also had to consider the repeated alterations in government structures. For many years this significant for the country area of competence was swept under the blanket of this or the other ministry as a structural unit under different names in various institutions, which now acts as a separate judicial entity under the title “National Tourism Agency”.

These amendments to the law were dictated not only by the developing public relationships in the sector but also by the frequent amendments in the law, which led to chaotic actions, on the one hand by the government agencies and on the other by the service sector entities, employed in the provision of the necessary conditions for implementation of tourism services.

The law has been assigned the role of managing of public relations, in regard to the implementation of management and control in the tourism sector, through cooperation between the state and the municipalities in the implementation of the activities related to tourism, as well as the participation in these activities of judicial entities with non-profit interests and physical entities.

National policy in tourism is determined by the Council of Ministers.

The appointed governmental agencies conduct national policy in tourism to the extent of their authority and create the necessary conditions for its development. The purpose of this law is to provide adequate conditions for development of tourism, to introduce common criteria for implementation of such activity, to provide protection for consumers, and to also determine the rights and obligations of the entities, which are related to tourism.

In my personal opinion, taken as a whole, tourism activity can be first defined as wide-ranging by nature activity, based on the provision of conditions allowing the functioning of tourism and implemented by

so called “officials and servicing personnel”. The second definition is individuals taking advantage of the services offered by tourism or more precisely individuals availing themselves of conditions provided for recreation purposes. And last but not least – entities exercising control over tourism activities.

This is an extremely important activity which aids the inception of relations between the first and second group of individuals, defined by the approach mentioned above.

The availability of a properly functioning tourism activity is utterly dependent on the activity of the government agencies.

According to the acting tourism legislation in Bulgaria, the National Tourism Agency represents a specialised body of the Council of Ministers for supervision, coordination and control of the tourism sector. This agency is an independent judicial entity on a budget allowance. The agency is supervised and represented by a Chairperson, appointed by a decision of the Council Of Ministers. The activity, structure and management occupying the Agency and its make-up are determined by set guidelines. As a subordinate normative act, it is approved by the Council of Ministers as a result of a motion nominated by the Chairperson of the “National Tourism Agency”. After it has been passed, the act is published in a state journal. State administration of tourism is implemented by the chairperson through the carrying out of strictly defined functions in compliance with legislative regulations. Some of the functions of the chairperson concern the purely theoretical development of tourism; others have control characteristics, while others yet licensing features.

Particularly significant are the representative functions of the Chairperson in front of international agencies and organizations in the tourism sector, as well as the representation of Bulgaria in front of said agencies, ensuing from membership in these international agencies and organizations. An important aspect of the Chairperson’s activities is the methodical management of regional and local tourist information centres.

His collaboration with other institutions with the aim of organizing joint activities in the development and establishment of the various types of tourism is also of considerable importance.

The Chairperson of the “National Tourism Agency” governs the National Tourism Council, established by the amendment of the law in 2004 and 2005.

The Chairperson works in close liaison with the Commerce and Consumer Protection Committee who jointly produce an annual report before the Council of Ministers on the former concerning control activities, implemented in accordance with statutory provisions.

Bulgaria's territory is divided in regions in accordance with the Territorial Organisation Law. In compliance with the statutory provisions of Tourism Law, the regional governor carries out the state policy set for the territory under his jurisdiction. The strategy and plans of action in this regard are part of the plan for regional development of tourism.

The regional governor coordinates the realization of the national programme for development and management of tourism with regional mayors, as well as in concert with other regional governors in the area.

As head of the National Tourism Council, the Chairperson of the National Tourism Agency is responsible for a wide range of activities beneficial to the public, since the National Tourism Council represents a state, public, advisory and coordination body. The Chairperson of the National Tourism Agency is entitled to delegate rights to another entity chairing the National Tourism Council. The Chairperson of the National Tourism Agency determines the state representatives in the National Tourism Council, approved by the heads of the relevant state institutions. State representatives / in other words individuals in compliance with clause 7, paragraph 3 of Tourism law / are included in the staff of the National Tourism Council. Included are also representatives of tourist associations and transport associations of land and water carriers. And not last but not least - National Consumer Associations. When appointing the final three it is necessary to comply with the provisions in the Rulebook.

Other participants in the make-up of the National Tourism Council are the representatives of the national municipal association of Bulgaria. The activity of the National Tourism Council is compliant with the statutory provisions clause 4, paragraph 5 of Tourism Law. The Chairperson of the National Tourism Agency determines the number of members in the national Tourism Council, provides its organisational and technical maintenance, and issues a Rulebook for its organisational activity. Under guidance of the Chairperson of the National Tourism Agency, an Expert committee is established for the registration of tour operators and tourist agents, as well as an Expert committee for the classification of tourist sites. These committees are chaired by the Chairperson of the National Tourism Agency or an entity authorised by him. The make-up of these committees includes representatives of the National Tourism Agency, representatives of other organisations and ministries, in accordance with clause 9, paragraph 5 of the law. These representatives are determined and nominated by the heads of the relevant organisations and institutions. The committees become active following the issue of an order by the Chairperson of the National Tourism Agency. The functions of the committees are set in accordance with the relevant order, issued by the Chairperson of the National Tourism Agency.

The government agencies in the context of a regional plan are defined by the law as agencies of local self-government and local administration. In view of this, the municipal council adopts a plan of action for tourism development on the territory of the relevant municipality, taking into account the national strategy as a priority, according to local tourism resources and requirements. This programme forecasts the necessary measures in compliance with clause 10, paragraph 1 of the law.

The mayor of the municipality also takes part in the implementation of the tasks and measures provided for in the Tourism law. An advisory board concerning the issues of tourism is established on the territory of the municipality, which is chaired by the mayor. He forms a municipal expert committee, which has strictly defined functions set by the law. The expert committee is composed in half by members of representatives of a tourist association employed on the territory of the municipality. The advisory board is established in every municipality which is developing the tourism sector by a motion of the mayor or a tourism association. The chairperson of the advisory board is the mayor or an individual authorised by him. The advisory board is made up of an equal number of participants, on the one side representatives of local administration, tourism associations, and other judicial entities with non-profit interests, which are related to development of tourism, local business associations and consumers on the other side. The mayor of the municipality determines the number of members on the advisory board in the ratio described above. The advisory board has defined functions related to the formation of plans of action, giving proposals on the issues of tourism development, as well as the amount of tourist taxes. The advisory board passes motions which can be implemented and come into force when more than half of the total number of members has voted in favour of the motion.

The overall organisation of workload, numbers and composition of the advisory board is decided by the rulebook of the municipal council. In Bulgaria, the tourism law regulates the establishment of tourist associations, which are registered as judicial entities with non-profit interests. These associations are established on territorial and professional principles and can be state, regional and local; business or manufacture. They adopt regulations and act in accordance with those. The fundamental activity of the associations ensuing from the regulations is in compliance with clause 12 of the law and manifests as activity which supports the work of state and local agencies for implementation of policy in the tourism sector; governing and control over the quality of tourism services.

The state and local agencies / bodies of local self-government and local administration/ implementing the state policy, give full support to the tourism

associations in the realisation of their aims. The tourism associations are registered in the National Tourism Register after providing documents for registration in the “National Tourism Agency”, thus becoming legitimate as such in accordance with legislative requirements. So in conclusion and in the most general of terms, tourism law in Bulgaria regulates accordingly which agencies govern and what functions they implement in the tourism sector for the provision of ever improving conditions for native and foreign nationals, compliant with the requirements and recommendations of the European Union.

When taking into account my personal experience and professional accomplishments, I am entitled to claim that tourism in Bulgaria is developing in accordance with global standards.

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Functioning of Tourism in Conditions of Crisis Situations

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Compared to the other economic sectors, tourism constitutes a more flexible structure and is capable of generating sufficiently high profit margin even in conditions of crisis situations, which limit its scope of activities to a certain extent.

After overcoming the negative consequences from the crisis in international tourism after the terrorist act in New York on September 11th, 2001, this sector, as well as its supporting and service activities, particularly transport and trade, as well as construction and communications, turned to a work regime that differs significantly from the one before that.

According to data from the World Tourist Organization (WTO)¹, toward the end of autumn in 2001, worldwide tourism experienced a decrease in demand of 12-15%, compared to the same period in the preceding year. The tourist organizations of the countries whose economy traditionally depends on this business undertook different measures to deal with this situation. This induced the WTO to form a special crisis committee at international level for coordination of these efforts.

The members of the committee included the ministers of tourism of 21 countries, which were most affected by the crisis, as well as 15 chairs of the sector unions and associations of private companies and representatives of the European commission (supreme administrative body of the European Union).

“The crisis has a global nature, but we shall fight with it at local level, declared the minister of tourism in Egypt Mamdouh Al-Beltagui regarding the formation of the committee. – Some geographical destinations suffered more than others. Also, some tourism categories suffered greater damages than others. Therefore the specific measures shall be developed so that they can be applied in different situations”².

The decrease in demand was most strongly experienced in destinations with long flights to locations accepting tourists from the USA, as well as in the Muslim countries. This is shown in the report prepared by the WTO “Tourism after 9/11: analysis, actions and perspectives”³. By the way, these events had quite a negative impact also on the tourist industry of the USA.

The members of the WTO crisis committee were unanimous that the tourist sector experienced a crisis of an unprecedented scale. The scope of the September terrorist acts and the fact that the United States became the target of the attacks made thousands of tourists cancel their planned journeys.

According to WTO statistics, USA gave away the second place in the list of the most attractive tourist destinations to Spain. In 2001 a total number of 44.5 million tourists visited the United States, which is 12.5% less than the previous year. At the same time Spain was visited by 49.9 million people – 3.4% more, as compared to the figures in 2000. The most attractive destination was France, as earlier, which accepted 76.5 million tourists. Italy (39.1 million) and China (33.2 million) were also in the top five. The total number of tourists that travelled abroad decreased by 1.3%, compared to the year 2000 and amounted to 689 million people. This result has proven to be even worse than the forecasts prepared by the WTO immediately after the terrorist acts. At that time the experts correctly forecast that the trend for 3-4% increase of the world tourist sector, characteristic for the preceding years, would be broken.

Israel also had an unenviable position in the list of the main sufferers from the New York World Trade Centre attack, and this country, by the way, had serious problems with the domestic Islamic extremists even before that. The number of tourists that visited Israel in 2001 decreased by 51% compared to the figures from the year 2000, announced the Israel Central Statistics Office⁴.

The total number of visitors in the country for 2001 was 1 195 600 people, while in 2000 this indicator amounted to 2 416 900 people. As pointed in the report of the statistics office, the activation of the Palestinian-Israeli conflict, the war in Iraq and the frequent terrorist attacks in Israel caused the strongest impact on the tourist industry. The situation of the tourist industry in the country changed in 2003, when the government started to actively stimulate internal tourism, which helped to decrease the losses and to gradually stabilize the sector. In 2004 Israel managed to come back to its previous condition and the previous number of tourists, who gradually started to come back to the “Holy Land”. Israel has actively developed cultural (religious and historical) tourism, since it has the largest number of museums per capita, compared to any other country in the world. Numerous festivals are organized each year, which attract thousands of tourists in the country. Congress tourism is very popular, since the country has a very convenient geographic location, modern technologies and accommodation options for accommodating participants and guests. Foreigners however are still cautious about large cities as centres of terrorist attacks.

As a whole the tourist sector started to recover from the second half of the year 2002 on, together with the general improvement in the world economy situation. People want to make business trips and nowadays travelling during holidays is considered more a necessity, than a luxury. Therefore the tourist industry demonstrates over and over again that this is a very perspective business. The crisis itself, as it turned out, created additional stimuli for investing efforts and funds in the development of the sector. Authorities of different countries all over the world started offering tax exemptions for their tourist companies; they started closer cooperation with foreign tourist operators and started new marketing campaigns.

Mexico, where 85% of the visiting foreign tourists are US citizens, endorsed a package of legal documents, aiming at stimulating the sector. The minister of tourism in the country Leticia Navarro explained that the sales tax on tourist services was cancelled and that the funds designated for advertising Mexico abroad will be increased by 50%. Part of these additional funds was provided by the state budget and the other part – by the consortium of private companies. Mexico also started internal dissemination campaign for clarifying the importance of international tourism for the country economy to the population.

The Secretary General of the Caribbean Tourist Organization Jean Holder declared that the member-states of this organization have agreed to start an immediate joint campaign for marketing and advertisement of the information about their international resorts.

Egypt allocated 30 million dollars for subsidizing charter flights to the country. In this way the state authorities wanted to grant that the foreign operators will not decrease the number of economy seats for the air travels to Egypt. Significant amounts of funds were also allocated for advertising the country abroad.

The United States allocated 20 million dollars for television advertising campaign with the participation of President George Bush. At the same time the association of travel industry in the USA involved 3000 managers of tourist companies in the country in the development of legal proposals for stimulating the sector. Among the discussed measures is providing low interest rate loans for the profiled companies, tax credits for the travelling Americans and the establishment of a government council in tourism policy.

Now matter how paradoxical it is, in some rare cases local events, that in other circumstances no one would consider positive, help the authorities of the tourist countries to compensate the damages for the tragedy in the USA. In 2001 Turkey was visited by 11.619 million more people, which is 11% more than it was in 2000. After the events in the USA on September,

11th, 2001, the number of tourists decreased, but as a whole, according to the results for the year, a significant increase in the tourist flow is observed. According to analysts, the financial crisis in Turkey in 2001 helped for the achievement of such an incredible result for these days. This crisis brought many problems to the other sectors of the Turkish economy but in tourism it lead to a boom, since after the devaluation of the Turkish lira, the country became even cheaper and more attractive to foreigners than before.

One of the leading tourist destinations for coastal tourism in Europe is Greece, which is among the top twenty world destinations. As a whole, after the Olympics in 2004, Greece marked a constant increase in the number of tourists and income from this sector.

Huge damages for tourism in Greece were caused by the fires in summer, 2007. 20 thousand hectares of forests were destroyed and 65 people died. The country was in danger of environmental crisis, thousands of tourists were evacuated from the fire areas, and the travels booked in advance were cancelled. Regardless of this, as a whole in 2007 Greece was visited by 16 million tourists and the income from international tourism amounted to 15 billion euro, which constituted 18% of total GDP in the country.

Regarding Bulgaria, we should take into account that even though tourism is a significant sector for the scale of the local economy, the total volume of this business is significantly smaller than it is in neighbouring Greece and Turkey (6-8 times larger), as well as Croatia (2.5 times) or Spain (25 times). As a whole, we can conclude that tourism in Bulgaria is not sufficiently developed. The number of tourist stays here is 2.2 smaller than the population number, while the average ration for the EU is 4.7, in Ireland it is 8 and in Cyprus and Malta - more than 18.

According to the Statistics Yearbook "Eurostat" 2008⁵, the most popular destination in Europe two years ago was Cyprus, followed by Malta, Austria and Spain. In the list of the 31 countries mentioned in the year-book, Bulgaria takes the modest 25th place.

The analysis of the World Travel & Tourism Council on the development of the sector worldwide before the year 2016 indicates that Bulgaria will continue to be a destination for the poor tourists during the next 10 years. The research covers 174 countries and is published on the organization's web site WTTC.org.

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Based on what has been described above, we can make the following conclusion: even in conditions of crisis situations, the functioning of tourism is possible, provided that there is support from the state and flexible policy of the tourist organizations. They diversify more and more the offered services – both local and international tourism, by including rural,

archaeological, extreme sports, cave, cuisine and wine tasting, folklore and hobby tourism and many other types of tourism. Therefore, recently the health (rehabilitation) tourism has become increasingly attractive for investors and tourists. The industry of health tourism currently experiences its peak and is developing in Thailand and South Africa, while this package of services becomes more and more popular in Europe, including Bulgaria. While in 2004 the income from this type of tourism worldwide was 40 billion dollars, in 2012, according to the research of “McKinsey” Consultancy Company⁶, they can reach 100 billion dollars.

«Regardless of the financial crisis, world tourism in 2008 generates 8 trillion dollars», says Omar Fahom, chief executive officer of “DeLloyd” in the Near East.

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Management of the Local Government Bodies During Crisis Situations

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“Awareness of some principles easily compensates the lack of knowledge of certain facts” (K. Helvetius)

In a situation of cohesion, inception and development of crisis situations, the local government bodies play a significant role in overcoming them and minimizing the impacts for the country population and the economy. As a constituent part of the state governance system in Bulgaria, the municipal and district government structures undertake the first measures related to preparing the population and the economic entities for adequate actions in conditions of a wide spectrum of crisis situations.

The main task of the government bodies at all levels in cases of crisis situations is protection of the critical infrastructure. This includes the system of facilities, utility services and information systems, whose disturbance, failures in functioning or destruction could have impact on the health and safety of the population, the environment, the national economy or on the effective functioning of the state governance.

Protection of the critical infrastructure includes different types of programs, activities and joint initiatives of the central and local bodies of the executive power, the local government bodies, as well as of the legal entities and sole proprietors.

In Bulgaria, the powers of the state bodies and the local government bodies, as well as the rights and obligations of the natural and legal entities when managing crises, are regulated by the **Crisis Management Act**¹, whose new text has been endorsed in the year 2006. The entry into force of this Act, as well as the **Disaster Protection Act**², brought radical changes in the national security system of the country. The Ministry of State Policy for Disasters and Accidents was renamed into the Ministry of Emergency Situations and in fact became the third most powerful ministry in Bulgaria.

According to the Crisis Management Act, a crisis is defined as a change in the established way of life, covering territories, sites, sectors and spheres

¹ Bahchevanov, G. and colleagues, Crisis and conflict management, issued by “Softrade”, Sofia, 2005, pg. 13.

² Manev, M., Crisis management procedures, Military journal, book 5, Sofia, 2001.

of the economy and the public life or the environment, caused by human activity or natural phenomena, as a result of which the conditions for existence and for carrying out activities in the changed environment are severely disrupted.

Crisis management in Bulgaria is carried out by the National System, which is developed at central and local level. The joint administration is carried out by the Council of Ministers of Bulgaria, which endorses the National crisis management plan, the National program and the Annual national plan for protection of the critical infrastructure.

In case of a crisis, through an order of the prime-minister, a National Crisis focal point is established, which organizes and coordinates the activities of the ministers, district governors and the mayors of the municipalities, addressed at overcoming the crisis.

The district governor organizes and administrates the crisis management within the district, organizes the development and endorses the crisis management plan as part of the National plan, coordinates the reaction units and the means for prevention and overcoming of crises on the district territory, he is responsible for training the district administration on how to act during crises, of the announcement system, he maintains a district register of the reaction units, as well as of the critical infrastructure systems.

The district council for safety and crisis management is a supporting body of the district governor, which includes, besides the district governor as a Chair of the Council, all his deputies, the managers of the district administration directorates, the Civil protection director in the district, First Aid, as well as representatives of the territorial units of the central administration of the executive power.

The municipality mayor has similar rights and obligations at their territory.

The crisis management units are also established in the administrations of the executive power. Their composition and functions are determined by the Ordinance for organization of the activities of the respective administration.

Crisis management centres are established as part of the crisis management units at all levels of local governance.

The immediate actions for prevention and overcoming crises are carried out by the crisis **Reaction Units**. They include the structures of the administration of the executive power bodies, formations of legal entities, First Aid teams, other medical institutions as well as voluntary formations (a new provision), established under the Disaster Protection Act.

In June, 2008 the Bulgarian government determined the number of

voluntary formations and their funding in the different municipalities, which participate in the prevention or overcoming of disasters and in eliminating the consequences from them. In municipalities with population under 5 thousand inhabitants, these formations may have up to 5 volunteers, in municipalities with population between 5 and 10 thousand there can be 10 volunteers, if the population is between 10 and 20 thousand - 15 volunteers and so on. In Sofia a total number of 266 volunteers are necessary.

The voluntary formations are established by the municipality mayor pursuant a decision of the municipal council. They are entered into the Registry in the Ministry of emergency situations.

The volunteers' employers that have concluded a contract with the mayor cannot refuse them to be absent from their permanent job for training or in case of a disaster situation, pursuant the legislation in force.

In 2008 the state allocated 481 leva (about 245 euro) to all municipalities for each volunteer for a one-time training, outfit and personal protection equipment, as well as for insurance against accidents for a period of 1 year.

Besides this, during the training the volunteers shall receive 100% of the minimum wage and during participation in rescue missions - 200% of this amount. Each municipality can increase the amount of this remuneration at its own budget cost.

A crisis situation is announced and cancelled with a decision by the Council of Ministers of Republic of Bulgaria.

In case of announcement of a crisis situation, evacuation of the population outside the hazardous region can be carried out as a protective measure. In case of evacuation, the accommodation, board, health and domestic service of the population is carried out by the territorial body of the local executive authority, where the population is evacuated.

In case of a crisis situation, the endangered cultural and material values can also be dispersed. In this case the responsibility for storing and protecting them is within the respective territorial body of the local executive authority.

The financial security of the actions related to crisis management is carried out by the public budget, the municipality budget, as well as by the legal entities and sole proprietors according to the terms regulated in the Ordinance for application of the Act.

The central and territorial bodies of the executive power, within their competences, as well as the officers authorized by them, execute constant control on the sites of the legal entities and sole proprietors. When these sites or facilities can pose hazard or have lead to the crisis and when they are established and used in breach of the law, the secondary legislation and

the instruction of the crisis management bodies, administrative measures can be enforced on them and they can be closed.

The United Nations has a significant impact on the preparation of the population and the local government bodies for actions in case of crisis situations. The Ministry of emergency situations and the UN Development Programme (UNDP) have implemented a joint project, entitled "Response to Sudden Crises in Bulgaria".

Within the project framework, in 2006 a national training was carried out, entitled "Increasing the management capacity of the district governors, their deputies and the municipality mayors in Republic of Bulgaria for the purpose of implementing the actions designed for protecting the population and the national economy in cases of disasters and accidents on the territory of the country". The purpose of the training was to increase the quality of work of the bodies that carry out the management in cases of disasters and accidents at district and municipal level, so that adequate and timely measures can be undertaken for protecting the population and the national economy, as well as increasing the theoretical and practical preparedness on the issues of planning, organization, management, administration and control on the actions for protection against disasters and accidents and elimination of the consequences.

A total number of 308 district governors, their deputies, mayors and their representatives took part in the 9 two-day training seminars, organized in different regions in Bulgaria. During the seminars the legislation and practical aspects of disasters and accident management (announcing an emergency situation, decision-making, organization and management of the rescue and emergency works in cases of disasters and accidents, medical aid for the population during crises), the specific characteristics of the different emergencies (floods, earthquakes, forest and field fires, hazardous meteorological phenomena, accidents at facilities working with industrial toxic substances), as well as the possible measures for preventing emergencies and accidents were examined and clarified.

* * *

The international experience indicates that it is the local government bodies, who are aware of the possibilities of the region and the problematic elements of their territory, that play a very important role in crisis situations, both in preventing crises and in eliminating the consequences from them.

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Yield Management - Management of Income in Touristic Enterprise

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Abstract

A touristic market characterizes, first of all, with concentration of demand in time and space, that is with considerable seasonality during a year, month, week, and even day and concentration of demand in so called attractive touristic regions, and also with considerable dependence of demand on accidental factors (the weather, terroristic attacks, fashion). However, on the side of supply on a touristic market there is a close relationship between an enterprise and supply with space, that is, dependence of an enterprise on its location, stiffness of supply and the lack of the possibility of current, considerable increase of service abilities under the influence of changing demand, a risk of sale connected with features of service, and in peculiarity with the lack of possibility of their storing. Taking into consideration these features of a market touristic enterprises have worked out the whole scale of methods and tools of operational management to be able to react at once on changes in touristic demand and prevent from the loss of receipts.

Key Words

yield management, touristic enterprise.

1. Introduction

Every touristic enterprise should analyze currently its market situation, and especially the assortment of offered products on the market, their quality, tourists' segments, channels of distribution, or prices. Activity of every touristic enterprise should be directed towards the sale of an offer of a suitable quality to a concrete group of purchasers, in a suitable place and time for an accepted price. When one of the elements disappoints or is not fully used, gaps can appear on the market and their implementation (fulfillment) by a given enterprise quicker than rivals gives it a chance of development and better utilization of own service ability. Market gaps can have a quantitative, qualitative, assortment, segment, time, distributional

and price character. Their early recognition and a skilful reaction to them give an enterprise the possibility of improving its market situation and increasing profitability. Measures showing the ability of enterprise adjustment to requirements put by tourists are, first of all:

- receipts from sale,
- contribution in the market,
- profits,
- breakeven point¹.

2. The Notion and Principles of *Yield Management*

Touristic enterprises are interested in applying varied methods of operational management, which will enable them to maximize receipts from their activity. A suitable steering the price of offered services is one of such methods. In literature of the subject this technique is called **yield management** or **revenue management**. Yield management can be defined as a technique of leading a price policy, whose purpose is optimization of income from the sale of impossible to store services on the bases of predicting demand undergoing incessant hesitations and suitable adaptation to its prices which are different in different periods and for different market segments². In the United States more and more often yield management is defined as a name '4 C' as a shortening for: 'calendar' - date, 'clock' - hour, 'cost' - cost and 'capacity' - service ability. In practice with the technique of yield management we meet very often. Airways as first ones started to use it, which in dependence on time of arrival, a class of flight, or the time of booking apply different prices for the same service which is a flight on a definite route.

In practice we meet very often with yield management technique. The airlines as one of first has began applying it, which depending on deadline of flight, the class of flight or the time of making reservation, apply different prices for the same service, which is the flight for definite rout. *It is so-called dynamic yield management* basing on the principle "first minute" awarding these passengers, who has made reservation in considerable advance, thus, giving the certainty to the carrier of use places in an airplane. However people who decide on flight in last o moment the most often are forced to this because of unforeseen random situations. Knowing that, they are prone to pay much higher price, the carrier has used this to sell much more expensive tickets. What is more, because the carrier

¹ *Przedsiębiorstwo turystyczne w gospodarce rynkowej*. Praca zbiorowa pod red. A. Rapacza. Wrocław: Wydawnictwo Akademii Ekonomicznej 2001, s.190.

² P. Zygarłowski: *Yield management jako technika zarządzania ceną w przedsiębiorstwie hotelarskim*. Prace Naukowe AE we Wrocławiu Nr 735, s. 116-122.

knows that in December, which is the holiday period and demand is very big, he does not give additional income up and gives high prices, without taking into consideration earlier reservations. Prices of less popular night flights are also usually lower.

A similar strategy is also used by travel agencies which more and more often are organizing promotion actions selling touristic events in the month July already in January at so called prices *first minute* which being much lower than catalogue prices encourage tourists to make decisions about the purchase of an event half a year earlier. In March and April when the number of decisions about going on holidays and making reservations is the highest, prices of events are catalogue prices and the most often they do not take into account any discounts. However, in the month June, when on particular events remain single, final places to sell, they are again sold at considerably lowered prices, so called prices *last minute*.

The technique of *yield management* is applied also by hotel subjects which differentiate prices of their services mainly with regard to a period of stay in a hotel, the length of stay and the size of an order. In large municipal centres, where in hotel objects are mainly guests from a segment of business tourism, from Monday to Friday utilization of hotels service ability is high. Problematic are periods of weekends and holidays, when there is lack of guests from a business segment. Hotel objects apply, therefore, much lower so called weekend prices which are to encourage to stay in a hotel during a period of weekends and holidays. These prices are to encourage to use the service of a hotel object also by these market segments which normally cannot afford to use an offer of such a type of hotel objects, e.g. students of non-stationary studies coming to big city centers at weekends. In a typical touristic rest centres a strategy of working of hotel objects is quite the opposite. Knowing that tourists arrive to rest mainly at weekends and holidays, in these periods prices of hotel services are higher. At the beginning of the week prices go down.

Discussed above cases are examples of applying the ***yield management with the use of a price***. However, not always this technique can be applied. For example, in some gastronomy institutions so called promotion '*happy hours*' are applied. It is known that the largest number of customers appears in restaurants and bars for dinner between 1.00 and 3.00 p.m. Therefore, to encourage customers to earlier or later eating dinner, the same dishes are sold between 12.00 and 1.00 p.m. and between 3.00 p.m. and 5.00 p.m. at considerably lower prices. This often leads to misunderstandings, when e.g. a customer entered a restaurant before 1.00 p.m. and ordered a dish at a promotion price finishing consumption after 1.00 p.m. has to pay for it a higher price. Gastronomy institutions, therefore, apply more and more

often ***yield management with the use of time***. It is done so that in peak hours they can reduce to minimum both time of waiting for customers and time of a service itself done for them. The time of servicing guests is dependent on labour consumption put in preparing dishes, accessibility of semi-manufactured articles, schedule of covering during a day, guests' habits and time they spend in a restaurant for different meals. Reduction of waiting for a customer time and time of service cause increase of the rotation coefficient per one consumption place, which gives the possibility of serving at the same time a larger number of consumers and increase of income per one consumption place during a day. Table 2 shows existing in this sphere possibilities and solutions.

Table 2. *Yield management* in gastronomy institutions with regard to time of service.

Activities	After peak hours	During peak hours
Reservations of a table	Reservations without conditions. For being late there are not any consequences.	Reservations under conditions – being late causes annulment of reservation or a customer is charged with a stable reservation payment from a credit card. A number of a credit card is required at a moment of reservation.
Offered menu	Accessibility of all dishes from menu. Dishes are prepared on a particular order. Full range of services.	Only some dishes in the menu – so called ready dishes.
Service	Full waiters' service.	Beverage, desserts and salads in a form of a self-served buffet.
Payment	A bill is brought after finishing consumption.	A bill is brought automatically with the main dish. Payment in advance.

Source: own study.

Touristic enterprises - mainly airways and hotel objects - aiming at maximization of receipts quite often apply a technique of ***overbooking***. Knowing that some part of reservations is not realised - passengers do not appear at a check-in desk and hotel guests do not arrive to stay – often book a larger number of places than they possess to provide. In a case of annulment of reservation this gives then the possibility of minimizing losses in receipts, however, in a case when all reservations are realized, conflicts are born which businessmen try to soften at any ways.

The main principles of *yield management* in the hotel industry, the gastronomy, airlines and travel agencies has been presented in table 3. It follows that depending on the kind of touristic enterprise, various methods of influence on a size of income from running such activity, can and should be applied.

Table 3. Main principles of *yield management*.

Main principles of <i>yield management</i>.	
Hotel	1. Control currently demand for services reacting with differentiation of prices. 2. Do not give any discounts to those customers who do not ask about them. 3. Accept reservations from such segments which are eager to spend more on additional services. 4. If you can choose, accept group reservations and for longer periods, not individual reservations. 5. Do not give discounts to guests without reservation. Cards of regular consumers and loyalty programmes tie.
Restaurant	1. Control currently demand for services with differentiation of prices. 2. Shorten time of servicing a customer. 3. Differentiate a card of dishes in dependence on a part of a day. In the evening customers sit longer and spend more. 4. If you can choose, accept group reservations. 5. Organize events at a restaurant. 6. Serve beverage without any delay. Before a customer finishes consumption, he will order another drink. 7. Offer desserts.
Airways	1. Control currently demand for services with differentiation of prices. 2. Encourage to earlier reservations through lower prices – a principle <i>first minute</i>. 3. Take additional charges for additional services e.g. too much luggage, meal on the board, confirmation of reservation, a printed ticket. 4. Who is forced to use a service, is inclined to pay more – do not lower prices of tickets in periods before holidays and in a peak season. 5. Just before departure a ticket is expensive –the principle <i>last minute</i> is not applied.
A travel agency	1. Control up-to-date demand for services, reacting with diversity of prices- long weekends, holidays and any breaks are periods of increased demand 2. Encourage to earlier reservations, by cutting prices – the principle <i>first minute</i>. 3. Shortly before the event, it is better to sell the offer cheaper, paying changeable costs and a part of solid costs, than “to carry the empty places”-the principle <i>last minute</i>. 4. Offer discounts on packets-together with the main event sell optional trips and various services –customer will buy more. 5. Apply family discounts- child free or for half price. 6. Reward regular customers-discounts and presents tie.

Source: own study.

3. Summary

The method *yield management* is quite a young method in touristic enterprises. These enterprises, particularly classified as small enterprises apply the technique of differentiating prices completely subconsciously, often not knowing that they use the principle of *yield management* in their activity. This often causes a lot of mistakes in establishing prices and loss in receipts. It is necessary to underline that effective applying *yield management* requires continuous observation of the market and changes in demand. These observations should have a long-term character, because only on the basis of long-term observations it is possible to detect tendencies in exchanges of market demand and effectively qualify seasonal hesitations. Therefore, many enterprises use professional computer programmes which enable to carry out a detailed analysis of demand and draw correct conclusions. Thus, it is necessary to state that usually only large touristic enterprises, in which are created special sections or positions responsible for analyses of demand and steering prices, can afford to apply *yield management*.

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Formation in Conditions of Globalization the Picture of Touristic Area

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Abstract

The XX-th and XXI-st centuries are characterized by an increasing turbulence of environment connected with technical and technological progress, liberalization, privatization, dynamic urban development, cosmic space conquest, social and economic life globalization.

The objective of hereby paper is the analysis of globalization impact on the process of tourist destination image creation changes.

In globalization conditions tourist market competition intensifies not only among economic entities, but also with reference to country and regions.

Technical progress is the symptom of globalization which result in the need of transferring image activities into the Internet (virtual space, cyberspace). Globalization therefore in order to develop at the competitive tourist market a destination has to try to be distinctive from other locations which may ensure positive and original image.

Key Words

globalization, image of the area of touristic reception.

Introduction

From the beginning of years ninetieth of the XX century the globalization is the most often perceived feature of the surroundings¹, it is not the new phenomenon (some of its symptoms were observed in the XIV century, in a period of great geographical discoveries in the world and the development of oversea activity of trade companies, expansion of European states on different continents)².

¹ *Konkurencyjność małych i średnich przedsiębiorstw na polskim rynku turystycznym*, red. M. Bednarczyk, Wydawnictwo Uniwersytetu Jagiellońskiego, Kraków 2006, s. 36.

² A. Zorska, *Ku globalizacji?* PWN, Warszawa 1998, s. 14.

Globalization was exchanged for the first time in foreign literature in 1961 year; however, in Polish 11 years later, thanks to G. Modelski³. In economic literature, it popularise in eightieth years of the XX century. Initially, it represented workings of West Europe leading to connection of countries in one global trade system. Nowadays the meaning of discussing notion has been widened considerably. The most often quoted general definition of globalization is the one created by A. McGrew⁴. According to his opinion the process depends on amount of the connections, and the reciprocity of influences of states and the societies. The amount of connections, intensification of co-operation and mutual interactions causes the transformation of separated national economies into integrated world economy, with resulting from this, decreasing of the degree of markets' segmentation and the growth of correlation between national economies⁵.

Globalization and tourism as social and economic phenomena are closely related with each other. The international tourism has become a powerful tool of globalization. It can be said, that thanks to trips, foreign departures, international exchange, the process of globalization has been lasting from times, when man began crossing the borders of states, visiting different countries, meeting together with various cultures.

The aim of article is:

- the identification of changes on conditions of functioning and developing of touristic reception's areas (in English, tourism destination) in the day of globalization.
- Showing the role of the positive image of area in this process.
- The opinion of image in Internet of chosen Polish and Slovak touristic areas.

The article is the result of Polish and foreign literature's studies and also the authors' direct investigations with the use of the observation method.

Globalization on Touristic Market

The surroundings of touristic regions characterizes with definite developmental trends, which are a source of possible opportunities to use, in different time and degree, depending on the ability, competence, knowledge and information.

Globalization can be qualify as a maga-feature, because it is the most often connected with economic surroundings, but its political

³ *Grupy interesu. Teorie i działanie*, red. Z. Machelski, L. Rubisz, Wydawnictwo A. Marszałek, Toruń 2003, s. 156.

⁴ A. Zorska, *Ku globalizacji? ...*, op.cit., s. 15.

⁵ On basis of: Adamczyk, P. Bartkowiak (red.), *Determinanty rozwoju małych i średnich przedsiębiorstw*, Wydawnictwo Naukowo-Techniczne, Warszawa 2004, s. 249.

aspects, sociological and demographic as well as cultural, ecological and technological should be perceived too. This process is not uniform and coherent. It is multidimensional (mainly two dimensions of range-range and of intensity- depth), complex, multistandard and has dialectical character⁶ (related with abrasion and conditioned of subprocess as well as phenomena about opposed character for example: unification-individualization, globalization⁷, regionalism, integration and disintegration), which cause, that reasons, special “motors”, such as: the liberalization, privatization or the restricting, transformation), the technical and technological progress can be also analyzed from different side- as symptoms or results of this phenomenon.

Its manifestation is a similar way of perceiving by consumers –the tourists of definite symbols, marks (in English, global brands), and also similar behavior, experience or attitudes are its manifestation. A set of common values shared by consumers is: the modernity, freedom and the individual choice of a touristic offer. The anthropologists of culture perceive creating of peculiar hyperspace and hyperreality⁸. The hyperspaces are the places which regardless of location are characterized by the same parameters (for instance: airports, hotels). Hyperreality is connected with cyberspace, or virtual reality.

Globalization has caused widening of competition on touristic areas (beside competition between enterprises). This is a paradox of globalization, in this process the activity determines in considerable measure the strength of regions. This activity is based on local factors (so-called: rank-and-life development)⁹. Globalization extracts wide opening to the world on regions, and the confrontation with foreign areas (as a result from development of arrival tourism) imposes the necessity of continuous improvement of competitiveness. In the period of globalization, there follow changes in the mechanisms and the ways of matching the challenges of present rivalry, which contribute, not only, to improve currently gaining results, but first of all they raise the level of general competitiveness of husbanding subjects as well as the regional and national systems.

Globalization causes the increasing of immaterial supplies (the supplies of knowledge and the information) in the process of rising the competitiveness. The technical and technological changes in surroundings

⁶ A. Zorska, *Ku globalizacji...*, op.cit, s. 16-18.

⁷ On basis of: A. Zorska, *Ku globalizacji...*, op.cit. s. 16-18 i Z. Niechoda, *Normalizacja na przełomie stuleci – kierunki i tendencje rozwojowe*, „Normalizacja” 2001 nr 1, s. 9.

⁸ A. Sagan, *Antropologiczne podejścia w badaniach marketingowych, cz. 1*, „Marketing i Rynek”, 1999, nr 3, s. 2.

⁹ A. Kukliński, K. Pawłowski (red.), *Przyszłość Europy – wyzwania globalne, wybory strategiczne*, Wyższa Szkoła Biznesu, Nowy Sącz 2006, s. 344.

cause the transfer of competitive workings in virtual space (the cyberspace, infospace), which mean the appearing of the new, widened dimension of the competition.

Globalization creates the new possibilities of development of regions and touristic subjects on their area. This permits more effective allocation of supplies, the easier flow of consumer goods, services and people, access to the capital and the modern technologies, as well as the diffusion of knowledge. On the other hand some threats should be mentioned, such as: the standardization of touristic products, the standardizing of demand and the touristic consumption, danger of marginalization of touristic areas and, in this connection, the possibility of the tourists' loss as well as the fall of income from tourism. Changes resulting from globalization cause also, the fall of meaning of competitiveness' traditional factors, such as: the costs, quality and the diversity of touristic products¹⁰ in aid of competitive fight about the way of perception of the wide understood touristic offer. In this deception, proper moulding the image of the area of touristic reception (further ART is an essential condition making possible development on the present, globalized touristic market.

Changes in the Process of Formation of Image of the Area of Touristic Reception in the Day of Globalization

The area of touristic reception is the ambiguous notion. It can be analyzed from the subjects of supply's point of view (the bidders of touristic products), as well as the touristic demand (the buyers of touristic offer). The area of touristic reception means the place where tourism develops. From the aim of article's point of view the ART will be captured from the side of subjects who offer touristic product. We can speak, for instance about the regional or local ART. The local ART is defined as physical space, which includes touristic products, such as: service and attractions, and also different touristic supplies. It possesses its spatial and administrative defining its management and image (and perception), which influences on its market competitiveness. It is a place where delivery of the touristic product and the running of touristic policy is focused¹¹.

The World Touristic Organization (the UNWTO) defines image as ideas possessed individually or collectively on the subject of target place (the ART)¹². It can be distinguished image of: the country, the region, the

¹⁰ Quantity and diversity of touristic produkt is still important, but the way of use of them has changed in the competitive battle (they are no longer spontaneous elements). Presently they should be "rebuilt" making trend mark and image of touristic area.

¹¹On basis of: A. Lew, B. McKercher, *Modeling Tourist Movements. A Local Destination Analysis*, Annals of Tourism Research 2006, no. 2, ss. 403–423.

¹² C. Cooper, J. Fletcher, D. Gilbert, S. Wanhill, *Tourism, Principles & Practice*. Pitman Publishing 1993, s. 25.

city, the trend / the product, the group of products, the firm / the enterprise, the organization (the corporation), the marketing offer and the trade¹³. The meaning of image has been recognized in western literature as important for the sake of the fact, that , that it influences on tourist's individual, subjective perception as well as being consequence of its behavior resulting in the choice of the definite area¹⁴. However, it must be properly built, in order to fulfilled its role.

The investigations of virtual image has become an important object in tourism¹⁵ since the Internet has revolutionized the ways of building of enterprise ' image and also of the area of touristic reception. The introduction on a wide scale of interactive contact with tourism is one of the most important aspects of this issue. Apart from this feature, the Internet gives new possibilities in this range, because of:

- *simplicity of service, and at the same time the wealth of use's possibility,*
- *joining of the characteristic features of mass and direct media ,*
- *possibility of quick reaction on impulse from customer,*
- *suggestiveness - opportunity of influence on many the recipient's senses,*
- *full temporary accessibility (24 hours. a day, by seven days in week, in every day of year), connected with elasticity of medium (the recipient can in every moment receive information) and the promptness of attainment to content,*
- *global range,*
- *low cost of attainment to mass recipient (the cost of average advertisement in net placed by the whole year is comparable with the cost of monthly external advertisement in province city),*
- *possibility of individualization of money transfer,*
- *making possible the control of retaining of dormitories and knowing the recipient's opinion transfer (for instance: by the meter of entrance, the forum),*
- *the unrestricted capacity and the large elasticity of money transfer - the possibility of any extending and the refining of the visualization of region thanks to the Internet's window*
- *possibility of moulding of the process of undertaking potential tourists' decision about arrival to given place,*
- *potential of development as regards generality of access to Internet,*

¹³ J. Altkorn, *Strategia marki*, PWE, Warszawa 1999, s. 40 i H. Barich, Ph. Kotler, *A framework for Marketing Image Management*, Sloan Management Review, Winter 1991, s. 95.

¹⁴ M. Gallarza, I. Gil Saura, H. Garcia, *Destination Image*, Annals of Tourism Research 2002, no 1, ss. 56-78.

¹⁵ Research, in this time, are in the initial stage Choi S., Lehto X. Y., Morrison A. M., *Destination image representation on the web: Content analysis of Macau travel related websites*, Tourism Management 2007 no 28.ss. 118-129.

- *perspectives of development of Internet as regards its technical possibilities of its use (progressive works over Web 2.0).*

In the day of Internet it can be observed the larger activity of people operating with this medium. A user of net, finds interesting him information and decides himself, if he wants to know with them or not, contact with net is a sensible choice of given person.

Every user of net has the full ease in formation the information. He can be both, the recipient and the sender of announcement. For this reason, in the day of the Internet, the image of the ART is not created through given area only. Many information can be passed by all tourists without limitations (spending time in the given place as well as and these who only has heard or read about it on sides of the internet the travel agencies the hotels, offices, touristic organizations or the internet odds)¹⁶. Total control over the process of creating information edifying the image of area is impossible in this time. On the other hand the Internet offers the new potential of influence on tourists, including creating virtual experiences (for example: digital camera makes a “walk” through the area just before real arrival of a visitor).

The basic elements of picture the ART are: the identity and the reputation of area¹⁷, as well as the educated trend of the integrated (network) touristic product¹⁸.

The organizing the system of visual identification is an essential stage in the process of creating of image, including signs, codes, symbols, coloring connected with logo (the crest) the ART. This system is the form of contact with surroundings the and also virtual painting positioning in net.

Method of investigation

The direct investigation has been performed with the use of the observation method of Internet's windows of chosen Polish cities, which fulfil touristic functions. Official internet sides running by offices of 10 Polish populaces and of 10 Slovak, has been classified to the investigation. Internet sides, of great urban centers, such as: Bratislava, Koszyce, Cracow, or Wroclaw, have been omitted on purpose. Concentration has been laid on small and average communes, where the touristic function

¹⁶ Peculiar places set internet forum, which give information about images of participants on the subject of a given place of touristic reception. It's important to monitor and running, what means an active participating, depending on correcting inaccurate info or giving current data on the region's subject for instance, the weather forecast.

¹⁷ Creating by many subjects, in coherent way co-ordinated according to one, main idea, including subproducts.

¹⁸ Widen considering on the subject can be find: E. Nawrocka, S. Oparka, Hotel w XXI wieku. Zarządzanie w warunkach globalizacji, Wyższa Szkoła Zarządzania „Edukacja” we Wrocławiu, Wrocław 2007, s. 136.

should have dominant position. There have been chosen populaces, which have unquestionable and established position on touristic market, and their images function in tourists' awareness. The investigation has survey character. The opinion of virtual image has been performed in the scale from 1 to 5 where 1 means the weakest opinion. During processing of accumulated empirical material, it has been used the method of average.

There has been used also the author's questionnaire, in which the following criteria of opinion has been specified:

I. The attractiveness and the functionality of side of www: the content - related contents, functions of report, multimedia (the feature-the introduction), the functions of interaction.

II. Elements of image: the promoting of the identity of area, creating the reputation of area, creating the trend of touristic products.

III. Criteria resulting from the strategy of moulding image in net: system of visual identification, groups of recipients (in this, the feature - foreign languages), the positioning the side in net.

Analysis of results

Table 1. Image of areas of touristic reception in Internet on basis of official sides of internet communes.

	Slovak commune									
	Bardejov	Levoča	Poprad	Prešov	Liptovský Mikuláš	Piešťany	Kežmarok	Ružomberok	Stará Ľubovňa	Trenčín
Attractiveness and functionality	2,2	2	1,5	2	3,5	3,5	2	4,2	2,2	2,2
Content-related contents	3	3	2	3	4	4	3	4	3	3
Report 'function	2	2	2	1	3	3	2	4	3	3
Multimedia	2	1	1	2	4	4	2	3	2	2
Interaction's functions	2	2	1	2	3	3	1	4	1	1
Image's elements	2	1,6	1,6	2	3	3,6	2,3	3,3	3	2,3
Promoting identity	2	2	2	3	4	4	3	3	2	2
Building reputation	2	2	2	2	2	4	2	3	2	2
Trend of touristic products.	2	1	1	1	3	3	2	4	2	3
Image's strategy	2,2	2	2,2	2	3,5	3,2	2,7	4	4	3,5
Identification's system	2	1	1	1	3	2	2	4	2	3
Recipients' group	2	2	2	2	3	2	1	4	2	3
Languages	2	2	3	2	4	4	3	5	3	3
Positioning in net	3	3	3	3	4	5	5	3	5	5

	Polish commune									
	Szklarska Poręba	Karpacz	Szczyrk	Zakopane	Krynica Zdrój	Łeba	Międzyzdroje	Hel	Białowieża	Toruń
Attractiveness and functionality	3,2	3,5	2,7	4,2	3,7	3,2	3,7	3,5	2,2	4,5
Content-related contents	5	5	4	5	4	3	3	4	4	5
Report 'sfunction	4	3	3	4	4	4	4	3	2	4
Multimedia	2	4	2	5	5	3	5	5	2	5
Interaction's functions	2	2	2	3	2	3	3	2	2	4
Image's elements	3	2,6	2,3	2,6	2	2,6	3,3	3,3	2,6	4
Promoting identity	3	4	3	3	2	3	3	4	3	5
Building reputation	1	2	2	3	2	3	4	3	3	4
Trend of touristic products.	2	2	2	2	2	2	3	3	2	3
Image's strategy	3	3	3,5	4,2	2,2	2,2	2,2	2,7	2,2	3,2
Identification's system	2	2	2	2	2	3	2	4	2	4
Recipients' group	2	2	3	5	2	2	2	1	3	2
Languages	3	3	4	5	1	1	1	1	1	2
Positioning in net	5	5	5	5	4	3	5	5	4	5

Source: own study

From conducted investigations it results, that at the present moment touristic communes are able to take care about attractiveness and the functionality of Internet sides in the best way. The content-related contents of information, on internet sides, does not make any reservations as well as the use of multimedia's techniques, such as: the galleries of pictures, films about locality, the virtual guidebooks, or the internet cameras. The functions of report and interaction are solved less satisfied. Introducing of function RSS permits users on passing of information about changes on the side. The lack of controversial forums, books of entertains, the possibility of placing the opinion about the commune is often noticed also. Given contact addresses on internet sides, the most often, are general addresses of commune's offices and the administrator of side. Posted questions by this way, not always reach to proper persons. On twenty such questions, send by the authors, only five of studied communes has answered in three days

The elements of image as well as moulding its strategy, on the studied areas, has gone considerably badly. Positioning sides in net has not made bigger reservations. The lack of consequence in maintenance uniform layout on internet sides is amazing though. In many cases, beside the official internet side of commune, there function sides of touristic centers, museums or other subordinate institutions.

These sides are created with use of the completely different layout. Over half of studied communes does not possess the leading password or promoting motto on their sides. Touristic logo of commune is not promoted too. The crest, of the locality, itself, fulfil the different function. Its computer graphics is very often too complicated to be treated as promoting logo. Populaces, generally, do not create their reputation in net. There is lack of information about various kind of charitable actions and sponsorship. Versions of sides written in foreign languages make great reservation also. In the case of 90% of studied communes these sides are considerably poorer from those written in native language or they do not exist at all. Translating texts are so-called “linguistic carbon papers” and they do not take into consideration the specificity of tourists’ needs.

Generally, it can be affirmed that the tool, such the Internet is used by communes considerably better on technical ground than on marketing ground.

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Communication Management in Public Administration

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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, Zámutov.*

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.

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The Process of Spatial Development vs. Development of Rural Areas

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Abstract

There is a long-lasting discussion on the direction of development of rural areas. The problem of activating rural areas and agriculture has been considerably emphasized in academic milieu. This study presents basic instruments of land development management which influence the development of rural areas. They define local spatial policy as well as rules of spatial management. Presently stable development of areas and environmental protection are emphasized. The European Union recommendations underline the importance of investments improving and preserving natural environment as well as the quality and innovative character of agricultural production.

Key Words

space, spatial development, rural areas.

Generally speaking *space* may be defined as an area that surrounds a man. In geographical disciplines there is a division of space according to S. Leszczycki (1972, p. 16) who distinguished geodetic, geographic and economic space (table 1).

Table 1. Space and its types in geographical and sociological literature

Item	Discipline	
	Geography	Sociology
Space	certain sets of elements (or subsets) with characteristic interrelation (Dziewoński, 1967, p. 36).	organic and irreversible good with field of realisation of possibilities of people, who produce them creating culturally and socially (Jałowiecki, 1988, p. 14).
Geodetic space	three-dimensional Euclidean space, being the model of real physical space known from everyday experience (Liszewski, 1997, p. 57); it is the basic reference system for geography (Dziewoński, 1967, p. 36).	_____
Geographic space	surface of the Earth with diversified quality (Leszczycki, 1972, p. 16); material environment of the mankind composed of natural environment and permanent investment, also referred to as fixed assets, which is also the subject of spatial development (Dziewoński, 1988) – (Liszewski, 1997, p. 57).	natural environment which evolved in a particular way (Jałowiecki, 1988, p. 11).
Socio-economic space	reflects the overall life of the whole human populations, here we may speak about subjective and objective spaces, individual and collective spaces, and abstract and concrete spaces (Dziewoński, 1967).	in sociology according to de Lauwe (1976) there is socio-geographical space referred to as codified, organized according to models, norms, systems representations and values (Jałowiecki, 1988, s. 18).
Social space		according to A. Wallis it is an area used and shaped by a society, connected with system of knowledge, notions, values and rules of behaviour thanks to which we identify best with that area (Liszewski 1997, p. 59).

Source: author's own compilation.

According to S. Liszewski (1997, p. 57) it is K. Dziewoński (1988) who defined geographical space most explicitly identifying it with human material environment composed of natural environment and permanent investment also referred to as fixed assets being the subject of spatial development. Economic space is a part of geographical space, the part of human life and activity. According to J. Słodczyk (2001, p. 12) economic space is diversified with respect to its quality which is visible in methods of land use. However, differences in functions of particular areas in social and economic life of a given state are of fundamental importance. S. Liszewski (1995) distinguishes also socio-economic and social space. The term *socio-economic space* is an extension of the notion of economic space with emphasis on human role in shaping that space (Słodczyk, 2001). The notion of social space was borrowed mainly from sociology and introduced by E. Durkheim in 1890. He claimed that the subject of sociology was social morphology, i.e. social background and social psychology (Otok, 1987). This notion was later developed by Ch. de Luwe (1952), for whom social space is the area of life, movement and mutual influence of groups.

Sociological literature distinguishes many aspects of the definition of space. According to B. Jałowiecki (1988, p. 14) ... "space is not only an indifferent frame of economic, social, political and cultural life, but it is an active, sometimes conflictual element, which modifies phenomena and processes that was mentioned before"... . The author (p. 15) claims that social space is a human, anthropogenic, cultural and social creation, produced by individuals, human groups and populations.

A. Wallis (1990) made an attempt to define *space* as an area of community used and shaped by a society, connected with the system of knowledge, notions, values and rules of behaviour thanks to which it identifies best with that area. This definition includes several aspects with the first having it that the area becomes social space, when it is used by a community. The second defines valuation and use of space by various social groups, whereas the third refers to changes in functions and value of space connected not only with physical or natural transformations, but also interpretation of changes in notions related to space.

With identification of diversified classification of space types it is possible to define space qualities. Space is classified according to the three-degree scale with respect to the degree of acquisition and freedom of behaviour. When it comes to space qualities there are also such terms as location, territory, and borders (table 2).

Table 2. Space qualities in geographical and sociological literature

Qualities	Discipline	
	Geography	Sociology
Location	place of a point on the Earth's surface, defined with geographic coordinates (Pietkiewicz, Żmuda, 1973, p. 363).	defined with a distance measured with physical units place of individuals and social groups in space definitely determines central or peripheral location (Jałowiecki, 1988, p. 11).
availability (borders, territory)	we may distinguish preceding and consequent borders, the former drawn before settlement and development of new areas, the latter marked after complete settlement on a territory. - territory is an area defined by an individual or a group of people as their sole property (Otok, 1987, p. 20).	borders may be formal (estate, company or state borders) or informal (railways, fences, motorways) – (Jałowiecki, 1988, p. 23).
degree of acquisition	—————	we may distinguish three-degree division into personal, living and ecological space (Jałowiecki, 1988, p. 23).
degree of freedom of behaviour	according to S. Kaczmarek (1996, p. 9) we may distinguish the following types of space: private, public and immediate.	in this case we may distinguish three types of space: private, public, and organizational-political (Jałowiecki, 1988, p. 27).

Source: author's own compilation.

According to the degree of acquisition space was divided into personal, living and ecological space (Jałowiecki, 1988). Obviously, personal space means a room, a flat and is intimate and private. Living space (everyday life space) is composed of immediate surrounding, housing estate, district, place of work and everyday shopping. Ecological space is interpreted as less familiar, rarely visited. According to B. Jałowiecki (1988, p. 27)

taking into consideration freedom of behaviour enables formation of three types of space: private, public and organizational-political. Geographers distinguish private, public and immediate space. According to S. Kaczmarek (1996, p. 9) private space is a flat/house. Surrounding area is treated as public space. The third element is an intersection of both opposing spaces – private and public – described by the author as immediate space. A. Bartoszek, L. Gruszczyński, M. Szczepański (1997, p. 20) distinguished several space categories: public space, semi-public space (e.g. inaccessible car parks, areas occupied by some job categories), semi-private space (e.g. area around blocks of flats, houses), private space and its special type – intimate space.

Interpretation of space is the occupation of numerous groups of scholars. The knowledge of space is composed of both experience from practical activity and scientific research, and penetration of the world by literature and the arts.

All social, economic and environmental phenomena take place in space and its management is one of important factors connected with implementation of the concept of sustainable development, particularly on the local level (Dubel 2006). Nowadays environmental protection and principles of sustainable development play a very important role in Poland. The above-mentioned elements are important aspects of socio-economic as well as spatial development policies. According to the Act of Polish Parliament on town and country planning and spatial development the subject of spatial planning is the process of spatial management which on the local level aims at defining the scope and methods for issues connected with selection of areas for particular purposes and preparation of rules of their development and building construction; on the higher level (regional and state) it deals with creation and realization of the Polish spatial policy (the Act of 27 May 2003 on town and country planning and spatial development (Journal of Laws No. 80, item 717) substitutes the Act of 7 June 1994 and amends the Construction Law (Journal of Laws No. 80, item 718)). The term *planning* comes from the field of management, and in geography is usually understood as spatial or regional planning, i.e. with reference to a particular area of the Earth's surface (Szymalska 2008).

Transformations of socio-political and economic systems which were initiated in 1989 brought about multiple changes in spatial planning. Polish spatial development policy is the most fundamental document which specifies the rules of governmental policy in spatial development of the state and prospects of the forthcoming several years. This document includes the following elements:

1. Conditions of the Polish spatial development
2. System of strategic goals in state development
3. Major directions of spatial development policy of the state
4. Multifunctional development of rural areas
5. Tools for the policy of spatial development of the state
6. Tasks recommended to state authorities

The concepts of spatial development policy are drawn on the voivodeship level (Domański 2002).

Following principles of sustainable development in spatial planning means designing of use of space, which aims at keeping the balance between all elements of human environment.

The group of instruments of land development management which influence the development of rural areas includes:

- the study of conditions and directions of spatial development of a municipality
- local spatial development plan for a municipality.

The study is a document which defines local spatial policy and rules of spatial development of a municipality with state and voivodeship plans taken into consideration. It includes the whole municipality area and it is not the act of local law. Local spatial development plan specifies the use of a particular area, distribution of investments of the public goal and defines methods of development and conditions for building up. It may include the whole municipality or its part and it has to be compliant with the study of conditions and directions of spatial development. Local plan is an act of local law. In the aforementioned planning documents, when it comes to allocation of areas for particular goals and setting the tasks connected with their development within the structure of area use, appropriate ratios are defined which are to maintain or restore environmental balance and proper living conditions. Presently, one negative phenomenon is becoming more and more frequent – strategy for municipality or powiat development is often substituted with other strategic planning documents, which usually refer to narrow subject (e.g. social welfare programmes, renewal plans).

It is worth mentioning that local authorities' interest in drawing up such documents has considerably increased. Socio-economic development of a municipality is perceived as the transformation of its structure, which leads to:

- increased living quality, i.e. fulfilment of various social needs of a community on higher and higher level
- increased or at least maintained durability and versatility of resources for further development

- minimized negative influences on surrounding and offering external benefits to others.

Planning documents include current diagnosis of the demographic and economic condition of a municipality, an analysis of strengths and weaknesses, and operational goals, programmes and professional strategies as well as financing schemes of particular investments tasks of local authorities.

Nowadays we are facing dynamic and fundamental transformations of rural areas. Discussions on further directions of the development of rural areas and agriculture were more intensive in the last decade of the twentieth century. The importance of versatility and the rights of rural areas to greater freedom, innovations and experiments are emphasized. More endogenous development is underlined, however, with greater emphasis on urban backup (consumers, visitors of agrotourism farms, residents and urban newcomers) (Pilichowski 2005). The studies of J. Bański (2005) shows that the greatest economic recovery and development are visible in area located in the vicinity of large agglomerations. The greater distances from the town, the poorer levels of development of an area. The only exceptions are areas with their own development potential (seaside areas and some mountain locations) or those with the emergence of huge economic projects.

In all fields of life it would be wise to follow the motto – “thinking first, doing later”. Planning documents are the instruments where strategic goals of area development are placed. Economic development is a great opportunity; unfortunately, increased efficiency of the Polish economic system itself will not eliminate all disproportions in rural areas. New possibilities of development emerged with the EU structures’ integration, first of all with financing of investment which stimulates local development by means of subsidizing of such programmes from the EU structural funds.

In conclusion the development of rural areas depends on numerous elements of social and economic life. In all contemporary documents special attention is paid to the principles of sustainable development according to which natural resources and qualities of natural environment should be the basic factors stimulating socio-economic development. Environmental protection and landscape shaping of are carried out by means of town and country planning. It is a great success that it was possible to change the awareness of local authorities and inhabitants of rural areas and put greater emphasis on environmental protection with ecological and agrotourism farms, etc.

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The Analysis of Needs and the Motives of Doing the Tourism - the Results of Investigations on Tarnobrzeg's Market

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Abstract

Needs, which tourists are going to satisfy during their departure, decide about trends and forms of the present tourism.

The aim of this article is to analyse needs and motivational processes, which occur in connection with doing an touristic activity. In this article, chosen results of questionnaire investigations conducted in 2008 among occupants of Tarnobrzeg, has been used.

Introduction

Doing the tourism is the unquestionable phenomenon of the latest decades. On the verge of XXth century, the dynamics of the development of the tourism has begun surpassing the most profitable fields of world economy, which has been so far. The tourism has become the mass, general phenomenon, as well as something without what, people's majority does not imagine itself normal functioning: doing the tourism has become the biggest need of present societies.

The aim of this article is to analyse a theory of needs and motivational processes, which occur in connection with doing the tourism as well as prove, that mentioned theory has its reflection in practice.

There is the lack of works relating to the detailed description of needs and motivational processes influencing on doing the tourism in accesible literature, what results from the fact that the psychology of the tourism has not gained its proper place yet.

An item, 'Psychologia w rekreacji i turystyce' of J. Gracz and T. Sankowski-2001-, and also 'Psychologia. Wybór zagadnień dla studentów kierunku turystyka i rekreacja' of J. Frenczyn-1991, has distinguished favourably on this background.

Mentioned authors talk over in a very accesible way, basic issues relating to the tourism's psychology as well as needs and motives.

1. The Tourism as Psychological Phenomenon

The phenomenon of the tiurism, initially was considered only, in the sphere of such sciences as : economy, geography, spatial planning and so

on. However, the present tourism has become the subject of the interest of humanistic sciences, in this- psychology.¹

From psychological point of view „ the subject of the tourism is a man, human individual, who characterises by specific psyche. Just before beginning a journey, the man feels the need of the departure, which moulds the motive of going on a trip. The man moulds the purpose of this journey, what is usually connected with any value. He also imagines himself this journey and compare it with reality after his returning.

During the trip, He experiences it intellectually and emotionally as well as behaves in a special way.

When he comes back home, he reminds himself what he has seen, heard and experienced. Brought souvenirs let him, in some way, experience the journey one more time.²

The tourism, as psychological phenomenon- is an activity, which is characterised by the temporary and voluntary change of the place of the permanent stay. It is undertaken mainly to meet something new, relax and regain one's health. It is the activity, which services to satisfy specific needs and the man's ambition.”³

The psychology, with reference to the touristic activity, deals with the subjective aspect- that is chosen processes and the psychological properties of individual as well as the environmental and situational aspect, creating natural social space, which determines the choice and the way of the realization of varied forms of the tourism. Taking into consideration the tourism, the applied psychology should be understood as the science dealing with conditions of forming psychological processes and also their course and after-effects occurring in connection with the touristic activity.

The description, explanation and support of specific behaviours and the man's action, connected with the tourism as a form of activity belonging to the field of wide comprehended physical culture, is the subject of psychology of the tourism.⁴

2. Notion and the General Division of Touristic Needs

Touristic needs are personal needs connected with the use of the function of free time (rest outside the permanent stay) material and spirituals as well as relating to factual goods and service, higher rank and luxurious, mass and general. Touristic needs are characterised by large individualization,

¹ K. Przeclawski, *Turystyka a świat...*, op. cit., s. 13

² Tamże, s. 9-10,

³ J. Fenczyn, *Psychologia. Wybór zagadnień dla studentów kierunku turystyka i rekreacja*, Kraków 1999, s. 15

⁴ J. Gracz, T. Sankowski, *Psychologia w rekreacji i turystyce*, Wyd. AWF, Poznań 2001, s. 7

as regards their satisfying.⁵ The general division of touristic needs is shown in diagram 1.

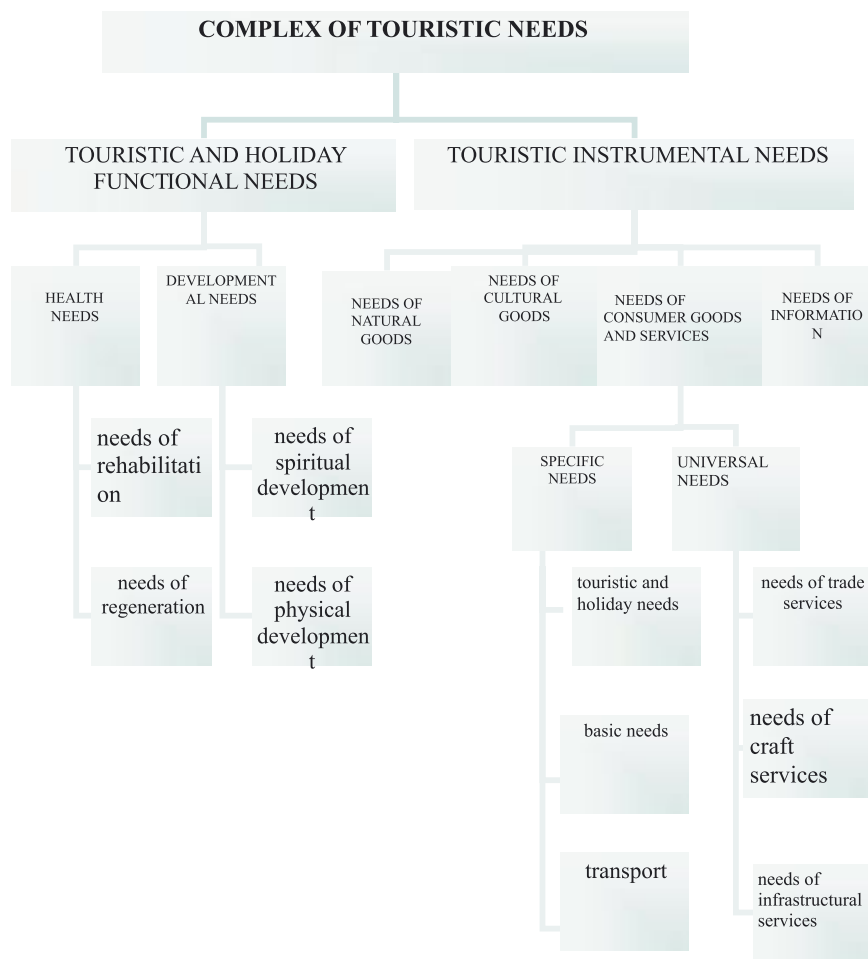


Diagram 1. The general division of touristic needs

Source: R. Łazarek, *Ekonomika turystyki*, Wyd. WSE, Warszawa 2001, s. 23

The structure of touristic needs can be considered by arranging it in a pyramid similar to that one, applied to the hierarchic arrangement of general needs proposed by A. Maslow. Similarly, as the basic need, without which nothing can be said about the tourism, should be recognized the need

⁵ R. Łazarek, *Ekonomika turystyki*, Wyd. WSE, Warszawa 2001, s. 23

of the environment's change, that is the temporary change of the place of the permanent stay. Forms of this change are various, for example: own transport to chosen locality or guided Holiday. Means of transport can be various also.⁶

From the definition of a tourist, it results that He is a visitor, who has spent at east one night In the visited locality. That is why, on the second floor of the pyramid of touristic needs accommodation should be located. On the third floor, it is logical to locate needs connected with board. On the following floors , there are located Essentials touristic virtues such as: regeneration and enriching physical strengths and spirituals, as well as experiences and dreams connected with the touristic journey (Diagram 2.).⁷

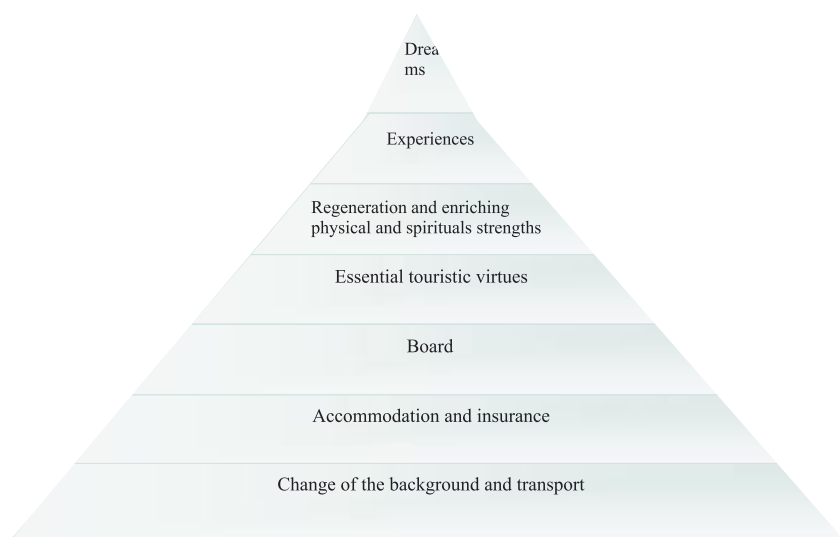


Diagram 1. The pyramid of touristic needs

Source: R. Łazarek, *Ekonomika turystyki*, Wyd. WSE, Warszawa 2001, s.25

It has been considering so far, that the tourism can satisfy only needs, which are located on the top of the pyramid. But, the social and economic development, the growth of standarts of living, the growth of meaning of life's quality has caused that the tourism can satisfy needs from lower floors of the pyramid.⁸

⁶ Łazarek, *op. cit.* s. 23-25

⁷ R. Łazarek, *op. cit.* s. 25

⁸ A. Nowakowska, *Turystyka...*, [w:] G. Gołembski (red), *op. cit.*, s.40

3. Motivational Processes and Touristic Activity

In the previous point, there has been talked over needs, as a basic factor, having an influence on the choice of specific kind of tourism. In order to say all about this subject, it is crucial to widen the considering topic about issues relating to motivational processes and motives of the touristic journey. In literature, there can be meet a lot of definitions relating to the term of motivation (the word comes from Latin, *movere*, what means-to move).⁹

John Strelau proposes the wide depiction of motivation. According to him, „the term motivation is used to psychology to describe any mechanisms responsible for undertaking, steering, supporting and ending the working. It concerns both, mechanisms of behaviours and complex behaviours as well as affected and cognitive mechanisms.”¹⁰

The meaning of notion of the motivational process, in connection with the man's touristic activity, does not require the special modification of the definition, because the motivational process, accompanying the man during undertaking any activity, proceeds similarly so as at the touristic activity. However, if motives are taken into consideration, it should be known that for various kinds of the man's activity, the structure of motives is outlined differently.

4. The Analysis of Needs and Motivation to Doing the Tourism - the Chosen Results of Investigations

The presented results of investigations make up the part of more extensive investigations conducted in a year 2008, among occupants of the city Tarnobrzeg.

Problems, which has been brought in investigations, have been reduced to four extensive groups:

- A. What kind of preferences did respondents have in the range of doing the tourism in a year 2007?
- B. What is the extent of intensification of physical needs connected with the tourism? And What forms of the tourism are able to satisfy them?
- C. What supplies accompanying doing the tourism o have the big gest meaning for respondents?
- D. What touristic motives will dominate In the tourism In future among respondents?

This article is limited to present only chosen results of investigation from the B group. At the beginning, the respondents have been asked, if, in

⁹ P. G. Zimbardo, *Psychologia i życie*, Wyd. PWN, Warszawa 1999, s. 436

¹⁰ J. Strelau, *Psychologia. Podręcznik akademicki, t. 2, Psychologia ogólna*, Gdańskie Wydawnictwo Psychologiczne, Gdańsk 2000, s. 427

everyday life (surely full of duties and problems connected with the private and professional sphere) they feel a need of getting away from reality by touristic trips, journeys. Despite the fact, that touristic needs very often recede into the background or are unawared in the man's psyche, 93,3% of studied people has decidedly answered, that they feel the need of it, everyday.

None of studied, decidedly denies feeling a need of departure everyday, however 6,7% of them has not been able to point at an unambiguous answer.

The extent of intensification of needs connected with the departure away from the permanent place of living has been the next problem of investigations.

People, who has declared that the degree of intensification of needs relating to doing the tourism is very high, have made up the biggest group; few, because Only 13,3% Has pointed at high degree. An average degree of this need has showed just 5% of studied. The fact, that none of respondents has mentioned low or very low degree of the need, seems to be very interesting amazing.

The question about the degree of importance of psychological needs' satisfaction, during the potential touristic departure, has been the third one in the part B. Giving this question at the beginning of series about the man's physical needs connected with the tourism has been conditioned by the theory of A. Maslow, where psychological and physiological needs are on the first place in the hierarchy of importance of feeling needs by the man.

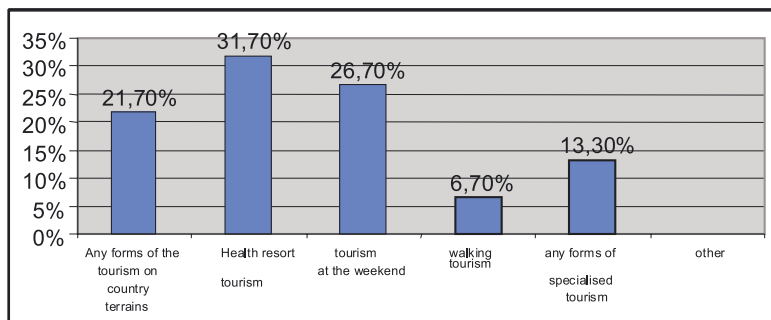
The analysis of answers this question has permitted to indicate the degree of importance of satisfying of psychophysical needs at individual groups of studied people, but also to prove the legitimacy of the theory, that physiological needs, also in the field of the tourism, occupy one of the first places in the hierarchy of importance.

After calculating of respondents indications, it has been noticed that for 70% of them, satisfying of psychophysical needs, during the potential touristic departure, is very crucial, what show that the theory of A. Maslow, finds its reflection on the basis of the tourism. For 13,8% of asked people, satisfying needs mentioned above, is important, for 6,7% it is little important, however 5% of indications is-average important.

None person has affirmed that psychophysical strength's renovation, during doing the tourism, is completely not significant.

Respondents have been asked also, about indicating forms of the tourism, which could contribute to satisfy needs of psychophysical's renovation of strengths in the best degree. The health resort tourism has been noted down

by 31,7%, departures during free days from work or school has received not much less, because 26,7% of voices; 21,7% of respondents has agreed on every form of the tourism on country terrains, in the aim of regeneration of psychophysical strength. Only 13,3% of indications has been noted down for every forms of the specialist tourism and 6,7 % for walking holidays. Indications of studied people, relating to touristic forms, which in the best way could satisfy the need of regenerating of psychophysical strengths during the potential departure are presented in the graph 1.

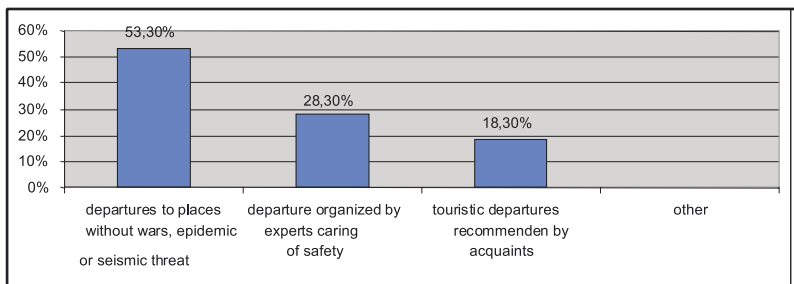


Graph 1. Indications of respondents relating to the form of the tourism, which could satisfy the need of renovating the psychophysical strength, During the potential departure, In the Best way

Source: The own study on the basis of conducted investigations

The need of the wide understood feeling of safety, during the touristic departure has been subjected to assesment too. Gathered empirical material proves that decided majoraty of respondents (80%) has declared that the feeling of safety in the place of the rest is very crucial, 17,7% has affirmed it is crucial, 5% has said it is average crucial, while 3,3% has said it is little important.

Taking into consideration the need of safety, the respondents have been presented example forms of the tourism, which in some extent can cause, so as not to create the feeling of threat, during departures. The most of ten indicated forms of departures have been ones, to places, with generally friendly surroundings, that is departures to places without wars, epidemic or seismic threats(53.3% of studied). As the second one has been pointed the touristic departure organized by experts caring for safety (for instance: trips offered by travel agencies, where the guide takes care of proper stay and rest and complicated touristic routs are covered under the touristic guide's care)28,3%. The last group of studied, making up 18,3% of studied has showed, that the touristic departures, recommended by acquaints, assuring about favour of the place of stay, make up the basis about feeling of safety In the place of rest.(Graph.2.)



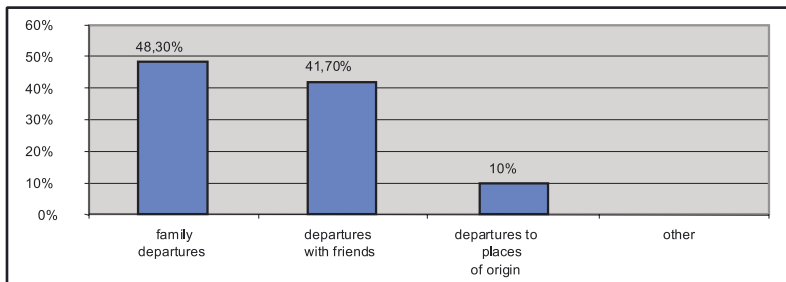
Graph 2. Indications of respondents relating to forms of the tourism, which In the Best way could satisfy the need of safety during the potential departure

Source: The own study on the basis of conducted investigations

Among psychical needs connected with doing the tourism, has been examined also, the way of moulding of needs of emotional contact during departures. The tourism, is not only sightseeing or doing sports, but also the superb field to create and renewing special detains among participants of departures. The analysis of answers for this questions has showed that the satisfying of needs of emotional contact on the field of the tourism is very significant for 51,7 % of studied, for 23,3% Just crucial and the Rest 25% has declared that satisfying such needs is average import ant for them.

It can be conducted that, among reaspondents from Tarnobrzeg, the profile of the tourist who wants to experience and divide joy from departures with other persons, as it will be taken into consideration that no one has pointed at little or no importance of the need of emotional contact with other participants.

Studied people have been asked for indicating the need of emotional contacts also. 48% of them has agreed that this need could be satisfy the best by the departure away from the permanent place of living, 41,7% of them has affirmed , however that departures with friends are the key to satisfy such need. Only for 10% of studied has considered as the basis to satisfy it make departures to places of origin (Graph.3.).



Graph 3. Indications of respondents relating to forms of tourism, which could satisfy In the Best way, the need of emotional contact with other participants of departures

Source: The own study on the basis of conducted investigations

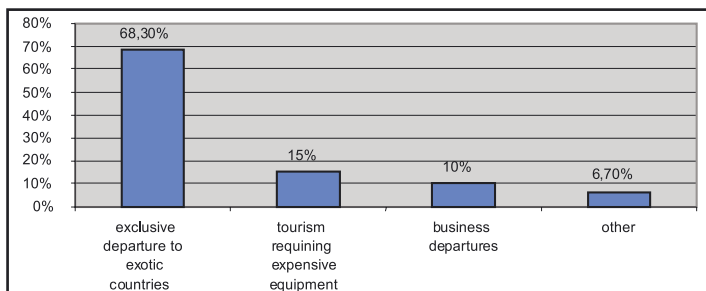
The need of doing the tourism as a result of fashion or the desire of putting on airs, in order to gain the respect of other people, is the last of psychical need occurring on the field of doing the tourism, which has been asked for respondents from Tarnobrzeg. Surprising results have been received, after analysing of answers. In contrast to psychophysical needs, safety or the emotional contact, it has turned out that the need of respect gained by touristic departures, has the smallest meaning among studied. Satisfying this kind of need has been indicated on the level of average importance (15%) and little importance (13,3%). While none of them has showed it as very important and important. What is more, a most 82% of asked people, does not consider satisfying such need as having justified sense.

In spite of the small interest in satisfying touristic needs, connected with respect of others, studied willingly have showed forms of the tourism, which can arouse an admiration or respect of other people. This question has not suggested ready answers.

68% of respondents has indicated answers classified to the group of exclusive departures to exotic countries, what makes up the biggest amount of studied. Second group, 15% of them has answered that touristic departures requiring possessing expensive equipment.

Not many of studied, just 10% has indicated that departures arousing the admiration and respect from others, have connection with professional work (business trip).

Other forms of the tourism, which has been difficult to classify into the appropriate group, there has appeared departures connected with the religious cult as well as foreign departures in order to improve knowledge of foreign languages. Indications of respondents, which could in the best way satisfy the need of touristic departures caused by fashion are presented in graph.4.



Graph 4. Indications of respondents relating to forms of the tourism which could satisfy, in the best way, the need of touristic departures arousing respect of other people.

Source: the own study on the basis of conducted investigations

Summary

As a result of the analysis of the gathered material the following observations have been noted down: having the desire to do tourism, among studied people from Tarnobrzeg, appears during normal, everyday functioning and intensification of occurrence of this need is perceptible in the very high degree.

The analysis both, the theoretical part and the results of investigations, has made up also the basis to draw a conclusion that, the tourism can contribute to satisfy needs of higher as well as lower level, not only those from upper floors of the pyramid of need according to A. Maslow's theory, as it has been considered so far. In the questionnaire, questions relating to needs has been settled in order of the Maslow's hierarchy on purpose. It has turned out that, the higher need, the less importance has in the order of satisfying. The biggest meaning for respondents, has have satisfying psychophysical and safety needs. As the second one (so as in the pyramid of needs by Maslow) has been classified the need of emotional contact during doing the tourism. However, the need of respect or prestige, generally regarded as the need of higher level, hasn't have bigger meaning for studied.

The investigation of demand for specific supply accompanying doing tourism, has permitted on drawing a conclusion that studied Tarnobrzeg's society treats doing tourism as escape from tumult, pollution and blocks from big plates to places with clear environment. Beautiful, not contaminated nature has been classified as the most desirable supply, which is not attainable for them, in the place of permanent stay.

Taking into consideration the results of investigation, motives of touristic departures undergo continuous modifications within the space of time. However, motives predominant in future, among studied Tarnobrzeg's

society, will, mainly, concern satisfying biological aesthetical and emotional needs.

Taking into account the division according to criterion of sex, it has been affirmed that, the women have the bigger awareness of feeling of the need of the departure outside the permanent place of stay, than men. The need of renovating of psychophysical strengths, the women would satisfy mainly thank to the health resort tourism, however men, would satisfy it thanks to doing various forms of the specialist tourism. For women and men, the similar degree of importance can be noticed if we take into account satisfying of the need of emotional contact, women as well as men see the solution to satisfy this need in family departures.

In the end, the existence clear, enough, dependance between the possibility of realization and satisfying needs which have been mentioned above by the man and the pace of appearing the need of leaving his place of permanent stay, should be marked. The more man's needs is impossible to realizing during normal, everyday's existence, the more quickly appears, in his mind, the need to leave the background, where he is subjected to many limitations and to go to the place, far enough from his place of permanent stay, in order to become socially, anonymous individual and thanks to this be able to realize needs, which, he couldn't or hasn't been allowed to satisfy at his place of living. Just these, not always unambiguously realized, and not satisfied needs, imply the rise of desire of leaving the place of permanent stay, and mould motives, to go on a journey.

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Is the Port Reform Necessary for Greece?

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Abstract

This paper focuses on the weaknesses of the Greek ports and investigates the developments in the international environment and how they affect the perspectives of the ports. Specific suggestions are formulated for more competitive ports in Greece.

Introduction

According to the World Trade Organization, 90% of the international trade is carried out by sea, with main advantages the low cost, the speed, the saving of energy and the protection of the environment. In the following Table 1, we can see the dominant role of the sea network in the trade of the European Union.

Table 1:
Breakdown of Trade of EU-25 for 2005

	<i>% of value</i>	<i>% of volume</i>
By Sea	45.1%	69.8%
By Road	17.6%	6.3%
By Train	1.5%	4.4%
By Air	23.9%	0.5%
Other	11.9%	19%
TOTAL	100%	100%

Source: *EUROSTAT*

The handling of merchandise in the ports which includes loading, unloading, storing, parking of vehicles etc constitutes a significant part of the cost of merchandise. The efficient functioning of the ports of a country constitutes an important factor which determines its international

competitiveness and its attractiveness for foreign investments.

Many European ports do not seem able to satisfy their demanding customers and therefore the choice of ports does not exclusively rely on the prices charged by the port, but mainly on the reliability of the port and the lack of delays.

As the countries of the EU have more than one thousand ports, the European Commission since the 90's seeks to modernize the institutional framework for the function of ports, by introducing rules regarding their safety, the increase of their capacity, the encouraging of competition in the supply of their services, the connection of ports with other means of transportation, the transparency in the functioning of ports. As regards to the commercial ports, emphasis has been given on the transfer of port services to private companies in order to put an end in the State monopolies and increase the competition.

In the case of Greece, the big number of ports is a factor that determines its position in the international trade of goods and its touristic character. So, apart from the commercial ports, great emphasis is given to the passenger ports with more than 90 million passengers per year, more than in any other European country (Italy comes second with more than 62 million passengers in 2006, *Source: Eurostat*). Despite their great potential for the Greek economy, ports do not seem to play their expected role. In the frame of this paper we point out the negative characteristics and the weaknesses of the Greek ports. We investigate how the developments in the international economic environment affect the perspectives of the ports. Finally, we suggest specific changes in the course of Greek ports in order to become more competitive.

The Port Policy in Greece

For geographical reasons (big number of islands and many km's of seashores), Greece has a big number of ports. But only 22 of them are characterized as international with more than 1,5 million metric tones of merchandise or more than 200,000 passengers per year. Twelve of those ports function with the legal form of S.A. and only two of them (Piraeus & Thessaloniki) are enlisted in the Athens Stock Exchange. In the following Table 2, we can see the general cargo throughput of the 3 biggest ports of Greece, which count more than 40% of the cargo carried out in all the Greek ports.

Table 2:
General Cargo Throughput of the main Greek Ports (in thousands of
metric tonnes)

	2000	2002	2004	2006
Piraeus	16,513	19,145	20,318	19,948
Thessaloniki	13,311	14,295	15,838	16,336
Elefsina	15,158	16,358	13,474	12,923

Source: *Eurostat*

From Table 2, we can see that in periods of spectacular growth of the international trade and high growth rate for Greece, the countries of Southeastern Europe and the whole EU, the turnover of the main Greek Ports is rather stagnant. Comparing the works of the ports of Thessaloniki and Constanta (Romania), we find out that the Romanian port has a 40% increase of its works in 2006 compared with 2005. In the same period the port of Thessaloniki had a reduction of 6%. The spectacular difference can be attributed (of course among other factors) to the fact that the management of the Romanian port belongs to a private specialized company. Unfortunately, the developments taking place in most of the European countries were ignored in the implementation of port policy in Greece. The main reasons of this situation are:

- the extended presence of the State in the management of the ports
- the absence of entrepreneurship
- lack of care for becoming competitive
- relying on the State budgets
- exaggerations of the trade unions abusing privileges given to the staff by the Government.

The big ports of Greece have all the abovementioned negative characteristics. Despite the transfer of their management since 2002, through their transformation to S.A. companies (Piraeus & Thessaloniki), the role of the State remains very important. The main argument against their further privatization is that both the ports of Thessaloniki & Piraeus are profitable companies. Indeed, these companies are profitable. But their profits are connected with the existing monopoly pricing, and besides they mainly come from the passenger port activities whereas the container

terminal activities are not so profitable. On the other hand, the total cost of payroll constitutes 82% of the cost of sales for Piraeus port, and this percentage is considered very high, compared with 50% of some competing ports. In any case what matters is how the ports have better perspectives and how they can become more attractive especially as container terminals. According to the management of the Piraeus port, they can attract works of 4,7 million containers whereas today they have only 1,45 million containers. Such developments would be the result of transferring the management to a specialized company capable of achieving a spectacular increase of works. Otherwise, if nothing changes, the port of Piraeus will have a further reduction of works, due to the fierce competition from the ports of neighboring countries or other private ports developed in other areas of Greece. The stagnation observed in the port of Piraeus can be confirmed by the following Table 3.

Table 3:
Container Throughput in the Port of Piraeus (in TEU's)

	2002	2003	2004	2005	2006	2007
Import – Export	393,695	419,348	464,019	462,240	443,154	544,510
Transshipment	762,433	909,220	790,727	660,461	694,091	460,152
Empties	248,811	276,567	286,817	271,811	266,163	368,876
TOTAL	1,404,939	1,605,135	1,541,563	1,394,512	1,403,408	1,373,138

*TEUs: Twenty feet Equivalent Unit (unit volume equivalent to a container measuring 20*8*8 feet).*

Source: *Annual Reports of Piraeus Port Authorities*

The number of containers in 2007 is even lower than the number of 2002.

The port of Thessaloniki (the second biggest port of the country) has similar problems with the port of Piraeus. In 2006, although the container throughput of the ports of Europe, Eastern Mediterranean and Black Sea was on average increased by 12,9%, the port of Thessaloniki had a reduction of 6,07%.

Developments in the International Environment

The value of ports has been increased spectacularly reflecting the forecasts for a considerable growth of the international transactions in the

next ten years in combination with the fact that the capacity of many ports has reached a marginal point. In the last few years, the infrastructure of ports and airports are among the most demanded assets for investment. Nowadays, globalization fuels the developments in the commercial ports by:

- Contributing to the increasing demand for sea transportation and altering the basic features of international trade. The demand for sea transports of merchandise increases mainly due to the fast growth of international trade with an annual rate of 9,2% in the decade 1997-2007. The sea transports increased by 48% in the same period. The spectacular growth of China, India and the countries of Black Sea increase the demand for products and the enlargement and further unification of the EU market facilitate the interstate trade.
- Expanding the kinds of services offered by the ports. The increase of the size of ship ports requires new infrastructure in the ports, whereas the technological developments in the ships, increase their speed and the speed of loading and unloading of the merchandise. So we have very fast transportations of even perishable goods which consequently need the existence of appropriate storing spaces and systems of handling, investments in installations and properly trained staff. Additionally, there is an increasing need for information systems with applications in the fields of transport and commerce for efficient storing, timely loading and unloading and handling of merchandise and containers. The need for new services creates a high potential for increased added value offered by the ports and consequently strengthen their profitability and attractiveness.
- Leading to concentration and vertical integration of shipping companies carrying containers and encouraging the trend of mergers in the shipping companies.
- The competition between ports has changed with the increased involvement of the private sector in the management of terminals. More specifically, it is international companies that prevail in the handling of ports. In 2006, although 92% of the terminals handling containers throughout the world were under state control, 56% of the world's potential was belonging to international private companies, 22,6% to national private companies and only 21,4% was belonging to public organizations.

In general, we can argue that ports nowadays are entrepreneurial units with contemporary information systems having connections with shipping companies and having the potential to attract big customers. They have places for storing, for logistic and other activities. The Greek ports are lagging concerning their organizational structures and potentials, and therefore they are not very competitive. So, the Government has decided to assign the container terminals of Piraeus and Thessaloniki to very competitive international companies.

The models of port management that we meet worldwide are the following:

- Public Service Ports

In this case, the services of handling the cargo are provided by public port authorities who own all the assets of the ports and besides they have the responsibility of raising finance and implementing the necessary investments for the infrastructure of the ports. In most of the countries, the public services are provided by organizations fully independent from the Central Government and operating to a considerable extent with private economy criteria. The employment of their staff is ruled by the laws regarding the labor market in the private sector.

In Greece, the management of ports belongs to public authorities and the staff employed is treated as civil servants. Despite the establishment of companies with the legal form of S.A., the situation has not changed as expected.

- Tool Ports

In this case, the authorities assign space and infrastructure to private companies handling cargo. These companies have to pay rent.

- Landlord Ports

The authorities assign space and infrastructure to private companies on a long-term basis. The private companies can make investments in specialized mechanical equipment and the construction of buildings. All the cargo handling activities and any other activities are carried out by the private company. Advantages of this model are the fast adjustment of the ports to the continuously changing condition of transports and international trade, and the competition between the private companies involved.

- Private Service Ports

In this case, the State retains a minimum role in the development and

the function of the port. In the case of the Greek ports, the majority of the shares of the ports which function with the legal form of S.A. should be transferred to private companies acting as port operators.

Suggested Solutions and Concluding Remarks

The need for changes in the port policy of Greece seems to be imperative. Especially the changes in the structures of the two bigger ports have to be spectacular. The amounts of investments needed are very high compared with the turnover and the profits of the ports of Piraeus & Thessaloniki. Therefore, the Government has to dare and find extra sources of finance. Given the limited potential of the two ports with the current structure and the restrictions of the State Budget, the Government has to choose the solution of assigning the container terminals to strategic investors. Such a choice would result in a spectacular upgrading of the ports' potential, encourage activities somehow connected with the ports, and besides it would lead to an increase of directly or indirectly connected employment. But the selection of the strategic investor has to be very careful in order to avoid the risk of the ports' obsolescence. Besides, the Government has to take measures in order to anticipate a new monopoly situation. In the case of Piraeus, the strategic investors can be more than one, but in the case of Thessaloniki, the lower volume of works makes things more difficult.

The Government has to be very careful in treating the staff. The port trade unions are very strong and so far they have achieved objectives which seem unreachable for people working in any other field of the Greek economy.

Finally, we can draw some conclusions regarding the port policy in Greece:

- Due to the changes in the conditions of the international trade and the port industry, there are new opportunities for the upgrading of the role of ports and new threats from the increasing competition.
- The profitability of the ports is not enough, if it is not accompanied by substantial contributions to the economic growth and creation of good perspectives.
- Modern international ports must be characterized by entrepreneurship, flexibility, creation of economies of scale and scope.
- The extended presence of the State has been proved harmful for the competitiveness of the ports and the improvement of their perspectives.

In general, what is needed is a new different approach of strategic and business planning for the future of the Greek ports, taking into account the successful experiences of other countries.

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Sustainable Development of Tourism in Republic of Macedonia

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Abstract

Tourism development in the Republic of Macedonia has to be observed in the context of sustainability. It is particular emphasized in developmental plans with spatial, economic and social character. The fact that there is a tradition in determining tourism as priority activity, yet this orientation didn't give satisfactory results. The development is evident only in certain spatial areas and, the biggest part of the territory of Republic of Macedonia has insufficient development. It is also evident that even in the areas with defined characteristics they are not enough used. Tourist developmental types are based only on the most impressive resources. The alternative forms of activities are not used enough.

This critical observation give space for strategic approach that will enable balanced development. It means that even spatial areas that are not used enough will contribute to general tourist reputation of Republic of Macedonia. In this context particular place take rural areas. Sustainability of tourism development in these circumstances has certain advantage that is included in orientations for sustaining of authenticity.

Key Words

tourism, sustainable development, Republic of Macedonia

Maintainable Development of Certain Kinds of Tourism in the Region of R. Macedonia

The tourist regions in RM in between differ by the natural and anthropogenic characteristics, for the infrastructure, communal tidiness, and by the supra-structural and receptive values. Also characteristically is the difference in terms of the tourist geographic location, the contact, the transitivity and the polyvalent of the regional units.

The level of cultural progress and aspirations for accepting tourists in the tourist destinations, leads to different opportunities in the tourist sphere. According that, the kinds of tourism are reflection of the natural and social characteristics in the regional units. Dominant place in the maintainable

development of tourism in R. Macedonia by regions has Eco-tourism. (N.Marinoski, 2002)

Basis for Eco-tourism

Eco-tourism funds its basis on the tourist valorization of the protected and un-polluted areas and space units in which the authentic nature and created values are found in correlation. Such opportunities appear in all regional units in R. Macedonia.

Skopje-Kumanovo tourist region is very interesting space. This region is consisted of the Skopje and Kumanovo Valley and the mountain area that surrounds them. The mountain Skopska Crna Gora is spread north of Skopje valley and west of Zegligovo or the Kumanovo valley.

East of Zegligovo is Kozjak. The Skopje valley from south is hedge with the mountain sides of Jakupica, from west with the mountain Zeden.

The pleasant stay is owed to the favorable climate conditions. The mid-month temperatures in the summer period of the year measures around 22°C, in the winter period the mid-month temperatures are 1,8°C. Spring and autumn are rather temperate. In Skopje they have values from 6,7°C in March up to 20,1°C in June, while in Kumanovo from 6,3°C in March up to 20,3°C in June. The relative low level of rainfalls is a characteristic. The mid-year sum is 532mm. In addition, the biggest quantity appears in May. In the winter period snowfall appears. The sunny period is accented, the number of sunny hours in Skopje is 2100, in Kumanovo 2168. (A. Lazarevski, 1993)

Beside the organized localities as Ljubanci and Brodec, Skopska Crna Gora is open for tourists and the curiosities it owns. They are the basaltic plates and towers in the localities Nagoricane and Zebrnjak. It is about eight unique shapes of volcano origin. Some of them have red layers of light sponge mass of lava.

The woodland is a tourist value of the mountain area. Only the mountain Zeden is poor in this point. On Jakupica the reservoir of Krivulj is located. The locality Rucica north of the Solunska Glava is the southern locality on the Balkan Peninsula. (A.Stojmilov, 1995)

A very beautiful view stretches from the locality Kitka which organized area represents a special attraction.

The exotic nature, conciseness woodland, climate values and clean air as a basis for development of eco-tourism in the Sara - polog region, Glacial forms appear in the spring part of Pena, in the valley of Lesnicka, Kazanska and River Skakalska under the peak of Karanikola, Titov Vrv and Brustovec. The stay at Sar Panina is nice because of the great climate conditions. The Holy places and temperate winters are mark of this mountain area.

The pleasantness of the area at Sar Planina derives from the natural resource of the vegetation. The woods are different. The lowest zone is constituted from formations of oak and tame chestnut. From the deciduous tree, the most spread is beech tree. From the coniferous tree, the silver fir, white and black pine tree and the five-needle pine (pelister pine-molika) dominate. Representative are also rare coniferous tree are junifer and another type of pine (munika).

Characteristic in Mavrovo-debar region is the clear air as a fruit of the climate conditions. Beside the climate conditions, eco tourism is based on the impressive and rare geo-morphological forms. On the higher parts of the mountain, traces of glaciations are preserved. The karts relief is represented with karts fields.

The region beside the geo-morphological and hydrographic values owns impressive colour of vegetative samples and complexes that are habitat of the animal species. Beside the extraordinary natural and cultural heritage that owns, in 1949 the area from the south parts of Sar Planina, west and central part of Bistra and the mountain unit of Korab and Desat from the Macedonian side are being announced for a national park Mavrovo.

It is the biggest national park in R. Macedonia with 73780 hectares. In the park, 80 kinds of ligneous plants or 30% of all that growth in R. Macedonia can be found. Special attraction for the tourists represent the complexes of conifers located in the valley of River Mavrovska, on Senecka Mountain in the locality Ostrov where the authentic nature is preserved and over the village Volkovija where the oldest silver fir wood in Republic Macedonia is preserved. Beside this, in the park rare plant forms are preserved as wild chestnut, cocksfoot, Istrian campanula and sara saxifrage.

Kicevo-brod region belongs in the group of regions with significant authenticity of the values of the environment. It consists of the Kicevo Valley and Porecie. Kicevo Valley is fenced at west with Bistra and Stogovo, at north with Bukovik, at east with Celojca and Pesjak, at south with Ilinksa, Ljuben and Mountain Buseva. Between Buseva and Pesjak there is a saddle through which this valley is connected with Porecieto. From the tourist localities attention deserves Lopusnik that is famous for the marvelous woods. It enables pleasant stay.

Samokov represent a picturesque area in Porecieto. This one and the localities Belica, Buseva Cesma and Pesna are the most important tourist space units.

Ohrid-prespa region is the most significant tourist area in R. Macedonia.

Because of the remarkable natural and cultural heritage, this area is declared for a national park. The national park Galicica is declared in 1958.

It covers surface of 22750 hectares. Beside the geo-morphological and hydrological values, the flora variety is important. In this area, 600 types are represented of which 170 are of ligneous vegetation.

The climate conditions in this region especially in the Ohrid and Struga valley represent one of the basic affirmative factors in the tourist development.

From the hydrographic values special attention deserve the springs by Saint Naum. The waters of these springs are in relation with Lake Prespa, so that these lakes represent a joint hydrological system.

Springs Biljana are located near Ohrid and because of that, they are one of the favorite promenades.

Very attractive are the Springs of Vevcani that represent a part of the group natural monuments. It is about rare pseudo-periodic-siphon hot springs located in the cave space, which makes the area complex and very attractive. For Vevcani one can say that it is attractive also because of the River Vevcani which pure foamy waters is irresistible bait for the visitors.

Special attractiveness deserves the glacial lakes. Under the peaks Crn Kamen and Strizak are situated the Lakes Vevcani, Podgorecko, Gorno and Dolno Labunisko.(N.Marinoski, 2001)

In Pelagonic-pelister region significant importances have the plant kinds at Pelister. Together with other forms of natural heritage, they represent basis for declaration as a national park. It was proclaimed in 1947, which means that it is the oldest in R. Macedonia. Its surface is 10,400ha. The coverage of almost 88 ligneous plants or 29% of the total dendro-flora in R. Macedonia makes it a natural arboretum. The most important is the five-needle pine (Pelister pinewood - моликовата шума). It represents a relict of tertiary age. Beside this wood attention deserves the special oak and turkey oak, Sessile oak, silver fir and the beech wood.

From the geo-morphological occurrences, attention deserve the impressive stone forms in the locality Markov Kuli near Prilep, estimated as monument of culture.

In the Mariovo area special attraction represents the Skocivirska ravine. Situated at Crna Reka in the eponymous locality.

Water values are very attractive. At Pelister there are 20 springs with lavishness bigger than 1 l/s. Mountain rivers as Semnica, Caparska, Rotinska, Bukoska, Bistricka, Velusinska, Loznicka, Crvena and Sapuncica are true decoration at Pelister.

The most impressive beauty represents the “горските очи” (gorski eyes) on this mountain. It is an impressive experience to be by the glacial Lakes Golemo and Malo.

River Crna is very attractive from her spring Crna Dupka by Zeleznec to

the mouth of the river in Lake Tikvesko. However, beside the composition of its valley special attention deserves the Waterfall Brnicki. Situated on the hillside of Mountain Selecka under the village Brnik, near the mouth of the river at Brnicka in Crna Reka.

Possibilities for development of eco-tourism in Mid - Vardar are visible at mountain Kozuv where some interesting values of curiosity appear.

On this mountain the karst shapes are attractive as the karst field Brce that is an impermanent karst lake. Mountain Kozuv is interesting also by the occurrence of the volcano relief. Interesting are the Kravic Stone raised in the shape of a tooth and the volcano tower Vlasov Grad.

From the relief shapes in this region the most impressive and the longest is the Demirhisar ravine on Vardar. Special attractive is its entrance.

In the Demirhisar ravine the cave Bela Voda is situated. It is the biggest from the researched caves in R. Macedonia, The total length is 955m, and it is classified as a natural rarity.

2m,

Special attractive is the karst area under the Nezilovi cliffs at the elevation of 1760 m as the spring of river Babuna.

Considering the resource of vegetative type special place takes the reservoir in the valley of River Iberliska in Demir Kapija, the wooden complexes around Lake Dojran and the mountain Jakupica.

Strumica-radovis region covers the area between the mountains Belasica, Plaus, Gradiska, Serta, Jurukluci, Plackovisa, mountain Malesevski and Ograzden. In this area at the mountain side of Belasica, in the valleys at river Baba the Kolesinski waterfall is located, one of the most attractive waterfalls in R. Macedonia. Its high 13,8m, there are several smaller waterfalls spread in a row of 2 to 4 m, that downstream from it. The waterfall belongs in cultural monuments. The Smolarski waterfall at mountain Belasica belongs in the group of most attractive eco-tourist values.

The forms of the vegetative types are different. In Monospitovo there are swamp types, in the mountain parts wooden vegetation. Among the most significant protected areas is the reservoir of the Crimean pine tree located at 2,5km south of Strumica. It spreads from Cam Ciflik near village Pehcevo and lake Vodoca which speaks for the true tourist complex.

Bregalnica region covers the north sides of Plackovica, Mountain Malesevska, Pijanec, valley of Bregalnica and the south sides of the Mountain Osogovo. The wooded area is one of the most attractive factors for stay in the locality Golak that is visited in the summer as well the winter period of the year.

The mountain areas in the region are rich with healing and aromatic vegetation, which represent basis for herbal tourist activities.

Kratovo- Kriva Palanka region covers the north-west part of R. Macedonia. Those are the north and the east parts of the Mountain Osogovo, the valley Slaviste and the east part of the mountain Kozjak and German.

The relief structure of the area is very interesting. Osogovo is characteristic by the high flatten parts with high peaks. The highest peak is Ruen (2252m) Special interest is the volcano relief. In Kratovo there is volcano crater that gives a special tourist value. The locality Kuklica is ranged as a natural monument because it is an example for selective erosion.

At the mountainside of Osogovo, flow number of rivers and streams. Among them, the biggest is Kriva Reka, long 69km.

The woods are story positioned. From oak woods: Sessile Oak, Italian oak and the Turkey Oak appear, but the Beech woods prevail.

Picking wild strawberries, raspberries, blueberries, rose-hips and cornel tree are part of the rich possible activities of the visitors.

Action Plan Contents

The action plans should enclose as the possibility as well as the problems of ecological nature in direction of priority solution. They should operate the following contents:

- Declaration of new national parks
- Elimination of all possible polluters of nature;
- Determination of ecological paths;
- Opening educative-information centers where it would be possible to elaborate the problems of ecological nature in the tourist regions;
- Organized approach towards the production of organic food by using suitable ecological means;
- Introducing signalization and information systems for using the ecological differential environments.
- Providing control for identification of the possible endangerments of the ecological stabile environment.
- Providing approach to the inaccessible tourist values;
- Determination of zones of protection suitable for educative-scientific and cultural aims;
- Stimulating the hospitality service for preparation and serving of organic produced food.
- Determination of the localities for stay, holiday and recreation;

- Establishing a service for following the processes in the ecosystems and the space units where it is necessary to keep the stability of the ecological balance and the functioning of the symbiosis between the biotic and their relation towards the a-biotic factors of the environment.
- Opening a center for promotion of the eco-tourist values, educative activities and information consultative activities;
- Signalization that will indicate the accessibility;
- Carrying out a codex for the way of using the ecological dimensioned space units.
- Putting under protection special units and occurrences that have esthetical, rarity and monumental importance
- Establishing special regime for building in order not to disturb the ecological balance
- Organizing tribunes, lectures and other educative and scientific-research forms devoted to the importance of ecology
- Organizing tables for presenting the ecological values;
- Determination of location for camps and stay in an ecological environment
- Providing sanitary-hygiene conditions for a visit and stay in the ecological stabile environments
- Stimulating of the engagement of the tourist agencies for creating tourist packages with ecological content;
- Introducing illumination and auditory animation effects;
- Prevention for raising unlawful building
- Undertaking measures and activities for respecting the norms of movement
- Structuring of organizational systems in function of promoting and stimulating the maintainable progress of the eco-tourism.

Conclusion and Recommendations

The analysis of the potential for eco-tourism in the differentiated regions of Republic Macedonia states that the basic presumptions present for development of sustainable tourism are based on the expansibility of the natural values and the attractiveness. However, it should be stressed that the number of existing types of tourism is small, but of the potential ones is big. That is why for future planning for development of eco-tourism it is necessary to have into consideration the possibilities of relations between the environment and her usage.

Eco-tourist Activities

- Taking over measurements and activities for maximum protection of area
- Defining and differentiating eco-tourist units in the region
- Establishing educative-recreational trails
- Encouraging activities for surviving in nature
- Encouraging organic food production

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Mobile Marketing and Its Application in Tourism

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Abstract

The use of the mobile channel for marketing, i.e. mobile marketing, is a growing worldwide phenomenon. Commercial mobile marketing initiatives began in 1997 and published research on the topic first appeared in 2001. Since then, the field of mobile marketing has drawn the attention of academics and industry practitioners alike. Leading industry brands are committing anywhere from 10 to 25 percent of their near-term marketing budgets to digital media--including mobile. Technology companies throughout the world are investing heavily in the creation of mobile marketing solutions, and many new and important research studies are underway. However, with all this attention there is still more to learn about the application and use of mobile marketing.

Savvy marketers soon realized, however, that mass direct marketing could provide immediate sales results, create a personal connection with customers, was more cost effective than billboard or display advertising when the object is to get immediate results, not just to create awareness. Perhaps most importantly, direct marketing lends itself to greater measurability and to testing variations in form and content to determine the best approach. Today it is universally regarded as one of the most effective forms of advertising.

Direct marketing can be any marketing method that takes the initiative aims to establish or maintain an immediate, one-to-one relationship with customers and prospective customers, rather than waiting for them to discover you in more general, impersonal forms of advertising.

1. Stand Out and Be Heard

All forms of marketing have their pluses and minuses. Print, radio and television have tremendous reach and increasing targetability, but limited opportunities for direct interaction with the customer. Direct mail offers precise targeting, but enormous obstacles in surmounting the clutter. Internet advertising has ushered in an unprecedented age of interactivity and tracking capabilities, but the medium is in many respects less engaging and filled with distractions. If businesses can catch customers in the midst of researching their products it can be highly effective. But grabbing their attention when they are not? Good luck.

While there is no doubt that many successful brands have been built

through traditional and, more recently, interactive advertising methods, it is equally certain that many competing factors can cloud the message being communicated. Given this reality, smart marketers are constantly on the lookout for new, more responsive media to add to their marketing mix in order to increase the probability that customers are receiving the message. For those marketers, mobile marketing is worth considering.

2. The Allure of Mobile Marketing

Mobile marketing is a relatively new form of advertising that involves delivering marketing messages via phones, PDAs and the latest hybrid smartphones. Today's most popular mobile Internet services enable users to get games, applications, news, entertainment or location services through a wireless network, infrared "beaming," or by "syncing" their PDAs or smartphones via their desktop PC. In many cases, once uploaded, the information resides on the device itself; it is always available—even when the consumer does not have a wireless connection. This type of occasional connectivity means that users are not hampered by spotty network coverage, nor do they have to burn data minutes downloading, viewing or responding to marketing content. As with the Internet, the most effective and least intrusive forms of mobile marketing are delivered in the context of valuable media content, or requested on a strictly opt-in basis. "Spamming," a highly undesirable form of communication on computers, is even more undesirable—and intrusive—when received on highly personal handheld devices such as phones and PDAs.

The combination of always-available content and convenience-based access makes mobile marketing an ideal vehicle for interacting with prospects through games, surveys and direct response programs. On average, surveys delivered via mobile marketing deliver a 10 percent response rate, far exceeding the results of online, direct mail or telemarketing surveys. Mobile marketing also produces recall rates twice that of television advertising, average click-through rates five times that of standard online advertising and 10-20 percent conversion rates. Why are response rates so high? It's all in the medium.

The Mobile Audience

While teenagers tend to be the biggest cell phone users, PDA and smartphone users tend to be tech-savvy professionals, who frequently use their devices during downtime—while waiting for an appointment, during their train commute or when traveling on an airplane, for example. More so than traditional or even Internet marketing target audiences, high-end mobile device users represent an undistracted, highly attentive and engaged

audience. In the best scenarios, the customer has invited the advertiser or marketer to interact with him/her on the most personal of devices. In this open, relaxed frame of mind, customers are more receptive to the messages being communicated. In fact, more than 60 percent of respondents to a recent AvantGo survey said they paid more attention to mobile advertising than to other marketing methods. By contacting prospects when and where they are most open to receiving marketing information, companies can realize unprecedented marketing and sell-through success.

PDA and smartphone users also fall within a hard-to-reach demographic. Studies have shown that that users of mobile Internet services are primarily male (84 percent), ages 25-50 (69 percent), who are affluent, with more than half earning an income above \$60,000 and 26 percent above \$100,000. As the popularity of handheld devices continues to grow, this demographic will undoubtedly shift to more closely resemble the broader consumer audience. For now, however, mobile marketing provides a unique vehicle for conveniently reaching this highly attractive demographic.

3. Leveraging the Power of Mobile Marketing

When designing a mobile marketing program, it is important to align the initiative with overall marketing goals. Mobile marketing programs can easily support the following traditional marketing categories: brand marketing, direct marketing, event marketing and customer relationship management.

Brand Marketing

Mobile marketing is an interactive medium that provides a variety of options for increasing corporate brand awareness. It helps influence purchase decisions by offering consumers in-depth information such as product showcases. In addition, mobile marketing is ideally suited to deliver “infotainment,” enabling businesses to educate consumers about their brand in fun formats, including games, puzzles or quizzes.

Mobile Internet services deliver tailored messages to specific demographics, allowing companies to offer content that both relates to users’ personal interests and applies to their everyday lives. The end result is that prospects receive the content they want, in a format that is convenient and fun. Furthermore, since mobile campaigns can be launched relatively quickly, it’s easy to deliver programs tied to current events or holidays. For example, a flower delivery service could promote the “Top Ten Romantic Gifts” around Valentine’s Day, or a personal financial software company could offer tax tips in the early spring to generate goodwill with prospects as they approach tax time.

How it works Auto manufacturers are aggressively launching mobile components to their brand marketing campaigns. Automotive giant General Motors (GM) has launched many different domestic and international customized web sites, or “channels,” via AvantGo. The GM channels are designed to appeal to several different customer subsets, including: GM customers, prospective customers and those with affinity to a specific GM brand, such as the Corvette.

One of the GM mobile web channels is a customer service oriented site that enables current GM owners to access and update their mileage, maintenance schedules and service history. It also supplies vehicle reference cards full of important contact information, as well as roadside assistance information and advice on steps to take after a collision. GM OnStar customers can use My GM Link to access digital versions of the OnStar reference cards.

By linking a traditional brand such as GM with a cutting-edge medium, marketers create a positive association and foster customer loyalty—as they move prospects down the sales path by providing just the right information at the right time.

Mobile marketing brand campaigns are limited only by the imagination. In fact, the campaign possibilities are endless and companies looking for ideas should rely on the expertise and creativity of mobile Internet service for inspiration and direction.

Direct Marketing

Direct marketing campaigns conducted via PDAs and smartphones provide an opportunity to collect customer leads, deliver coupons and communicate promotions to a very targeted demographic. Mobile marketing’s tracking and reporting capabilities provide fast, detailed campaign results, enabling quick prospect follow up.

A recent mobile shopping survey showed that nearly 90 percent of people who use a mobile Internet service bring their PDAs with them when they go shopping. These tech-savvy shoppers want to receive product reviews, competitive comparisons and coupons via their mobile devices. By providing shoppers with mobile discounts, promotions and product information, potential customers can be reached at the critical moment of purchase decision.

CompUSA, the national retail chain of 225 electronics stores, recently offered a mobile coupon featuring a 15 percent discount on PDA and cell phone accessories. Five percent of the more than 18,000 shoppers who saved the coupon to their mobile devices used that coupon at a brick and mortar CompUSA store, marking a success rate several times higher than the average response rate for typical paper coupon campaigns. Customers

simply displayed the electronic coupon to the sales clerk who input the code and applied the discount. The entire campaign was developed and launched in a few weeks—a testament to how quickly and easily mobile programs can be designed and implemented.

According to Tony Weiss, president of stores and chief operating officer of CompUSA Inc., “The [campaign] results were amazing. Our ad ensured that we reached a very large but very targeted audience that mapped exactly to the people we wanted to reach. And the response rate was far better than what we had expected.”

Another smart tactic to increase campaign reach is to provide consumers with an easy “pass along” message that they can share with family and friends. This can be a note, digital referral card, coupon, sponsored game or productivity application that can be forwarded by e-mail, Short Message Service (SMS), beamed to another PDA or synced to their desktop and printed out. This so-called “viral” mobile direct marketing campaign enlists consumers to help sell a company’s products by capitalizing on the fact that customers are likely to know a number of people who share their same interests, hobbies and high-tech lifestyle.

A mobile direct marketing campaign can easily be integrated with traditional direct marketing strategies. For example, contact information gathered through a request form can be forwarded directly to a telemarketing organization, or even captured automatically in a web database. Traditional brochures and other information can be mailed to each prospect generated through the mobile campaign. And, of course, the unique capabilities of the mobile marketing environment can be leveraged to instantly move consumers down the sales path. For example, a mobile user who interacts with an ad for a discounted car rental can(might?) receive an information page listing local rental offices.

Since mobile professionals tend to keep their PDAs and smartphones with them at all times, mobile direct marketing is a highly effective way to reach potential customers when they are evaluating competitive products or shopping at a store. Furthermore, the interactive nature of the medium enables the development of highly creative marketing campaigns that deliver quantifiable results.

Event Marketing

Event marketing has long been a staple of the corporate marketing world. No time is better to gain attention and raise brand awareness than when consumers are relaxing and enjoying themselves. While television advertising or standard sponsorships at sporting events, concerts and trade shows are beyond the reach of many corporate budgets, mobile marketing creates the ability to reach the same audience at a much lower price point.

Music fans planning to attend an upcoming concert are likely to access mobile event information providing background on the entertainers, information about the event location, listings of local restaurants, etc. By tying a brand to content that is personally relevant to mobile prospects, a company can increase the likelihood of creating positive brand affinity.

On-site businesses can also benefit from mobile marketing tied to a local event. For example, a restaurant chain could offer a special early bird discount to theatre attendees who come by for a bite before the show. On the business-to-business side, companies can use mobile promotions to draw trade show attendees to their booths. It is also possible to tie lead generation to event marketing programs. For example, a mobile marketing campaign can require users of an event-related service application that provides maps, schedules, bios, etc. to answer a short questionnaire including contact information.

One cutting edge concept marries mobile marketing with televised events, preferably those that go on for several days or weeks. Companies can sponsor content or provide interactive services that keep people on top of the action, even when they are away from a television. Many recent reality shows have incorporated interactive SMS message components—particularly voting—into their formats.

An example of a more in-depth, integrated “third screen” campaign was Audi’s sponsorship of a mobile Internet channel that provided coverage of the NCAA Men’s Division I basketball playoff action alongside vehicle advertising. With content provided by Sporting News, mobile users received the latest scores, schedules and bracket information to stay on top of tournament action when they were away from their televisions and computers. This mobile campaign was one facet of Audi’s overall playoff marketing strategy, which also included print and television advertising highlighting the four key components of Audi’s brand: design, performance, technology and innovation.

Customer Relationship Management (CRM)

The interactive, personal nature of mobile devices make them the ideal vehicle for enhancing existing customer relationships. Rather than just one-way corporate marketing messages, mobile marketing provides an avenue to capture feedback and provide valuable services in a two-way dialog with customers.

Companies can host their own mobile channel to provide customers with promotional information but also leverage the channel to secure account information and status, frequently asked questions, customer support, loyalty program updates and more. For example, customers using a channel to check their bank balance or frequent flyer miles can

be presented with a survey or short quiz to secure direct feedback about potential new products, customer service or overall performance.

American Airlines provides a good example of using mobile CRM to increase customer loyalty by blending content about the company with customer-specific information. Customers can use a mobile Internet channel to get flight schedules, gate status, details on special fares, important contact numbers and directions to Admirals Clubs in airports. In addition, they can access details about their AAdvantage Travel Awards and subscribe to American's exclusive Net Saver fares directly from their handheld devices. By making this information available via a mobile Internet service, customers can find what they need, when they need it most—while sitting in traffic or racing through the airport to catch a connecting flight.

According to Rob Britton, managing director of advertising at American Airlines, their mobile channel is all about customer service. "At American, we are committed to providing a variety of ways to access up-to-date airline information," says Britton. "In addition to the many wireless features already provided on AA.com, our mobile channel delivers flight schedules according to customer preference right into the palms of our most frequent travelers. For those customers who rely on their PDA as an information resource, our mobile channel is an important way to receive flight schedules, access Admirals Club locations, and tap into important contact numbers while traveling."

Mobile CRM programs also offer companies the opportunity to communicate a cutting-edge, tech-savvy image, an important consideration when trying to reach mobile Internet service users. For example, by linking the mobile CRM program to back-end corporate data and applications, a business can leverage existing customer information. If a customer wants to act on a product offer right then and there, the order form can be pre-populated with the person's address and billing information to streamline the process. Providing email and phone contact information helps the customer to follow up if they have questions. Busy mobile professionals greatly appreciate companies that take the extra step to simplify their hectic lives.

4. Selecting the Right Mobile Marketing Solution

Once a business determines that mobile marketing is an essential element in their corporate marketing mix, the next question is how to pick a delivery mechanism. Should a standalone application be created? Is the offering part of a larger mobile service? Should the offering be delivered only to cell phones or to more advanced PDAs and smartphones? There are a number of issues to consider such as:

Content Availability—Unfortunately, wireless service is not yet ubiquitous. Choose a mobile Internet service or application provider that offers an always-available solution.

Popularity—Choose a service that has a solid, large subscriber base or distribution network. This enables the ability to reach a large number of people with the mobile campaign while also offering the ability to zero in on specific demographics.

Reliability—Part of offering a well-respected service is ensuring that consumers have reliable access to content. A company should make sure that the mobile Internet service or application provider is not prone to reliability problems, or their brand could end up being associated with a frustrating end user experience.

Program Development Support—First, a company should gauge their in-house expertise. Selecting a mobile Internet service that offers design, development and implementation support can streamline the process. Choose a service that has an extensive background of successful campaigns from which to draw.

And last, consider the type of mobile technology. The term mobile marketing has grown to apply to a broad range of technologies such as mobile Internet services, SMS, Multimedia Messaging Service (MMS), instant messaging, Wireless Application Protocol (WAP) and standalone applications. It is important to understand the differences between these technologies in order to choose the one that best meets the company's needs.

Mobile Internet services deliver both text and graphics that can be leveraged for a broad range of marketing programs from simple banner advertisements to sophisticated CRM programs. In many cases they also offer sophisticated tracking and reporting of success metrics. In contrast, SMS or instant messaging deliver a text message similar to an email, though limited to a few dozen words. And like email marketing, although it can reach large audiences relatively inexpensively, SMS does not engage consumers at a personal level, and can only track responses, not delivery. On the other hand, WAP delivers both text and graphics but is, by definition, an always-connected scenario. This means that customers who do not have a wireless connection or have not signed up for data services cannot view the marketing message. Additionally, the message goes away as soon as data subscribers sign off.

Standalone games and applications have the advantage of remaining on the device and the ability to manage large amounts of data or provide rich entertainment experiences, but are more difficult to update, track and report on or leverage for two-way interactivity. It is also more problematic

to distribute a mobile game or application to a target audience outside of a mobile network or service. In addition, stand-alone applications have to be built specifically for various device platforms whereas a single web-based or HTML-based service could be delivered across a variety of devices with only moderate customization required.

The Bottom Line

More traditional advertising methods, including the Internet, must compete with a lot of “noise” that has the potential to distract the message recipient. In contrast, mobile marketing provides companies with an extremely effective, flexible and cost-conscious way of reaching a highly desirable demographic of consumers when they are most open to receiving the message—during their downtime. If marketers are willing to take the plunge, choose their vehicle and design their program thoughtfully, mobile marketing offers the promise of a better return on investment than Web advertising or more conventional offline media, and with trackable, quantifiable results.

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New Global Trends Dominate in Tourism

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Abstract

Tourism as the third the most important industry in the world is confronted by globalisation changes, that strongly influence its running. World transformation exercise an influence in various spheres as social, demographic, economy, technological, sociocultural, age structure etc., that are later on transmitted to the tourism. This rouses tourist demand and faces the providers to assure the satisfaction of customer's aims and needs connected with their travelling. If the companies working in tourism recognize relevant trends and allow them at the right time, both of the sides could be more than satisfied and it could bring an acquisition to the state economy, too.

Key Words

Tourism, trends, development, globalisation, needs, satisfaction

Tourism and Its Influencing Factors

Tourism and tourist's deciding is strongly influenced by demographic, sociostructural and sociocultural developments that have always led to changes in tourist demand and faced service providers in tourism with substantial need to adjust. These constant challenges have expanded and intensified considerably in the first few years of the new millennium. Terrorism war and tourism, extreme weather, climatic changes, the ongoing internationalisation of tourism and the ageing of society have emphatically demonstrated the latent vulnerability of tourism as a boom industry. Nowadays it is on the third place in world's economy. The survival of the tourist industry depends decisively on recognising relevant trends and allowing for them in good time. Even all of these facts, tourism is still great spread all over the Earth and the number of departures and arrivals to the tourist destinations grows.

To know all of the needs and wishes of present and future travellers is necessary to focus on wide questions. For example to identify the relevant trends and their implications for tourism, on the basis of a review and an analysis of current sociodemographic data. Not all of the countries can

afford the same standards of travelling even though the present trends. Other question is to look at the impacts of the expansion and consider what trends in vacation traffic can be expected to prepare and to be prepared in case of the mass interest as well as in case of no or minimal interest. Inevitable is also to describe current and future potential dangers to tourism as criminal assaults etc. and discuss possibilities for improving information, prevention and crisis management how to deal with potential problem.

I. Present Situations in World Tourism

International tourism is apparently defying the global trend towards belt-tightening and actually grew year-on-year by about 5 per cent in the first four months of 2008, according to the United Nations World Tourism Organisation. UNWTO's bi-annual World Tourism Barometer, due to be published next week, will predict that growth will continue through 2008 and withstand a global economic climate that "has deteriorated since the last quarter of 2007, reducing consumer confidence and putting pressure on household spending and travel budgets".

The tourist industry is linked to its social and natural contexts. In the tourist system, the sociodemographic shift and specifically the advancing ageing of society will result in far reaching changes, particularly on the demand side.

At global level, the world population will continue to grow. This growth will be primarily in developing countries, so that per capita income will not increase despite global economic progress. By contrast, in the industrialised nations the demographic shift is taking a different form. Although the number of inhabitants will probably change only moderately in the next 10-20 years, a secular decline in the birth rate and simultaneous increase in life expectancy is leading to a clear change in the age structure. This excessive ageing of society will drive up the costs of health care and nursing care, and it is foreseeable that the so-called contract between the generations will no longer be able to finance retirement pensions, as the working population is steadily declining. The development in social sphere will have less effect on the volume of travel than its nature (frequency of travel, timing, destinations, combined business and private travel). Operators able to offer personalised and modular concepts, which target increasingly specific customer needs and offer convenience and timesavings could benefit from this trend. This creates positive prospects for organised travel, despite the many predictions of its demise.

II. New Global Trends

„Low costs countries” and Short term holiday

The new EU countries are interesting and low-cost destinations, although still largely unknown. Their low price level gives them a major competitive advantage over traditional vacation countries. They are also benefiting from great public interest and extensive media reporting which is arousing or reinforcing interest in travelling to the new member states. To arouse and strengthen interest among vacation and business travellers in the new EU countries as tourist destinations, the actors in these countries will have to increase marketing measures aimed at raising their profile, bundling marketing resources and professionalising their Internet presence. Developing these new markets requires both travel operators and the destinations in the eastern European countries to step up their marketing efforts, and requires domestic travel agents to reconfigure their offer. According to forecasts by the World Travel and Tourism Council (WTTC), income from incoming tourism to the new EU states will grow by an average 6.3 % a year from 2004-2014. The WTTOUR forecast is slightly lower. However, both studies conclude that incoming tourism will grow in all the new eastern European EU states in the next few years.

Domestic tourism

The stagnation or even decrease in the number of vacation days also offers an opportunity for domestic tourism. Domestic vacations have a particular growth potential in catering for additional vacation trips. As fewer days are available for additional vacation trips, people tend to pick closer destinations. Frequently the time and money available for annual vacation is consumed by the main foreign vacation to such an extent that closer destinations are the only possibility for second and third vacation trips.

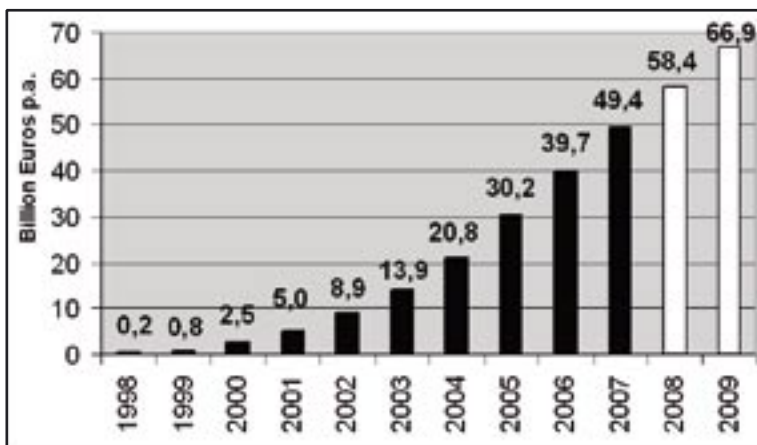
„Fast and easy booking”

Up to the Centre of Regional and Tourism Research in Denmark Online travel sales increased by 24% from 2006 to 2007 and reached EUR 49.4 billion in the European market in 2007 - or 19.4% of the market (up from EUR 39.7 bn. or 16% in 2006). A further increase of about 18% during 2008 to about EUR 58.4 billion may be expected (22.5% of the market). The European online travel market could increase by another 8.5 bn. EUR or 15% in 2009 to reach EUR 67 bn. The UK accounted for 30% of the European online travel market in 2007, with Germany in second place at 19%. The direct sellers accounted for 65% of online sales in the European

market in 2007, intermediaries 35%. In 2007, the breakdown of the market by type of service was as follows: Airtravel 57%; Hotels (and other accommodations) 17%, Package tours 14½%; Rail 7½%; Rental cars (and car ferries) 4%. During 2007, several mergers among the top European tour operators were completed.

Growing passenger capacity and efforts by operators to offer shorter journey times and greater range require the use and development of means of transport which are constantly increasing in size and speed. Improved engines, optimised aerodynamics or the development of lighter materials are used to reduce fuel consumption, for ecological reasons but naturally also for commercial reasons. Electronic safety systems (in aviation) and seating that is more ergonomic are intended to improve passenger safety and comfort.

Graph: Trends in overall online travel market size - Europe 1998-2007, with projections to 2009



Source: Carl H. Marcussen, Centre for Regional and Tourism research, www.crt.dk/trends, 2008

III. Tourism Risks

Wars and violent conflicts, international terrorism, new diseases and epidemics and the increasing number natural disasters and extreme weather conditions have resulted in a current increase in attention to the need for security. It is reasonable to assume that new security risks and crises will take on a new scale, because of the growing shift in wars from the state level to, for example, ethnic and religious armed conflict. Epidemics

can spread globally with extreme rapidity, and finally because extreme weather conditions seem to be becoming an increasingly frequent feature worldwide, with a growing scale of damage. Questions of security and tourist risks are accordingly becoming increasingly important for the future of travel. Today, a great need for security is apparent in all tourist target groups, where security covers a wide range: freedom from threats of war, terrorism, epidemics and natural disasters, reliable positive socioeconomic development, a desire for familiarity and order. At the same time, tourism faces immediate risks from climate change, which could compromise the industry and the millions of people it supports. A recent report by consulting firm KPMG says tourism is among the industries least prepared and the most vulnerable to climate change, both physically and in terms of its image. "The tourism industry has yet to come to terms with the risk and associated costs it is facing," says Gunnar Wälzholz, senior consultant at KPMG Sustainability. "Heat waves, droughts and rising sea levels are some factors that will directly impact the industry in the short term. In the longer term, water shortages and scarcer resources may lead to social conflict, which could adversely affect the stability of the tourism sector." Tourism as a whole generally recovers relatively quickly after every crisis, and particularly nonrecurring events and natural disasters. Even so, the question basically remains how the tourist industry will respond in future if risks occur more frequently and have increasing impact.

As a result of the growth of long distance travel to countries with different climatic and hygienic conditions, travellers are at risk from a very wide range of diseases. In many of the so-called developing countries which are also often tourist destinations, 50 % of the total mortality rate is due to infectious diseases. The greater people's mobility, for example as a result of tourist activities, the faster the consequences can spread. In the worst case, a local tourist crisis can spread a virus worldwide with great rapidity, as the global dissemination by travellers of SARS in early 2003 showed. The following aspects in particular should be drawn from the overall picture:

- There is increasing inequality in income and living conditions, poor population groups and regions are disproportionately affected by diseases.
- Growing poverty and population growth and growth in diseases are mutually reinforcing.
- New and old infectious diseases appear everywhere and more frequently and spread faster.
- State and private costs of prevention and the results of disease are increasing.

As for the global crises that beset the travelling and non-travelling world alike, UNWTO believes tourism has a role to play. In a recent strategy statement it noted that tourism was a strong contributor to balance of payments, highly labour-intensive and helped promote farming and fishing, handicrafts and construction.

From the economic viewpoint, tourism has a particularly favourable image worldwide: It is treated as a boom branch with specifically programmed growth rates and as a guarantor for (new) jobs. German tourism alone is said to have an estimated annual turnover of at least DM 200 billion, placing it above the chemical industry (197 billion) and just behind the mechanical engineering sector (203 billion). Motivation researchers from a wide range of disciplines have been asking tourism questions for years. Every year, tourists are surveyed yet again to find the reasons for their behaviour. Only after recognizing what and why people want, tourism industry can effectively run and develop.

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Current Trends in Tourism Development

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Abstract

The worldwide process of globalization has strong influence on social, economic and spatial development. Since tourism as an activity includes these three developmental pillars, the current trends has an important role within this context. It is obvious that tourism is becoming a style of modern living and, at same time it is one of the businesses that contributes with high incomes.

Since the tourist flows are in constant increase, they contribute to continuous increase of national incomes and integration of different population structures in different tourist regions and countries. But at same time, such increase of tourist flows leads towards different limitations and threats that deserve full attention because among other circumstances they determine tourism prosperity.

Limitations and threats have different nature. They are not always related with aggressive circumstances. There are many examples when even in conditions of stability of the factors might come to certain disarranges. Because of this, it is very important to conduct a research that will determine limitations and threats on tourism.

Key Words

tourism, current trends, limitations, threats

Tourism and Its Development

Since its beginning tourism is one of the most propulsive socio-economic activities in close relation to contemporary development. Although it is treated as a relatively new phenomenon which has achieved its boom during the 20-th century, tourism takes an important part in worldwide processes. In last three decades, tourism is characterized with rapid increase, which in relatively short period became mass phenomenon.

The participation of over 800 million international tourists is a number that indicates to the scope and diversity of their needs, demands and wishes.

Current trends in tourism indicate to certain changes that occur within international as well as national frames. Future tourism development is connected to numerous questions, issues and expectations for its future

development and related the most to quality. It is obvious that tourism development is a part of the worldwide globalization process and it is manifested by expansion of tourist resorts and discovering of new tourist destinations that is the most related to marketing professionals' role on tourist market who create the tourist demand operating on all levels. Such tendency is logical consequence of tourism development that is as a result of the balance between tourist demand and tourist supply.

It is evident that the main part of tourist demand is directed in those destinations where tourism is already developed, but nowadays it is evident also that significant part of tourist demand is directed towards less developed or, which is more interesting, towards new discovered tourist destinations. The altering of new destinations on tourist market is related with attracting of higher intensity of tourist flows in those destinations, and if not properly managed they will soon face with problems. The experiences from the past of tourism development of many tourist destinations indicates on many cases where destinations after certain period of tourism development were faced with problems e.g. misbalance of ecosystems, cultural heritage damaging, air/water pollution, waste management problems etc. Therefore it is very important for destinations that are in the early stage of tourism development to be prepared for identifying and facing with problems related to the following questions:

- what will be the consequences of tourist destination due to its tourism development as a result of the problems within the field of air/water pollution, damaging or even devastation of environment;
- what will be with tourist destination's "bottle necks";
- how tourist destination will struggle with the lack of clean air, water pollution, lack of water in the seasons, views destruction from new buildings etc.

Above mentioned problems are only few among the list of others that usually occur in relation to tourist destinations' development. A very big issue related to tourism development is the sustainable development due to the need of harmonized development of tourist destinations that should certainly have in mind the three pillars of development: environmental, economic and social.

Trends in Tourism Development

From the very beginning of modern tourism many trends related to its development have been evidenced. Their presence indicates on various tendencies related to tourism development. Many of trends in tourism are result of changes and needs that happen in different period of tourism

development since 1950's till nowadays. Since 1970's particularly are evident numerous changes that have been manifested on the side of tourist demand as well as on tourist supply, and tourist products. Actually, the heterogeneous characteristics of tourist demand and its different demands based on different needs for sport, recreational, cultural, entertainment and other contents of activities are reason for creation of new segments on tourist market that tourist supply should recognize and fulfill. The conducted analysis of international tourist turnover and its regional distribution (Nestoroska, I. 2006; Nestoroska, I. 2007), and the analysis of developmental characteristics of tourism since its beginning till now indicate that basic trends of tourism are its large scope, continuing increase, unequal regional distribution of tourist flows, spatial and time concentration and diversification. Author's analysis indicates that the following trends are as most indicative (Nestoroska, I. 2006) and, although their appearance is in different periods of tourism development worldwide, yet they have evident implications and contribution to tourism:

- tourist flows increase as a result of the enlargement of the scope of tourism;
- regional distribution;
- spatial and seasonal concentration and diversification;
- deregulation in air transport;
- Incentive Travel;
- Inclusive Tours;
- timesharing;
- theme parks;
- amusement parks;
- resorts;
- development of internet technology;
- introduction and development of computer reservation systems(CRS);
- hotels fusion and development of hotel-chains and their diversification;
- structural changes in international tourist demand;
- tendency in building accommodation facilities that would best suit the needs of the various segments of tourist demand;
- appearance of new kinds in practicing tourism;
- orientation towards sustainable development of tourism;
- emerging of new tourist destinations.

The continuous tourist flow increase and regional distribution of tourist arrivals are synonym for modern tourism. International tourist arrivals reached an all-time record of 903 million in 2007, with a growth of 6%

over 2006 (UNWTO Facts & Figures Report, 2008). Spatial concentration was particularly characteristic since the 1950s. Although there is big difference in international tourist flows diversification since 1950s till nowadays, yet it is characteristic that the main part of international tourist flows are concentrated in Europe and Asia and Pacific Region as leading world tourism regions.

The leading top 10 world destinations by number of visitors are from Europe, Americas and Asia which at the same time are also leading countries with highest international tourism receipts. Their participation in the total international tourist arrivals in 2006 was 49,3% , almost half of all international tourist arrivals proving still the presence of concentration in world tourism distribution (WTO "Tourism Highlights" 2007) .

Seasonal concentration is typical for summer and winter period with domination of the summer season. There are significant changes in the spatial and seasonal diversification concerning in relation to the popularity of the countries as tourist destinations intraregional. As emerged world tourist regions with increased popularity shown through number in international tourist arrivals are Asia/Pacific, Africa and Latin America.

Opposite to the period of continuous growth and rapid development of tourism that was particularly characterised with seasonal concentration, in the last two decades the tendency of tourist flow diversification is very characteristic. This situation came as a result of increasing of leisure time and improvement of living standard. Instead of longer summer holidays, shorter summer holidays are more frequent and popular. All this induces development of sport, cultural, congress, rural and other kinds of tourism. The appearance of new kinds of tourism is related to the structural changes in tourist demand, particularly from the aspect of the payment ability. As a result, tourists with lower incomes are more dominant, but it doesn't mean that the number of tourists with higher incomes is lower. On the contrary it also increase. Structural changes in international demand induces changes in tourist supply as well. Trends in building accommodation facilities that will meet demands of various segments in tourist demand are present. The highest demand is registered for medium and small sized hotel facilities.

Air traffic deregulation since 1978 enable air-companies to perform independent on tourist market. They calculated prices by themselves and improve services' quality. It induced positive effects by increasing international travels as well as tourist travels. This trend has produced positive effects for tourism that has been reflected mainly on the scope of international travels as a result of the following: implementation of marketing strategies for market segmentation and products differentiation towards certain traveling clientele; decrease of transport costs in the

price of tourist arrangements; increasing of tourist turnover as a result of decreasing of the prices in air transport and increasing of economic effects in all activities directly and indirectly connected to tourism as a result of increased scope of tourist turnover. The effects of air traffic deregulation became obvious mostly because of positive trends that influenced on tourist market as a result of air carriers' analysis travel clientele needs and demands.

Incentives increasingly became an important part of tourist supply as a special segment on tourist market. Since their appearance they achieved high participation on tourist market which is calculated for about 10%, It indicates the interest of employers to stimulate their employees, particularly characteristic in car industry, high-tech, banking and insurance companies, but as well in other sectors as technology, computing, pharmacy, etc.

Since the appearance in 1970s as a relatively new way of leasing accommodation units through "time shares", timesharing became attractive trend on tourist market. The increased demand for such system of using accommodation units was a reason for touroperators and travel agencies to redirect part of their activities to this market segment. It is still very popular trend attracting more tourists to spend their leisure time in such way.

Theme and amusement parks and resorts are very attractive for tourist market, because they have an influence on its segmentation. As a result of their attractiveness and diversity the number of visitor is increasingly every year. As for example, Disneyland (USA) has more than 35 millions visitors per year, Tokyo Disneyland (Japan) - 13 millions Disneyland (France) – 12 millions, Six Flags (USA) – 5,5 millions, Ocean Park (China) - 4,5 millions, Tivoli Garden (Denmark) - 4 millions, Europa-Park (Germany) - 4 millions, Sea world (USA) - 3 millions, (TEA/ERA, Attraction Attendance Report, 2007). As the above mentioned trends, the appearance of theme parks and resorts is closely related to the rapid increase of tourism. Resorts as complexes which provide visitors with various entertainment services are usually identified as tourist destinations due to their size. Concentration and fusion of hotel capacities and dispersion of hotel-chains is particularly characteristic current trend. EU member countries have registered the highest number of hotels which are within hotel-chains. The concentration is particularly in Belgium, Netherlands, Luxemburg, France, Great Britain and Germany.

In recent years the environmental protection became a part of sustainable tourism development, meaning that tourism development should have in mind the opportunities to maintain quality and quantity of natural

resources but, at the same time not to diminish the possibilities for future development of tourist destinations.

Among the contributors who have role in environmental pollution and destruction is tourism through its mass scope, building of large hotel facilities without appropriate management of water and waste management, overuse of natural resources for tourist purposes, transport overcrowding, etc. In order for future environmental use for its purposes, tourism and other industries have to be responsible to the environment as representatives of tourism industry directly or indirectly involved in tourism, different governmental and scientific institutions, governmental representatives, local residents and even tourists themselves (Vasilevska, I., 1997). This is the only way to decrease or alleviate negative environmental impacts, which diminish the scope of environmental quality values.

Rapid development of information and communication technology as well as e-business is particularly important because they contribute to tourism development. As in all other segments, modern technology becomes necessity for the contemporary competitive conditions on tourist market. These technologies are of great benefits for large companies, chains as well as others who want to be in trend with contemporary tourism development. They enable possibilities for transparent market, particularly for SME-s, because they send and receive more offers through electronic informative and reservation systems, travel TV-channels and internet. It gives great opportunities for the competition but, at the same time it creates confusion to the new and inexperienced which meet number of information.

The trend towards creation of new, big and international corporations is a result of the process of globalization as well as internationalization of capital. Corporations become bigger by buying more and more small suppliers and merging them into chains. The presence of such trends makes the market particularly polarized. Because of this in many countries the big corporations are above SME-s, which have need for help to stay in the market. Another big challenge as new trend in tourism is the increased number of corporations which are not directly involved in tourism (such as Preussag, Bertelsmann etc.) but they see in it as a market with great opportunities for making profit.

Fight to be “the best on the market”, “the biggest one”, “the unique” is a result of high competition and abundance of offered tourist products on tourist market internationally, nationally or regionally. This is because “the players” are usually confronted one to another, but they are also confronted with the internet as a world of unlimited competition. In this competition all destinations particularly tend to create and offer product which will be their synonym. Only those which will differ can have the possibility

for success within the unlimited competition. This is particularly referred to the numerous destinations which are alike to each other. They have to discover and offer their "authentic element" which will enable them to survive on the market. The biggest challenge for all destinations in their successful existence on the market is to establish a connection between numerous interests of the individuals from one side and diversity of their offer on the other side.

Having in mind the existence of different types of tourism that are practiced for a long period and the dynamic character of tourist activity and changes on tourist market, the differentiation of tourism types is not final. There is a huge space for emerging of new different types of tourism. The appearance of new types of tourism basically is a result of modification of existing ones. It is due to the presence of different and numerous types of tourism and exploitation of main possible resources and ways in satisfying of tourist demands. Therefore the emerging of new types of tourism is facing with certain problems that particularly should be in mind:

- limitation of "undiscovered and untouched areas" as basis for new types of tourism
- global pollution of the environment
- the problem about "how will be used the leisure time" is now more important the problem "where will be spent the leisure time"
- rapid urbanization that is closely connected to pollution of basic elements of the environment and it is a reason for searching of not polluted ecological areas that in current time are very difficult to find.

Therefore, mostly the new types of tourism are consisted with the sign "selective", "alternative", "eco", "soft" tourism etc. But what is common is that the new kinds in practicing tourism are based on the principles of sustainability as a new way to tourism development.

The analysis of current trends on tourist market indicates to the necessity of good knowledge on their characteristics. Within this context, tourist supply as part of tourist market needs to follow the changes and adjust on them. In order to keep the good position many of the participants of tourist supply use strategies for their market position. Such orientation leads them to a competitive position and even key role on the market.

Limitations and Threats to Tourism Development

Rapid development of tourism is mainly connected to increased number of tourist arrivals and increased incomes which are seen as positive impacts to tourist destinations, but it is only one side of a medal and it is the economic

benefit for destinations. The phenomenon of mass tourism on other side of the medal is also a reason for paradox process where “tourism destroys tourism” (S.Medlik, 1991) in a way when tourist destinations begin to lose their authentic values as a result of their extended tourist exploitation. But, the rapid development of tourism besides positive effects produces negative effects that mainly are environmental and socio-cultural, causing fundamental changes in the concept of tourism and recreation.

Numerous researches are conducted for positive and negative effects of tourism on environment, social, cultural, economic and political spheres. But researches related to the factors that are limitations and even threats to tourism by obstructing development on national and international level are less than the previous (H. Krippendorf, 1975; V.Teye, 1986; W.L.Waugh, 1983 etc.).

Terrorism with its national and international forms became an important part of our reality since the 1980's. Terrorist violence is well known phenomena of current time. Since tourism is an important socio-economic activity of the country, terrorist attacks are tool of terrorists to attract attention of the public to such activities in order to fulfill their objectives. Such attacks have dramatic influence on tourist flows decrease and even absence particularly in cases when victims are tourists (Nestoroska, I., 2006). Besides terrorism, wars and war operations are also factors for limitations and even they are threats for tourism development. Their implications on national and international economies are more numerous and they have negative implications on employment, GDP, investments and production (Kovacevic, Z.& Plevko, S., 1997). It's logical that the occurrence of such activities have implications on neighboring countries and even broader in regional frames.

Air pollution, water pollution, devastation, deforestation, lack of water, high summer temperatures, earthquakes, natural disasters, diseases, prostitution and criminal are also different and important factors which with their negative implications might be limitations or threats to tourism, although they are not always related with aggressive circumstances.

Having in mind the rapid tourism development it is also a threat for tourism itself if such development is not conducted properly, planned and responsible. Responsible development of tourism necessarily includes sustainable development with respecting of all three pillars of development: environmental, economic and social.

Challenges for Tourism Development

Different from past, when tourism development was seen only from its benefits, lately starting points in discussions for further tourism development

are damages and benefits from tourism development on economy, society and environment. The biggest challenges that are considered for tourism in the coming years are expected to be the following (Feige, 2000, 103):

- ***Changes in travel behavior.*** The scope of tourist services consumers widens which, at the same time, leads to differences in their demands. Consumers wish their travel arrangements adjusted to their needs and wishes, because they want to feel comfortable as much as possible. This means that tourist supply has to provide “products” with elements according to demand’s needs. Having in mind the different structure of tourist demand, travel organizers tend to adjust their products to such structure, having in mind particularly the growing number of older population which has completely different and specific demands comparing to other demand segments. In these conditions, tourist offer should be more oriented towards satisfying the needs of targeted groups: young people, individuals and families. The predictions are that in the next decade the tourist offer content will be consisted of the following: sun, beaches, adventures, events, etc.
- ***Sustainability and quality will be “necessity” of the tourism within international frames.*** The number of initiatives for tourism development in accordance to the nature, culture and economy are increased. In last years it became more than evident that sustainable tourism development has to be in accordance to the measures refer to maintenance of the quality on local, regional and national level. This challenge can be explained with the fact that quality standards are imposed by client’s demands that should be satisfied with products which necessary include standard quality. Such demands usually can be problems for SME-s.
- ***Rapid development of informative and communicative technology and e-business*** that contribute to tourism development. This is particularly important because it is necessary for the contemporary competitive conditions on tourist market. These technologies are of great benefits for large companies, chains and others which dictate tourism development. These technologies enable possibilities for transparent market, particularly for SME-s, because they send and receive more offers through electronic informative and reservation systems, travel TV-channels and internet. It gives great opportunities for the competition but, at the same time it creates confusion to the new and inexperienced which meet number of information.
- ***Tendency toward creating big corporations.*** Corporations become bigger by buying more and more small suppliers and merging them into chains. The presence of such tendencies makes the market particularly

polarized. Because of this in many countries the big corporations are above SME-s, which have need for help to stay and the market. Beside this, there is an increase tendency of the number of corporations which are not directly involved in tourism (such as Preussag, Bertelsmann etc.) but they see in it as a market with opportunities for making profit.

- ***Tendency toward creating a distinctive product.*** Aiming to stay on the market, and confronted with the internet as a world of unlimited competition, all destinations must create products which will be their synonym. Only those which will be clearly different from the others can have the possibility for success within the unlimited competition. This is particularly referred to the numerous destinations which are alike to each other. They have to discover and offer their “authentic element” which will differ them and enable to survive on the market. The biggest challenge for all destination for their successful existence on the market is to establish a connection between numerous interests of the individuals from an side end diversity of their offer on the other side.
- ***Globalization and tourism development*** the process of globalization is incorporated almost in all human activities without passing tourism as a remarkable phenomenon as well. The contemporary way of working comprehends joining and internationalization of the capital. The creation of international corporations, which represent centers of power and creators of the international politics within the different socio-economic spheres of life, become from this process. It is certain that some changes are already present in tourism worldwide as a product and logical consequences of globalization process. They are particularly manifested within the spheres of economy (as a horizontal and vertical strategies of integration of tourism companies; foreign investments which lead to creation of the “global tourist market”; establishment of “Global players” and strategic alliances (air companies, hotels, tour operators etc.); global tourism management; Worldwide competition of tourist regions), technology (global reservation systems (GRS); e-markets; standardized technologies within transport systems), culture (global “world tourist”; behavioral adaptation during travel; creation of global “tourist village”), ecology (tourism as a “global syndrome of ecological problems”; effects of climate changes in tourist regions), and politics (increased role of international tourist organizations; necessity for global coordination and transport regulation particularly during holidays; sustainable development of tourism and quality as models for further tourism development).

The above indicates that globalization is present within all spheres of tourist activity. With regard to the presence of international finances, processes of horizontal and vertical integration as multinational dimensions, and international tourism management, are evident. This leads to differentiation and “driving out to surface” of “key players” who “pull the thread”. Similar to other spheres of human activities, sustainable development of tourism becomes an imperative to its development. The sustainable development is close related to problems of environmental protection within the ecology. Although the process of globalization is present and becomes more important, and the tourist becomes a “global world tourist”, yet there is an opposite tendency: tourist’s individuality is more evident and becomes more important in the search for “something new”, “special” and “untouched”.

Conclusion

As socio-economic activity which is a part of contemporary changes in all society segments, tourism is in close relation and it depends on global changes that occur continuously. Different from past, when tourism was seen only from its benefits and mostly as economic category, lately such views were changed. Nowadays as starting points in discussions for tourism and its further development besides benefits are damages as well and, its implications on economy, society and environment. In this relation as very important challenges that are considered for tourism in the coming years are expected to be the changes in tourist demand as well as behavior, sustainability of tourism development, quality of tourist services, limits and threats (spatial limit, lack of environmentally balanced spaces, environmentally limitations, terrorism, wars, natural disasters, diseases etc.) rapid development of information and communication technology, distinctive tourist products, and others.

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The Level and Possibilities of Agrotourism Development in the Świętokrzyskie Voivodship in Poland

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Abstract

The author of this article performs an analysis of the agrotourist development in the świętokrzyskie voivodship in Poland. The current tendencies in the world-wide tourism have been taken into consideration while discussing this problem. The place and role of tourism both in the state policy and regional policy have been shown in the state and regional documents. Due to the artifacts and diversified natural environment, agrotourism should be preferred in the świętokrzyskie voivodship owing to a high percentage of the areas protected by law and tendencies in the current tourism. The local and province authorities were obliged to improve and invest in agrotourist infrastructure also using the European Union funds.

Key Words

agrotourism, tourist space, development of rural areas, natural values.

Introduction

In most of European countries off-farming activities become more and more important as a source of income for farmers' families. In some regions agrotourism can be regarded as a significant non-agricultural activity. In Poland the data of Agricultural Census of 1996 and 2002 indicate that the number of farms with off-farms activity increased, but the share of agrotourism in non-agricultural activities decreased. However the data of the Ministry of Agriculture and Rural Development show permanent increase of agrotourist farms in Poland. There were also some visible changes in the structure of agrotourist farms in Poland between 1996 and 2002.

Economic transformation that occurred after 1989 in Polish economy have revealed weakness of many farms in the rural areas. At the same time many people have lost their hitherto additional income source of the non-agricultural work. In the period of political transformation Polish agriculture was very neglected. Divided farms in connecting with low quality of soil,

in many parts of the country, conducts to serious difficulty in effective farming. This situation seriously determined state agriculture politic. Main items of state to head towards structural changes of country areas are first of all actions in conducting to increase of employment in poseagriculture sectors at agriculture areas, support of consolidate institutions of regional development. It is therefore evident the new activities are increasingly becoming alternative and complementary forms of income generation in the rural milieu. One of the possible alternatives for increasing employment and improving the income for rural residents is rural tourism (including agrotourism). This form of tourism on rural areas increasingly is used to enhance rural economies. The agrotourist services refers to providing and development tourist services for the guests staying in an agrotourist farms. The agrotourism is a form of holidays based on accommodation and catering in the house of a farmer. Moreover, the guests' stay includes various entertainment activities offered by the farm-owners [Drzewiecki 1995].

In case popular go away off masses and passive tourism the chance for region is development of agrotourism. This form of rest is more and more popular and good developed in many parts of Poland. In conductive to good keep in some regions and in traditional country scenery. The tourism can be one of basic economy and it may improve economy situation of local community.

Agrotourism is a chance in view of attractive for municipal population, healthy and relatively cheap rest. First of all it state of additional earning source for agricultural farms as well as development of infrastructure of country region. Country tourism should use geographical conditions – natural, interesting scenery, wealth of fauna and flora for using this form regions of regional development.

The main aim of the study was the analysis of agrotourist product in the świętokrzyskie voivodship. The study aims to make an assessment of the level and possibilities of agrotourism development, the phenomenon is illustrated by the example of the świętokrzyskie voivodship in Poland.

The area of the świętokrzyskie voivodship is 11 710 km² (62,6% of its area cover legally protected areas possessing unique environmental value). The świętokrzyskie voivodship is the area in which rural areas are of great importance. Landscape and rest values and also cultural richnesses of świętokrzyskie voivodship makes superb perspectives of touristic development on rural areas. Every year agrotourist function is more and more important in its economy. In the article basic products of agrotourism have been proposed. In this paper there is also presented the state of agrotourism development in the świętokrzyskie voivodship. The article

contains the results of studies dealing with most important factors which undertaking agrotourist activity on the rural areas in the świętokrzyskie voivodship. This form of economic activity is an alternative source of income for many small farms which are situated in the environment with rich natural and landscape values.

The source materials collected in the course of field research come from the results of Agriculture General Census. The data were collected from the Agriculture General Census Reports which covered all the communes in the area under consideration.

The Role of Agrotourism and Its Marketing in the Development of Rural Areas

The incomes from the tourist service represent a supplementary source of finances for the farmers. The successful agrotourist enterprise depends on a well applied marketing strategy, creating an appropriate product and its effective promotion. The marketing principle is to gain profits form satisfying customers' needs. An agrotourist farms should have a specific product, a brand, which would lead to an increased demand for tourist service and might provide a considerable competitive advantage on the market. Marketing is a social and management process that provides particular people and groups with what they need and want to obtain by establishing, offering and exchanging valuable products.

Marketing is an enterprise related to the management of a highly customer-oriented company. The basis for making decisions includes are as follows:

- knowledge of the market like: recognizing customers' needs and interests, competition and other socio-economic and cultural factors;
- elaborating a consistent market strategy like: product development, prices, distribution, communication with the market;
- active influence on the market as follows: development of promotion and marketing.

At present marketing activity is a very important factor in agrotourism development. Tourist services provided by the rural inhabitants must be based on a reliable marketing knowledge which is indispensable to succeed on the market. The farmers who wishes to start an agrotourist farm should take agrotourism management training.

The agrotourist services are connected with specialized products, that is, those that attract potential customers and accelerate decisions to purchase the agrotourist service package. It gives also an advantage in the competition with other companies. The branding products are created in order to raise interest in a particular product and increase the number of potential customers. When establishing a branding product through a marketing process, it is important to

choose a domain in which the farm shall excel and be distinguished from other agrotourist entities. It is vital to expose and make use of the differences between other competing agrotourist farms. The measures undertaken to elaborate the agrotourist offer should lead to the agrotourist farms specialization. The specific, original products should meet the customers' expectations and they should have an appropriate image and standard.

The branding, agrotourist product should have a good standard and quality, and should be well adapted to the customers' expectations. The main and the most important factors shaping the brand power are:

- quality, which is very important for the customers, and most of all guaranteeing visitors coming following seasons;
- first-class service, this is so called value added to the service, which means usually a highly effective customer service from the very first contact with the visitors;
- innovativeness, striving to offer a modern service;
- distinguishing form the competition with unique features and the quality of the branding product.

The brand product should assure the tourist the opportunity to spend time in an interesting way. It is important to consider what such an attractive product can be, how to produce an offer that would encourage people to visit the agrotourist farm. The specific branding products in the agrotourism include:

- cultural heritage of a village,
- acquiring knowledge about and learning handicraft,
- ecological food,
- regional dishes and learning how to make them,
- different forms of a contact with animals,
- interesting recreation services.

The local cultural heritage is represented by preserved folk costumes, souvenirs from the past collected in the museums, handicraft or regional dishes. One of the elements of a folk tradition, which are very attractive for visitors, are regional folk bands that perform works of local poets, writers and musicians. A correctly understood and preserved cultural heritage may bring multilateral profits. The cultural heritage of a village may become the branding agrotourist product and a stimulus for visitors [Wojciechowska 2003]. Unfortunately, inhabitants of rural areas sometimes do not realize that the treasure within their reach may serve the cultural and economical development of their village or region.

The craft is a specific element of the cultural heritage of a village. Folk craft goods (sculptures, embroideries, painting and other decorations) as well as useful objects produced by the craftsmen (goods made of leather, wicker or

metal) are quite popular among the tourists. The owner of the agrotourist farms often go in for handicraft, They are specialists in their branch and often agree to teach their work like: sculpting, painting, pottery, embroidering, basket-making etc. The holidaymakers can also buy particular goods produced by the farmers, which also improves the value of the craftsmen goods as specific, regional brand products.

The food produced with ecological methods may also become a branding product in agrotourism [Pałka 2002]. This type of tourism has been called in the literature the agro-ecotourism. The farms running this type of service are associated in a non-governmental organization –ECEAT-Poland (European Center for Ecological Agriculture and Tourism – Poland) which aims to educate on the ecology, natural environment protection, traditions and culture of Polish countryside, and especially it is to promote ecological agriculture and tourism. The farms hosting visitors and cooperating with ECEAT should most of all:

- produce food with ecological methods,
- use local and natural materials,
- protect natural environment,
- preserve local traditions.

The agro-ecotourist farms not only offer fresh and healthy food, but guests may be also learnt about many interesting ways of producing food and sometimes even participate in the production processes.

Staying farm animals in agrotourist farms is very important part of tourist product. The contact with animals may be an interesting way to spend spare time in an agrotourist farm. Having contact with animals becomes an inspiration for learning biology of systems and conditions of animal breeding, feeding methods and health protection. This phenomenon is particularly visible in case of children [Lorek 2002].

A psychophysical rehabilitation such as horse riding, so called hippotherapy, may also become a branding product of an agrotourist farm. Hippotherapy represents one of rehabilitation methods for the handicapped and it is so specific thanks to the co-therapist-the horse. The hippotherapeutic treatments cover rehabilitation with the use of a horse and horse riding of many groups of people.

Apitherapeutic treatments may constitute another tourist attraction. They consist of therapeutic treatments with use of bees and their products. Establishing apiarian agrotourist farms would be positive for both sides: the bee-keepers and bee-products consumers.

Also the animal production is a great attraction for the tourists who come from the cities, so it is often their first encounter with breeding animals. Helping to feed animals, staying with them may be an interesting occupation

for holidaymakers, mostly for children. Both the basic animal maintenance and the above therapeutic treatments create the branding product of the agrotourist farms.

Marketing and consultative activities are essential to achieve considerable success in agrotouristic activities. Past activities of Świętokrzyskie Voivodship Agricultura Advisory Board and agricultural advisory teams together with agritouristic associations are quite significant, but they do not fully satisfy the needs of service providers. The service providers, institutions and organizations operating in świętokrzyskie voivodship should be more committed, competent and organized to take full advantage of the assets of rural areas. Local and municipal authorities should be engaged in such undertaking as a whole. Their task is to inspire and promote the development of economic enterprises. At present agrotourism has important influence on the possibilities of the rural areas development.

Tourist Attractiveness as a Main Factor Determinate Agrotourism Development

Tourist attractiveness is a complex notion. It is determined by both tourist amenities, the quality of the transportation system and the supply of tourist services [Warszyńska 1971]. Thus the notion of tourist attractiveness integrates the components that are decisive for tourism development, that is tourist amenities, with amenities that satisfy the needs of tourist industry, that is tourist infrastructure. The evaluation, based on the method proposed by Warszyńska [1971], states the usefulness of the świętokrzyskie voivodship's communes for tourist and recreational usage. Although natural conditions were assumed to be the basic criterion as they are indispensable for the optimum and rational recreation, extra-natural sightseeing amenities were also accounted for as they complement and enhance the scenic value. The evaluation method used to specify tourist attractiveness relies on the scoring system that refers to selected features [Pałka 2007].

The attractiveness indicators were calculated for all communes of the świętokrzyskie voivodship. With the adopted investigation procedure it was possible to show how the attractiveness differs across the voivodship area, and also to group the communes into five categories in relation to tourist attractiveness indicator, that is to differentiate the communes' potential for agritourism development [Pałka 2007]. The first category comprises the most attractive areas (WA greater than 0.5) of the Świętokrzyskie Mountains communes and three communes that lie in the Province's south: Pińczów, Wiślica and Staszów. The communes located in the Świętokrzyskie Mountains are characterised by very good recreational amenities and high woodiness. Daleszyce and Górnio communes have water reservoirs, which

enhances the area attractiveness. Nowa Słupia, Bodzentyn, Wąchock, Suchedniów, Chęciny communes are rich in sightseeing amenities. Many sightseeing and recreational amenities are also found in Pińczów, Wiślica and Staszów communes. The above-mentioned areas can offer a wide selection of tourist activities, which are complemented by sightseeing assets, thus rendering them even more attractive [Pałka 2007].

The second category is composed of high attractiveness communes ($WA = 0.4$ to 0.5) located in the north, centre, south-west and north-west of the Province and also Ożarów commune. They have good recreational amenities, considerable woodiness, favourable climatic conditions but less varied landscape.

Over 50% of the investigated area falls into the third category of medium tourist attractiveness ($WA = 0.25$ to 0.4). They are the communes that do not have much woodland or valuable recreational amenities, e.g. Brody, Łągów, Połaniec, Małogoszcz, Oksa, Krasocin, Smyków. The fourth and the fifth categories are made of low attractiveness ($WA = 0.15$ - 0.25) or unattractive (WA lower than 0.15) areas. They are Czarnocin, Gnojno, Kije, Tuczępy, Wilczyce, Wodzisław and Wojciechowice communes which are agricultural in character, have no varied landforms and lack in sightseeing amenities [Pałka 2007].

The State of Agrotourism in the Świętokrzyskie Voivodship

The tourist product in the świętokrzyskie voivodship is very different and it has complex character. It is often composed of many different elements, which appear in many various versions and combinations.

The agrotourist farms in the świętokrzyskie voivodship are located in territorial different way. The most attractive for agrotourism is the Świętokrzyskie Mts. Region. The agricultural farms localized in this region started agrotourist services as the first ones in the świętokrzyskie voivodship. The most number of agrotourist farms – counting into 100 square km – occurrences in the communes: Nowa Słupia (17,44), Bodzentyn (13,66), Łągów (10,61), Suchedniów (8,0), Chęciny (7,87), Daleszyce (7,2). It results from the high tourist attractiveness (the attractiveness indicator over 0,5 points) and non-profitable natural conditions of agriculture development. Social and economic conditions in the Świętokrzyskie Mts. Region are also profitable for agrotourism development.

The second region with concentration agrotourist farms is located in south part (tab. 1). The communes with the most number of agrotourist counting into 100 square km are: Szydłów (24,07 farms/100 km²), Solec-Zdrój (20,0) and Chmielnik (14,68).

The third region with concentration agrotourist farms is distracted and it is located in the west part of the świętokrzyskie voivodship (tab. 1). The most number of agrotourist farms in this region occurrences in communes: Kluczewsko (5,83 farms/100 km²), Ruda Maleniecka (3,63) and Łopuszno (2,82).

Tab. 1. The number of agrotourist farms into 100 km² in communes of the świętokrzyskie voivodship in 2007.

Number	Commune	Area	The number of agrotourist farms	The number of agrotourist farms into 1 km ²
		in km ²		
1.	Bačkowice	96	1	1,04
2.	Baltów	105	7	6,66
3.	Bieliny	88	4	4,54
4.	Bliżyn	141	2	1,63
5.	Bodzechów	122	2	1,63
6.	Bodzentyn	161	22	13,66
7.	Bogoria	123	6	4,87
8.	Bródv	161	5	3,1
9.	Busko-Zdrój	236	6	2,54
10.	Checiny	127	10	7,87
11.	Chmielnik	143	21	14,68
12.	Cmielów	118	2	1,69
13.	Daleszyce	222	16	7,20
14.	Falków	132	2	1,51
15.	Gnojno	96	1	1,04
16.	Górno	83	8	9,63
17.	Iwaniska	105	5	4,76
18.	Kuje	99	1	1,01
19.	Klimontów	99	2	2,02
20.	Kluczewsko	137	8	5,83
21.	Końskie	250	6	2,4
22.	Krasocin	194	1	0,51
23.	Kunów	113	4	3,53
24.	Łagów	113	12	10,61
25.	Łączna	62	4	6,45
26.	Łopuszno	177	5	2,82
27.	Łubnice	84	4	4,76
28.	Małogoszcz	146	1	0,68
29.	Masłów	86	2	2,32
30.	Michałów	112	2	1,78
31.	Miedziana Góra	71	1	1,4
32.	Mirzec	111	4	3,6
33.	Morawica	141	7	4,96
34.	Nagłowice	117	7	5,98
35.	Nowa Słupia	86	15	17,44
36.	Nowy Korczyn	117	1	0,85
37.	Obrazów	72	1	1,38
38.	Oksa	90	2	2,22
39.	Opatów	113	1	0,88

40.	Osiek	129	3	2,32
41.	Ożarów	184	3	1,63
42.	Pawłów	138	6	4,34
43.	Piekoszków	103	10	9,7
44.	Pierzchnica	105	4	3,8
45.	Pińczów	212	5	2,35
46.	Połaniec	75	3	4,0
47.	Radków	86	2	2,32
48.	Radoszyce	147	1	0,68
49.	Raków	191	13	6,8
50.	Ruda Maleniecka	110	4	3,63
51.	Rytwiany	126	1	0,79
52.	Samorzec	85	2	2,35
53.	Sandomierz	29	1	3,44
54.	Sędziszów	146	1	0,68
55.	Skarżysko-Kamienna	64	1	1,56
56.	Skarżysko-Kościelne	53	1	1,88
57.	Słupia Jędrzejowska	108	1	0,92
58.	Smyków	62	1	1,61
59.	Solec-Zdrój	85	17	20,0
60.	Starachowice	32	1	3,12
61.	Staszów	226	9	3,98
62.	Stąporków	231	1	0,43
63.	Stopnica	125	5	4,0
64.	Strawczyn	86	2	2,32
65.	Suchedniów	75	6	8,0
66.	Szydłów	108	26	24,07
67.	Tuczępy	84	2	2,38
68.	Waśniów	111	3	2,7
69.	Wąchock	82	5	6,09
70.	Wilczyce	70	1	1,42
71.	Wiślica	100	3	3,0
72.	Włoszczowa	254	3	1,18
73.	Wodzisław	177	1	0,56
74.	Wojciechowice	86	1	1,16
75.	Zagnańsk	124	5	4,03
76.	Zawichost	80	2	2,5
77.	Złota	82	2	2,43

Source: author's own account

Conclusion

In the świętokrzyskie voivodship there is observed recently the considerable development of agrotourist farms, with that of cooperating institutions, like agrotourist associations, consultative teams and agrotourist

chambers. The discussed voivodship is very attractive due to its nature, landscape and monuments of culture. Basic natural resources of this region are forests. The agrotourism is a very important function of this area. First agrotourist farms were organized in 1993. Most of them are small and are not profitable, thus most of their owners became part-time farmers. The income outside the agriculture can be for them just the agrotourism. The świętokrzyskie voivodship is visited by many tourists from various parts of Poland. Agrotourism is a real chance for the farmers, to ameliorate their difficult economic situation.

Development of tourism, including agrotourism in the świętokrzyskie voivodship, is motivated mainly by low income from agricultural activity, chance of utilization of attractive site and capability of using existing stocks. There are over 350 agrotourist farms in the świętokrzyskie voivodship at present.

In order to succeed in agrotourism, the enterprise must be run according to the rules of marketing. The owner of an agrotourist farm should possess a sufficient knowledge in marketing and be capable to make use of it. It is important to form a specific offer – the branding product, which will make the potential customers decide quicker, strengthen the farm's position on the market and creates an advantage over the competitors. The products characterized by a high quality and original image are usually more expensive but still frequently purchased by the tourists. The specialized farm has an advantage over others because it may offer something unique, certain specialized recreational services and attract more guests. It is important to remember that every branding product must be effectively advertised. The specific offer of the farm must be clear and well exposed in the promotion activities.

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Application of Relationship Marketing Tools by Travel Offices in Poland

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Abstract

Changing conditions of tourist enterprises functioning (globalization, competition intensification, development of new technologies etc.) result in the necessity to search such new methods and systems of functioning which will assure market success for these enterprises. Relationship marketing is the response to these challenges. At the background of relationship marketing application by tourist companies one may point to higher expectations from consumers and extensive administration costs involved in these companies functioning (Przybyłowski, Hartley, Kevin, Rudelius, 1998, 237). Clients require offers better and better adjusted to their individual demands and needs, expect better quality and higher value, as well as much care in performing the service, at the same time presenting lower level of loyalty towards the seller. On the other hand extensive costs of enterprises are most frequently connected with failures in introducing new services at the market, their low value, too high distribution costs and also an improper promotional policy.

1. Relationship Marketing Concept

According to L. Berry "relationship marketing means creating, preserving and enriching relations with a client, where winning a new client means just the first step in the overall marketing process" (Otto, 2001, 46). While analyzing relationship marketing definitions¹ presented in literature one can distinguish basic composite elements of such definitions, namely: creation (attracting new clients, establishing and shaping relations), development (strengthening, deepening and extending relations), preserving (supporting and broadening ties), interaction (exchange, cooperation), lasting nature (ties kept in a long run), emotional content (attachment, trust, loyalty) and the outcome (profitability, efficiency, mutual benefits). Relationship

¹ Selected authors of relations marketing definition: M. Armstrong, J. Copuslky i M. Wolf, Ch. Grönroos, I. H. Gordon, Ph. Kotler'a, A. Payne, M. Daszkowska, K. Fonfara, R. Furtak, J. Otto, J. Penc, K. Rogoziński, M. Rydel i C. Ronkowski, T. Sztucki.

marketing as opposed to transactions marketing does not concentrate on a singular sales act, but on preserving a lasting relation with a client. The objective of relationship marketing is to gain client's loyalty, whose satisfaction becomes the prior objective for all staff of a tourist enterprise, not just the marketing department dealing with capturing new customers.

2. Implementation of Relationship Marketing in the Practice of Polish Travel Offices Functioning (research results)

The scope of research covered an assessment of relationship marketing application by managers responsible for marketing activities in travel offices functioning at Polish market. Owing to complexity of the research problem the study was carried out in two stages. The first consisted in an individualized extended interview. It covered the sample of 20 subjects and its main purpose was to perform a pilot type of study referring to the analyzed group and an initial test in the form of a questionnaire. The core research (II stage) covered the sample of 285 travel offices and was conducted in the period from April 2004 till March 2005.²

The basic issue in carried out research was an attempt to answer the question regarding knowledge and experiences gained so far in relationship marketing. Almost half of respondents confirm the fact that they are aware of the concept and declare its application in practice (figure 1).

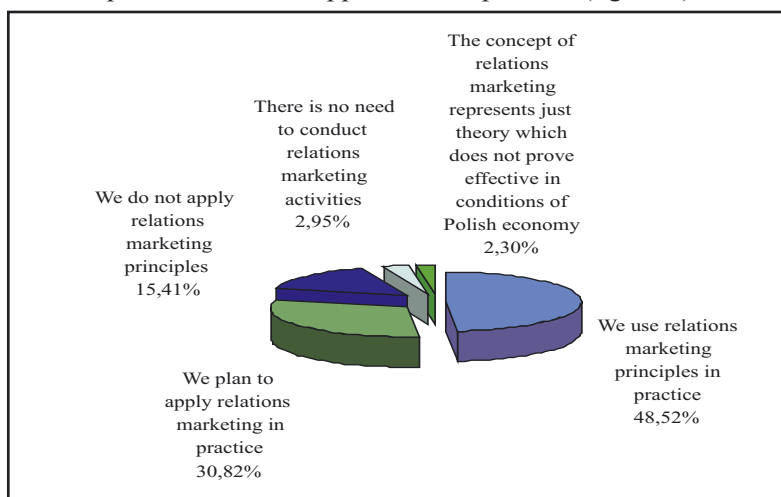


Figure 1. Relationship marketing principles implementation practice

Source: Author's compilation based on surveys

² Regarding the number of studied population $N = 2629^3$, trust coefficient $(1-\alpha) = 0,9$ (i.e. 90%) and permissible statistical error (d) at the level of 3,5% the number of sample elements should $n = 305$ units.

Every third, out of the analyzed travel offices, have proved their awareness of the issue and pointed to plans of relationship marketing principles implementation in their activities. Over 15% of the respondents claimed they do not use relationship marketing principles, however, only every 20 researched entity did not see any need in their application or presented a standpoint that the concept of relationship marketing is just theory, which does not work in the conditions of Polish economy.

Owners and managers of travel offices were also asked to name tools applied in building up partnership relations with clients. The marked answers did not exclude, but supplemented one another (figure 2).

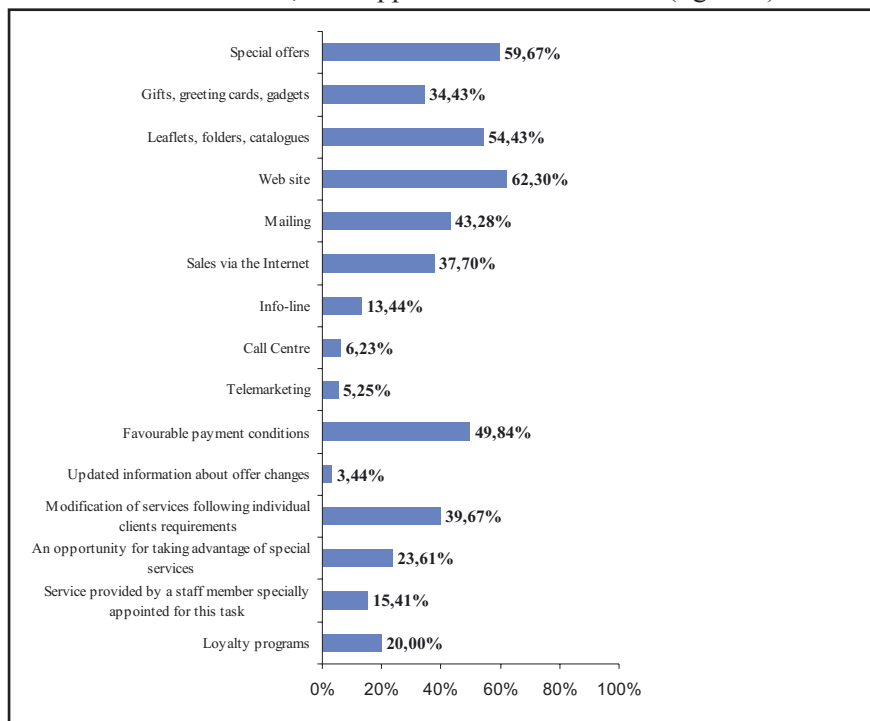


Figure 2. Application of tools for building up partnership relations with clients

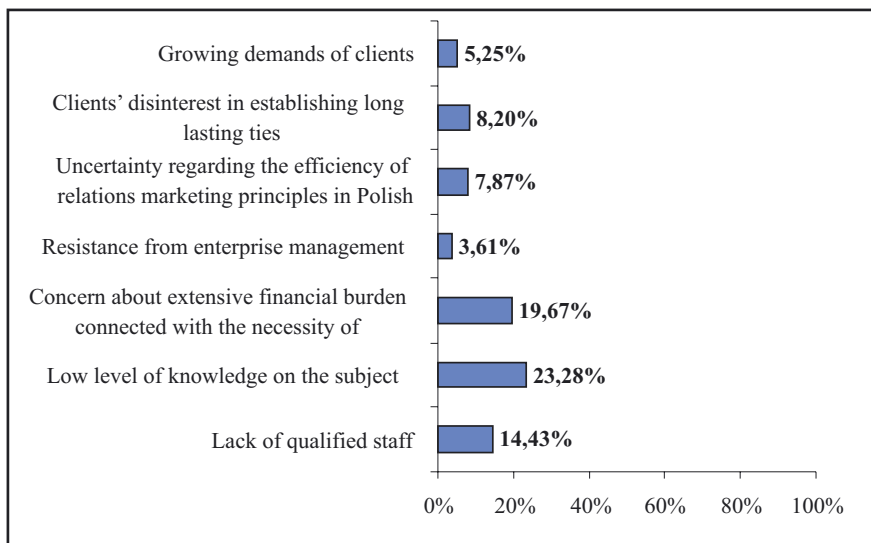
Source: Author's compilation based on surveys

The most frequent reactions referring to tools, helpful in creating long-run ties with clients, were professional and reliable service provided by the office (indicated by 85,56% of respondents) and high quality of performed services (indicated by 78,03%). Next in line tools, used in shaping long lasting relations with clients – according to the analyzed travel offices

– are: discounts, price reductions and other similar incentives of financial nature (64,92% respondents), company web site (62,30% respondents), as well as special offers (indicated by 59,67%).

Travel offices which do not apply relationship marketing principles were asked to give reasons which stop them from taking up such activities. Main reasons for abandoning the implementation of relationship marketing concept by travel offices is presented in figure 3.

Figure 3. Reasons which stop travel offices from applying relationship



marketing in practice

Source: Author's compilation based on surveys

The most frequent answers were: low level of knowledge regarding the subject, concerns about an extensive financial burden related to the necessity of introducing changes, as well as the lack of qualified staff, i.e. limitations which, to a great extend, may be connected with the size of travel offices or financial and personnel potential at their disposal.

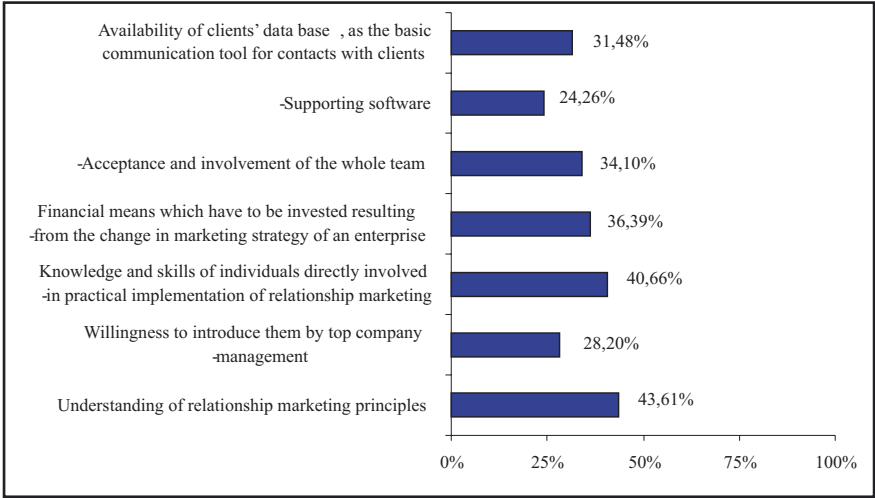
3. Determinants Specifying Possibilities for the Application of Relationship Marketing

The results of research carried out by the authors allowed for the identification of basic internal and external factors, determining success in the application of relationship marketing, incorporated into activities carried out by travel offices.

Among the most important internal determinants, specifying the scope

of possibilities for an effective application of relationship marketing by travel offices, one should mention the following: lack of an overall concept comprehension, an adverse attitude of management and staff, who keep favouring methods used so far, and reluctance to introduce changes in this domain, but also absence of sufficient information about the given travel office's environment and inadequate instrumental, financial and human resources of travel offices. Figure 4 presents basic internal factors determining effective application of relationship marketing in the opinion of both owners and managers representing the analyzed travel offices.

Figure 4. Internal factors determining effective implementation of relationship marketing concept



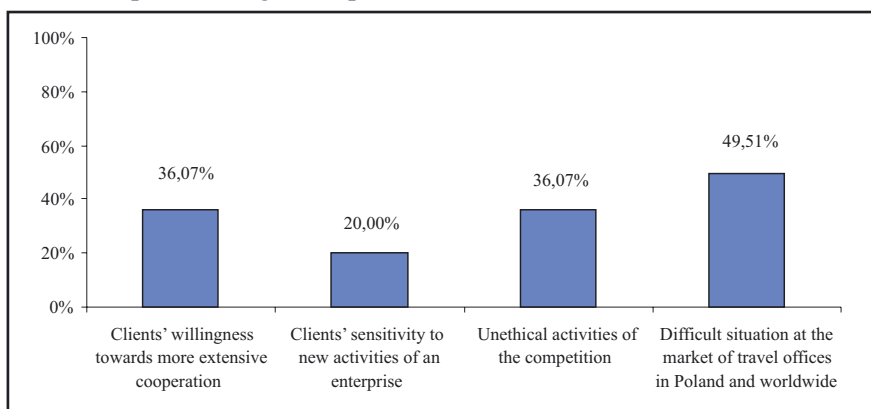
Source: Authors' compilation based on surveys.

The condition for obtaining desirable results of relationship marketing application by travel offices is the availability of certain strategic resources at their disposal, namely: people, processes, information technology and knowledge (more in: Michalska-Dudek, 2004, 209-217). The results of conducted research confirm, that the understanding of relationship marketing principles, knowledge and skills, as well as the acceptance and involvement of management and all employees of travel offices, supported by adequate financial means, in connection with the available data base and software, may be regarded as key factors determining possibilities for relationship marketing application in such entities.

The separate group of determinants for relationship marketing application is represented by the mentioned above factors of an external nature. In the

conducted study, among external factors, the dominating ones were market conditions (85,58% of overall entries). Most frequently a difficult situation of travel offices both in Poland and worldwide was emphasized. Every second respondent pointed to it as the primary unfavourable condition for practical implementation of relationship marketing concept in the functioning of a travel office he/she represented. Unethical activities of the competition in the researched domain constituted important circumstances in the process of relationship marketing application for over 1/3 of all respondents (see Figure 5).

Figure 5. External factors determining effective implementation of relationship marketing concept



Source: Authors' compilation based on surveys.

Over 1/3 of the analyzed travel offices' owners, while analyzing factors independent from each other and influencing practical implementation of relationship marketing concept, pointed to clients' willingness towards taking up broader cooperation, and every fifth respondent emphasized aspects related to clients' sensitivity referring to new activities of an enterprise.

4. Conclusions

Research results prove that over 75% of travel offices in Poland apply or intend to implement relationship marketing in practice. Among the most frequent reasons given for abandoning activities related to relationship marketing there are the following: lack of sufficient knowledge regarding the subject, no qualified staff which could implement, in practice, relationship marketing principles as well as insufficiency of adequate financial resources.

The most important tools in the process of building up and strengthening lasting relations between travel offices and clients are the provision of professional and reliable service and high quality of offered services. Catalogues and folders sent to selected clients were pointed to as another major tool for creating relations. Also the Internet and all other tools taking advantage of its potential open new opportunities in creating and strengthening ties with clients. These tools allow travel offices for approaching their customers in an individualized way, as well as support the process of building up their loyalty. Once applied they should result in the client staying with a given travel enterprise for good and make abandoning it financially unprofitable.

Among the most important internal determinants there are the following: understanding of the core notion and principles of relationship marketing concept, representing due knowledge and skills for its implementation in practice, access to the required marketing data base and the supporting software, as well as the availability of adequate financial means at the travel office disposal. The external determinants quoted by travel offices' owners, regarding relationship marketing application, constitute the most significant reason owing to which these offices should aim at the implementation of relationship marketing concept. The application of tools referring to this concept should allow for an effective counteracting of the difficult market situation, as well as an efficient defence against unethical practices of the competition. On the other hand, the implementation of instruments aiming at establishing lasting relations with customers will help travel offices in encouraging clients to enter into and keep up broader cooperation.

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Is the Hotel Classification System a Good Indicator of Hotel Quality?

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Abstract

The article deals with the hotel classification system and its influence on the hotel quality.

A hotel classification and grading system is an important facility and a quality indicator that enables potential hotel guests to select a hotel that is most likely to suit their budget, visitor purposes and needs. There is no European, or wider international and unified hotel rating system. Rating of hotels in different countries, if it exists, usually comes from governments, independent rating agencies or sometimes the hotel operators do it themselves.

Key Words

Classification system, grading, quality standards, star rating, segmentation

Introduction

Growing competition makes hotel management provide higher standards of the hotel services. Customers require highly professional performance of the hotel staffs. Higher quality of facilities is the only condition for being competitive. Nowadays hotels tend to respond smartly and professionally to their guests' requirements. **Quality is made up by the guests' requirements. Quality does not necessarily mean absolutely the best. It means the best standard that a customer is willing to pay for.** Does the unified hotel classification enables to raise the quality of hotel services? Are the unified criteria the only approximate measurements of the hotel standards? I'll try to find the answers to these questions. I believe that my own experience will help me. All the materials I worked with include books and magazines published in my country and abroad as well as valid current legal regulations.

1 Hotel Classification and Grading

A lot of countries in the world have adopted the rating systems. The

star system is used to distinguish the standards of services, facilities and furnishing. Callan (1995, pp. 142-143) defines the terms “classification” and “grading”: **“Classification is where the stock of accommodation is divided into categories.** Each category consists of specified facilities, such as the proportion of private bathrooms, minimum size of rooms, full length mirrors, etc. **The term grading** is often confused with classification by hoteliers, but it **implies entirely different criteria. Grading is a qualitative assessment of facilities described under classification. Grading will assess how good or bad are the facilities or services offered.”** In short, “classification” relates to a quantitative, factual, descriptive definition of hotel facilities, whilst “grading” relates to qualitative, arguably subjective, set of value judgements related to the described facilities.

There is no unified European or worldwide classification of hotels and other accommodation facilities. In 1985 the WTO defined the minor requirements for hotel classification and recommended it to the countries members of the WTO (Gúčík, Šípková, 2004). The most efficient system of hotel classification can be found in the countries that have had a highly developed tourist industry, especially in such countries as Austria and Switzerland. However, the level of legal obligation differs a lot. The current classification of accommodation facilities differs in content.

1. **Classification within hotel groups** is determined by expert manuals that settle detailed procedures and expected achievements of hotel activities (e.g. planning, purchasing, controlling the quality, choosing the staff and their further training). The manuals settle the requirements concerning the services, equipment and furnishing. Thus they determine the grade of a hotel. The quality is controlled by the top management. Classification and grading within hotel groups cross the borders of different countries and are mandatory for all the hotels in a hotel group.
2. **Classification carried out by tourist boards** - tourist operators, automobile associations etc. create their own grading systems of accommodation and boarding facilities. Stars, diamonds, crowns or some other symbols are often used for rating. These systems are used only for the purposes of the tourist boards. This classification does not necessarily agree with the official grading. The U.S. AAA – American Automobile Association, the U.K. RAC – Royal Automobile Club, the UK Tourist Boards and the France Guide Michelin are well known classification and rating systems.

- 3. Rating of hotels in different countries** – the criteria are often determined by the state boards, professional unions or associations. The legal obligation of the criteria differs in different countries. The purpose of the criteria is constant raising the quality of accommodation and boarding facilities. The competent state authorities are entitled to approve accommodation facilities and the classification is valid in these particular countries. Most of the EU countries adopted the five star rating system. Any “unified terminology” has not been in existence so far, so the term “category” is often used. Lodgings and facilities in country tourism are arranged individually and do not apply any classification.

There was an attempt to create a valid international hotel classification in 1960s. In recent years, the EU boards, CEN and ISO have been trying to harmonize the hotel grading. However, some professional unions and associations do not support this effort. The IH&RA and HOTREC suggest that the authorized state boards in individual states have the legal competence to classify accommodation facilities. So, the national classifying systems in individual states of the EU alongside with the classification of various hotel groups have been the most important factors in improving the quality of accommodation and boarding services.

2 Hotel Classification and Grading in Slovakia

At the time of writing this article, categorizing of accommodation facilities and the symbols used in Slovakia, are notified by the valid directive of the Ministry of National Economy No 277/2008 Code of Practice. The new directive has been valid since 1. 8. 2008. The customers' requirements and the development of new kinds of services made the new directive necessary. The new directive takes into consideration all the demands of the tourist industry in Slovakia regarding the highly developed tourist industry in European countries. The new directive also guarantees a better response to customers rights and demands. From this point of view, the requirements in accommodation facilities are much higher than in boarding services. Accommodation facilities offer a wider choice of services and provide them for a longer time. In some areas the competition among hotels is not as strong as among boarding facilities. The regulation of hotel classification and grading is necessary in Slovakia due to low professional ethics in some hotel businesses.

The board of experts from the professional unions and the Slovak Business Inspection had been working on the new directive. The experts from the professional unions had made a lot of new propositions concerning the content of the directive. The representatives of the Professional Union of Hotels and Restaurants in Slovakia had suggested introducing the international hotel classification system alongside with the star rating system, e.i.: H*****- luxury, H***** - first class, H*** - standard, H** - economy, H* - tourist. The former head of the Union, Mrs. Šedivá, confirms, that the suggested hotel classification and grading system will help hoteliers and customers indicate the standards. Mrs. Šedivá thinks that the stars are an important marketing instrument. **The star rating system gives the customers the proper information about what standards they can expect.** Customers often choose a hotel according to the number of stars. Even though the current criteria in Slovakia can be comparable with the standards valid in other European countries, in my opinion, they do not measure the professional level of the staff, cleanliness in hotel rooms, the quality of food and how old the facility is. This is why they are still the only approximate measurement of the hotel standard. It is evident that kind and pleasant behaviour of the staff cannot be guaranteed by any official decree. If a guest appreciates the quality of the hotel services, he will recommend the hotel to his friends, so they will come and stay at the hotel. **Even five stars above the entrance of a hotel cannot guarantee a great number of customers.** The directive, which had been valid before, indicated the minimal criteria which allowed to incorporate a hotel to a particular class. However, the directive did not forbid to provide services exceeding the particular class.

3 Categorization but also Segmentation

Categorization is often discussed, but segmentation is seldom mentioned. **Categorization or making standards is issential to keep the quality and reputation in the hotel industry.** But to categorize alone is not enough. Successful categorization cannot be made without segmentation. **Categorization does not emphasize any trends in customers'needs.** Categorization is a burden to some extent, a necessary burden, but at the same time, it slows down the hotel activities. If a new customers' requirement comes out, which nowadays happens very often, it is not so simple to adjust to the existing standard. In most cases, it is difficult to find and apply a suitable way of fullfilling the requirements.

In most cases, a suitable way is found, and the new requirement is

classified so that it agrees with the current standards. The criteria, according to which accommodation facilities are placed into a particular class, strongly emphasize the construction disposition of a hotel and leisure time services. However, they do not follow any modern trends in tourist industry, e.g. the internet services, security and accessibility of some additional services day and night. If categorization does not take into consideration distinguishing the customers and their various needs, the hotel might have difficulties in communication with the customers concerning the services offered to them. **A successful communication must be interesting and easy to understand. Regarding all above mentioned aspects, it is evident how important distinguishing hotel guests is according to their requirements alongside with making standards.**

As Medlik (1994, p.21) states: “ The market for hotel products may be divided into several components or segments and this enables individual hotels to identify their actual and potential users according to various criteria. Segmentation then provides a basis for the marketing of hotel products, for paying close attention to the requirements of different users, and potential users according to various criteria. Segmentation then provides a basis for the marketing of hotel products, for paying close attention to the requirements of different users, and for monitoring the performance in the markets chosen by an hotel ... we divided hotel users according to the product bought by them, into buyers of accommodation, food, drink and functions ...we divided the accommodation market, according to the reasons for the users’ stay, into holiday, business and other users, and the hotel catering market into hotel residents, non-residents and functions.” On the basis of distinguishing the customers according to their requirements, the standard for every specific group of customers can be adopted and then offered services can be categorized.

Conclusion

Such notions as **quality, customers’ satisfaction and orientation towards their needs** are the main concern of a lot of expert studies and articles which have been written for the general public. Undoubtedly, a quality product is not a mere chance, but it is the result of hard work. Various standards deal with setting the requirements for a particular product or service. In hotel industry there are international, national, regional and local standards and there are also standards within hotel groups. Standards guarantee protection of customers and direct the entrepreneurs in tourist industry.

There are several trends in classifying of tourist accommodation facilities in Europe (Šípková, 2007):

- orientation towards specific groups of customers, special standards and signs of quality are being created for accommodation facilities oriented towards families, cyclists, hikers and handicapped people; there are also wellness and ecological hotels,
- a lot of effort is being put to create the unified standards; the EU, the CEN and the ISO try to create such standards, but professional unions and associations of accommodation facilities do not always agree with the suggestions,
- hotel establishments have been working on creating detailed standards which not only settle the requirements of a particular product, but also determine various hotel activities such as planning, purchasing, control of quality, choosing and training the staff; they have their own systems of managing the quality and these systems are based on the renowned know-how.

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Tourism Management System in the Czech Republic and the Importance of Tourism Partnerships

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Abstract

Modern theory and practice of regional development focuses on the importance of regional partnership of private and public sector, companies, educational institutions and administrative management of the communes and regions based on mutual trust and cooperation. The regional development requires the common vision, strategy and programme shared by the deputies of all the participants in the region. Thus partnership is a challenge and opportunity for cooperation the outcome of which is more than mere summary of the outcomes of individual participants.

Key Words

Tourism, partnership, management, system, regional development.

Introduction

Tourism development is today considered to be in the centre of interest of many towns and regions and huge sums from local budgets are invested in information systems and necessary infrastructure. From all the development areas tourism has today the best expectations to create really functioning partnership of public and private sector. The activities in progress and those projected are usually not only the means of tourism development but they have many others functions important for the residents as well, such as creating and sustaining of workplaces, countryside regions development, qualification improvement etc.

The contemporary trend shows direction towards destination management improvement. Especially in the countries highly advanced in terms of tourism individual tourism services providers answer to growing competition through association tendencies. These tendencies lead in most cases to common organizations whose aim is to ensure efficient supply and demand management in particular tourism destination (DHV ČR, 2006a).

1 Contemporary Tourism Management System in the Czech Republic and Its Disadvantages

The results of above-mentioned efforts are both forming and specification

of destination management¹ principles, which can take different forms in relation to the state and regional characteristics of institutional environment. This is the case of the Czech Republic, too, which misses unified structure and functional system of tourism organizations (TO)². There are differences in legal forms of individual organizations, number of partners employed, the way of employment and geographical field of action. According to the authors (Nechvilová and co., 2006b) in the Czech Republic there exist following legal forms of subjects that coordinate tourism activities in the region:

- *municipalities and towns clusters* (e.g. SMO Krkonoše – Tourist region of the Giant Mountains),
- *groups of interest of legal persons* (e.g. Czech Paradise Association – TR Czech Paradise, South Moravia Tourism Agency – Region of South Moravia),
- *limited company* (e.g. Destination Management of town of Český Krumlov – component of Development Fund of Český Krumlov, Ltd. – town of Český Krumlov),
- *legal and private persons associations* (Deliteus Travel Alliance – part of TR North-West Bohemia),
- *welfare organization* (e.g. Posázaví Welfare Organization – Tourist Region Footstep from Prague, Polabí Welfare Org. – TO Central Bohemia, Czech Switzerland Welfare Org. – component of TR North-West Bohemia, Moravia-Silesia Destination Management Welfare Org. – TR North Moravia and Silesia),
- *civil associations* (e.g. Destination Management Czech West – TR Plzeň area).

The facts resulting from the „Tourism management analysis and partnership creation in tourism“, conducted by the above mentioned team of authors, are as follows: the legal forms of regional TOs in the Czech Republic are mostly benefit association and interest association of legal persons. Generally, for efficient TO functioning in the region its action

¹**Destination management** is defined as “complex of techniques, tools and measures used for coordinated planning, organization, communication, decision making process and regulation of tourism of given destination. The results of such process are sustainable tourism products able to compete, shared logo, quality mark, common information-reservation system, price policy, research and statistic data collection in the field of tourism, initiation of partnership of private and public sector in tourism and promotion of professional associations and organizations” (Zelenka-Pásková, 2002, p. 60).

² „**Tourism organizations (TO)** are subjects operating on principles of partnership executing the destination management, i.e. ensuring long-term and efficient coordination of tourism activities of given destination“ (Nechvilová and co., 2006a, p. 43)

should be as **professional** as possible, and relatively **independent** of frequent changes of public administration subjects policy orientation in relation to the elections of immoderate dominant partner subject influence. All the partners should have the possibility to **influence** basic decisions concerning e.g. strategic and marketing orientation of the destination. In the system of tourism management better **interconnection** of individual spheres of destination management and activities of participating subjects should be ensured. This is the only way to achieve **synergic effect**. Mutual symbiosis and connection of different subjects can create significantly higher added value than the subjects would be able to create individually (Galvasova, 2007).

These results were published at the meeting of TOURPROPAG and EUROREGIONpropag 2008 in Písek in May of this year. At a two-day work meeting of professionals from the regions, tourist regions, micro regions, regional agencies, towns and municipalities there were Tourism Organizations of individual regions of the Czech Republic presented in form of discussion round tables. At the example of tourism management model the representatives of 13 regional administrative offices presented the experience with destination management application in their region, field of action of Tourism Organizations, ways of financial support and goals of the cooperation of regions and tourism organizations in given territory. From the mentioned presentations and the following, rather “fiery” discussion, further conclusions emerged:

For ensuring of synergy of all the components of destination management it is advisable to employ **system approach** at tourism management. This means above all system cooperation in terms of partnership and efficient system communication with all participating subjects. From that follows that it is necessary to organize similar meetings regularly and to invite to discussion not only the representatives of public administration, but also other important partners as well, mainly entrepreneurs and non-profit organizations in tourism.

The members to discussion forum agreed on the fact that it is not easy to create a universal model of well functioning partnership. Partnership is not a universal and simple solution. Each partnership is unique, it develops gradually in relation to specific conditions. It is demanding not only in the creation but also in the consequent coordination. In general, it is useful only if the subjects cooperate together without hidden intentions and believe in joint work. It is just the human factor that plays an important role here – „partnership is about people“(DHV ČR, 2006b).

2 The Importance of Partnership in Tourism

The European Union (EU) considers partnership to be one of its basic principles (besides the principles of programming, subsidiarity, equal opportunities, sustainable development etc.). The specific feature of the partnership principle is the fact that its realization is to certain extent the condition for the realization of the other principles (DHV ČR, 2006b). Partnership is the contemporary trend. According to Galvasova (2007), just the partnership cooperation is the significant factor of public administration and the indispensable element of regional development. It plays an important part in the sustainable development realization as well.

The principle of partnership is often mentioned in the context of structural politics of EU. Unfortunately, the interpretation is frequently mistaken, respectively the concept is seen from the central point of view only. However, the principle of partnership can be applied also in the decentralized - local extent (e.g. the LEADER initiative). Besides the traditional partner consultations this principle has a wide field of action in terms of new cooperation concepts of national, regional and local subjects, and involvement of various non-profit organizations. Partnership promotes discovering and better utilization of region's hidden potential. It represents a multilaterally profitable form of cooperation not only in terms of tourism. According to Nechvilova and co. (2006a, p. 17) „partnership in tourism is the way leading to systematical and sustainable destination development. It is an activity of cooperating subjects with common interest in fulfilling the long-term objectives“.

With regard to the fact that present-day customer (tourist) is relatively well-travelled and experienced, he is still more demanding and requires more complex service set, more interesting and intense adventures and originality in every respect. The customers are better educated as well and they are more careful in their choice. This opens the space for partnership which enables to enhance the quality, enlarge the service supply, make the utilization of destination potential more effective and thereby prolong the time the tourist is willing to spend in the region. It is not only the economic sphere which profits from the partnership. The infrastructure development primarily aimed to intensify the tourism brings benefits to the local people, too. They can use all „tourist“ facilities and, ideally, they can participate in their realization.

The effective partnership for tourism involves all the sectors – enterprise, public and non-profit organizations benefit from the partnership. One of the positive features is that the partnership becomes more popular and employed. Since it is one of the basic principles of the European Union it is also broadly supported. The effective partnership can result in the

synergic effect. Union of different subjects creates a considerably larger added value than the individual subjects are able to create. That is why it is possible to achieve much more significant output compared to the outputs of individual subjects striving for their objectives (Galvasova, 2007). In addition, joint work gives the partners the opportunity to get new experience, to improve their image and to be a step ahead the competition. The relation of tourism to many other spheres allows the partnership of unexpectedly varied subjects. That's why the multidisciplinary of tourism is considered to be a great advantage.

3 Partner Characteristics and Their Role in Partnership

Partners are the cooperating subjects, they invest their knowledge and experience, time and resources into the partnership. The individual partners join together to form various types of associations. In the case of tourism these associations are classified according to Nechvilova and co. (2006b) as destination corporation, destination agency or tourist organization (TO). These subjects operate on the principles of partnership and are involved in the destination management, i.e. they ensure long-term effective coordination of tourist activities in the destination.

At the time there is no model regulating effective tourism management. It is caused by varied approaches of regions and the great number of subjects participating in tourism management. Therefore significant differences in tourism management of individual regions occur. The question is which of the activities have to be regulated by regions (administrative regions of the country) and which by touristic regions by means of TO. From the pragmatic point of view some of the touristic activities should be coordinated by the regions, some should be regulated by means of TO on the level of touristic regions in close cooperation with given regions.

Many subjects can participate, e.g.:

- Tourist organizations
- Regions, deputies of communes, micro regions, commune unions
- Local action groups (MAS)
- Information centers
- Businessmen
- Non-profit organizations
- Professionals, educational institutions
- Media
- Local inhabitants
- Cultural institutions
- Special interest associations

- Travel agencies
- Foreign tourist regions, Euro regions
- Protected territory management (National parks) etc.

There is the possibility to employ also other partners, e.g. consultants:

- Tourist Regions Association (ATUR)
- Czech Tourist Central Office (ČCCR) - Czech Tourism
- Department of Local Development (MMR), Department of Agriculture (MZE)
- Employment offices etc.

Conclusion

The main fact ensuing from the preceding statements is that partnership should be based on the equality of all participants without regard to their size, relation to the profit or basic motivation of cooperation. The members should equally share benefits and risks. The spirit of partnership should penetrate all the activities from the first planning steps through the formulation of strategic documents to the realization itself and evaluation of the results. It is also necessary to care for proper information of the participants, cooperating institutions and other subjects including the general public.

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Regional Developmental Actors and Education in the Prešov Self-Governing Region

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Abstract

There is a close relationship between a development of a region and education. The efficiency of education influences quality and productivity of work. Small and middle enterprises make 95 per cent of all companies in Slovakia and employ the majority of all labour sources. This is a reason why these companies are considered to play a decisive role in a regional development. The Prešov County is the least economically efficient county in Slovakia. The main goal of the thesis is to find out relationship between small and middle enterprises and education, system of education, a lack of required skills and qualifications of their employees, positive and negative sides of a contemporary system of education as well as a relationship between a system of education and requirements of a labour market. The thesis uses the methods of analysis, synthesis, induction and deduction, abstraction and comparison; the thesis is based on mathematical methods and statistics that are used to show the precise quantification of socioeconomic phenomena.

Key Words

Regional Developmental Actors, Region. Education, Regional Development, Competitiveness, Location analysis

Introduction

Among the factors of production, labour can be considered as the most flexible and the most dynamic factor. The higher the quality of labour, the more valuable is the product; the labour is more effective. As a result it means the higher level of outputs with the same level of inputs; it is a space oriented phenomenon which is considered to be one of the conditions for economical subjects making progress and their ability to compete. Human resources quality is expressed by education, professional abilities, skills and other specific characteristics. Education plays an important role in producing high quality human resources. Education of human resources is organized through the educational system – the system of schools. Slovak school system is considered to be old fashioned, out-of-date, ineffective, as during the long period there had not been any remarkable changes.

Nowadays, it is believed not only in Slovakia but in the whole European Union that small and middle enterprises (SME) belong to the most important economic subjects in the regions. Small and middle enterprises apart from other positive effects employ the majority of labour force and as a result they are important determinants of the regional development. It means that the regional development is to certain extent influenced by SME and the productivity of SME is being influenced by the quality of human resources that is closely linked to education.

The Prešov self-governing region (PSGR), is economically least productive county in Slovak Republic with the lowest level of regional development.

In making progress, it is the SME and labour force and its quality that play an important and key role in the higher competitiveness of the region and in minimizing disparities in development of regions in Slovakia.

Thus for PSGR as an underdeveloped region it is necessary to search the answer to the question:

What are the necessary qualities of human resources and characteristics of labour forces so that the region is progressing and its differences in comparison with other regions in Slovakia are minimized?

Methods

To optimize the quality of labour force it is necessary to know the opinions of SME in the PSGR on education, required and missing professional abilities of employees, as well as to understand the relationship between the educational system and the market requirements on labour force. Questionnaire research, contingency method and location analysis were used to confirm the identified data.

Results

Irreplaceable roles of small and middle enterprises in socio-economic area of Prešov self-governing region are given by their position in locality structure of the region and by their place in economic hierarchy of entrepreneurial subjects. Both, the position in locality structure and the place in economic hierarchy, are irreplaceable and specific by functioning as the source of employment and as the producer of the part of regional GDP, and service provider for population (Tej, Melkusová, 2004).

Prešov region with 10 % legislative bodies belongs to the regions with lower portion of SME – legislative bodies in Slovakia.

Regional development is directly influenced by demographic structure. Population – total number and structure reflect the quality and quantity of possibilities of development (Sojka, 2005).

According to Butoracová Šindleryová (2007) human potential (resp. human resources) is considered to be the highest quality source and driving force of region prosperity, as it serves as the activator for other sources.

Self-governing region as an institution of regional self-government based on the law is responsible for economic and social development on its territory, in fact it has minimum instruments to influence it, namely to influence economic development. This fact can directly influence the structure of qualification of secondary school graduates and can stimulate development of social services.

Competitiveness, as a manifestation of the past, present and future developmental processes can be related to variety of referential levels and various acting agents, their definitions of competitiveness are different (Nimrichterová, Lukáčová, 2007).

Location Analysis of the Level of Education

Educational attainment of PSGR population is very similar to that in other regions, apart from Bratislava region which is characterized by the highest proportional of university graduates and lower concentration of population with apprenticeship and elementary education (picture1).

In PSGR we observe higher proportion of population with secondary vocational education without general secondary education exam (maturita) and population apprenticeship education with final education exam. The next important group of population which is the higher proportional is the children under the age of 16. On the other side of the groups of population which are under proportional belong people with postgraduate doctoral degrees, people without education, people with higher education, and people with bachelor degrees.

Picture 1 Location of university educated population in SR



It is interesting to observe the structure of educational attainment in PSGR as a whole unit but according to individual districts (picture 2). Population

with elementary education higher proportional can be found in districts of Kežmarok, Medzilaborce, Vranov nad Topľou.

Population with apprenticeship education without the school leaving certificate that is under proportional is more explicitly recorded in districts of Stropkov, Svidník, Medzilaborce and Humenné.

Population with middle vocational training without school leaving certificate is recorded higher proportional in districts of Sabinov, Stropkov, Svidník, Humenné and Medzilaborce.

In districts of Kežmarok and Levoča we can observe under proportional of population in groups with full middle apprenticeship education with school leaving certificate.

People with full secondary vocational education with school leaving certificate form one of the most numerous groups in region. Higher proportional is found in districts of Humenné, Medzilaborce, Poprad, Prešov and Snina. In other districts of the region under proportional representation of the group can be documented.

The next group is the population with full secondary general education. Under proportional representation of the group is in the districts of Bardejov, Kežmarok, Levoča, Sabinov, and Vranov nad Topľou.

Population with bachelor degrees forms the least numerous groups in Prešov region.

Higher proportional is documented only in districts of Poprad and Prešov.

University educated people (graduates of magister, engineer, and doctor studies) form a large group in Prešov region.

This group is highly proportional only in three districts of the region, i.e. Prešov, Poprad, Humenné. In other districts the representation of this group is visibly under proportional.

Similar is the situation of the group with the university doctoral studies. High proportional is documented only in Prešov and Poprad districts. The rests of the districts are visibly under proportional.

The districts of Bardejov, Medzilaborce and Levoča document visibly high proportional representation of population without school education. But there is no need to worry as the group is one of the least numerous groups of population.

On the other side, there is a group of children under 16. This group is the most numerous almost in every district. Highest proportional representation is characteristic in the districts of Kežmarok, Sabinov and Stará Ľubovňa.

Picture 2 Location of university educated population in PSGR districts



Conclusions

Location analysis presents information on education and its space dimensions. We cannot devalue the results based on the research findings; they support the long lasting facts that qualified labour force migrates to other regions to find a job. In separate regions the factor of economic growth is irregularly represented.

It is positive that the schooling system is nowadays able to prepare qualified graduates according to the labour market needs. But the negative side is that the training and location is not organized according to the labour market needs.

Action plan for Slovak Republic for education and employment, based on Lisbon strategy, includes to the objectives in education the support of information and communication strategies in teaching and the improvement in teaching foreign languages on all school levels.

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Legal Issues in the Hospitality Management

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Abstract

The paper considers the basic laws, regulations and principles related to the food service industry in the USA. It proceeds from the assumption that restaurant managers should be aware of a unique body of laws, both national and international, regulating the operation of food service establishments. Providing up-to-date information on the subject is becoming a very important component of hospitality manager education. This is quite reasonable, especially if we take into account the increased mobility of both staff and customers and its impact on the hospitality industry, above all, on customer satisfaction. It is therefore necessary to point out the predominant principles and concepts that should guide the restaurateur in their work. No matter what part of the world we live in, a restaurant operator is obliged to provide food and beverage service to the guest in accordance with the rules and requirements of the hospitality industry and in complete agreement with the food menu and the liquor menu. The paper summarizes US legislation on food service and points out the basic principles and procedures that will teach a restaurateur to manage legal environment.

Key Words

food and beverage service, consumer, truth in menu laws, legislation, management

Introduction

Hospitality management is a challenging and unique profession nowadays. Hospitality managers are required to have a wide range of skills: they are in charge of securing raw materials, producing a product or service and selling it, which makes them very different from managers in manufacturing or retail industries. Besides that, the hospitality manager has a direct contact with guests – the ultimate end users of the products and services supplied by the industry.

In addition, hospitality managers often have to make decisions that impact legal standing of their employers and influence the legal position of the operation. It is estimated that about 60-70 per cent of decisions involve some type of legal dimension. The actions and decisions of hospitality managers in hundreds of everyday situations may influence the likelihood of the business or the manager becoming the subject of litigation. This does not mean that hospitality managers need to be attorneys, but that definitely means that they should be aware of a unique body of laws relating to the food service, travel and lodging industries. These laws have developed over time as society and the courts have sought to define the relationship between the individual or business serving as the host and the individual who is the guest. Consequently, a very important component in educating hospitality managers is providing them with up-to-date information on the most important of those special laws and relationships, and training them to think like a lawyer. The objective of hospitality management education is to teach a future manager to consider carefully how the actions that they and those who work with them take will be viewed in a legal context.

However, new laws and regulations constantly appear, and some would doubt the possibility of learning the complex topic from one introductory course. It is therefore natural that the hospitality managers are not required to have a comprehensive knowledge of every law or lawsuit that impacts their industry. What they must know is how to effectively manage their legal environment. Hence certain basic principles and procedures can be established, for example, the basic principles of serving safe food, which will minimize a manager's chances of encountering legal difficulty.

Besides that, the global mobility involving both hotel personnel and hotel guests requires that hospitality management students familiarize themselves with the basic principles and procedures that are currently effective in the developed countries. It is important that they know the historical origins of the law, recognize that laws have an evolutionary nature and that they change with the changes in society, and understand how to use the philosophy of preventive management and thus minimize the chances of litigation.

Legal Responsibility for Unsafe Food and Service

A hospitality manager involved with the service of food has a legal obligation to only sell food that is wholesome, and to deliver that food in a manner that is safe. This responsibility is mandated by the

Uniform Commercial Code (UCC), as well as other state and local laws. One section of the UCC relates to selling safe food. When a foodservice operation sells food, there is an implied warranty that the food is *merchantable*, that is suitable for buying and selling. Simply put, a Foodservice Manager is required to operate his or her facility in a manner that protects guests from the possibility of *foodborne illness*, or any other injury that may be caused by consuming unwholesome food or beverages.

Unfortunately, sometimes food is served that contains something that the guest normally would not expect to find in the dish (for example, a small stone in a serving of refried beans). The question that must be answered in these cases is whether or not the food or beverage served was “fit” for consumption. The courts usually apply one of two different tests to determine whether a foodservice establishment is liable to a guest for any damages suffered from eating the food. (In the case of the stone found in the refried beans, the damage may consist of a broken tooth from biting down on the small stone.) One test seeks to determine whether the object is foreign to the dish or a natural component of it. If the object is foreign, then the implied warranty of merchantability (fitness) under the UCC is breached, and the Foodservice Operator would be held liable. If it is a natural component, the warranty is not breached. For example, the stone in the refried beans, though commonly found in large bags of raw beans, would be considered foreign, and thus the Foodservice Operator would probably be responsible. However, if the guest had broken a tooth on a piece of clam shell while enjoying a steaming bowl of New England clam chowder, the guest would probably not recover any damages under this test. The clamshell is a natural component of clams, therefore, the court reasons, is also a natural component of clam chowder.

The *foreign/natural test* is slowly being replaced by the “*reasonable expectation*” test. This test seeks to determine whether an item could be reasonably expected by a guest to be found in the food. The clamshell situation is a perfect example of why the law (and assessing liability) can be difficult at times. Clamshells are natural parts of clams, but are they really natural components of clam chowder? Put another way, would you, as a guest, reasonably expect to find pieces of clamshell in a bowl of clam chowder that was served to you? If a judge or jury decided that it was not reasonable to expect to find a clamshell in the chowder, then the Foodservice Operator would be held liable. A tricky situation arises if someone orders a fish filet sandwich. As the word filet

means boneless, a guest would not expect to find bones in the sandwich. Accordingly, if a bone were present, and the guest choked on that bone, the consequences could be substantial for the Foodservice Operator.

To help foodservice operators prevent foodborne illness, local health departments conduct routine inspections of restaurants and other food production facilities, and may hold training or certification classes for those who handle food. It is important to know the local health department requirements that relate to food handling in your area, and to work diligently to ensure that only safe food is served in your operation. If you do not, the results can be catastrophic. Consider the case of Kelly Kleitsch. Kelly worked long hours to establish her own successful restaurant. With much hard work, and a considerable investment of capital, Kelly built the reputation of her restaurant by serving quality food at fair prices. When a careless member of the food preparation team forgot to refrigerate a chicken stock one night, then used the stock the next day to flavour an uncooked sauce, which was later served, several individuals became very ill. The good reputation of Kelly's restaurant disappeared overnight as the local newspapers and television stations reported how one elderly lady was hospitalized after eating at the restaurant. Customer counts plummeted and Kelly lost her business. And that was before the lawsuit was filed on behalf of the elderly diner.

The law in this area is very clear. Restaurants will be held responsible for the illnesses suffered by their guests, if those illnesses are the direct result of consuming unwholesome food. Thus, managers must make every effort to comply with local ordinances, train staff in effective food-handling and production techniques, and document their efforts. The National Restaurant Association, and its ServSafe program, can be a great asset in managers' efforts to ensure the safety of the food they serve. ServSafe is a national educational program designed to help foodservice operators ensure food safety. Of course, you should take all reasonable measures to ensure that the food you serve is safe and consumable by your guests. Disclosing ingredients and warning guests of potential concerns is the best practice.

The quality of the food a restaurant serves is important, as we have seen, but *how* that restaurant serves its food can be just as important from a legal standpoint. Again, the DCC addresses the issue of a restaurant's responsibility to serve food properly. A restaurateur is considered an expert – that is, an individual with skill and judgment – when it comes to the proper delivery of prepared food and beverages. Not only can restaurants be found guilty of serving unwholesome food, but they can

also be found liable if they serve wholesome food in an unsafe or negligent manner. Consider Terry Settles. Terry and his wife were guests at the Remington restaurant. He ordered Cherries Jubilee for dessert. When the server prepared the dish, a small amount of alcohol splashed out of the flambé pan and landed on the arm of Terry's wife. As she jumped back in her chair to try and avoid the burning liquid, she fell and severely injured her back. There is little question in this case that the restaurant will face severe penalties for the carelessness of its server.

Management should frequently review all food temperatures, serving containers, food production techniques, and delivery methods. Chipped plates and glasses or poorly washed utensils can present just as much of a legal risk as serving spoiled or unwholesome food. In addition, restaurants should strive to accommodate guests who ask that dishes be prepared without a specific ingredient to which they are allergic, and to closely supervise the preparation of that dish. Some states even require restaurants to post signs disclosing the use of microwave ovens when applicable, to caution restaurant patrons who have pacemakers.

If an incident occurs that involves "how" food was served, rather than "what" was served, the manager should complete an incident report at the earliest opportunity.

Truth in Menu Laws

A hospitality manager has a right to advertise food and beverage products in a way that casts them in their best light. If your hamburgers contain 8 ounces of ground beef, you are free to promote that attribute in your advertising, your menu, and as part of your server's verbal descriptions. You are not free, however, to misrepresent your products. To do so is a violation of what has come to be commonly known as Truth in Menu laws. The collective name is given to various laws and regulations that have been implemented to ensure accuracy in the wording of menus. These laws, which could perhaps better be described as "accuracy in menus," are designed to protect consumers from fraudulent food and beverage claims. Many foodservice operators believe that Truth in Menu laws are a recent occurrence. They are not. In fact, the federal government, as well as many local communities, have a long history of regulating food advertisement and sales.

The various Truth in Menu laws currently in effect run to thousands of pages, and are overseen by dozens of agencies and administrative entities, thereby taking the labelling of food to much greater degrees of accuracy. Though these laws are constantly being revised, it is possible for a foodservice operator to stay up to date and in compliance with them. The method is relatively straightforward, and the key is honesty

in menu claims, both in regard to the price that is charged and the food that is served.

Certainly, menus should accurately reflect the price to be charged to the customer. If one dozen oysters are to be sold for a given price, one dozen oysters should be delivered on the plate, and the price charged on the bill should match that on the menu. Likewise, if the menu price is to include a mandatory service charge or cover charge, these must be brought to the attention of the guest. If a restaurant advertises a fixed price dinner with four courses and a choice of entrees, the guest should be told the price of the dinner, which courses are included, and the types of entrees they may choose from.

Accuracy in menu involves a great deal more than honestly and precisely stating a price. It also entails being careful when describing many food attributes, including the preparation style, ingredients, origin, portion sizes, and health benefits. Because this area is so complex, and because consumers increasingly demand more accurate information from restaurants, the National Restaurant Association (NRA) and many state associations have produced educational material designed to assist foodservice operators as they write and prepare menus. The publication is called "A Practical Guide to the Nutrition Labelling Laws". It is written specifically for the restaurant industry. It outlines everything a hospitality manager needs to know need to know about nutrition claims you can make for your menu items.

In addition, the federal government issues food description standards that can be of great assistance. When one begins writing the menu for one's own foodservice establishment, particular attention should be paid to the following areas.

Under federal law, certain food items and preparation techniques must be carried out in a very precise way, if that item or technique is to be included on a menu. In many cases, the federal government, through either the Food and Drug Administration or the U.S. Department of Agriculture, has produced guidelines for accurately describing menu items. Consider the following common items and the specificity with which their preparation style is determined by federal guidelines:

Grilled: Items must be grilled, not just mechanically produced with "grill marks," then steamed before service.

Homemade: The product must be prepared on premises, not commercially baked.

Fresh: The product cannot be frozen, canned, dried, or processed.

Breaded Shrimp: This includes only the commercial species, Pineaus. The tail portion of the shrimp of the commercial species must

comprise 50 percent of the total weight of a finished product labelled “breaded shrimp.” To be labelled “lightly breaded shrimp,” the shrimp content must be 65 percent by weight of the finished product.

Kosher Style: A product flavoured or seasoned in a particular manner; this description has no religious significance.

Kosher: Products that have been prepared or processed to meet the requirements of the orthodox Jewish religion.

Baked Ham: A ham that has been heated in an oven for a specified period of time. Many brands of smoked ham are not oven-baked.

It is important that your menu accurately reflect *the preparation techniques* used in your kitchen, not only because the law requires you to, but also to help ensure your operation’s credibility with the public.

Perhaps no area of menu accuracy is more important than *the listing of ingredients that actually go into making up a food item*. While restaurants are not currently required to divulge their ingredient lists (recipes) to their guests, there are specific situations when the ingredients listed on a menu must precisely match those used to make the item.

Whenever a specific ingredient is listed on a menu, that item, and that item alone should be served. For example, if the menu says maple syrup, then coloured table syrup or maple-flavoured syrup should not be served. This is especially important when listing brand-name products on a menu.

If substitutions to the menu must be made, the guest should be informed of those substitutions before ordering. As consumers’ interest in their own health continues to rise, foodservice operators can expect more involvement and consumer activism in the area of accurate ingredient listings.

For many menu items, the *origin* of the product or its ingredients is very important. Many consumers prefer Colorado trout to generic trout, Washington apples to those from other states, and Bluepoint (Long Island) oysters to those from other areas. It can be tempting to use these terms to describe similar menu items from other places, which may cost less to purchase. But to do so is fraudulent. It sends the wrong message to employees who know of the substitutions, as well the guests who ultimately are deprived of the items they thought they purchased. It is also illegal.

Product size is, in many cases, the most important factor in determining how much a guest is willing to pay for a menu item. For example, a steakhouse could offer different cuts of beef and price them appropriately according to size. An 8-ounce steak might sell for

\$17.95, while the 12-ounce might sell for \$23.95 and the 16-ounce for \$25.95. Other types of food products may be harder to associate with precise quantities. For example, “large” East Coast oysters must, by law, contain no more than 160- 210 oysters per gallon, while “large” Pacific Coast oysters, by law, may contain not more than 64 oysters per gallon. Nevertheless, whether it is the size of eggs sold in a breakfast special or the use of the term “jumbo” used to refer to shrimp, specifying size on a menu is an area that must be approached with the understanding that the law will expect you to deliver what you promise. A simple rule of thumb for avoiding difficulties in this area is: “If you say it, serve it.”

As to health benefits, for many years the only menu item most restaurants offered as a healthy one was the “diet” plate, generally consisting of cottage cheese, fruit, perhaps some grilled poultry, and a lettuce leaf. It is no surprise that today’s health-conscious consumer demands more. In response, restaurants generally have begun to provide greater detail about the nutritional value of their menu items. The federal government, however, issues very strict guidelines on what you can and cannot say about your menu offerings. Thus, Truth in Menu relates not just to what is charged and what is served, but the nutritional claims made by foodservice operators as well.

According to FDA estimates, well over half of all printed menus in the United States contain some type of nutritional or health benefit claim. There are two types of claims generally found on menus. Nutrient claims contain specific information about a menu item’s nutrient content. When a dish is described on a menu as being “low-fat” or “high-fibre,” the restaurateur is making a nutrient claim.

Health benefit claims can also appear on menus. These claims do not describe the content of specific menu items, but instead show a relationship between a type of food or menu item and a particular health condition. For example, some restaurants include a note on their menu stating that eating foods low in saturated fat and cholesterol can reduce the risk of heart disease. Other restaurants identify nutritionally modified dishes on their menu using terms such as “heart healthy” or “light,” or use symbols such as a red heart to signify that a dish meets general dietary recommendations.

The Food and Drug Administration (FDA) has issued regulations to insure that foodservice operators who make health benefit claims on their menus can indeed back them up. These regulations, published in the August 2, 1996 Federal Register, apply the Nutrition Labelling and Education Act (NLEA) of 1990 to restaurant items that carry a

claim about a food's nutritional content or health benefits. All eating establishments must comply with these regulations. Below are some examples of FDA regulations surrounding the use of common menu terms.

Nutrient Claim Low-sodium, low-fat, low-cholesterol: The item must not contain amounts greater than FDA guidelines for the term “low”.

Light, or lite: The items must have fewer calories and less fat than the food to which it is being compared (e.g., “light Italian” dressing). Some restaurants have used the term “lighter fare” to identify dishes containing smaller portions. However, that use of the term must be specified on the menu.

Health Benefit Claim Heart-healthy: To be considered heart-healthy, a menu item must meet one of the following two conditions:

- The item is low in saturated fat, cholesterol, and fat; and provides without fortification significant amounts of one or more of six key nutrients. This claim will indicate that a diet low in saturated fat and cholesterol may reduce the risk of heart disease.

- The item is low in saturated fat, cholesterol, and fat; provides without fortification significant amounts of one or more of six key nutrients; and is a significant source of soluble fibre (found in fruits, vegetables, and grain products). This claim will indicate that a diet low in saturated fat and cholesterol, and rich in fruits, vegetables, and grain products that contain some types of fibre (particularly soluble fibre) may reduce the risk of heart disease.

When printing health benefit claims on a menu, further information about the claim should be available somewhere on the menu or be available on request. Restaurants do not have to provide nutrition information about dishes on the menu that have no nutrient content or health claim attached to them. The FDA permits restaurants to back up their menu claims with a “reasonable” base, such as cookbooks, databases, or other second-hand sources that provide nutrition information. (By contrast, the FDA requires food manufacturers to adhere to a much more stringent set of standards. Many food manufacturers perform chemical analyses to determine the nutritional value of their products, and to insure that the information about their product printed on the food label is true.

The enforcement of Truth in Menu regulations is undertaken by state and local public health departments, which have direct jurisdiction over restaurants by monitoring their food safety and sanitation practices. The general public can also act as a regulator in this area. In today's litigious society, a restaurant manager should have any menu containing nutritional or health claims reviewed by both an attorney and a dietician.

In addition to carefully developing menus, truth in menu laws require that restaurants truthfully and accurately specify what their servers say about menu items, and how their food products are promoted or shown in advertisements, photographs, and promotions.

The Service of Alcoholic Beverages

It should be remembered that no hospitality manager has a “right” to serve alcohol; rather, it is a privilege that is carefully regulated by law and one that cannot be taken lightly.

Alcohol is sold in an amazing variety of hospitality locations. Bars, amusement parks, golf courses, sporting events, and restaurants are just a few of the venues where a guest may legally buy alcohol. Each state regulates the sale of alcohol in the manner it sees fit. Regional differences do exist, but in all cases, those who sell alcohol are required to apply for and obtain a *liquor license* or *liquor permit* to do so. Every state has an Alcohol Beverage Commission (ABC), which grants licenses and regulates the sale of alcohol. At the local level some cities or counties also have a local alcohol control board that works with the state agency to grant licenses and enforce law.

Different types of liquor licenses exist to meet the needs of various types of businesses. Liquor licenses can be divided into two general categories:

- Licenses for on-premises consumption (required for restaurants, taverns, clubs, etc.)
- Licenses for off-premises consumption (required for liquor stores and other markets that carry alcohol)

Various types of on-premises licenses also exist, such as a beer-only license, a wine license (which may or may not include beer, but does not include mixed drinks), and a liquor license (which includes, beer, wine, and mixed drinks). In most states, liquor licenses are issued for a period of one year, at the end of which the establishment must apply for a license renewal.

Once an establishment has been granted a liquor license, it is required to operate in accordance with all rules and regulations established by state and local ABCs. Some common areas of operation that are regulated by the states include:

- *Permitted hours of sale.* Local communities may prohibit the sale of alcohol after a specified time of day. Some communities have “blue laws,” which restrict or prohibit the sale of alcohol on Sundays.
- *Approved changes for expansion or equipment purchases.* Before a liquor license is issued, the state or local ABC may inspect the applicant’s establishment prior to granting approval. Once a premise has been

inspected, any further changes to the size of the establishment or the equipment used must first be approved by the state ABC. In some states, establishments that serve alcohol are prohibited from operating in close proximity to a school or a church.

- *Maintaining records.* Establishments that sell alcohol must keep detailed records of the amount of alcohol purchased each day, information on the vendors from which alcohol is purchased (including the vendor's license and other business information), and the establishment's daily sales of alcoholic beverages. A state ABC will perform random audits to determine the accuracy of the information received.

- *Methods of operation.* As discussed previously, employees working as waiters, servers, or in any other capacity where they may be required to handle alcoholic beverages must be above the state's specified minimum age for serving alcohol. Other states have regulations restricting the types of promotions and advertising that a bar can undertake.

In addition to licensing, special rules may apply to specific situations in which alcohol is sold. In each case, however, its service is tightly regulated.

States are very careful when granting licenses to sell liquor, and they are generally very aggressive in revoking the licenses of operations that fail to adhere to the state's required procedures for selling alcohol. In most states, a liquor license can be revoked as a result of: Frequent incidents of fighting, disorderly conduct, or generally creating a public nuisance; Allowing prostitution or solicitation on the premises; Allowing the sale or use of drugs and narcotics; Illegal adult entertainment, such as outlawed forms of nude dancing; Failure to maintain required records; Sale of alcohol to minors.

In some states, representatives from the ABC will conduct unannounced inspections of the premises where alcohol is served, and/or intentionally send minors into an establishment to see if the operator will serve them.

Liability Associated with Alcohol Service

Because alcohol can so significantly change the behaviour of those who overindulge in it, society is left to grapple with the question of who should be responsible for the sometimes negative effects of alcohol consumption. In cases where intoxicated individuals have caused damage or injury, either to themselves or others, society has responded with laws that place some portion of responsibility on those who sell or serve alcohol.

Every state has enacted laws to prevent the sale of alcohol to minors, to those who are intoxicated, and to individuals known to be alcoholics. Alcohol affects individuals in a variety of ways. Specific BALs (BAL stands for *blood alcohol level*, also known as blood alcohol content, BAC) are commonly used by lawmakers to define legal *intoxication*. Intoxication is a condition in which an individual's BAL reaches legally established levels. These levels are not uniform throughout the United States. An intoxicated person may not sell or purchase alcohol, nor operate a motor vehicle. In October 2000 the federal government passed a legislation that attempts to establish a .08 BAL as the standard in all states. The federal government cannot directly force the states to enact the standard. However, by providing that any state that does not utilize .08 BAL standard will forfeit federal highway construction funds, the federal government has provided a strong incentive for the states to comply. Hospitality managers do not have the ability, at this point in time, to easily measure the BAL of their guests. Still, the law prohibits serving alcohol to an intoxicated guest. Thus, a hospitality manager must rely on his or her own knowledge of the law, operational procedures, and staff training programs to avoid doing so.

To understand the complex laws that regulate liability for illegally serving alcohol, it is important to understand that there can be at least three parties involved in an incident resulting from the illegal sale of alcohol.

- *First Party*: the individual buying and/or consuming the alcohol.
- *Second Party*: the establishment selling or dispensing the alcohol.
- *Third Party*: an individual not directly involved in a specific situation having to do with the sale or consumption of alcohol.

There is a misconception by some that the common law did not hold an organization that served alcohol liable for serving an intoxicated person. That is not the case. Under common law, a facility that negligently served alcohol to an obviously intoxicated guest could be sued for negligence if harm came to the guest. What is relatively new in many jurisdictions, however, is that *third-party liability* can also be imposed on those that serve alcohol. Third-party liability is a legal concept that holds the second party (seller) in an alcohol transaction liable for the acts of the first party (consumer), as well as for any harm suffered by a third party as a result of the first party's actions. Prior to the 1990s, most courts did not hold those who were licensed to serve liquor responsible for the damages sustained by a third party that resulted from a customer's intoxication. Today, nearly every state has established *Dram Shop* laws that impose third-party liability upon those who sell or serve alcohol. Dram shop is a name given to variety of state laws establishing a liquor licensee's third party liability.

Under the Dram Shop legislation found in most states, liquor licensees are responsible for harm and damages to both first and third parties, subject to any contributory negligence offsets by these parties, if the following circumstances exist: The individual served was intoxicated; The individual was a clear danger to him- or herself and others; Intoxication was the cause of the subsequent harm.

It is important to understand that there can be *criminal liability* as well as *civil liability* when alcohol is sold irresponsibly. Civil liability, under state Dram Shop laws, could require an alcohol establishment to pay for various expenses to injured or deceased parties, such as medical bills, property damage, lost wages, monetary awards to surviving family members, awards for pain and suffering, and punitive damages. Criminal liability could subject a hospitality operator to a revocation of the liquor license, severe fines, and/or jail time.

Training for Responsible Service

In many states, legislatures have sought to limit the liability of those who serve alcohol by enacting regulations that insulate, to some degree, those establishments that commit to thoroughly training their employees who are involved in the sale of alcohol.

In most jurisdictions, responsible alcohol server training will be either mandated or strongly encouraged. The absence of such training would, without doubt, be a significant hindrance should you ever face a lawsuit that accuses your operation of irresponsible alcohol service. The National Restaurant Association, the American Hotel and Motel Association, and many private organizations provide excellent training materials that can help make training task easier.

The training program needs to be approved by the agency that monitors alcohol service in a particular area. The use of unapproved training program may be regarded by the jury as an indication that management was not serious about responsible alcohol-server training. Training program should explain the nature of alcohol's absorption into the bloodstream. A basic understanding of how alcohol is absorbed in the body is crucial for serving responsibly. Training program should instruct in the methods of checking for legal identification, as well as for spotting false IDs. Often, minors who wish to drink secure false identification documents in order to gain access to establishments where they can buy alcoholic beverages. This puts the Beverage Manager in a difficult legal position. While a Beverage Manager is not expected to know whether a minor is presenting false identification, the manager is required to use reasonable care in spotting those who attempt to use a

false ID. Because false ID documents are in such widespread use, a major component of any responsible alcohol-server program should be instruction in how to identify false IDs. *Training emphasizes early intervention when confronted with possible over-consumption by guests.* It is clearly against the law to serve an intoxicated person. The difficulty, of course, lies in the identification of a person who is intoxicated. The number of drinks served in a given time period gives an indication of possible BAL. A good responsible server training program will teach your servers to note the observable behavioural changes that occur with advancing stages of intoxication. When these are noted, there are specific techniques that can be employed to limit the quantity of alcohol served to such guests and finally, if necessary, to refuse service completely.

Conclusion

The US federal government has a long history of regulating food advertisement and sales. Under the Uniform Commercial Code, a foodservice establishment is charged with the duty of creating, storing, and serving food and beverages responsibly. The hospitality manager has an obligation to represent truthfully the items that are sold to the public. Representations about the preparation style, ingredients, origin, size, and/or health benefits are regulated by law and should always be accurate.

In 1920, Congress passed the Eighteenth Amendment to the Constitution, which prohibited the manufacture, sale, transportation, and importing of alcoholic beverages. The amendment was effective only in stopping the legal manufacture, sale, and transportation of liquor. Many people still drank, but they drank poor-tasting, illegally produced (and in some cases unmerchutable) alcoholic beverages. In 1933, Congress recognized the failure of prohibition, and repealed the act with the passage of the Twenty-first Amendment. However, even after the repeal, the consumption of alcohol was not quickly reaccepted into American society.

The Twenty-first Amendment gave individual states, counties, towns, and precincts the authority to control the sale and use of alcoholic beverages within their jurisdiction. As a result, a variety of alcohol-related laws exist throughout the United States today. The responsibility of a hospitality manager is to know and carefully follow the applicable laws for a certain state and community. If you manage a facility that serves alcohol, you should have copies of the state and local laws regulating the service of alcohol in your community.

The service of alcohol is a privilege. By serving alcohol irresponsibly, the hospitality manager and his or her employees can be endangering the person drinking, the general public, as well as the financial stability of

this business for which they work. Training and education is the key to the responsible service of alcohol in the hospitality industry. Effective employee training programs should be established by operations that have been granted a license to serve alcohol.

Hospitality managers must be aware of the legal implications of the decisions they make. It is of vital importance that managers resolve to be fair, to operate within the law, and to manage preventively. On occasions when they do not, and a lawsuit results, the courts may hold managers liable for their inattentiveness. This philosophy of preventive management becomes even more important when one considers that a great many litigation matters encountered by hospitality operators have a common denominator: a poorly prepared employee. In this context responsible alcohol server training is strongly encouraged.

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