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ANALYSIS OF GAS TRANSPORTATION AS A NATURAL MONOPOLY

Alena BAŠOVÁ

Abstract

The transport of gas through the territory of the Slovak Republic is ensured by the only one transport company, which is a natural monopoly due to the small area where two or more transport companies can not exist, and the second reason is the high costs that would be needed to build a new transport network. Entry of new competitors to the transport market of gas can not be expected, because the Slovak gas market is very limited, and an increase of consumption of natural gas cannot be expected in the future. The entry of a new operator into the gas transportation market can not be expected because the Slovak gas market is very limited, and the increase of the consumption in Europe is affected by economic factors such as gas prices, political factors, tax incentives and subsidy policy that seek to influence Europe's energy mix. In the future, Eustream's performance may be affected by many factors, either negative or positive. One of these factors is Russia's political interest to avoid Ukraine, which could have a negative impact on the amount of gas transported across Slovakia and thus on Eustream's revenues.

Key words

gas transport, natural monopoly, economic profit, cost of transport, regulation

JEL Classification: F59, Q37, Q48

Introduction

The contribution will deal with the transport of natural gas as a natural monopoly and the financial and economic aspects of natural gas transport in the conditions of the Slovak Republic. The transport of gas through the territory of the Slovak Republic is provided by the only transport company, which acts as a natural monopoly due to the small area where two or more transport companies can not exist, and the second reason is the high investment costs that would be needed to build a new transport network. The entry of a new operator into the gas transportation market can not be expected because the Slovak gas market is very limited, and the increase of the consumption in Europe is affected by economic factors such as gas prices, political factors, tax incentives and subsidy policy that seek to influence Europe's energy mix.

1. Microeconomic analysis of the natural monopoly

Monopol is a type of market structure, while there is the only one seller on the supply side and there is no suitable substitute for the product offered. Barriers to entry into the industry are very high and the monopoly producer can significantly control the price of the offered goods and services, he becomes

the creator of the price – price maker (Kopkáš, P. 2010). The principles and nature of the monopoly have been defined in particular in three economic schools. A. Smith, as a representative of classical economics, perceives this market structure as some advantages guaranteed by the state power. It emphasizes the existence of artificial entry barriers and low number of industry players. Conversely neoclassical economics focuses on a number of producers in the sector. The monopoly is understood as acting of the only company in a defined territory, because there don't exist the artificial barriers to entry into the industry. Behavioral economists are oriented specially on an undesirable behavior of monopolies.

Monopol is able to achieve maximum profit only in the case of such a product offer or services (Q^*) where the marginal cost [$MC(Q^*)$] and the marginal revenues [$MR(Q^*)$] are equal. Profit is defined as the difference between total revenue and total costs:

$$\pi(Q^*) = TR(Q^*) - TC(Q^*) \quad (1)$$

A necessary condition for the gain function to reach the maximum at Q^* is that the first derivative at Q^* is zero:

$$\frac{d\pi(Q^*)}{dQ} = \frac{d(TR(Q^*) - TC(Q^*))}{dQ} = 0 \quad (2)$$

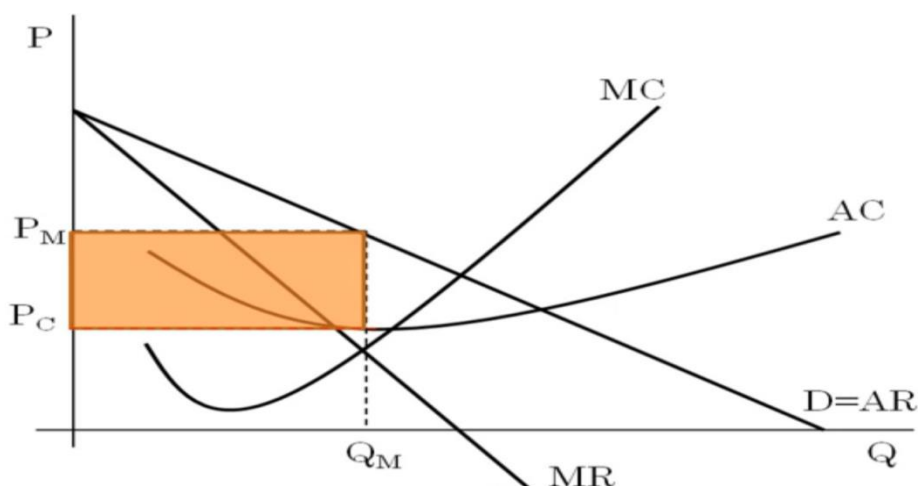
$$d(Q^*) \quad d(Q^*) \\ MR(Q^*) - MC(Q^*) = 0$$

It follows that:

$$MR(Q^*) = MC(Q^*) \quad (3)$$

The optimal monopoly volume, which maximizes profit in point Q^* in the short term, corresponds to the intersection of curve of marginal cost $MC(Q)$ and marginal revenue $MR(Q)$. The vertical line passing through the Q_M point and crosses the overall average cost curve, determines the average total cost per unit of production in the Q_M . The intersection of this vertical line with the demand curve (D) sets the optimal price of the monopoly P_M at point Q_M .

Figure 1: Monopoly with linear demand curve



Source: Fendeková, E. 2006. *Oligopoly and Regulated Monopolies 1. vyd.* Bratislava: Iura Edition, spol. with. r. O., 2006, 80 s. ISBN 80-8078-080-3

The profit of a monopoly that corresponds to such a combination of a price offer is expressed by a rectangle, one side of which corresponds to the offer volume (Q^*) and the second side is the difference between the P_M price and the average total cost of the $AC(Q^*)$. Profit is shown in chart 1 marked in gray.

J. S. Mill in his work states that the monopoly is created not due to law, but due to the circumstances, he considers it as usefull.(Mill, J.S. 1909),(Lisý, J. a kol. 2011). He recommend the exclusion of duplication of all activities from production to equipment, because one enterprise would be able to secure the offer of goods and services as well as many suppliers, with only a minimal cost increase. From these reasons, he suggests the existence of only one gas and water company residing in London, he mentioned it would be cheaper, than to have several operators of these services. He ecommended strict state regulation in these sectors.

Mankiw in his work *The Principles of Economics* explains the difference between the concept of monopoly and the natural monopoly. According to Mankiwa, "a certain sector is a natural monopoly, when the only company, can satisfy the whole demand for a given product or service in the whole

market with a lower cost than if there were two or more companies."(Mankiw, N.G. 1999) The term natural monopoly is understood as "an enterprice that provides goods or services at lower cost by exploiting economies of scale and at the same time,there are exist barriers to entry into the sector resulting from high investment costs before starting a business in the sector." (Bašová, A. – Holjenčík, J. 2013).

This kind of incomplete competition occurs especially in sectors where there is an infrastructure requirement, or it is necessary to connect and expand corporate structures such as gas or electricity transportation. Slaný in his work states, that a natural monopoly exists if, the average cost of companies in the sector reach their minimum by the larger volume of production than the demand required.(Slaný, A. a kol. 2013)

2 Gas transport as a natural monopoly and its regulation

In Slovakia, gas transport is provided by the only company, Eustream, a.s. The owner of the company is SPP Infrastructure, 51% of which is owned by state-

owned company SPP and 49% owned by the Czech Gas Holding group by the Czech Energy and Industrial Holding Group. The construction of other transport routes is extremely demanding for the investments and the Slovak market is too small for the entry of other competitors. (Synek, M. 2010) This market is influenced by the following factors:

- the increase in natural gas consumption in Europe is affected by economic factors such as gas prices, political factors, tax incentives as well as subsidy policy,
- increasing the market share of Russian gas in Europe, at the present time Russian gas has about 31% share (date from 2015) of the total gas consumption in Europe,
- redirecting / rerouting shipping routes, because Russian giant Gazprom is trying to build two other lines of the Nord Stream gas pipeline to avoid Ukraine and Slovakia, too,
- the creation and use of new routes or new places of consumption, for example the put into operation of a gas pipeline at Vojany - Uzhhorod with an annual capacity of 14.6 billion Cubic meters, supplying gas for the needs of Ukraine and it has been operationed since August 2014,
- entry of new customers on the market, after adoption of 3- rd liberalization package in 2009 in EU, there has been an increasing of the gas suppliers for final consumers, but only the number of customers has increased, but not the amount of gas transported.

The most useful way of regulation is price regulation. In the case of price regulation, there are wide ranges of options that can be divided into three groups:

- (A) regulating the cost of the service,
- (B) incentive Regulation,
- (C) hybrid modes of regulation. (Hvizdoš, L. 2008)

Non - Price regulation is applied by the liberalization packages of the European Union, which has been implemented since 1998. This regulation was carried out in three packages.

3 Analysis of transport company Eustream, a.s.

The start of natural gas transport in Slovakia is related to the construction of the first Bratislava gas pipeline in the 60s of the 20th Century. Subsequently, Transgas was established, which run the transfer of gas in 1972. After the splitting of CSFR in 1993, part of this pipeline was incorporated under the Slovenský plynárenský priemysel š. p. and a transport division called Slovtransgaz was established. In 2006, SPP-

transport was split off as a joint stock company. In 2008, Eustream received its current name, which passed by the complete unbundling of business activities. Independent network operator Eustream adopt in 2013 the Independent Transport Operator model (ITO model), when the Ministry of Economy SR certified Eustream as an independent operator of the transport network. In 2009, an important event was the adoption of the European Commission's Regulation no. 715/2009 on conditions for access to natural gas transmission networks.

If Eustream customer wants to transport gas from one transport point to another, he must conclude a contract with Eustream. In a framework contract, all the conditions of carriage must be agreed by contract. (Acton, J. P.- Vogelsang, I. 1989) From 2015 Eustream also sells capacity for a period of less than one day, Intraday Capacity, an intraday capacity lasts until the end of the gas day. "Gas day" means a time period beginning at 6.00 am on each calendar day and ending at 6.00 pm on the following calendar day. After receiving, processing and confirming the nomination, Eustream will transport the required amount of gas. At all entry and exit points the price of gas is different, which significantly influences the final price. When the customer purchases a transport capacity, he receives a volume and time discount, depending on the volume and duration of the capacity. It is true that the longer and larger the capacity the customer purchases, the lower the unit price for the gas transported. The price for gas transmission consists of two components. (Cowan, S. 2002) The first component is the tariff for capacity, the second component is the price for the actual transport quantity. We can talk about two types of natural gas transport:

- (A) physical transport;
- (B) commercial transport.

Commercial delivery is ordered from Eustream, who processes and confirms it. Then physical transport follows. Physical transport is the result of commercial transport for several customers. If one customer orders the transport of gas through the ordered capacity from point A to point B and the other customer orders the transport of gas from point B to point A, only the difference between these two volumes is actually transferred.

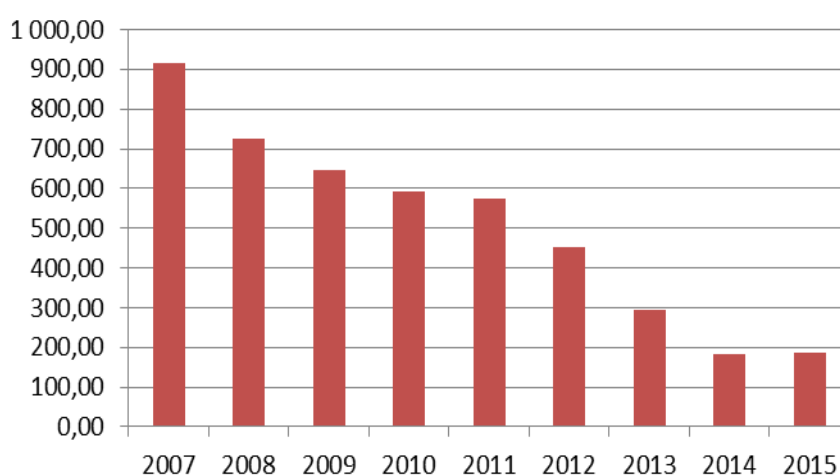
Customer also pays in this case for a variable tariff, but also a fixed tariff for the transported quantity. The cost of Eustream consists mainly of the cost of services, material and energy consumption, staff costs and depreciation of the sale of long-term assets and material.

Table 1: Eustream's operating costs

Year	2007	2008	2009	2010	2011	2012	2013	2014	2015
Cost	916.15	724.97	646.72	593.05	573.11	453.62	293.20	183.30	186.70

Source: own processing based on annual reports

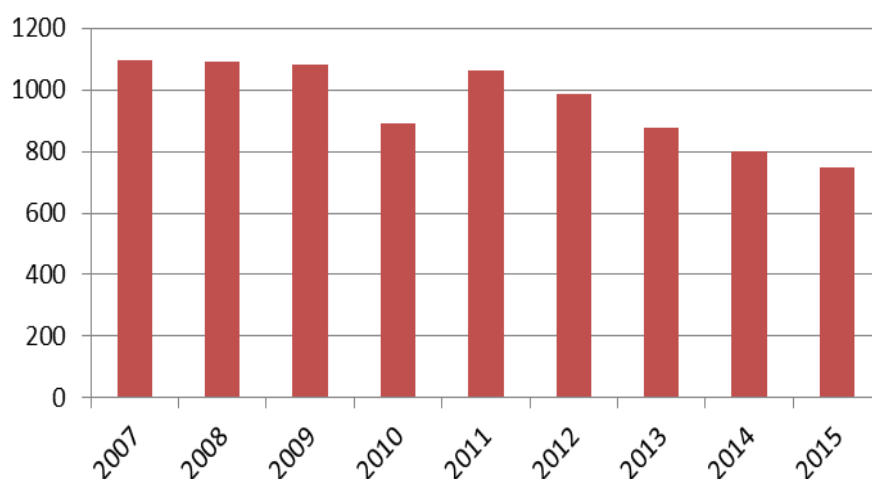
The following chart shows costs Eustream from 2007 to 2015.

Figure 2: Eustream's operating costs

Source: own processing based on annual reports

Eustream's costs since the beginning of its existence have been declining, which may be a consequence of reducing human resource costs, when the number of employees has dropped significantly

and these costs have fallen from 2007 to today about 7.83%, as it is documented in the following chart and table.

Figure 3: Evolution of Eustream staff

Source: own processing based on annual reports

Table 1: Evolution of Eustream staff

Year	2007	2008	2009	2010	2011	2012	2013	2014	2015
Number of employees	1094	1090	1080	893	1061	986	877	802	748

Source: own processing based on annual reports

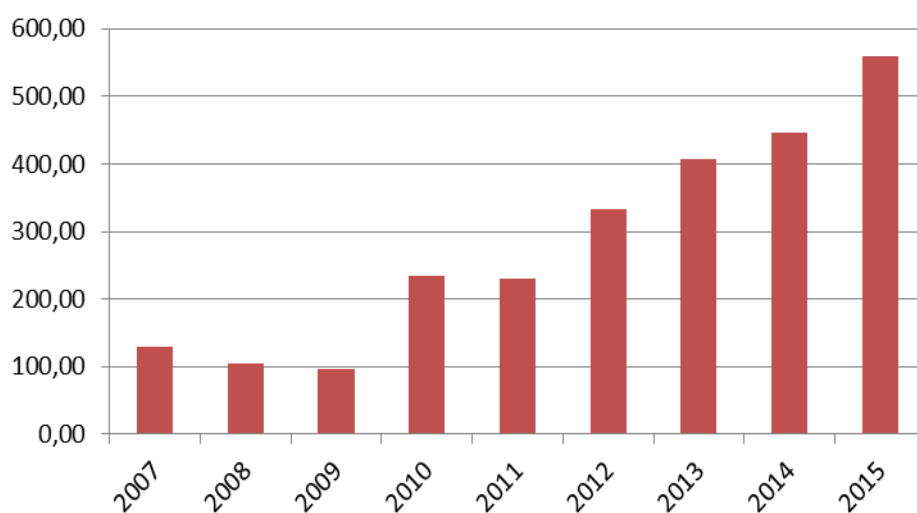
Between 2008 and 2009, changes in staff numbers were minimal. A significant decline can be seen only in 2010, when the number of employees dropped from 1080 to 893, a decrease was approximately of about 17%. This decrease was caused primarily due to the economic crisis of 2008, which was reflected mainly in 2009. Another factor that influenced the cost of the analyzed company is gradually introduced unbundling. These activities were

continually running from 2009, and this unbundling led to a significant increase in the number of employees to 1080. Since 2011, there has been a more efficient use of human resources, which has gradually resulted in a regular decline in the number of staff and in 31 December 2015 the number of staff was 748. Eustream has reached a profit as a result of its business management in all years of its existence, as can be seen in the following table and graph.

Table n. 4 Profit achieved by Eustream

Year	2007	2008	2009	2010	2011	2012	2013	2014	2015
Profit	129,4	105,4	97,3	234,2	230,1	333,0	406,8	446,8	559,8

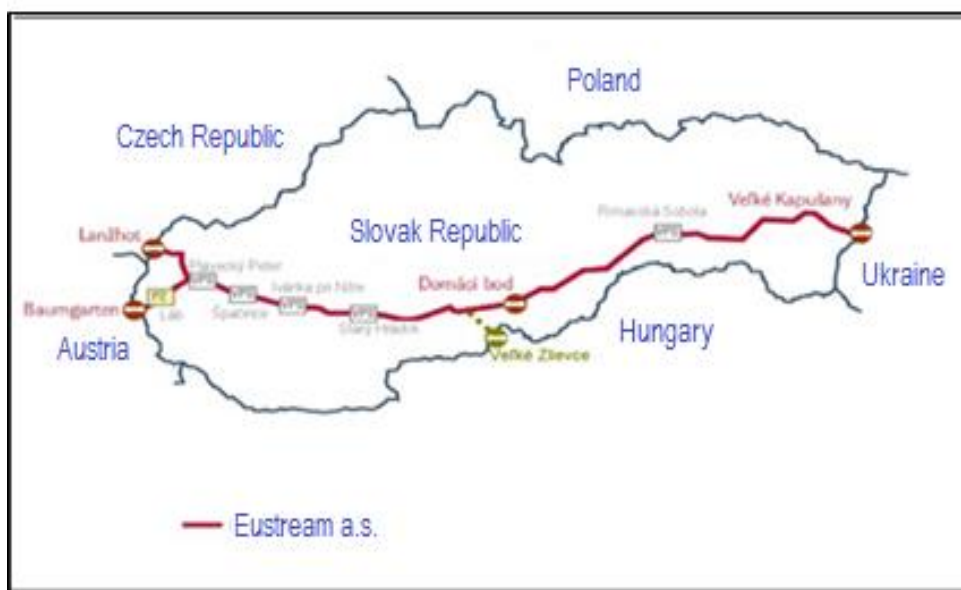
Source: own processing based on annual reports

Figure 3: Profit achieved by Eustream

Source: own processing based on annual reports

Eustream has a special position on the gas market in Slovakia, because it is the only company in this market. The gas pipeline system is sufficient to ensure

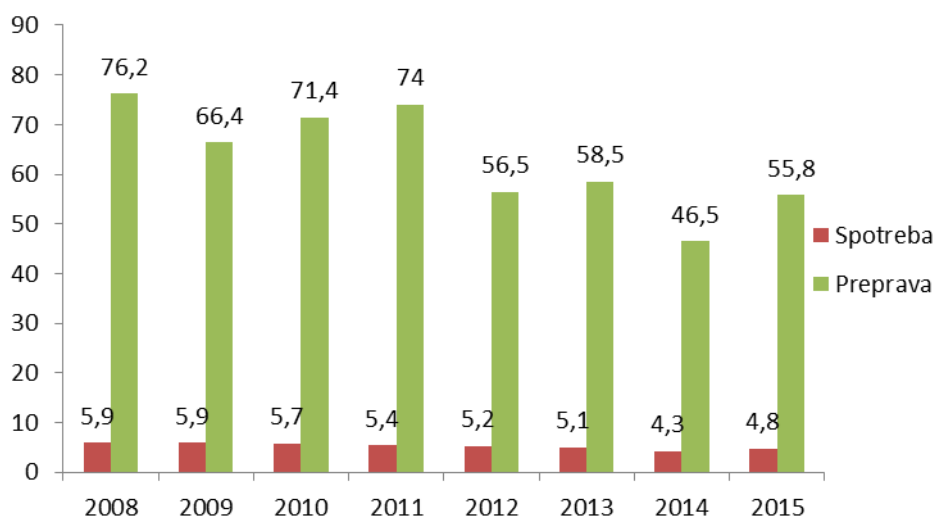
the transport of gas for Slovakia, but also for the needs of other European countries.

Figure 4: Slovak transport network with natural gas

Source: www.eustream.sk

The volume of gas used for consumption on the territory of Slovakia is almost negligible compared to the total transport quantity of gas. It follows that

certain indicators such as GDP, unemployment and inflation are to the success of Eustream have almost negligible impact.

Figure 5: Comparison of total volume of gas transported by Eustream and volume consumed in Slovakia (billions of m3)

Source: own processing based on annual reports

Significant change in domestic consumption in 2014-2015 was due to an excessively hot winter in 2014, which was reflected in a reduction in consumption of gas. More significant than domestic consumption, Eustream's overall volume of gas flows

is affected by decisions by the URSO, as a slovak regulator and consumption of gas in the household and other consumptions of industries in European countries

Conclusion

In the future, Eustream's performance may be affected by many factors, either negative or positive. One of these factors is Russia's political interest to avoid Ukraine, which could have a negative impact on the amount of gas transported across Slovakia and thus on Eustream's revenues. Against this scenario, Eustream is partly protected by having a long-term contract based on the "Ship or Pay" principle with Russian company Gazprom, which means that Gazprom is obliged to pay a fixed price component for the transport capacity booked until 2028, even if it does not carry anything.

The completion of the NordStream II gas pipeline would have a very negative impact on the volume of gas transported. This negative fact could be compensated by the transfer from Bohemian Lanžhot to Austrian Baumgarten. Even here is the threat of competition in the form of a BACI (Bidirectional Austrian-Czech Interconnector) project, that would

directly connect the Czech transport network to the Austrian one.

Another source of revenue could be the new interconnection between Slovakia and Hungary, despite of this gas pipeline is in commercial operation since July 2015, but has no use at present and does not bring any revenues for Eustream. Relative prospective revenues can be expected from the gas transportation to Ukraine, because till April 2019 is the transport capacity sold out at Budince's exit point. From geopolitical developments indicate that Ukraine would be interested in importing gas from Europe, the problem can only be Ukraine's ability to fulfill its financial obligations related to gas supply. Another project, from which Eustream expects to bring new volumes of transported gas, and so the new revenue is Easting gas pipeline. At the end of last year, Eustream received € 1 million to implement a feasibility study. The first Easting phase could be in operation in 2022, the second in 2026, and the final construction decision could fall in 2018.

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FORMING EFFECTIVE MODEL OF HUMAN RESOURCE MANAGEMENT (CASE OF GEORGIA)

Tamari BERIDZE, Medea CHELIDZE, Bella GODERDZISHVILI

Abstract

During the last decade in many Georgian organizations has been an unhealthy environment from the point of human resource management. There are lots of facts of oppression and firing of qualified personnel from the organizations. In working environment harmonious and collegiate relationships are very rare. There are tensed relationships between colleagues which causes different kinds of conflicts. Developing countries like Georgia, are in great need of sharing the most effective and efficient experiences in human resource management and their inclusion in organization management processes taking into consideration local specifics. Taking into mind above mentioned we conducted several studies both in governmental and private organizations. The aim of mentioned research was studying conflict causing factors and pointing out typical picture of organizational environment. The results of the alluded studies let us find out the organizational climate in Georgia and kinds of tensed atmospheres and situations that are the most common.

Key words

Human resources, The success of Organization, Corporate Climate, Human potential, Japanese Model

JEL Classification: O15, M14, M15

Introduction

Humans' joint activities are impossible without management. In any organization people of different profession, qualification and specialty are employed and they perform diverse duties. Success of any organization depends on individuals who represent workforce of this organization. Selection of adequate personnel is very important and manager of human resources coordinates this process.

Manager of human resources observes and controls department of management of human resources. Organizations may have only one HR manager who performs every duty of manager or corresponding departments may have several members in accordance with scale of organization. The basic duty of HR manager is to coordinate workforce of organization including hiring and firing personnel, as well as regulation of inter-personal communication. The most important duty of HR manager is to hire and recruit personnel. Duty of manager of human resources is to not only select adequate personnel, but regulate inter-personal communication of organization's workforce. Besides, manager's duty is to eradicate confrontation and disagreement among members of organization.

Manager's duty is to control the working process of personnel of a department, which must constantly ensure that they have common goals and act according to shared values. First of all, HR manager must have perfect communication skills and ability to make

decision on the basis of analytical and critical reasoning. He/she must be able to work in a stressful environment and be a good mediator to adequately solve the problems of personnel communication. HR manager works to create a comfortable environment for personnel, i.e. creates organizational climate that is also called corporation climate. Organizational climate includes everything that creates working environment of particular organization and impacts personnel's communication, activities and quality of performance. Only competency and knowledge of subject aren't enough to perfectly perform one's duties. It also requires comfortable working environment and friendly, united collective. These factors surely have impact on the quality of performance of any duty. HR manager guarantees regulation of inter-personal communication of any organization and collective efficiently works on the basis of shared values and goals. Team work is impossible, when inter-personal communications are tense. It is also impossible to achieve common goal, when people (who must work as a team) have bad or even worse, hostile relationships. If employers have tense relationships, probability to achieve desired results is minimal in any case.

On the basis of natural observation and survey we concluded that majority of Georgian population is employed in non-state sector (see Table 1). Corporation climate of organizations is more or less balanced. Employers avoid conflicts, debates with superiors and bold expression of their opinions, because they fear to lose a job.

Table 1: Distribution of employers according to institutional sectors

Distribution of employers according to institutional sectors					
					Thousand persons
	2011	2012	2013	2014	2015
Sum	1,664.2	1,724.0	1,712.1	1,745.2	1,779.9
State Sector	266.4	273.7	247.3	251.2	274.9
Non-state sector	1397.8	1450.4	1464.7	1494.0	1505.0
					%
Sum	100.0	100.0	100.0	100.0	100.0
State Sector	16.0	15.9	14.4	14.4	15.4
Non-state sector	84.0	84.1	85.6	85.6	84.6

Respondents were given the following test and summary table was created on the basis of corresponding answers. Afterwards, conditions of Georgian organizations were estimated.

Test included the following questions with possible answers:

Test

1. Are you employed? – yes; no
2. Do you work in state or private sector? – state; private
3. Your gender - male; female
4. Marital status – married; single
5. Working position – manager; senior specialist; specialist, etc.
6. Are you interested in your job? – yes; no
7. Do you work according to your profession? – yes; no
8. Do you feel oppressed at work? – yes; no
9. Are you satisfied with wage? – yes;no
10. Have you ever thought about changing your position? – yes; no
11. Have you ever thought about changing your job? – yes; no
12. Have you ever received undeserved note from your supervisors? – yes; no
13. Do you feel respected among employers? – yes; no
14. Do you feel self-confident at work? – yes; no
15. Are you motivated at current position? – yes; no

The following conclusions can be made on the basis of summary table of answers. 60% of respondents is employed, 40% works at the position of manager, 30% is a senior specialist and 20% is a specialist. 70% works in private sector (including financial agencies, supermarkets and private companies) and 30% works in public service. 55% of

respondents is female. 90% of employers isn't satisfied with wage because of inflation. Therefore, they would gladly change the job to get better conditions and higher wage. 60% of respondents works in accordance with profession. 80% wishes to change position and achieve career advancement. 70% of respondents has received undeserved note from the superior and as they say, it is frequent reason for changing mood and has negative impact on productivity. However, majority of respondents feels positive attitude from the colleagues (even if it is artificial).

When we asked, “did you lose interest in a job which had made you happy in the past?”, 50% of respondents answered “yes”. 30% of respondents didn't lose interest and 20% answered “sometimes it happens”. Respondents don't think that it's their fault. In most cases they talk about low wages and poor working environment.

At the question “do you feel oppressed at work?”, 30% of respondents answered “yes” and 70% answered “no”. In our opinion, reason for this is distrust.

At the question “do you feel self-confident at work?”, everyone answered that they never doubted their skills, but often had the feeling of injustice and vulnerability.

In our opinion, respondents' answers would give more radical results in confidential environment. It is a certain way to protect themselves. Georgian society can't overcome the feeling of shame and usually, answers are camouflaged. The same happened here.

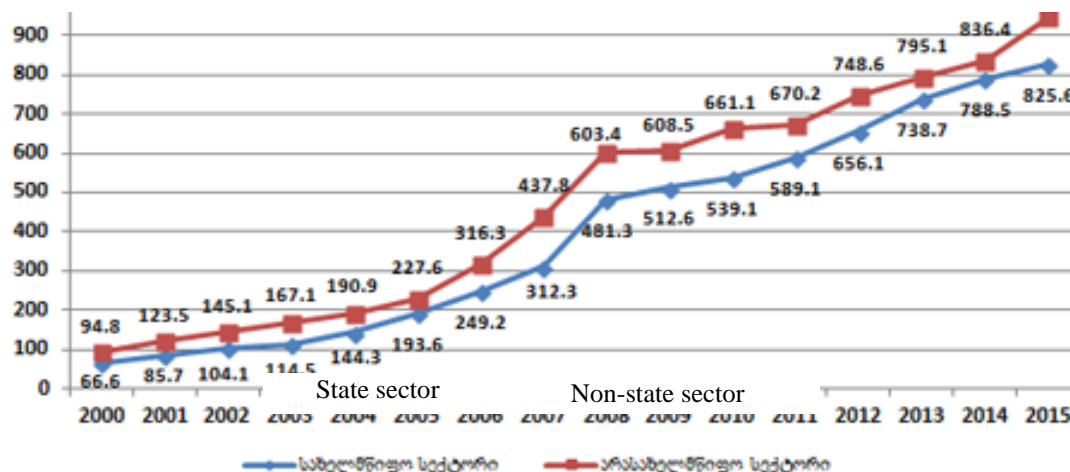
90% of respondents optimistically looks for the future, enjoys life and believes that he/she can overcome any obstacle. Generalization of such answer for whole Georgian population gives reason to be optimistic. In spite of difficulties of 90s, including

civil war, poverty and refugees, they didn't lose hope and enjoy life.

According to World Bank and UN, Georgian population is recognized as poor. At the background of general material conditions of Georgian population, average monthly wage of employers is 800 GEL

(appr. 300 EUR) (see Fig. 1). Majority of Georgian population is unemployed and frequently whole family expenses depend on income of one employed person. Of course, we must take into account this condition.

Fig. 1: Average nominal monthly wage of employers in state and non-state sectors



The results of study of organizational climate gives us possibility to change management techniques, working environment and conditions, as well as diverse procedures.

Empirical study helped us understand which type of organizational climate is the most prevalent in Georgian organizations. We concluded that 40-50% of respondents has problems in this field. It means that in Georgian companies working environment is undesirable and managers don't know techniques how to improve activities and labor intensity of employers. They don't care for quality of work and motivation of employer has significant impact on such quality. Professional development (significant component of human resource management) and employers' social welfare (ability to care for his/her or family member's health and social realization) are left without attention.

The complex process of organizational analysis should be carried out step by step to establish optimal organizational design. Particularly, we need:

- analysis of organization's goals and problems;
- determination of types of structural entities and official hierarchy;
- establishment and description of organizational design;
- composition and requirements towards personnel at the level of organization.

Conclusion

Indicator of organizational climate shows that many things should be done to improve situation. Organizations produce goods that are necessary for society's welfare. Even with existing material resources, if we use successful models of management of human resources, we may develop organizations and it may become strong impulse for development of a society and whole country. The most distinctive model of management of human resources is Japanese model instead of more popular administrative (American) model. Japanese management is oriented on improvement of human relationships. The basic priority is management of human resources. Therefore, employers have strong labor guarantees, as well as good opportunities for professional and personal development. All these are foundations for labor motivation and loyalty towards organization.

Georgia, similarly to Japan, may develop and show progress by means of maximal usage of human potential. Japanese model of management of human resources is the most helpful technique and it may become strong impulse for development of Georgia which is in stagnation.

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RECRUITMENT AND SELECTION IN HOTEL FACILITIES IN THE REGION OF TREŇČÍN

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Abstract

Fierce competition and harsh hospitality environment make hotel facilities to identify and meet the clients' changing demands. In order to gain and maintain a competitive advantage, hotel facilities need to respond with agility to these changes and improve the quality of their services. For hotel facilities to perform well, the role of managers is of critical importance. The main purpose of the paper is to identify recruitment and selection procedures used for a position of a manager in the hotel industry in the region of Trenčín. The research sample consisted of 10 three-star and 10 four-star hotels located in the region of Trenčín. The method of a questionnaire was used and questionnaires were personally distributed to Human Resource Departments in respective hotels. Human Resource specialists face a major challenge which is to build and nurture a pool of effective workforce in the organization, which begins with recruitment and selection. As the job market disposes of an adequate supply of labour, careful attention is devoted to the selection of right employees for the right positions. The small-scale research showed that any organization should have in place effective recruitment and selection procedures as rehiring and retraining wrong people can be time-consuming and the cost can be extremely high.

Key words

Hotel industry, Recruitment, Selection, Managers

JEL Classification: J24, M51, M54

Introduction

Globalization has a profound impact on national labour markets. Thus, enterprises and manpower must be capable of responding flexibly to new labour market needs. Individual countries strive to gain comparative advantage which covers factors such as labour cost, cost of capital, geographic location, natural resources, as well as workforce productivity. Related to comparative advantage in the global labour market, innovations and knowledge are of great importance. Undoubtedly, competitive and knowledge societies need well-qualified, inventive and appropriately trained workforce, i.e. human capital in order to be able to confront and respond with agility and flexibility to demanding challenges within a society. Human capital refers to the "ability of an individual to create new knowledge (innovations)" (Vojtovič, 2009). Thus, it is the new knowledge that makes any society grow in economic and social terms. Karbach and Vojtovič (2014, p. 139) argue that "theoretically, the definition of the new or knowledge economy is usually connected with the process of creation and elaboration of information." We support the argument by Kordoš and Karbach (2014, p. 653) saying that "globalization, in general, and multinational companies in particular, are important vehicles for the international diffusion of new knowledge through their trading, investment, and competitive strategies". As new knowledge can be

created by competent human capital, we support the argument that "investing in human capital brings about improvement of performance, flexibility, and productivity, and enhances the ability to innovate, which naturally follows from continuous enhancement of qualification as well as skills and expertise of staff" (Grenčíková, Vojtovič, Gullerová, 2013, p. 42). There are two types of human capital distinguished, i.e. general and specific. Vojtovič and Krajňáková (2014, p. 147) say that "universal abilities that are useful in almost all spheres of human activities were identified as the source of general human capital, whereas specific human capital includes such specific knowledge and abilities that are usable only in very concrete and specific group of activities." Generally, organizations endeavour to hire the best people who are regarded to be critical in gaining competitive advantage. In order to gain competitive advantage, organizations need advanced and effective recruitment and selection procedures. The fundamental goal of recruitment and selection procedures is to acquire in the most economical manner the quantity and quality of people that are needed to meet the human resource needs of an organization. According to Armstrong (2006, p.409), there are three stages of recruitment and selection, namely "1) defining requirements – preparing job descriptions and specifications; deciding terms and conditions of employment; 2) attracting candidates – reviewing and evaluating alternative sources of applicants, inside and outside the company,

advertising, using agencies and consultants; 3) selecting candidates – sifting applications, interviewing, testing, assessing candidates, assessment centres, offering employment, obtaining references; preparing contracts of employment.” When organizations attract candidates, they opt for internal and external sources, both having their advantages and disadvantages. Internal sources comprise transfers, promotions, and present employees. Promoting an employee from inside an organization can raise morale, and errors made in the selection process can be prevented from happening. Further advantages of internal sources encompass fostering loyalty, avoiding taking quick decisions, cutting the costs associated with training, and fostering self-development among employees. Disadvantages may encompass a limited number of applicants, lack of workforce with the right qualification, favouritism or nepotism. Internal sources of recruitment are, however, frequently used as a source of recruitment for lower positions. On the contrary, organizations use external sources for recruitment to higher posts when existing employees are not available or suitable. Types of external sources encompass placing advertisements, using the services of employment exchanges, cooperating with institutions of higher education, existing or former employee referral system, job portals, recruitment through social media, recruitment agencies, etc. External sources of recruitment include advantages such as novel and original ideas and/or approaches, reduced costs of training and more applicants to hire from. The drawback of external recruitment is primarily higher costs associated with employee recruitment, which can also be time consuming, and leading to higher turnover, lower employee motivation, etc.

Selection is defined as a process of identifying and hiring job applicants with a great likelihood of success in a job. Applicants engaged should not only meet the job requirements, but also possess the right personal qualities to promote sound relationships among work team members, and be able to think highly of the values followed by an organization (Koubek, 2009). The key purpose of selection is not to assess and take on applicants, but to eliminate those who do not fit the job requirements. Blašková (1998) maintains that employee selection is a process of obtaining information about job applicants in order to determine who should be hired. Employing inappropriate people can mean losing market position of an organization, decreased work production, and possible loss of customers and revenue. It is maintained that “selection of the right person for the job at the right time” as well as rational costs represent the essence of human resource development” (Blašková, 1998, p. 66). The nature of selecting candidates varies greatly from organization

to organization and from job to job. There are, however, the following universal selection criteria to be followed: “employing various employee recruitment sources; preferably giving jobs to internal candidates; in-depth candidate assessment; selecting candidates that have the potential being personally developed” (Drábiková, 2008, p. 19). In selection, there are various techniques utilised, such as application forms which show whether job candidates are suitable or unsuitable for a position in question. Interviews represent another common and frequent selection technique. We distinguish several interview techniques, such as nondirective interviews, structured interviews, situational interviews, and behaviour description interview. The most frequent interview setup is the individual one, even though there are also some other options, such as panel interviews. Other techniques include psychological tests, such as intelligence tests which are meant to assess thinking abilities, aptitude tests that are intended to acquire information about skills such as mechanical ability, logic and numerical ability, and manual dexterity. Attainment tests are utilized to assess the job candidate’s depth of knowledge or skills. In addition, there are personality tests employed in the process of employee selection, one of their drawback is, however, their limited validity. Assessment centre is a “special technique to determine whether job candidates are suitable for specific positions, such as managerial positions” (Szarková, 2009, p. 51). Assessment centre comprises several techniques, for instance group exercises, interviews, presentations, examinations and psychometric testing which are employed to evaluate candidates’ personality and aptitudes.

Goal and Methodology

The purpose of paper is to identify recruitment and selection procedures used for a position of a manager in the hotel industry in the region of Trenčín. The method of a questionnaire was employed and the research sample consisted of 10 three-star and 10 four-star hotels located in the region of Trenčín, mainly in the towns of Trenčín, Trenčianske Teplice and Piešťany. Questionnaires were personally distributed to Human Resource Departments in the respective hotels. The following hypotheses were formulated:

H1: Job agency services are used when vacancies in hotel management arise.

H2: In addition to providing written documents and attending an interview, managers are tested before being hired.

H3: Job interview is conducted in Slovak language only.

H4: The three most critical criteria in selection of managers to work in hotel industry are experience, respective qualification and effective communication skills in a foreign language/foreign languages.

Findings

The first research question was to find what techniques are utilized in recruitment of hotel managers. It was found that the most common recruitment technique in recruiting managers in hotel industry is the Internet advertising. It is used by 15 hotels under observation, followed by using job agencies (13) and employee referrals (9).

Table 1: Recruitment techniques

Internet Advertising	Job Agencies	Employee Referrals	Employment Exchange Offices	Leaflets	Other
15	13	9	4	0	3

Source: Elaborated by authors

Next, the types of testing used in the selection of job candidates were identified. In addition to supplying the required written documents, foreign language skills (18), computer skills (16), managerial

skills (6) are tested in job candidates for hotel management positions. 6 hotels do no testing under their selection procedures (cf. Table 2).

Table 2: Types of testing as a part of selection procedure

Foreign language skills	Computer skills	Managerial skills	No testing	Interpersonal skills	Assessment Centre	Psychological tests
18	16	6	6	4	0	0

Source: Elaborated by authors

The third question was to find what the language of the job interview is. It was found that the job interview is conducted in Slovak language in 16 hotel facilities, and in both Slovak and English languages in 4 hotels.

The last question was intended to find the most important selection criteria for the position of a hotel

manager. The most important are good communication skills (18), flexibility (12) and presenting oneself/making good impression (12) and experience in hotel industry (8). The findings are given in Table 3 below.

Table 3: The most important selection criteria for the position of a hotel manager

Good communication skills	18
Presenting oneself/making good impression	12
Flexibility	12
Work experience in hotel industry	8
Respective qualification	4
Creativity	2
Ambitions	2

Competitiveness	0
Modesty and discretion	0
Self-confidence	0

Source: Elaborated by authors

Conclusion

Human Resource specialists face a major challenge which is to build and nurture a pool of effective workforce in the organization, which begins with recruitment and selection. As the job market disposes of an adequate supply of labour, careful attention is devoted to the selection of right employees for the right positions. The paper attempted to identify the recruitment and selection processes for hotel management positions. Regarding the recruitment techniques, it was found that the most common recruitment technique is the Internet advertising, thus H1 is refuted. Concerning testing, foreign language skills, computer skills, and managerial skills are tested in job candidates for hotel management positions. With respect to the language of the interview, it was found that the majority of hotel facilities conduct interviews in Slovak language only, thus the data support H3. Last but not least, the most important

selection criteria for the position of a hotel manager were found to be good communication skills (18), flexibility (12) and presenting oneself/making good impression (12) and experience in hotel industry (8). In addition to skills and qualities, Human Resource specialists place high emphasis on having prior experience before joining their hotel facilities. Today, the labour market abounds with candidates with a degree. A degree qualification used to be the vital factor of getting a job, but due to so many people with a university degree, organizations tend to focus their attention rather on work experience. Therefore, in case of graduate job applicants, students should undertake a work placement as a part of their courses at colleges and universities. In conclusion, the small-scale research showed that any organization should have in place effective recruitment and selection procedures as rehiring and retraining wrong people can be time-consuming and the cost can be extremely high.

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ATYPICAL EMPLOYMENT

Jarmila WEFERSOVÁ

Abstract

Western Europe is facing an increasing number of persons, who have different forms of atypical employment since the eighties. In international papers there is a consensus, that this process is the result of pressure on flexibility of the labour markets on part of the trading companies. Another (non-standard-) type of employment contract - full-time employment for a fixed period – equally brings positive and negative aspects with it. On the one hand this type of flexibility of labour contracts can help to raise the employment rate and to integrate into the labour market various disadvantaged social groups (women after maternity leave or fresh graduates without work experience). On the other hand research from countries of Western Europe shows that atypical employment is often connected with lower income, restricted access to educational programs or worse working conditions, even descent into a lower social class. Very difficult are various forms of precarious employment, the common characteristic of which is uncertainty. The member states of the EU in some cases should speed up the solution of the problem of segmentation within the labour markets and of full and part-time jobs. It would also be important to ensure an adequate balance between flexibility and security of employees at work.

Key words

atypical employment, segmentation of the labour market, precarious employments

JEL Classification: M55, J41, M51

Introduction

There is no current definition of atypical, synonymous to nonstandard, work. The European Commission - trying to regulate the labour market and to introduce a new legislation in context with atypical employment - simply ranked to that category temporary work (1999/70/EC) and part-time work (1997/81/EC). Publications of international organizations have attempted to define the boundary between standard and non-standard work by determining the characteristics to meet the standard work contract. Atypical contracts include contracts for fixed-term and part-time work and also types of contracts that do not provide standard operating rights for the country. In a publication of the International Work Organization (IWO) Greenwood and Hoffmann (2002) added to the previous criteria the place where the work is done and the working conditions for the individual worker. Among the atypical work and negative earmarking they included work from a home office, telework and work with a temporary work agency.

Specifically it is about work for a fixed term, part-time jobs, telework and work from a home office. Agency work is regulated by special law. There is a basic consensus on certain types of employment contracts that international organizations, the European Union and Slovak legislation consider atypical.

Dependent work with a permanent contract and full-time is for the most economically active people the ideal form of work, from which other forms recede. Arum and Mueller (2004), Strohmeyer and Tonoyan (2007) and also Delmar et al. (2008) include to nonstandard forms of work also the work of self-employed persons.

The labour market is experiencing a strong segmentation into standard - normal and atypical-non-standard forms of work. Generalized it can be stated that „nonstandard work in on the increase“ (Atkinson 2015, p. 135). This is also related to the quality of working hours. Atypical work enjoys prosperity by the liberalization of working hours and labour market. In addition to fixed-term contracts and part-time work, there are other atypical forms of work, such as undeclared work, brigade, mini and midi jobs, online jobs (the so-called. digital proletariat), zero hours contracts, other new forms of work going through software applications.

The common characteristic of these atypical forms is uncertainty, the so-called precariat. It is uncertainty about the work regarding income, housing but also uncertainty about one's own identity

Goal and Methodology

Our investigation is focused on atypical working relationships. For the definition of these nonstandard

contracts we have adjusted data from the European Working Conditions Survey (EWCS). The figures show that „the extend of nonstandard work varies between countries“ (Atkinson 2015, p. 136). As these nonstandard forms of employment grew more in Germany than in most of the western world, our investigation is specifically related to atypical employment in Germany. We have analysed the development of atypical forms of employment in Germany from 1995 to 2012. In doing so, we used statistical methods. More than a third of dependent employment belongs to these atypical forms, and this will continue to accelerate the process of increasing the share of the tertiary sector in the sectoral structural changes. We tracked the structural features of atypical working relationships and the specific profiles of atypical employment. It is necessary to distinguish self-imposed forms of atypical employment from involuntarily admitted types of labour relations. It is necessary to distinguish self-imposed forms of atypical employment from involuntarily admitted types of labour relations.

In scientific discussions, the terms of atypical employment and precarious employment are often used as synonyms, but these concepts are not the same. The object of the examination was the difference between the precariat, which includes low-income groups and sectors and atypical jobs. By means of synthesis, we have generalized the results and drawn our conclusions from them.

Findings

1. Definition of atypical – nonstandard employment

Our definition of atypical - non-standard contracts adapts data from the European Working Conditions Survey (EWCS).

Atypical work in Slovakia consider, unless otherwise indicated, the following types of employment:

- temporary (fixed-term) full-time work
- temporary (fixed-term) part-time work
- part-time jobs for an indefinite period
- working from home and teleworking
- part-time work performed by self-employed
- full-time work performed by self –employed.

In addition to the concept of nonstandard or atypical work in the scientific literature is gradually developing the concept of "very atypical work" (Riso 2010, Broughton, Biletta & Kullander, 2010). It marks a form of atypical work, which contract terms are

either minimal in terms of the contract, or working hours. The consensus in the scientific literature atypical work defines as follows: the work is part-time less than 10 hours, the work contract is for six (or fewer) months or the contract of employment is not at all written.

2. Liberalization of labour relations and its impact on employees' social security

Globalization, free movement of capital, goods, services and people, in connection with flexibility of revenues and working hours, deregulation of the labour market, more and more still impose high demands on the legal regulation of labour relations. The sharpening of competition, the need of maintaining competitiveness and the economic crisis of the world economy led to a difficult and uncomfortable situation not only for employees but also for the employers themselves. The number of people who are dependent on transfers from public funds is increasing (Seifert, Struck 2009, p. 61), as well as the number of workers whose work does not cover their living costs. The key issue is to allow sufficient flexibility of labour markets while ensuring the necessary protection of employees in labour relations.

The European social model is based on active solidarity, guaranteed human rights and liberties, education, the reform of pension schemes and on resolving the demographic challenge.

3. Atypical employment in the Federal Republic of Germany

Atypical employment recorded an increase also in Germany. These nonstandard forms of employment grew more in Germany than in most of the Western world. More than a third of dependent employment is accounted for by these atypical forms, and these will continue to accelerate the process of increasing the share of the tertiary sector in the sectoral structural change. Especially after the introduction of the HartzIV laws since 2003 the minimum working relationships, small scale jobs (mini jobs) (Geringfügigkeit - §§ 8 and 8a SGB IV), midi employment (midi jobs) as well as work through employment agencies (Arbeitnehmerüberlassung) is increasing.

The Hartz IV laws are the biggest reform of the labour market and social reforms. These laws have introduced new atypical employment contracts, the reorganization of institutions and new forms of business:

- one person share companies (Ich-AGs),
- jobs for one-Euro - jobs with reimbursement of expenses
- installation of job centres as common spots for all unemployed
- establishment of educational institutions called. certification agencies
- reform of instruments of active labour market policies (transfer measures and transfer of money in the case of short-time work (Hartz I - IV, 2002-2006).

Between the starting level and the dynamics of development of the various forms of atypical employment are large differences. In the following table are not taken into account students in apprenticeship, trainees, labour contracts (Werkverträge) or one-Euro jobs (jobs with reimbursement of expenses; see: Leistungen zur Arbeit in Eingliederung nach SGB II).

Table 1 Development of atypical forms of employment in Germany

Year	Employment - dependent activity in 1 000 (B)	Part-time employment as a % of B	Employment at a minimum range as a % of B	Fixed-term employment as a % of B	Atypical employment as a % of B
1995	32 230	16,3	x	7,8	23,7
2000	32 638	19,8	x	8,8	29,0
2005	32 065	24,5	20,2	10,1	34,5
2010	34 459	26,7	20,4	9,6	37,6
2012	35 552	27,0	20,9	8,8	38,6

Source: by Keller, Seifert 2013, <http://wirtschaftslexikon.gabler.de/media/393/-2046777204.jpeg>

3.1 Part-time employment

Part-time employment, i.e., less than 35 hours per week, represents more than a quarter (27%) of all some 35.5 million employed persons. The increase in this most common form of employment to almost 10 million is related to the increasing employment of women, a lack of childcare facilities and the expansion of the service sector. More than 80% of part-time workers are women (feminization of the labour market).

3.2 Employment at a minimum range – mini jobs

Employment at minimum range increased after the changes in the labour market within the Hartz IV laws. It has been transformed to mini jobs and represents more than 20 %, i.e. more than 7 million employees. It is the second most common form of atypical employment. Within this form of employment, we must distinguish between employees employed only through this form of employment and employees for whom this form of employment means a subsidiary occupation. The second group accounts for about 35% of such employment. The income limit

is a maximum of 450 € per month, restrictions on working time do not exist, the employee does not remit contributions, the employer's contributions are to social insurance 12%, health insurance 11% and payroll tax 2 %.

3.3. Midi jobs

These working conditions introduced by Hartz laws move in a "movable area" between 450.01 and 850 €. These atypical employment exploded, reaching almost 4%, or 1.4 million salaried employees. Employees pay a graded contribution to social insurance, the full rate is at 800 euro, and the employer pays all applicable charges.

3.4 Employment through employment agencies

Work through employment agencies increases since the deregulation of the Hartz IV laws and represents almost 3% - 900,000 employees. Work through employment agencies can offer unemployed for some time the possibility of employment with a view to a longer-term integration into the labour

market. Work through employment agencies in addition to employment contracts for a fixed period is subject to a maximum of cyclical fluctuations as the financial crisis of 2008/2009.

3.5 Fixed-term employment

Temporary work increased gradually to about 9% (over 3 million). Currently, almost the half of new employment contracts are concluded for a specified period.

3.6 Self-employment without employees

The share of self-employed persons in all employed increased to 11% (approx. 4.3 million). This development was driven by various policy measures on the labour market. It is based on the increase in self-employed solo, what means without employees. They make up more than half of the self-employed (about 60%). Formally they do not belong to atypical employees but should be assigned to them because of the low income and uncertain economic prospects (Gabler Wirtschaftslexikon, 2016).

4. Structural features of atypical employment in Germany

4.1 Socio-demographic structure

In all forms of atypical employment, except for work through employment agencies, are over-represented women, so these issues of atypical employment have a exclusively gender dimension. 55% of all women work atypically, between men this is 16%. More often are represented women who are single mothers. The majority of atypically employed persons have completed education, more than half work below their education. In addition, the persons in employment on fixed-term often have higher education – technical colleges, eventually. a university degree – than persons with normal employment contracts. Younger people (15-24) are excessively often working atypically. Foreigners (mainly from non-EU countries) are working more atypically than Germans. Atypical employment is widespread in the area of services, working through agencies at the processing area, the focus is on tourism, trade, health, services within land and housing, construction as well as on education and training. Partly it is a sector with low wage levels. The share of atypical employment decreases with an increasing size of enterprises.

4.2 Profiles of atypical employment

In addition to these common features, there are even specific profiles of atypical employment. A good half of persons with midi jobs are students and pensioners, with mini jobs it is almost 30%. Only a few young people are working part-time, a relatively large number of young people work through employment agencies. Employment contracts in form of midi jobs are widespread in the manufacturing sector. Tourism employs many workers throughout mini and midi jobs. Working through employment agencies are used primarily in medium-sized and large enterprises. Small businesses employ relatively more workers with fixed-term contracts than larger enterprises (Gabler Wirtschaftslexikon, 2016).

5. Atypical employment and risk of „precariat“

Already in the eighties French sociologists started to speak about "precariat" - the unpredictable situation of uncertainty, in which a number of workers were concerned. Italian trade unions created the term "precariat", composed of the word "precarious" and "proletariat". British sociologist Guy Standing defines precariat as a social class, which recorded growth in developed countries. This group includes cleaners, shop assistants, waiters, fast food employees, persons working in social services, but also people in manufacturing and construction workers. . They often work part-time, with fixed-term contracts, with contracts for zero hours, through an employment agency, moonlighting or paid per piece. The salaries are low, the number of hours uncertain, the career opportunities are minimal.

In the life of precarious workers are precarious employment periods alternated with periods of unemployment. A large part of time does not only take paid work, but also the so-called work for work. Working for the work involves finding a job. Uncertainty exists not only about work, but also about income, housing and personal identity. What kind of person is someone, who cleans a few hours a week through an agency, is working in a bar, occasionally carries out gardening in black and a few months is dependent on governmental aid?

Precariat draws from a declining working class of immigrants and the young educated people from universities and colleges who cannot find employment commensurate with their education and suffer from unfulfilled expectations of quality employment and careers. In scientific discussions, the terms of atypical employment and precarious employment are often used as synonyms, but these concepts are not the same. Precariat includes low-income groups and sectors. It is necessary to distinguish self-imposed forms of atypical employment from involuntarily admitted types of

employment. This means working contracts that cause even after the employment phases of precariat.

5.1 Identification and criteria for the measurement of precariat

Precariat can be identified on the basis of four criteria:

1. subsistence providing income - *existence minimum*: to prevent „working poor“- poverty despite work. According to internationally accepted conventions an employee should be receiving at least two thirds of the median wage.
2. stability of employment: atypical employment should ensure continuous employment as not to be considered as precarious. This stability should provide the option of switching to normal working conditions.
3. ability to get employed: a prerequisite for access to a regular working contract generally is complete apprenticeship that most atypically employed reached. Assumption of own responsibility is required to access common and business education as well as measures to maintain health. Only in this way it is possible to break the vicious circle between atypical employment, unemployment, living without work wage and precarious employment.
4. full integration into the social insurance system: integration into the social insurance system should be the fullest.

5.2 Risks of precariat

a) Short-term risks

These risks are increased in all atypical occupations and especially in mini jobs and employment through employment agencies. In the low-income sector and these are in Germany more than 20% of all employment there are mostly atypical employment. The half of them get only a low wage, with normal employees it is only 11 per cent. The excessive expansion of low income also in international comparison since 2000 is related to the expansion of atypical employment. More than 70% of persons with mini jobs earned after the introduction of the statutory minimum wage less than 8.50 per hour, nearly 40% of persons with midi jobs worked full time.

b) Medium-term risks

Another disadvantage to all forms of atypical employment (with the exception of part-time work for a longer or indefinite period), is the instability of employment. This instability suffer mainly persons employed through employment

agencies, who are employed for a short time or with frequent interruptions. Half of the jobs through employment agencies lasts less than 3 months. Re-employment is also almost for a fixed period, so that in particular younger workers are disproportionately affected by this. Important in the evaluation are the possibilities to change into a normal contract, which rise with higher qualification.

c) Long-term risks

An integration into the social security system (especially in the statutory pension insurance) is greatly limited due to low contributions and frequent breaks (inter alia, unemployment). In a medium and long term this will become a risk of falling into poverty as a matter of the work and social policy agenda. . The politically planned reduction in retirement strengthens the problem of precariat. . Particularly at risk are women who work in a low-income sector and with atypical employment contracts and are disadvantaged in further business education.

Discussion

1. Regulation of the labour market in Germany)

The regulation of the labour market depends on how a society perceives social justice, what standards it is developing in this area, and it is also closely linked to the social, political and cultural history of each country (Piketty T. 2013, p. 335).

1.1 Regulation of the German Labour market

Currently, due to the greater flexibility of the labour market in Germany unemployment is declining and employment even increasing what is related to the wide ranging reforms of the labour market including a reinforced activation of the unemployed. This development is evident since 2005. Part of this phenomenon is the loss of meaning of standard/normal employment contracts. Mückenberger (1985) defines normal working relationships as stable over time and providing livelihoods. Framework conditions for dependent full-time working relationships governed by labour law and social-security. (Seifert, Struck, 2009) The advantages of greater flexibility for business and employment opportunities of certain groups of workers are contrary to social risks and risks of precarious living standards for persons employed in this way. Welfare systems are set to continuously and normally paid full-time jobs.

The German labour market has a low unemployment rate. The unemployment rate in Germany is for a great part related to measures in the period 2002 to 2006 and the four Hartz I - IV laws, which mean one of the biggest social reforms. . The aim of these laws was the reduction in transfers from public sources strengthening the personal responsibility of the citizen. . In January 2015, Germany introduced a nationwide minimum wage € 8.50 gross and the compulsory insurance for persons employed in private households. From 01.01.2017 the statutory minimum hourly wage is € 8.84.

1.2 Measures of deregulation of the German labour market

Deregulation measures of the German labour market have the effect of changing wage structure, income range has been extended, especially in low-income groups. The consequence of these measures are an increasing number of employed with atypical working contracts and the segmentation of the labour market. The predicted function of the low-income sector as a springboard to better paid jobs has not

worked. In atypical employment relationships this bridge to normal employment relationships with higher incomes, more stable employment and a better business education as well works only with concessions. Persons with mini jobs hardly get to a normal working contract. The long-term consequences of atypical work are currently not subject to adequate discussions.

1.3 Advantages and consequences of flexibility concerning labour market and working time

A more flexible labour market and working hours can be beneficial if this contribution will benefit employers and employees. The question arises, what is the price for flexibility for employees and whether it only increases the risks and burdens of employees. More flexibility should not increase the fear of losing the job. Economy and employers on account of their capital always have a stronger position in negotiations. Therefore for employees is needed a range of protective and supporting rules as shown in table 2.

Table 2: Protective and support measures in atypical employment relationships

Short-term changes	Treaty in writing, before witnesses, with signature
Part-time jobs	Determination of the maximum daily working time (weekly working time divided by five, each crossing is overtime)
Overtime with compensatory time off instead of payment	Compensation for 1 hour overtime by 1.5 hours free time
Childcare in overtime	Provision of childcare in overtime
All-inclusive contracts	Absolute prohibition of such agreements in atypical employment contracts
Persons working through employment agencies or self-employed	Social and health insurance by the company

Source: Own processing

The consequences of flexibility of labour market and working time require solutions within the EU. The problem of growing unequal distribution of wages and wealth in the phase of employment and after termination of the employment, thus reaching retirement age, should be resolved within the framework of the European Union. The current labour market with atypical relationships contributes to widening income and wealth inequalities. For this

market segment would be required changes like recognition of periods of child rearing and care of relatives for pension insurance, the loss of the workplace by automation could be compensated by an unconditional basic income. Important would also be to give a share of profits and dividends to all employees instead of paying boni only to managers. This measure would prevent a privatization of profits and the payment of debts from public funds, for

example bail out banks, which in fact contradicts the principle of equality enshrined in the constitution. Under this principle would help a law establishing the highest possible difference between the lowest and highest income. In this way the highest incomes could only be increased while increasing the lowest incomes. These changes would bring an increase in general well-being and, indirectly, more consumption and thus higher tax revenues to improve public finances and reduce the public debt.

Conclusion

In the developed countries of Western Europe it was relatively easy to find a job until the mid-seventies. This allowed stable economic growth, a compromise between capital and labour that links the growth of company profits, wages and labour productivity, which today is no longer the case. At that time the norm was a permanent job, full-time work, paid leave, insurance and guaranteed income in case of illness. As well as in Eastern European countries was put the emphasis on full employment and a developed welfare state. An important accompanying manifestation was the increasing share of services throughout the economy. For employers, this has brought increasing insecurity. It came to an expansion of fragile and flexible labour relations. The labour market is experiencing a strong segmentation into normal and atypical - non-standard forms of work. This leads to the deepening of the problematic phenomenon of increasing the profits of capital and

reducing the income from work. Atypical forms of work such as fixed-term contracts, part-time work on a small range, mini and midi jobs are experiencing growth and at the same time establishes within the EU other new forms of atypical work, for example zero hours contracts through software applications, online-employment. The common characteristic of these atypical forms of employment is uncertainty about the work, about income, housing security and identity, the so called precariat. In Germany, more than a third of dependent employment can be counted for by these atypical forms, and this will continue to accelerate within the process of an increasing the share of the tertiary sector in the sectoral structural change. Especially after the introduction of the Hartz laws since 2003, there are increasing minimum working relationships, small scale/mini jobs (Geringfügigkeit - §§ 8 and 8a SGB IV), midi employment (midi jobs) as well as agency work (Arbeitnehmerüberlassung). Contrary to greater flexibility for business and the employment opportunities of certain groups of workers are social risks and risks of a precarious living of persons employed in this way. Our welfare systems are set to continuously payed full-time jobs. The problem is that the financial basis of these social systems increasingly erodes and individual claims will be insufficient. The Member States should step up measures to tackle the problem of these segmented labour markets, of quality and junk-time employment, whilst ensuring the appropriate balance between flexibility and security of workers in the labour market.

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FROM STRATEGY TO ACTION: DEVELOPING GEORGIA'S TOURISM

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Abstract

The article underlines the fact that tourism is an important economic activity in most countries around the world and it also is an integral part of international economic relations. The importance of the tourism is growing and directly referred to relations between states, social, educational, economic spheres. The Georgian National Tourism Administration is now putting an emphasis on quality over quantity. This is all part of the Georgian National Tourism Strategy 2025. The aim is to attract a higher spending segment of tourist, and the increasing number of Russian and Middle Eastern visitors is the result of these activities. This article discusses the national tourism development strategy that is an instrument to develop further the sector in order to take full advantages of Georgia's potential and position as a rich, diversified and high quality destination. financial resources obtained from tourism cannot be reflected in the country's economy, since Georgia has almost no domestic production and eventually it comes out that foreign tourists, while visiting Georgia finance the economy of other countries.

Key words

tourism development strategy, tourism industry, visitor spending, tourism policy, growth of income.

JEL Classification: Z32, Z38, O18

Introduction

Tourism appears to be one of the largest industries in the world, for the development of which the existence of appropriate touristic infrastructure and services is important. At the same time, the investment in this field of economics is very profitable in long-term perspective and the state should support its development. Tourism is one of the largest, most profitable and dynamically developing fields in the modern world economy. Namely, tourism is one of the main generators of currency movement. In recent years a tendency of the growth of tourists' number is observed in the developing countries, which promotes the accumulation of revenue and the increase (rise) of living standards.

1. Georgia Tourism Strategy

Travel & Tourism's influence on the economic and social development of a country can be different: opening it up for business, capital investment, creating jobs and entrepreneurialism for the citizens and defending heritage and cultural values. It is known, that the sector has as direct economic impact, as well significant indirect and induced impacts. The UNSD approved Tourism Satellite Accounting methodology

quantifies only the direct contribution of this sector.¹ WTTC recognizes that Travel & Tourism's total contribution is much larger, however, and purposes to capture its indirect and induced impacts.² To make clear its effect, however, governments and businesses around the world require accurate and reliable data on the impact of the sector. Data is required to assist, on the one hand, assess policy makers to govern industry development and, on the other hand, to provide knowledge to make successful Travel & Tourism investment decisions.

At the same time there is no doubt that a high competition in tourism field takes place at the world market and therefore it is for the establishment of its own place, the development of the strategy, which should be relevant to the international standards is necessary. And, most importantly that the short- and long-term goals in this strategy should be focused on the support of the development of sustainable economy in the country.

It should also be noted that the Georgian government allocate funds for the private sector from the state budget and will continue to support tourism until the number of tourists reaches 11 million. Also

¹ International Recommendations for Tourism Statistics 2008. (IRTS 2008). <http://unstats.un.org/unsd/tradeserv/tourism/manual.html>

² The World Travel & Tourism Council (WTTC) .Travel & Tourism ECONOMIC IMPACT 2016 WORLD. <https://www.wttc.org/-/media/files/reports/economic%20impact%20research/regions%202016/world2016.pdf>

noteworthy the introduction of the tourism zones by the state for expansion of investment opportunities in touristic infrastructure. The following preferential terms are acting there: during 15 years an investor is exempt from the obligations of property and profit taxes established by the Georgia's tax code. The investor is also exempt from the obligation of payment of construction permit fees. The appropriate land plot area will be transferred to the investor at a symbolic price – 1 GEL. Additionally, with the collaboration with the Georgian Partnership Fund the investment in the tourism sector is possible. The Fund offers the investors co-financing and collaboration.

Georgia has only recently developed a long-term strategy for its tourism industry. For many years, the country had a vision, certainly – but not yet a clear and well-designed strategy that it could implement and monitor.

The country's tourism strategy was developed by the Government of Georgia over the course of one year with support from the World Bank Group to all tourism stakeholders. The entire process involved an extensive consultation process and in-depth dialogue with a wide range of organizations and individuals from national and local governments, tour operators, investors, protected areas and heritage site managers, hotel owners, tourism educators, and citizens representing all walks of life.

The design of the strategy also included interviews with key public and private sector opinion leaders and decision makers. Consultations were held with the industry professionals, aimed at identifying key challenges to tourism development and prioritizing ideas for addressing them; and drafting action plans for the implementation of those ideas.

Georgia Tourism Strategy 2015-2025 is a 10-year vision and strategic plan for increasing the value and importance of tourism for the benefit of the country's economy and ultimately its citizens. It contributes to the achievement of the World Bank Group twin goals in Georgia. The plan was formulated through a partnership between the government and the private sector with a view to maximizing tourist satisfaction, diversifying market and products, increasing the size and profitability of the industry in a sustainable way, and maximizing opportunities for job creation.

The strategy strives to achieve eight strategic objectives:

- 1) Respect, enhance, and protect Georgia's natural and cultural heritage;
- 2) Create unique and authentic visitor experiences centered on those natural and cultural assets;
- 3) Enhance competitiveness, through delivery of world-class visitor services,;

- 4) Attract higher spending markets, through increased and more effective marketing and promotion;
- 5) Expand and enhance Georgia's ability to collect and analyze tourism data and measure industry performance;
- 6) Expand public and private sector investment in the tourism sector;
- 7) Enhance the business environment, to facilitate increased foreign and domestic investment;
- 8) Build partnerships between government, industry, non-governmental organizations, and communities that will be needed to achieve all of the above.

The purpose of the Strategy is to create a road map increasing the value, profitability, and sustainability of Georgia's tourism industry. It also aims to define and implement a plan for converting Georgia's tourism assets into world-class tourism products and visitor experiences that will attract tourist from some of the world's highest spending travel markets, including the European Union, North America, and East Asia.

This process was supported by research and analysis provided by the GNTA, the World Bank, and other organizations and individuals. It included interviews with key public and private sector opinion leaders and decision makers and workshops with a broad range of industry professionals aimed at identifying key challenges to tourism development; collecting, refining, and prioritizing ideas for addressing them; and drafting action plans for implementation of those ideas.

2. Development of Georgia's tourism

The aforesaid is due to the fact that in the period of 2009-2013 in Georgia the rate of tourism growth was the highest in the world. Particularly, the total number of visitors increased by 300% - from 1.5 to 5.4 million (see below the scheme), and the revenues from the tourism increased by slightly faster rate – approximately from 745 million to 1.8 billion dollars. In 2015 Georgia received 1.936 million dollars from International tourism, which was more than 8% (149 million about 5 times lags behind the average of 2010-2013 dollars), as compared with the revenues in 2014. The rate of revenues obtained from tourism is increased as compared with 2014, but it lags behind the average indices of 2010-2013 about 5 times.³

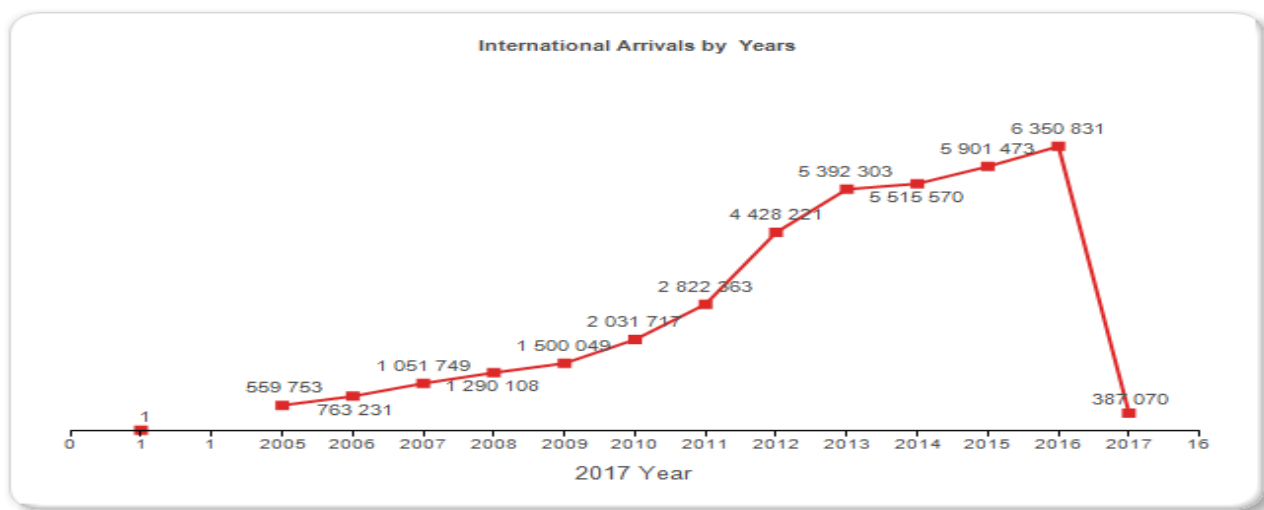
The number of tourists visiting the country in 2016 had increased by 7.6 percent from 2015. 6,350,825 international visitors arrived in Georgia last year,

³ <http://stats.gnta.ge/Default.aspx>

which is 449,731 more than the year previous. The greatest number of tourists hailed from Azerbaijan (1,523,075, an increase of 9.3%), followed by Armenia (1,496,246, an increase of 1.9%) and Turkey (1,254,089 – a decreased of 9.9% from last year).

1,037,564 Russian tourists visited Georgia in 2016, which is a full 12% more than in 2015, while visits from Ukraine increased by 21.8%, amounting to 172,631 people. The year-on-year statistics for visitors from Europe also show positive signs.

Figure 1:



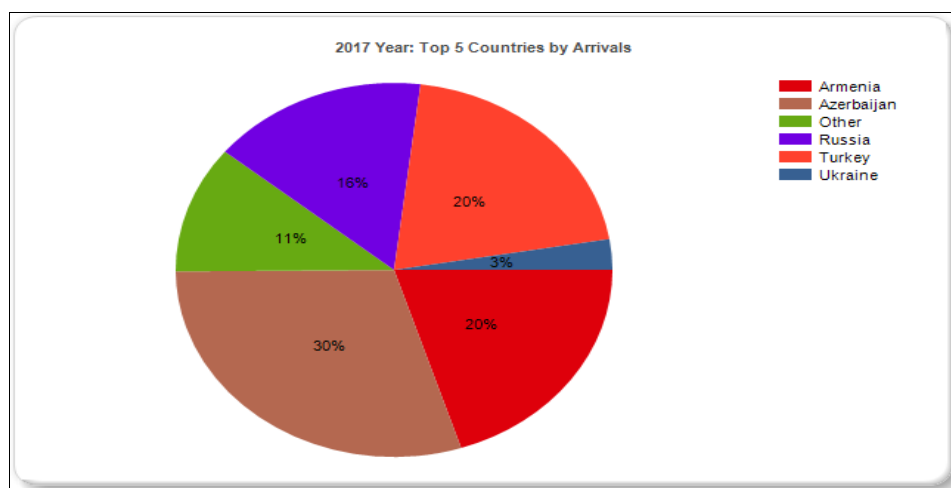
Source: National Bank of Georgia

The total number of travelers from Lithuania, Latvia, Czech Republic, Bulgaria and Germany has all significantly increased. An exceptional increase in tourism was observed from the following countries: Iran (+485%), India (+ 199%), Saudi Arabia (+ 116%), the Philippines (+ 89%), Oman (+ 75%), and China (+46%) The income from international tourism has also increased, amounting to USD 1.7 billion in

three quarters of 2016. That represents USD 177 million more than figures from the previous year.

2017 Year Number of international travelers: 387 070 The same period last year: 323 159• Increase over the same period last year: 19.8%. Top 5 countries by the number of arrivals: Azerbaijan (115 527), Turkey (79 042), Armenia (77 528), Russia (62 075), Ukraine (10 232).

Figure 2: Top five countries by arrival



Source: National Bank of Georgia

What is evident, however, from this data is that the average spending per visitor is below the global average. In order to increase visitor spending, several opportunities can be exploited – including the development of more diversified and high-quality

tourism products, enhancing visitor experiences and improving service quality – ultimately creating a world-class tourism destination that stimulates international demand beyond Georgia's neighboring countries.

Figure 3: Revenues from international tourism



Source: National Bank of Georgia

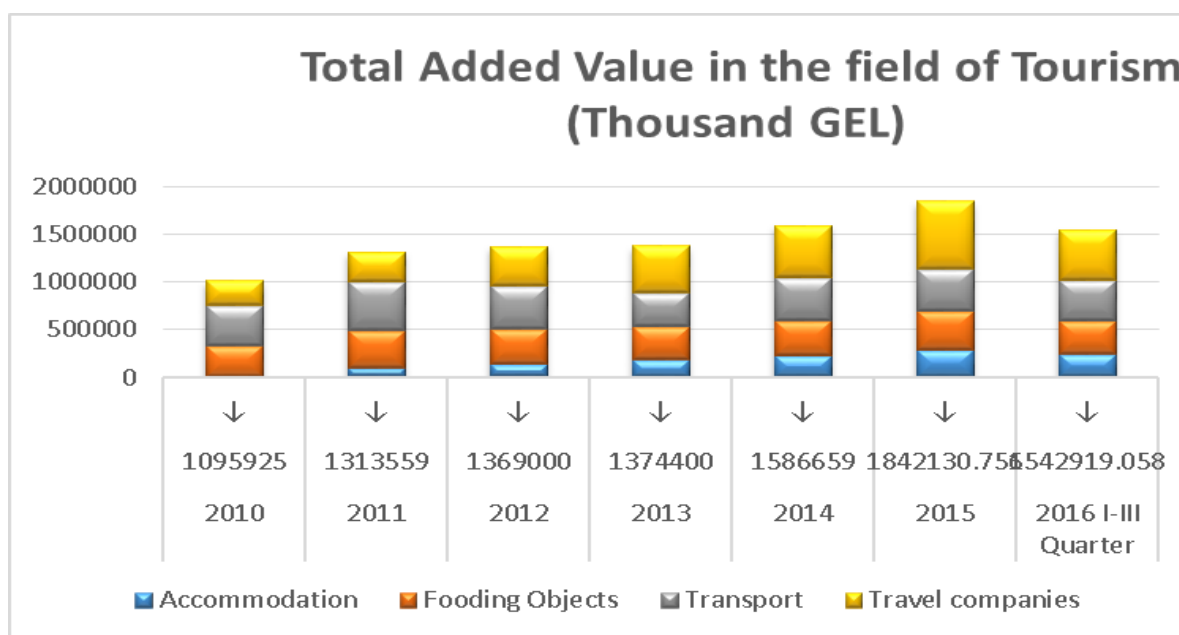
The National Strategy envisaged increasing the income received from international tourism from \$1.8 billion USD, which Georgia receives today, to \$5.5 billion USD per year. In particular, the goal was for each one visitor to spend \$500 per day, up from the \$320 currently spent while visiting Georgia. Georgia also seeks to increase the number of visitors to 11 million per year. Initially the National Strategy wanted to see an 80 percent increase in the number of tourists from Georgia's neighboring countries, and to double the number of tourists from Western Europe, Asian and North American countries.

Georgia also will work to increase Foreign Direct Investments (FDIs) flowing into the tourism sector by 63 percent – a growth from today's \$559 million to \$910 million per year. Furthermore, the tourism sector must contribute 6.7 percent of Gross Domestic Product (GDP) to the economy, up from the six percent it contributed today.

Georgia's high rankings in various subcomponents underline the work that has been put in to increase the country's competitiveness as a tourism destination. Ease of doing business in Georgia, an investor-friendly tax environment, and ease of hiring foreign labor are among the country's competitive advantages

highlighted in the index. Georgia is ranked highly in safety/security and health/hygiene - requirements that must be met for a country aspiring to develop a successful tourism industry. Last but not least, the index highlights Georgia's openness to foreign visitors, ranking its visa regime among the top three out of 141 countries.

The key challenges to further development of Georgia's tourism industry are also evident in the index. The availability of skilled labor is a challenge in this sector, as indicated by very low rankings across several relevant indicators and confirmed by industry players. The country's low score in air transport infrastructure rightly underscores the fact that Georgia's air transport network is in need of further development, especially when it comes to the major Western outbound markets, whose share in the total arrival mix is currently negligible. A low score in the openness of bilateral Air Service Agreements further stresses this issue. This leaves significant upside potential, if air connectivity to these high-value target countries can be improved. Lastly, Georgia has some of its lowest marks under stringency and enforcement of environmental regulations and wastewater treatment.

Figure 4: Total added value in the field of tourism

Source: National Bank of Georgia

At the same time it should be emphasized that the financial resources obtained from tourism cannot be reflected in the country's economy, since Georgia has almost no domestic production and eventually it comes out that foreign tourists, while visiting Georgia finance the economy of other countries. For this we can cite examples of passenger companies. Georgia has only one airline company. The others were unable to compete and closed. But even the remaining company cannot provide an appropriate service. For this reason the tourists prefer foreign airline companies. The same can be said about food and consumer commodities used by foreign tourists. According to experts 50% of consumed food products are imported.

So, it should be mentioned that a half of estimated revenues goes abroad, which for the delay of fund investment in the economy reduces the number of working places in our country and the state budget revenues. In order to get the maximum return and the country achieves a significant increase in the tourism industry, a special attention should be paid to the development of local production. First of all, it means the recovery of proportion between the development of tourism and agriculture.

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Conclusion

It is envisaged that by 2025 Georgia will become well-known as a premier, year-round, high-quality tourism destination – centered on its unique cultural and natural heritage, world-class customer service, and timeless tradition of hospitality.

Georgia will be at the forefront of tourism competitiveness, through strategic investments in infrastructure, education, marketing, and the development of unique Georgian visitor experiences that appeal to high-value markets around the globe.

Thus, it can be said that tourism industry continues to increase in Georgia. The perspective of sector development appears to be quite optimistic. According to the forecast, this industry will create more working places and bring more revenues in the coming years. For the increase of return indices the development of agriculture should take place, as well as the local production of domestic industrial goods consumed in tourism field.

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THE QUALITY OF BUSINESS ENVIRONMENT AND UNIVERSITY STUDENT ENTREPRENEURSHIP - COMPARISON OF THE CZECH AND THE SLOVAK REPUBLIC

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Abstract

The aim of this paper was to define and quantify significant factors that potentially influence university students' propensity for entrepreneurship. A part of this aim was a comparison of defined factors in the Czech and the Slovak Republic. A survey-based research was conducted with university students in the Czech Republic and Slovakia. 409 students in the Czech Republic and 568 students in Slovakia were approached during this research. To verify the defined scientific hypotheses, two custom Indexes were created: the Business environment Index and the Propensity for Entrepreneurship Index. The research results brought interesting findings. Even though the aggregated Business environment Index proved to be lower in Slovakia than in the Czech Republic, Slovak students' determination to run a business is higher. The evaluation of respective constructs was quite similar. Students in both countries gave the advantages of entrepreneurship and the quality of education a similar rating. In Slovakia, the third most important construct was Access to financial resources, and in the Czech Republic, it was the Quality of the macroeconomic environment. According to Slovak students, the most significant factors determining the quality of the business environment and the propensity for entrepreneurship are: business allowing them to fully utilize their own skills, a better career growth and interesting job possibilities, as well as financial support from the state. Similarly, Czech students positively assessed the possibility of utilizing their skills, and gave the quality of university education in the context of entrepreneurial activities a very positive rating. Students in Slovakia view the state's role in establishing business environment as a significantly negative factor. The students in the Czech Republic view media's attitude towards entrepreneurs as very negative. This research has its limitations, but it has brought interesting findings and a possible inspiration for further research aimed at university students' propensity for entrepreneurship.

Key words university students, factors influencing entrepreneurship, propensity for entrepreneurship,

JEL Classification: A20, I25, I26

Introduction

Entrepreneurship is a significant part of the economic system, having important effects on the growth of the entire society. It is therefore important that the young generation develops an interest in entrepreneurship and starts building actual businesses. Obviously, this is the group of people who should be the most active part of the country's population. It is the very university graduates who should utilize their acquired knowledge and their innate intelligence to form the country's economic power.

Entrepreneurship requires a combination of knowledge, skills, and the potential to establish and maintain a new business (Dutta, Li and Merenda, 2011). According to Kuratko and Hodgets (2004), entrepreneurship is a dynamic work of vision, change, and creativity. It requires energy and passion to introduce and implement new ideas and creative solutions.

Many studies confirmed that entrepreneurs with university degrees have significantly better preconditions for doing business (Lafuente and Vaillant, 2013; Velez, 2009; Naude et al., 2008;

Rauch and Rijsdijk, 2013; Van der Sluis and Van Praag, 2008; Millian et al., 2014). According to Ključnikov et al. (2016), entrepreneurs with university education perceive factors that form the business environment more intensively. Within this context, Belás et al. (2016) claim that entrepreneurs with university education have better predispositions for managing business and financial risks in an enterprise.

The decision regarding entrepreneurship is determined by a whole array of social and economic factors in combination with people's personality traits and motives.

This paper examines significant factors of a social and economic character that influence university students' propensity for entrepreneurship in the Czech and the Slovak Republic. The originality of this research lies in the definition and quantification of these factors and the comparison of business conditions in both countries via aggregated indexes.

The structure of the paper is the following: The theoretical part presents the research results of the significant factors of business environment. The second part defines the aim of the research, the methodology, and the description of the data used. The third part presents the results of the research and

the discussion about the issue. The conclusion offers a final summary of the research.

1 Theoretical part

College students' propensity for entrepreneurship is determined by many factors, part of which fall under the social sphere and another part under the economic sphere. Numerous research teams have long been exploring the issue of the impact of social and economic factors on student entrepreneurship (e.g. Bedzsula and Köves, 2016; Delgado-Márquez et al., 2016).

Within social factors, many authors analyze personality traits or the influence of the family background on entrepreneurship.

Shirokova et al. (2016) examine the disparities between business students' intentions and real business start-ups. They found significant positive association between entrepreneurial intentions and student entrepreneurship. This relationship has a strong impact on the family business background (positive), age (positive), gender (dependence is stronger among men), university business environment (positive), acute situation conditions for doing business in the country (negative).

The results of the study by Chaudhary (2017) clearly demonstrate that the characteristics of the locus of control, tolerance for ambiguity, self-confidence and innovativeness were significant in distinguishing entrepreneurs from non-entrepreneurs. The need for achievement and risk-taking propensity did not differ significantly for these two groups, which was inconsistent with expectations. The study's results highlighted the important role of family background and school in predicting the propensity for entrepreneurship. Dugan (2015) analyzed in his work the entrepreneurial plans of students in their last year of university studies in Turkey. One of his findings was the correlation of their success level in an entrepreneurship class and their intentions to run a business after graduating from university. It also confirmed the positive correlation of the relationship between father - entrepreneur and the intention to run a business after graduating from university. The relationship between mother - entrepreneur and the intention to run a business was not confirmed. This finding reflects the cultural influence on the decision regarding entrepreneurship.

According to Pruett et al. (2009), the students' social status and family background are significant factors. A research aimed at the comparison of cultural differences between university students in the USA, China, and Spain showed that the social background in form of family support can increase the

students' propensity for entrepreneurship regardless of differences between countries. Flešková et al. (2011) present opposite study results. They examined the professional preferences of university students in Slovakia and found no correlation between parents' entrepreneurial activities and those of their children. A closer correlation was discovered between parents - entrepreneurs' success and their kids' tendency to run a business. A successful parent - entrepreneur as a role model is apparently a strong stimulus for children to contemplate a possible entrepreneurial career.

A considerable attention is being paid to the influence of the university education on university students' propensity for entrepreneurship. Farhangmehr et al. (2016) state that entrepreneurial education does not increase the motivation of university students to become entrepreneurs. The study calls for the development of entrepreneurial psychological and social skills of students, thus encompassing the emotional dimension and critical thinking. The results by Sesen (2013) highlighted the fact that the university environment has no significant impact on establishing students' relationship to entrepreneurship. Similarly, Wang and Wong (2004) claim that the education level has only limited effect on propensity for entrepreneurship. These findings are in contrast with the findings by Zollo et al. (2017) who state that the university environment significantly affects students in their relationship to entrepreneurship. The relationship to business was influenced in particular by the business attitude that influences the personality characteristics of the individual as well as the risk-taking propensity and locus of control.

Among the most significant economic factors motivating students to future entrepreneurship are the level of support from the state, the quality of the macroeconomic and the business environment, and access to financial resources. These factors form the quality of the business environment. It is apparent that a higher quality of the business environment creates a higher motivation to run a business and vice versa.

On the theoretical level, Conorto et al. (2014) define three significant quality areas of the business environment: *a broader business environment, a competitive environment, and a narrower business environment*. A *broader business environment* comprises factors on the macroeconomic level that exist regardless of the existence or the rank of individual entrepreneurial subjects. These are economic factors, technological factors, and social factors. *Economic factors* are the result of the character and the orientation of the country's economy, while the economic environment influences the changes of the material, energy, financial, investment and information conditions. The economic

factors include areas such as inflation tendencies, evolution of the interest rate, general availability of loans and other means of financing an enterprise, population's money saving and money spending tendency, etc. *The political stability and the political orientation of the country* in which the enterprise operates are of a great importance for entrepreneurial subjects. The political factors define the legal conditions and regulate the business environment. The political-legal environment creates a legislative and support frame for entrepreneurial activities, regulates international business relations, the tax and levy politics, the anti-monopoly politics, the stability of the legal environment, the effectivity of the judicial system, the enforceability of the law, the administrative burden on enterprises, etc. *Technological factors* are mainly the availability of human capital and the infrastructure in the field of research and development, and the cooperation of the public sector with the private sector, etc. The *social factors* can be considered quite marginal, they only affect the business environment indirectly – these are values, opinions, and lifestyles of the people in the environment, and the evolution of population, cultural, ecological, demographic, religious, and ethnic conditions. The broader economic environment is characteristic for its nearly identical influence on all entrepreneurial subjects, and its improvement or deterioration has a direct impact on the quality of the business environment. *The competitive environment* comprises barriers to entry, buyer power, supplier power, threat of substitution, and competitive rivalry (the concept of Porter's five forces). The *narrower business environment* includes direct competitors, customers, suppliers, and employees.

In *reality*, the following elements may be viewed as the basis of the country's business environment: the legal frame for business and the enforceability of the law; the burden on enterprises (administrative, financial: taxes, levies, and fees); interference with the freedom to do business, and the infrastructure for entrepreneurship (conditions for entrepreneurship, the quality and availability of key production factors and services for entrepreneurs) (Conorto et al., 2014).

Detailed information on the quality of the business environment as a whole and its individual attributes are offered by a number of indexes, such as: the Global Competitiveness Index, the Index of Economic Freedom, the Corruption Perception Index and others that constitute the method of multicriterial evaluation of the country's competitiveness (Belanová, 2014).

These theoretical bases present the platform for this research. The research presents a complex approach to the evaluation of social and economic factors determining the university students' decision

to start a business.

2 Research aim, methodology, and data

The aim of this paper was to define and quantify significant factors that influence university students' propensity for entrepreneurship. A part of this aim was a comparison of defined factors in the Czech and the Slovak Republic.

The research was conducted in September 2016 – January of 2017. 409 students from 14 universities in the Czech Republic and 568 students from 8 universities in Slovakia were surveyed. The Czech students were from the following universities: Technical University of Liberec, Newton College in Brno – University of Applied Business, University of Economics Prague, Masaryk University in Brno, Sting Academy in Brno, College of Entrepreneurship and Law in Prague, Palacký University Olomouc, and the Mendel University Brno. Students from Slovakia were studying at the following universities: University of Economics in Bratislava, Alexander Dubček University in Trenčín, University of Žilina, University of Prešov, Matej Bel University in Banská Bystrica, Technical University of Zvolen, Technical University of Košice, and Pan-European University in Bratislava. Universities were approached on basis of willingness to participate in the research. The research focused on students of the 3rd year of Bachelor study and higher grades (Master's degree, engineering studies), who are supposed to be thinking about their future. A total of 408 college students (156 men (38.2%) and 252 women (61.8%)) participated in the survey. There were 568 students from the Slovak universities (216 men (38.0%) and 352 women (62.0%)). The data were collected by means of a questionnaire. The questionnaire contained a total of 40 business queries that students had to rate by agreeing to the classical five-level Likert scale: 1 - I strongly disagree, 2 - I do not agree, 3 - I do not agree or disagree; 4 - I agree, 5 - I definitely agree.

In this research, individual constructs were defined using the following statements which are also the factors influencing university students' propensity for entrepreneurship:

K1: Social environment: the aim was to find out how the social environment (family relations, society, politicians, and media) affects the propensity for entrepreneurship.

K11: There is a businessperson in my family and I highly respect him/her.

K12: The society in general appreciates businesspeople.

K13: Politicians as well as the public consider businesspeople to be beneficial for the society.

K14: Media provide true information regarding the status and the activities of businesspeople.

K2: Business support from the state: it was assumed that the state has a significant role in forming the business environment, the business attitude and the propensity for entrepreneurship.

K21: The state supports entrepreneurship by using its tools.

K22: The state creates high-quality conditions for starting a business.

K23: The state supports entrepreneurship financially.

K24: Legal conditions for doing business are of high quality.

K3: Macroeconomic environment: the actual state of the economy can determine the decision about starting a business. This research was supposed to measure the intensity of this relation.

K31: I consider the macroeconomic environment of my country to be positive for doing business.

K32: The state of macroeconomic environment of my country supports starting a business.

K33: Present macroeconomic environment does not prevent me from starting a business.

K34: Present level of basic macroeconomic factors (GDP, employment, inflation) supports business and creates interesting business opportunities.

K4: The quality of business environment – it was assumed that a positive evaluation of the quality of the business environment has a positive effect on the propensity for entrepreneurship.

K41: The business environment of my country is of good quality and convenient for starting a business.

K42: The business environment of my country is relatively risk-resistant and enables to start a business.

K43: Conditions for doing business have improved in my country in the last five years.

K44: The amount of administrative work of businesspeople in my country has decreased in the last five years.

K5: Access to financial resources – it was assumed that a positive evaluation of the access to external financial resources has a positive effect on the propensity for entrepreneurship.

K51: There is no intensive financial risk in the business environment, i.e. having limited access to external financial sources, bad payment habits, etc.

K52: Business entities have easy access to bank credits.

K53: I consider the credit conditions of commercial banks in my country to be appropriate.

K54: The interest rates of commercial banks support business activities.

K6: Quality of university education – it was assumed that a positive evaluation of the quality of university education has a positive effect on the propensity for entrepreneurship.

K61: I consider university education of my country to be of good quality.

K62: I consider the educational structure at my faculty (university) to be of high quality.

K63: The knowledge acquired at my faculty (university) will help me when doing business.

K64: The knowledge acquired by students in my country will help them to start a business.

K7: Entrepreneurs' personality traits – the aim was to find out how students evaluate the requirements on entrepreneurs' personality traits (K7 will, given its content, not be included in the aggregated index)

K71: A businessperson does not have to have any special innate abilities.

K72: The most important characteristics of a businessperson are specialization, persistence, responsibility, and risk-resistance.

K73: It is easier to do business if close relatives are in business.

K74: Every person has certain prerequisites for doing business.

K8: Business advantages – it was assumed that a positive evaluation of business advantages has a positive effect on the propensity for entrepreneurship.

K81: The advantages of entrepreneurship outnumber the disadvantages.

K82: A businessperson is wealthier and has a higher social status.

K83: Entrepreneurship enables career growth and leads to interesting job opportunities.

K84: Doing business enables making use of own abilities.

K9: Business disadvantages – it was assumed that a positive evaluation of business disadvantages has a negative effect on the propensity for entrepreneurship.

K91: The disadvantages of entrepreneurship outnumber the advantages.

K92: The disadvantage of doing business is not having a regular income.

K93: The negative aspect of doing business is the fact that a businessperson does not have time to be with his/her family.

K94: The disadvantage of doing business is not having a good reputation within society.

KY: Entrepreneurial propensity: the result of the research - the aim was to determine university

students' inclination (tendency, attitude) to start a business after graduating from university.

KY1: I am very interested in doing business.

KY2: I am convinced that I will start a business after I graduate from university.

KY3: In case nothing unexpected happens, I will start a business within three years at the latest.

KY4: At present, I have business activities.

In order to quantify and compare important factors determining the propensity for entrepreneurship, an aggregated index of the quality of business environment was created. It can be characterized as the average value of the positive evaluation of individual factors:

$$Ikpp = (\sum_{i=1}^4 \phi K1i/4 + \sum_{i=1}^4 \phi K2i/4 + \sum_{i=1}^4 \phi K3i/4 + \sum_{i=1}^4 \phi K4i/4 + \sum_{i=1}^4 \phi K5i/4 + \sum_{i=1}^4 \phi K6i/4 + \sum_{i=1}^4 \phi K8i/4 - \sum_{i=1}^4 \phi K9i/4)/8 \quad (1)$$

$Ikpp$ – aggregated index of business environment,

Kn – average value of the positive evaluation of individual constructs incorporated into the aggregate index, expressed via simple index for $n = 1, 2, 3, 4, 5, 6, 8, 9$.

Simultaneously, the propensity for entrepreneurship index was created and can be characterized as the average value of the propensity for entrepreneurship:

$$Isp = \sum_{i=1}^4 \phi KYi/4 \quad (2)$$

In theory, the following should be true: $Ikpp = Isp$. It means that the evaluation of important factors determining the propensity for entrepreneurship should equal the propensity for entrepreneurship. If the difference between the given indexes is less than 10 %, it can be said that this model has a good predicative potential.

When developing this paper, three scientific hypotheses were established:

H1: The aggregated index of the quality of business environment in Slovakia is lower than 0.400.

H2: The aggregated index of the quality of business environment in the Czech Republic is lower than 0.400.

H3: The difference between the aggregated index of the quality of business environment and the propensity for entrepreneurship index is lower than 10 %.

3 Results and discussion

The research results for the Slovak Republic are listed in Tab. 1

Tab.1 Research results for the Slovak Republic*Source: own processing*

Factor	The ratio of positive responses expressed via index	Factor	The ratio of positive responses expressed via index	Factor	The ratio of positive responses expressed via index
K11	0.687	K21	0.222	K31	0.216
K12	0.467	K22	0.164	K32	0.241
K13	0.199	K23	0.680	K33	0.431
K14	0.144	K24	0.174	K34	0.285
<i>Index K1</i>	<i>0.374</i>	<i>Index K2</i>	<i>0.310</i>	<i>Index K3</i>	<i>0.293</i>
K41	0.215	K51	0.224	K61	0.516
K42	0.472	K52	0.516	K62	0.667
K43	0.313	K53	0.491	K63	0.641
K44	0.174	K54	0.391	K64	0.544
<i>Index K4</i>	<i>0.294</i>	<i>Index K5</i>	<i>0.406</i>	<i>Index K6</i>	<i>0.592</i>
K81	0.518	K91	0.312	KY1	0.588
K82	0.423	K92	0.616	KY2	0.357
K84	0.778	K93	0.479	KY3	0.266
K85	0.870	K94	0.165	KY4	0.178
<i>Index K8</i>	<i>0.647</i>	<i>Index K9</i>	<i>0.393</i>	<i>Index KY</i>	<i>0.347</i>

Based on the research results, the aggregated index of the quality of business environment and the

propensity for entrepreneurship index were quantified for university students in Slovakia:

$$I_{kppSR} = (0.374 + 0.310 + 0.293 + 0.294 + 0.406 + 0.592 + 0.647 - 0.393) : 8 = 0.315$$

I_{ppSR} does not equal I_{spSR} because 0,315 < 0.347

The aggregated index of the quality of business environment reached the value of 0.315. This can mean that the average value of the positive evaluation of individual factors evaluating the quality of the business environment reached the value of 31.5 %. The Propensity for entrepreneurship index reached the value of 0.347 which means that approximately 35 % of the students in Slovakia expressed interest in starting a business, or the fact that they are already involved in business activities. It was interesting to find out that the propensity for entrepreneurship is higher than the evaluation of the quality of business environment.

The following constructs reached the highest values of partial indexes: K8, K6, and K5. Students in Slovakia expressed a high level of agreement with the defined business advantages (with the average value being 64.7 %), with the quality of university education in the context of business activities (59.2 %), and with the access to financial resources (40.6 %). K84, K83, and K23 factors reached the highest value of partial indexes and K22, K94, K24, and K44 factors the lowest.

University students strongly identified with the advantage that doing business enables full use of own abilities (87 % agreed with this statement). 77.8 % of the students think that entrepreneurship enables career growth and leads to interesting job opportunities. 68 % of the students agree with the statement that the state financially supports entrepreneurship.

Factor K22 got the lowest grade from the students, as only 16.4 % of them agreed with the statement that the state creates high-quality conditions for starting a business. In this research, only 16.5 % of the students agreed with the statement that a bad reputation within the society is a disadvantage of doing business. Only 17.4 % of the students agreed with the notion that legal conditions for doing business are of high quality and that the amount of administrative work of businesspeople has decreased in the past years.

H1 was confirmed. The aggregated index of the quality of business environment in Slovakia was lower than 0.400.

Research results for the Czech Republic are listed in Tab. 2.

Tab.2 Research results for the Czech Republic

Factor	The ratio of positive responses expressed via index	Factor	The ratio of positive responses expressed via index	Factor	The ratio of positive responses expressed via index
K11	0.680	K21	0.330	K31	0.487
K12	0.435	K22	0.298	K32	0.445
K13	0.181	K23	0.254	K33	0.606
K14	0.071	K24	0.259	K34	0.511
<i>Index K1</i>	<i>0.342</i>	<i>Index K2</i>	<i>0.285</i>	<i>Index K3</i>	<i>0.512</i>
K41	0.408	K51	0.274	K61	0.685
K42	0.677	K52	0.592	K62	0.709
K43	0.386	K53	0.560	K63	0.680
K44	0.130	K54	0.460	K64	0.560
<i>Index K4</i>	<i>0.400</i>	<i>Index K5</i>	<i>0.472</i>	<i>Index K6</i>	<i>0.659</i>
K81	0.533	K91	0.215	KY1	0.494
K82	0.355	K92	0.579	KY2	0.269
K83	0.609	K93	0.479	KY3	0.259
K84	0.868	K94	0.120	KY4	0.191
<i>Index K8</i>	<i>0.591</i>	<i>Index K9</i>	<i>0.348</i>	<i>Index KY</i>	<i>0.303</i>

Source: own processing

$$IkppCR = (0.342 + 0.285 + 0.512 + 0.400 + 0.472 + 0.659 + 0.591 - 0.348) : 8 = 0.364$$

IkppCR does not equal IspCR because 0,364 > 0.303

The aggregated index of the quality of business environment reached the value of 0.364. The average value of the positive evaluation of individual factors evaluating the quality of the business environment in the Czech Republic reached the value of 31.5 %. The Propensity for entrepreneurship index reached the value of 0,303, which means that approximately 30 % of the students expressed interest in starting a business, or the fact that they are already involved in business activities. The propensity for entrepreneurship is lower than the evaluation of the quality of business environment.

The following constructs reached the highest values of partial indexes: K6, K8, and K3. Students in the Czech Republic expressed a high level of agreement with the quality of university education in the context of business activities (65,9 %), with the defined business advantages (with the average value being 59.1 %), and with the quality of the macroeconomic environment (51.2 %). K84, K62, K61 factors reached the highest value of partial indexes, and K14, K94, and K44 factors the lowest.

University students in the Czech Republic strongly identified with the advantage that doing business enables full use of own abilities (86.8 % agreed with this statement). The students also positively evaluated

the quality of education in their country (68.5 %) and at their faculty (70.9 %).

Factor K14 received the lowest grade from the students, as 7.1 % of them agreed with the statement that the media provide true information regarding the status and the activities of businesspeople. Only 12 % of the students agreed with the statement that an entrepreneur does not have a good reputation within the society, and only 13.0 % of the students agreed with the notion that the amount of administrative work of businesspeople has decreased in the past years.

H2 was confirmed. The aggregated index of the business environment in the Czech Republic was lower than 0.400.

H3 was confirmed. The difference between the aggregated index of the business environment and the propensity for entrepreneurship index in both countries was lower than 10 %.

These research results are, to a great extent, compatible with the opinion of Shirokova et al. (2016), Chaudhary (2017), Dugan (2015), and Pruett et al. (2009) who claim that the family background creates favorable conditions for future entrepreneurship. In this research, up to 86 % of

students in the Slovak Republic and 85 % of students in the Czech Republic agreed that it is easier to run a business if there is another businessperson in the family.

The research results in the Slovak Republic considerably differ from the findings by Flešková et al. (2011) which claim that only 10.4 % of the students expressed definite interest in starting a business after graduating from university. Their research was conducted on a sample of 298 university students at 4 universities.

In this research, 36 % of the students in the Slovak Republic expressed intent to start a business after graduation.

At the same time, the results in the Czech Republic are partially compatible with the findings by BusinessInfo.cz (2015). Based on their data, up to 50 % of university students contemplate doing business in the future. When thinking about entrepreneurship, the students claimed that they receive support from their families (75 %); however, up to 70 % of them claimed a lack of such support from universities, and two thirds of them said that the Czech Republic does not make starting a business easy for new entrepreneurs.

In the current research, 46 % of the students in the Czech Republic claimed that they are active in business or definitely plan to start a business after graduating from university.

It is interesting to see the evaluation of disparities of both indexes, namely the differences between the evaluation of the quality of business environment and the propensity for entrepreneurship.

FinExpert (2015) states that the entrepreneurial potential in the Czech Republic is at 38 %, however, only 6 % of the people are in business, therefore the entrepreneurial "gap" represents up to 30 %. Based on this, the Czech Republic does not deviate from the European Union average, but does fall behind the international level, e.g. the business potential of 51 % in the USA, or even 81 % in Mexico. By contrast, it is only 33 % in Slovakia and 25 % in Germany.

It would be logical to assume that the index of the quality of business environment should be higher, as the propensity for entrepreneurship may be determined by students' personality traits or by existing business myths. In this research, 78 % of the students in Slovakia and 63 % in the Czech Republic agreed with the statement that the most important personality traits expected of an entrepreneur are specialization, persistence, responsibility, and risk resistance. On the other hand, students in both countries expressed strong disagreement with the claim that a businessperson does not have to have any

special innate abilities (53 % in Slovakia and up to 62 % in the Czech Republic).

It is the very differences in personality traits, especially risk resistance, or the existence of a number of business myths that can explain the gap between given indexes, and act as a significant barrier in starting a business at the same time. The fact that entrepreneurs themselves do not consider risk resistance the most important personality trait can also be interesting.

This research was conducted in the Czech Republic in 2015 on a sample of 1,141 respondents, and the following sequence of necessary entrepreneurial character traits and skills were indicated: *professional knowledge*: (this skill was indicated by 54,25 % of entrepreneurs within this research); *responsibility*: (this skill was indicated by 52,94 % of entrepreneurs within this research); *persistence*: (this skill was indicated by 51,10 % of entrepreneurs within this research), and fourth, *risk resistance* (this skill was indicated by 46,36 % of entrepreneurs within this research).

Conclusion

The aim of this paper was to define and quantify significant factors that create the business environment and influence university students' propensity for entrepreneurship. A part of this aim was a comparison of the defined factors between the Czech and the Slovak Republic.

The results of this research have brought interesting findings. Although the aggregated index of the quality of business environment reached a lower level in Slovakia than in the Czech Republic, the Slovak students' determination for entrepreneurship is larger.

The evaluation of individual constructs was quite similar. Students in both countries provided a similar evaluation of the business advantages and the quality of university education. Access to financial resources ended up being the third most important construct in Slovakia. In the Czech Republic, it was the Quality of the macroeconomic environment.

According to Slovak students, the most important factors determining the quality of the business environment and the propensity for entrepreneurship are the following: business enabling full use of own abilities, career growth and interesting job opportunities, and financial support from the state. Similarly, Czech students highly appreciated the possibility to fully use their own abilities and the quality of university education in the context of business activities.

Students in the Slovak Republic pointed at the state as being a significant negative factor in creating a business environment. Czech students identified media's approach to entrepreneurs as a negative factor.

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INTERCULTURAL DIVERSITY IN HIGHER EDUCATION: A CASE STUDY AT UNIVERSITY OF VALENCIA

Anna M. DEVÍS-ARBONA, Silvia-Maria CHIREAC

Abstract

The current article draws upon the idea that the study of a language must in all cases be intimately entwined in the study of the particular culture to which said language is affiliated. For this, we must take into account the fact that each language reflects a personal worldview, one which cannot occur in the absence of a good knowledge of our students, especially when it comes to learning a foreign language. The present study pretends to analyze the first-grade students' perceptions of Faculty of Teacher Training from the University of Valencia about intercultural diversity, understood in a broad sense, as a linguistic, religious, ethnic, gender diversity, etc. The reasons of the importance of this research lie on the one hand, in the existence in the Teaching Guides of different competences in relation with the interculturality, and on the other hand, in the study of future teachers' needs which will use the intercultural diversity in our pluralistic classrooms.

Key words

interculturality, higher education, competences, diversity, pluralistic classrooms

JEL Classification: I23, Z13, I21

1. Introduction

The present study pretends to analyze the first-grade students' perceptions of Faculty of Teacher Training from the University of Valencia about intercultural diversity, understood in a broad sense, as a linguistic, religious, ethnic, gender diversity, etc. The reasons of the importance of this research lie on the one hand, in the existence in the Teaching Guides of different competences in relation with the interculturality, and on the other hand, in the study of future teachers' needs which will use the intercultural diversity in our pluralistic classrooms.

We set the following objectives:

- To develop intercultural skills among higher education students.
- To evaluate our students' perceptions regarding intercultural diversity.
- To analyse the given subjects in order to avoid stereotypes or common places.
- To come up with specific curricula whose aim is to develop intercultural skills among higher education students.

2. Intercultural skills

The current article draws upon the idea that the study of a language must in all cases be intimately entwined in the study of the particular culture to which said language is affiliated. For this, we must

take into account the fact that each language reflects a personal worldview, one which cannot occur in the absence of a good knowledge of our students, especially when it comes to learning a foreign language⁴ (Oliveras, 2000; Rodrigo, 1999).

The acquisition of intercultural skills is one of the goals established by the Common European Framework of Reference for Languages (CEFR), as it states that the learner should be an intercultural speaker. Pascual and Sala (1991, p.57) also state that:

languages are not mere instruments used to conceptualize reality, to communicate and express oneself, or to regulate our own conduct and that of others. What is more, languages are a symbol of social identity, being markers for group belonging. As such, they are subject to attitudes and are attributed certain values, not only by the users of said language, but also by those who are not familiar with it.

Teachers should be aware of the fact that students enrol our L2 or FL courses with specific knowledge of the language or the culture to which they belong. On many occasions, that knowledge will be different from that of the target language; thus, a fundamental requirement concerns their ability to insert the knowledge acquired in a new language in the social context that created it. Thus, (Devís and Chireac, 2015a) state that one of the main objectives of the linguistic policy pursued by the Council of Europe and the European Commission is promoting

⁴Henceforward referred to as FL.

multilingualism. This can be achieved through contact between languages and cultures, a key element that facilitates the construction and development of intercultural skills. In the age of globalization, intercultural communication is defined as the process that leads to cultural globalization (Sorrells, 2012), and to “a world in motion” (Inda and Rosaldo, 2001, p. 11); one in which people with diverse linguistic backgrounds must adapt to a new community, defined by “unity in diversity” (Solé, Alcalde, Lurbe and Parella, 2002). This highlights the importance of learning other languages in order to develop multilingual and multicultural skills and, at the same time, it leads to the formation of one’s identity.

The *Diccionario de términos clave de ELE* (Dictionary of keywords for English as a Foreign Language), defines interculturality as:

A type of relation that is generally and intentionally established between cultures, that promotes dialogue and communion among them, based on mutual respect for their values and lifestyle. The goal is not to merge the identities of the cultures involved into a single one, but to strengthen them and enrich them creatively, in solidarity (Centro Virtual Cervantes, 1997-2016)

This particular intercultural relation is generally not easy to maintain. The most common options (Devís, 2015) include three possibilities⁵:

- Marginalization: the student does not integrate into the target language and culture.
- Integration: the student inserts himself into the target language and culture.
- Mutual knowledge and enrichment: this is the desired option, yet it only occurs in exceptional circumstances.

Nevertheless, considering that diversity is the norm, we would have to agree upon the idea that intercultural skills imply a relation among equals: “in order to establish intercultural relations, the language and culture less favoured would have to initiate a process of intracultural self-affirmation” (Devís, 2015, p. 153). To that end, Tusón (1998) suggests replacing the concept of “tolerance” for that of “love for what is different”.

3. Goal and Methodology

3.1. Instruments and participants

As previously stated, the participants of this study consisted of 44 first-grade students of the

Faculty of Teacher Training from the University of Valencia, of which we obtained a sample of 42 that completed all of the necessary tasks. All the participants follow the course programme *Llengua catalana per a Mestres* Catalan Language for Teachers, for most of them Catalan is the L2 language⁶, which is a parallel subject of the Spanish one: *Lengua española para maestros* Spanish Language for Teachers⁷.

In the beginning of the course, students were told that, within the scope of the argumentative discourse that they were working on, the texts would tackle subjects related to interculturality (in the broader sense of the notion)–, from a linguistic, ethnic, religious and gender related perspective...–. To this end, their papers would have to address the issue from as varied a perspective as possible. Given the length of the investigation, we will focus on evaluating two of the practices: an initial one, aiming to establish previous knowledge (initial evaluation) and the last one (final evaluation), meant to establish the degree to which the studied skills have been acquired. Thus, the aforementioned practices are:

- P1: students are asked to bring at least one text that tackles interculturality from a relevant perspective.
- P2: Students are asked to prepare an argumentative speech on the subject of “intercultural education”.

In the following section of our article, we will perform an analysis of the subjects that have been discussed and the perspectives that have been adopted in the process.

3.2. Findings

3.2.1. First practice

We have obtained, in total, 68 speeches which have been divided into several groups, according to the main subject.

⁵The classification is based on the degree of cultural assimilation of the emigrant population.

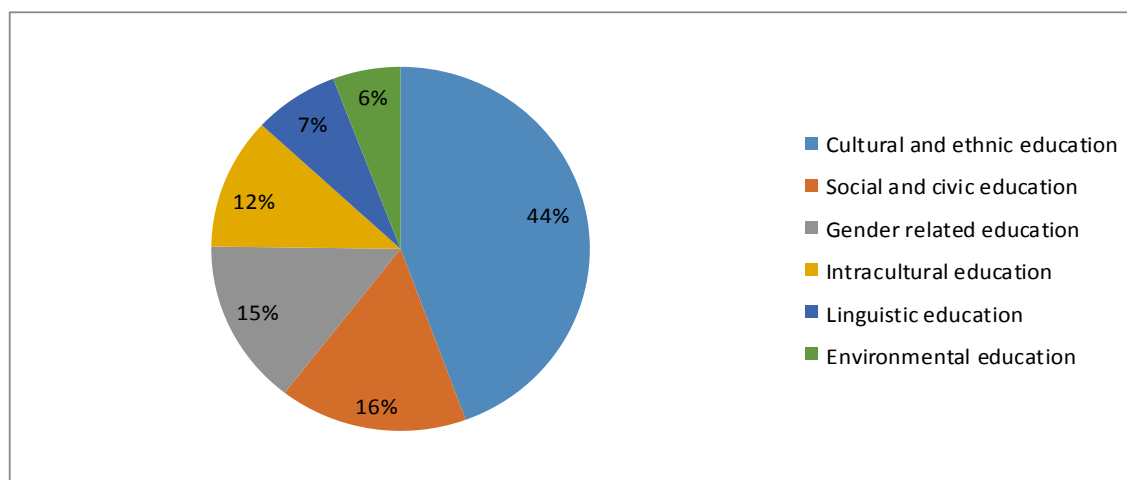
⁶ In the Valencian Community there are two official languages, Spanish and Catalan, which are the L1 and L2 of our students.

⁷ In further studies we pretend to extend the sample to students who are follow Spanish subject.

Table 1: number of texts on the subject of intercultural education in P1.

Gender related education	Cultural and ethnic education ⁸	Intracultural communication	Linguistic education	Environmental education	Social and civic education
10	30	8	5	4	11

Analysing the results, we find that our students are mostly interested in subjects such as the coexistence of different cultures, closely followed by those related to social and civic coexistence or conflicts generated by sexual diversity. The percentages are as follows:

Chart 1: Percentage of subjects related to intercultural education in P1.

We have observed, among our students, a prevalence of themes related to ethnic or racial interculturality, or to interculturality in general; themes involving an intercultural contrast which can cause xenophobic attitudes. Aiming to integrate in our study programs students pertaining to other cultures, and, in particular, aspects related to the process of acquiring and maintaining values that other cultures have to offer is an attitude that requires us to reconsider the higher education curriculum on a deeper level.

Secondly, our students are interested in subjects like euthanasia or abortion, which are constantly under debate within their social context. Not so far behind them in the list of main areas of interest among our university students are subjects concerning gender diversity; themes such as gay marriages, adoption in mixed and varied family models, or the sexism that continues to reign even in our days.

Moreover, other popular subjects are those concerning intracultural aspects, such as the debate on the presence of bulls in folk celebrations or the advantages and disadvantages of uncontrolled tourism on the coastline.

Lastly, there are other subjects that, although just as frequent as the previous ones, are in fact less relevant. It is the case of texts or speeches related to linguistic and environmental education. As to the latter, we are well aware of the raising preoccupation surrounding all that affects the conservation and upkeep of our eco-system. With regard to the linguistic education, we state that it is a delicate subject for the students of the Valencian Community, if we keep in mind that even in this territory Catalan and Spanish are living together, Catalan is a minority and language compared to Spanish.

⁸We should note that, in considering cultural and ethnic education, we are referring to subjects and themes that are generally labeled under intercultural issues, i.e. which develop arguments related to xenophobia and similar topics.

3.2.2. Practice 2

In P2, students produced 42 texts or discourses which, as a result of the work performed in the intercultural area, generate the following results:

Table 2: Number of intercultural education texts in P2.

Gender related education	Cultural and ethnic education	Social and civic education
7	15	20

On one hand, we should note that, while in P1 subjects fell into six categories (given their diverse nature), in the second practice –the final one–, subjects are much more condensed –thematically–, which has enabled us to reduce the categories to just three, due to the absence of themes more specifically linked to interculturality (such as linguistic education or environmental education, emphasized in the first practice).

On the other hand, given the proposed subject –“Interculturality and education”– it is to be noted that all of the aforementioned discourses draw upon one of the main themes offered within the concept of interculturality, but it is at all times linked to an educational perspective –in general–, or a school related one –in particular–.

As to the subjects chosen within the scope of the three main categories, there is a prevalence of subjects referring to “Social and civic education”, mainly equality of rights, the right to demand quality education, or other equally important subjects, such as the relevance of folk celebrations for the development of intercultural skills or music as an instrument that facilitates inter and intracultural acquisition.

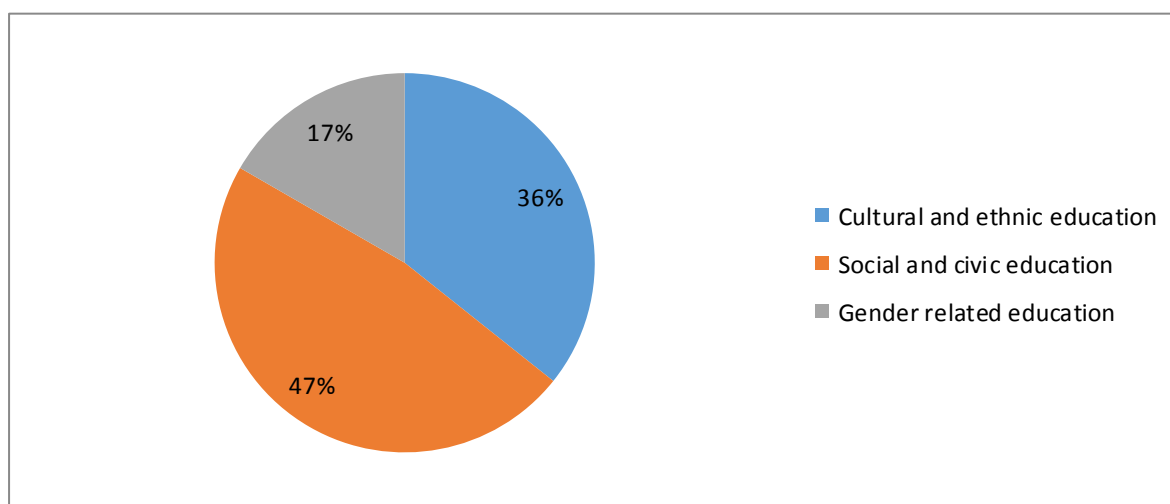
Some of the other subjects can be explained as a product of the particular circumstances of the moment in which the texts were created. Among them were subjects of high interest in society at that time, relevant for that specific timeframe; for example, the need to reduce the homework load for students in compulsory education, or a plea for full-time schooling, which would eliminate classes scheduled in

the afternoon. Nevertheless, the major, constantly reiterated theme for the area in question (interculturality) was bullying, which comes to emphasize –and rightly so, might we add– the significance of the matter and the concern it raises among all actors of society, particularly educators. To be aware of the fact that there are students who constantly suffer the psychological and physical abuse of others (classmates, mainly) is a rather unnerving experience.

“Cultural and ethnic education” also has an elevated percentage; we must state that the most addressed issue –pursued almost exclusively– is the integration of emigrants in schools. Some of the specific aspects mentioned were marginalization due to race or the defence of ethnic minorities; such cases were built on examples of the gypsy ethnic minority, which is engrained in the Spanish population.

Lastly, we will analyse the section with the least number of entries (a total of 7), which continues, nonetheless, to be relevant among our students’ creations. This touches upon the issues of gender diversity, the educational measures that are being proposed to such effect and the rejection they frequently (and altogether too often) face in the school system. Homosexuality is by far the most commonly addressed subject, with underlying ramifications concerning the right of adoption for the gay community, or sexist attitudes which reject the right to choose one’s sexuality.

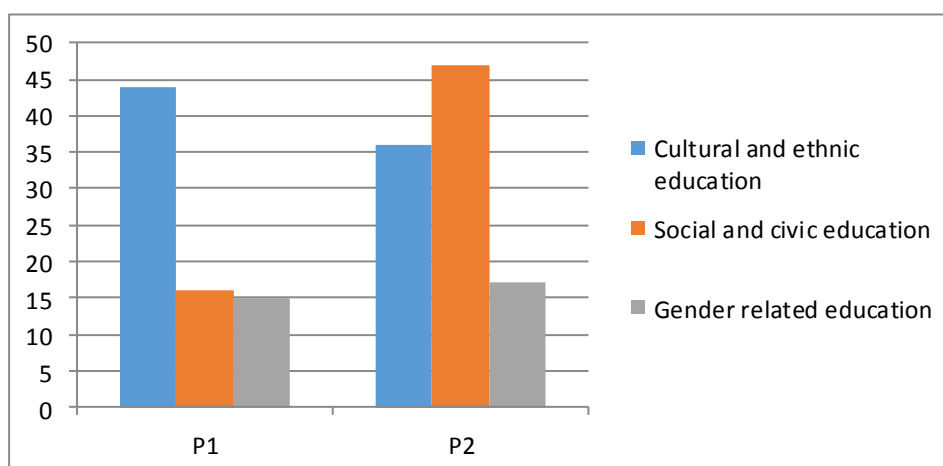
The previous data is, thus, summarized in the following percentage chart:

Chart 2: Percentage of themes related to intercultural education in P2.

3.2.3. Contrast and evolution of the treatment of intercultural skills

We have already pinpointed, in the previous paragraph, some of the key aspects related to the perceived evolution and development of intercultural

skills in the students who formed the participants sample for the current study. In the following lines, we will simply highlight the contrasting data for two of the evaluated tasks, which can be transposed into the following chart:

Chart 3: Contrasting P1 and P2 themes

In line with the statements made so far, we note that there are two main categories which greatly arose our students' interest: "Social and civic education" and "Cultural and ethnic education".

We should note that the reason behind the higher frequency of the "Social and civic education" category in the P2 chosen subjects lies in the fact that for the initial evaluation (P1), they were dissipated under some of the other categories mentioned, such as "Linguistic education" or "Environmental education". As for the "Cultural and ethnic education" category, it

has suffered an apparent fall between the two evaluative moments, P1 and P2. What actually happens is that there is a higher percentage of texts on the subject in P2, taking into account the fact that the total number of texts in P1 is 68, as opposed to those in P2, which amount to 42. This, in fact, comes as a proof of the high interest manifested by the students.

Although the numbers shown here are absolute, we ought to signal an increase in the interest shown for aspects concerning gender diversity and its

subsequent effects in education, such as the argument for gay or straight couples' right to adopt.

Conclusions

The conclusions of the current study allow us to formulate encouraging hypothesis as to the beliefs, expectations and awareness of our university students regarding the importance of developing intercultural skills during their graduate studies. Such skills are needed in the current European society, where diversity has become increasingly common.

Consequently, the current study could be summed up in the following key ideas:

- Students require better and more extensive training in the area of intercultural education in school, and, to that extent, we have observed a qualitative evolution from P1 to P2, following the assignment.
- Among the subjects that were discussed in the final evaluation (P2), the most common were those regarding social and civic education, and

especially subjects regarding the conflicts that occur in the presence of intercultural contrast, in situations where there are students pertaining to different ethnic groups or to different nationalities.

- Both evaluations –Practice 1 and Practice 2– outline the concern for gender diversity; although, in some areas, it may appear that it has been dealt with, it is really not the case for our society; school becomes, in this context, a reflection of these issues.
- In the light of the current results and in accordance to the European societies (which are becoming increasingly globalized) we must highlight the growing need for the corresponding education and administrative boards to develop a series of programmes for graduate and postgraduate studies, focused on including and developing intercultural skills –not only in core subjects, but also for cross-curricular ones.

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E-GOVERNMENT AS AN ELECTRONIC FORM OF PUBLIC ADMINISTRATION

Elza KOČÍKOVÁ

Abstract

Information and communication technologies are changing our lives. What will the future cannot estimate, but it is expected that activities in the areas of life are changing fundamentally, and traditional solutions are lost. Social changes are closely related to ICT, and mutually affect one without the other cannot imagine actually already. With the use of ICT it is directly related to the modernization of public administration and the use of electronic start similar activities in public administration, which is called eGovernment. The EU issued a decision on the establishment of a single electronic system, called eGovernment, to which was attached the whole process of eGovernment. Slovak Republic has committed itself to creating an electronic image of public administration already at the entrance to the European Union and in 2004-2006 began the first activities that were related to the introduction of eGovernment and the informatisation of society. Performance of public administration in this area goes through different phases and electronisation is becoming easier and more accessible. The paper mapping the transformation of public administration into electronic form in the Slovak Republic.

Key words:

eGovernment, Information and communication technologies, public administration

JEL Classification: A22, M10, M15

Introduction

Creating electronic forms of public administration it was initiated by the European Union, the European Parliament already in 2004. The EU issued a decision on the establishment of a single electronic system, called eGovernment, to which was attached the whole process of eGovernment. Slovak Republic has committed itself to creating an electronic image of public administration already at the entrance to the European Union and in 2004-2006 began the first activities that were related to the introduction of eGovernment and the informatisation of society.

Attempts to implement the legislative process eGovernment date back to 2006 when it was adopted by the National Council of the Slovak Republic no. 275/2006 Coll. on information systems of public administration. This law can be considered a first step towards the creation of an electronic image of public administration. Law regulates use of information systems in public administration.

In the coming years there have been several documents at the international and national level to govern the process of informatization and computerization of public administration and the general introduction of e-government in individual countries and thus in the Slovak Republic.

The implementation of electronic forms of public administration was related to a large extent, the programming period 2007-2013 and the Operational

Programme Information Society, which was the computerization of the procedure just described.

Informatization strategic objectives were developed by the government in 2008 in a document Strategy of public administration in of the SR and documents of the National concept of public governance (NKIVS SR), in which the Government describes the process in more detail, priorities, principles etc. and which is followed by the current version NKIVS for the years 2016-2020.

The Government Programme Declaration of 2012 (p. 35) The government has set an objective of the computerization of services as follows: *"The strategic goal of government is to fully develop e-government, which is a comprehensive and effective digitization of administrative, administrative, decision-making and management processes, as well as rule-making across all sectors and forms of administration."*

Government continuously publishes documents that describe the implementation of eGovernment. The concept of e-Government is the outcome of the whole process of eGovernment. There are currently issued documents and integrated infrastructure and an efficient public administration and the National concept of public administration for the programming period 2014-2020. Programs include new targets for eGovernment initiatives and measures that can help to succeed.

1. eGovernment

Public administration can be defined as "governance exercised in the public interest of its own motion *ex offio* (on the basis of law and within the law), by public authorities and institutions, municipal authorities and public corporations." (Nesvadba, Pšenková, 2012, p. 9). Governance is therefore a set of organizations and institutions involved in governance.

The term *electronisation* understand the implementation of electronic services and similar activities in different areas. This is a use of electronic communication, transacting business through the Internet, the provision of electronic services and the like.

E-Government is the process of introducing and using information and communication technologies in different sectors of society in order to achieve the efficient functioning of public administration. We can say that the process of the launch eGovernment implies a transformation of public administration into electronic form. The main motive of the whole process is to create a more modern and efficient public administration, thereby improving service levels.

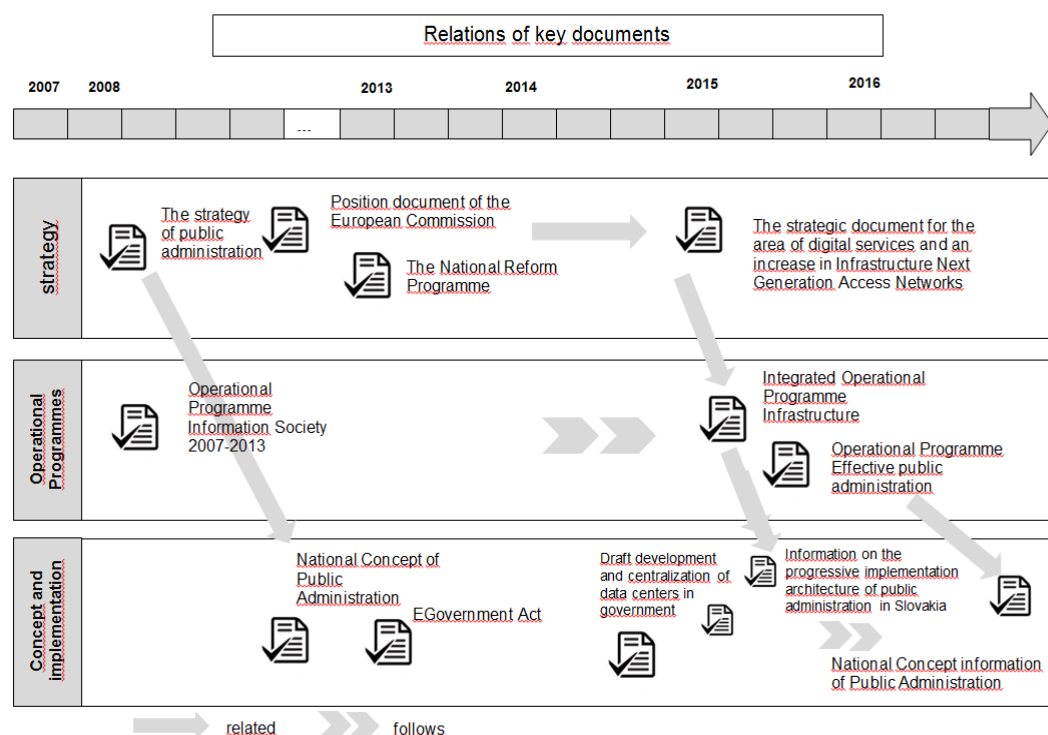
2. The objectives, principles and approaches to the process of computerization of the period 2016-2020

The process of eGovernment covers a wide range of areas that need to be addressed. Priority for the optimization and automation of public administration and distribution services to the life situations, especially by improving the provision of services to the public, but also to improve the quality of services within the actual performance of public administration. The priority is to improve the access of citizens, businessman and officials to eGovernment, use of open data, implementation of the government cloud, the use of new possibilities that ICTs offer at any given time and information security. Part of such a continuous process, as well as various government programs and projects to ensure that such a process while ensuring that the process was systematically managed and controlled by the Slovak government.

e-Government is to be cross-border interoperable and based on internationally agreed standards and technical specifications according to the e-Government Action Plan 2016-2020.

Strategic objectives for advancing eGovernment in Slovakia are shown in Figure 1 (2016-2020 NKIVS SR p. 4).

Figure 1: Position Statement NKIVS SR considering additional documents



Source: own processing, by NKIVS SR 2014-2020

Upgradeable to a better functioning of the public administration is mainly the use of modern ICT technologies that provide automation to process various submissions, assistance for clients, support for decision-making in the judiciary, by analyzing the subjects, better possibilities for control and transparency monitoring. Accent is now placed on mobile and interactive applications for public services and resolve basic life situations. Operation of information systems should be provided by government cloud, efficiently and professionally, through an open application interface, which should also create business opportunities for small and medium enterprises.

Progress that will be achieved can be summarized in targets. For each objective proposed by the Government are the result and the output indicators should be evaluated regularly and transparently. List of strategic objectives has simultaneously used the authority in planning their own development concepts.

2.1. Objectives for advancing eGovernment

The article stated objectives for advancing eGovernment, which are summarized in NKIVS SR:

The goal is:

1. The shift to services aimed at improving quality of life
 - 1.1. Improve the quality, standard and availability of electronic services for citizens
 - 1.2. Increase the coverage of broadband
 - 1.3. Improving digital literacy and inclusion of disadvantaged individuals into the digital market
2. The shift to services aimed to increase competitiveness
 - 2.1. Improve the quality, standard and availability of electronic services for entrepreneurs
 - 2.2. Increase the innovative capacity of mainly small and medium enterprises in the digital economy
3. Adaptation of public administration to the maximum use of the data
 - 3.1. Improve the availability of government data, in the form of open data
 - 3.2. Enable the the modernization and rationalization of public administration by means of ICT (continuous improvement of services in the use of modern technologies)
 - 3.3. Improve the performance of public administration through the deployment of modern information technologies

- 3.4. Improve the use of data and knowledge in decision-making processes in public administration
4. Optimize the use of IT in public administration through shared services platform
 - 4.1. Rationalize the operation of information systems by government cloud
 - 4.2. Improve "governance" of public IT
5. Cyber-security
 - 5.1. Improve the protection of cyberspace
 - 5.2. Improve the security of data and transactions in public administration

2.2. Principles of public governance

Principles of public administration are general rules, which essentially do not change and can be summarized in the following points.

- Business Principles
- Data principles
- application of principles
- Technological principles
- Security Principles

2.3. Approach to the process of informatization

Any introduction of any innovation and technology is a process. On process we are always looking from different perspectives, according to the area covered. Through a process is preparing the implementation of enabling technologies ensure that resources must be prepared legislation and coordination of these processes. Basic processes for Information can be summarized in different levels:

- Level coordination and supervise the development of e-Government
- Legislative level
- The level of resources
- The process level
- Information level
- Technical level

Implementation process of informatization of public administration in the eyes of users, especially important level of coordination and surveillance of the building. In this area are the human resources needed to ensure the quality of activity in different processes such as:

- Publicity and education in the field of electronic services - It must be timely and appropriate to

ensure awareness, publicity and education for citizens, businesses and government sector alone. Not only to inform about the current state, but mainly for the planning and creation of new functionalities, application tools, the possibilities of using the services and learning opportunities especially in those areas using public administration services.

- Continuous improvement of the service and data quality - mainly focused on ease of use of services in accordance with ICT technology and modern trends. The government is committed to develop a single design manual electronic services that will define the different phases of the development of services and specific guidelines for the role of experts. In cooperation with the scientific community should be devised rules and approaches to increase the use of electronic services. The solution would be for every government PAIS use the cloud, as well as support for the testing of public services.
- Monitoring and pursuing the goals - in accordance with the competent authorities to ensure the computerization and the legislation it is necessary to ensure the monitoring of targets, which is planned in stages and provides semi-annual monitoring of the objectives defined within the EU. In this area, the risk of moving towards bureaucracy, unclear or coordination of stakeholders to fulfil the expected goals.

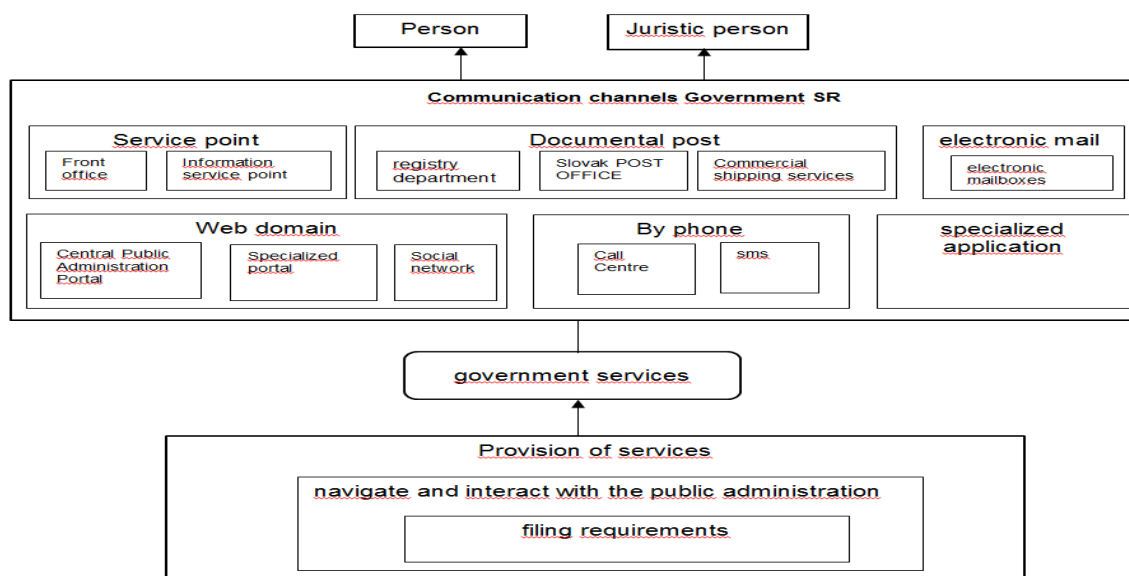
Informatization of the main priorities for the period 2016-2020 are also included in NKIVS SR and are as follows:

- ensure access multichannel,
- provide for interaction with public authorities, to determine the environmental situation and ensure the selection of navigation services,
- ensure the integration and orchestration (distribution of services and responsibilities),
- improving development IS the agenda,
- create a central common blocks,
- effectively manage data and big data,
- ensure accessibility for open data,
- create a government cloud,
- improve the quality of communication infrastructure,
- ensure cyber security.

From a user perspective, it is important to orientate especially the concept of multi-channel approach, since it explains the proper understanding of the possibilities of using communications with public authorities (OVM) through the options available access points. The user can use any access channel. This legislative approach is ensured by law 305/2013 Z.z. eGovernment. For legal forms of communication we consider a form of spoken, written and electronic. The above forms of communication access points are provided, which are shown in the following Figure 2.

3. Priorities of public administration informatization

Figure 2: Business view of the multi-channel approach



Source: own processing, by NKIVS SR 2014-2020

Access points to provide services to determine current legislation as follows:

- OVM workplace (the office, or the single point of contact Client Centre),
- OVM registry,
- specialized portal,
- Central Public Administration Portal (the "ÚPVS - CPAP"),
- Integrated service points (hereinafter referred to as "IOM"),
- contact center (hereinafter referred to as "KC").

Communications citizens, businessman and public authorities with each other, it is necessary to ensure access to services at access points, which requires ensuring secure user authentication for that form of communication, secure access to data, the possibility of filing requirements and ensure output of the required service requirements of the adjudicating entity. While ensuring access to services above into account and follow the new directive of the European Parliament and the EU Council 2016/1148 on measures to ensure a high common level of network and information systems in the Union.

4. Connecting the objectives and priorities

The following table prepared individual sets of objectives and priorities in the implementation of access to electronic services of public administration.

5. Connecting the the informatisation of public administration reform

The system of public administration in terms of organizational and functional part of the overall social system. Informatization of public administration only covers other forms and possibilities of the system. Connecting the projects of public administration therefore directly linked to the project Effective Public Administration (ESO - effective, reliable and open government).

One of the priorities was the creation of the so-called ESO. integrated service centers (IOM). In March 2016 it was opened in Slovakia IOM 44 from a total of 79, which is planning reforms within the public administration set up the Ministry of Interior of the Slovak Republic. Figure 2 illustrates the inclusion of

IOM within the overall communication of public administration and citizens and to businesses.

Integrated Operational Programme Infrastructure (OP II) is used to support informatisation projects, which will interconnect with the Operational Programme Efficient Public Administration (OP EVS), while efficient public administration in the plans and intentions must include raising informatization. Connecting the these operational programs should be a process described and aimed at improving and streamlining these processes. The two operational programs have a role also apply IT solutions in public administration, including the deployment of interactive solutions via mobile devices in dealing with life situations, eliminate data redundancy and thus greatly simplify the process operating businesses and citizens. Thanks to the use of knowledge and open API (Open Application Program Interface is publicly available application programming interface, which is possible for an authorized user to work with the electronic service with custom software applications) can be processed large amounts of data in real time it can be filled with a vision of becoming a functioning electronic public administration. Digital technologies are thus one of the key factors of public administration reform.

6. Incentives informatisation of public administration

Public administration is a very complex system in which at so many attributes. It is necessary to understand the context of this environment and the search for the intuitive interactive solutions. When the computerization of government is therefore important that on each side of users are clearly defined and the use of motivational factors.

For three key motivation we can be considered:

- 1) Maximize the value of services for citizens and businesses,
- 2) Improving the quality and efficiency of the public administration,
- 3) Increasing openness and credibility of government.

Priority mapping to the planned program activities of government is shown in table n. 2.

Tab. 1: Connecting the objectives and priorities, own processing

		PRIORITIES									
		Multi-channel approach	Interaction with the public administration	Integration and Orchestration	Developing the agenda IS	The central shared block	Data management and big data	Open data	Government cloud	Communications infrastructure	Cyber security
	Improve the quality, standard and availability of e-services for citizens										
	Increase the coverage of broadband										
	Improving digital literacy and inclusion of disadvantaged individuals into the digital market										
	Improve the quality, standard and availability of e-services for businesses										
	Increase the innovative capacity of mainly small and medium enterprises in the digital economy										
	Improve the availability of government data, in the form of open data										
	Improve the performance of public administration through the deployment of modern information technologies										
	Improve the use of data and knowledge in decision-making processes in public administration										
	Rationalize the operation of information systems by government cloud										
	Improving the "governance" of public IT										
	Increase the protection of cyberspace										
	Improve the security of data and transactions in public administration										

Tab. 2: Incentives and priorities of public administration informatization, own processing

SPECIFIC PRIORITIES	MOTIVATING FACTOR		
	IS UTILITY VALUE FOR CITIZENS AND BUSINESSES	EFFICIENCY OF PUBLIC ADMINISTRATION	OPENNESS AND CREDIBILITY OF PUBLIC ADMINISTRATION
multi-channel access		X	
interaction with the public administration, life situations and the choice of service navigation	X		
integration and orchestration	X	X	
central a common the blocks		X	
data management and big data	X	X	
open data			X
government Cloud		X	
CROSS-CUTTING PRIORITIES			
development of the agenda information systems	X	X	X
communication infrastructure	X	X	X
information and cyber security	X	X	X

Conclusion

In the process of electronization of public administration in Slovakia, the government has set high goals that are in the paper briefly summarized. These objectives are in line with the progress across the EU are also supported by projects and funds for this purpose. The basis for the fulfillment of those objectives for the overall citizen satisfaction with e-government services for the year 2014, the declared value is 59.9% and the goal is to reach at least 73%. The overall use of eGovernment services to citizens as a starting point in 2014 is reported value 42.2%, and the target value is 74%. The starting point for achieving the objectives for the overall satisfaction of

businesses with the services of e-Government for 2014 is 64.2% of declared value and the goal is to reach at least 74%. The overall use of eGovernment services businesses as the starting point in 2014 is reported value 90.7% and the target is 98%. (NKIVS SR 2016). The paper described the principles of the process, priorities and linking of informatisation of public administration. Finally are listed motivational factors that should lead to the fulfillment of objectives. In years 2020 will certainly informatization does not end, it's an ongoing process but we will be able to assess how the objectives been achieved and believe that computerization of public administration will benefit and improve the quality of life for citizens in the country.

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THE STATE AND DEVELOPMENT OF ENTREPRENEURIAL ENVIRONMENT IN TREŇČÍN REGION

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Abstract

A high-quality business environment is currently the basis for the long-term development of entrepreneurial activity, the sustainable increase in the economy's performance and the standard of living of the population. The current state of the business environment in Slovakia requires versatile increasing demands on business. The aim of the following paper is to characterize the development and state of the business environment in the Trenčín Region, with particular reference to small and medium-sized enterprises. Small and medium-sized enterprises are an important part of a modern market economy. The interest of the Slovak Republic in the development and support of SMEs has been increasing in recent years and new opportunities open up to the EU, but due to the high demands of the customers, the demands on the quality of the businesses and the products provided are greatly increasing. SMEs benefit the region, so the state should support these businesses. One option to help small and medium-sized businesses to develop is to use Eurofunds, further reduce administrative burdens, provide advice and information services, educate entrepreneurs.

Key words

small businesses, middle businesses, business, employment

JEL Classification: M10, O18, O19

Introduction

A favorable business environment is a prerequisite for long-term competitiveness and growth of every market economy. It is an environment in which the state supports and protects competition. State creates clear and stable rules, effectively ensures compliance by all market participants, and at the same time minimizes administrative burdens and requirements towards entrepreneurs.

SMEs are an important part of modern market economy. Interest of Slovak Republic in the development and support of SMEs is growing in recent years and EU membership opened up new opportunities, but the demands on quality of companies and offered products are increased considerably due to high customer requirements.

The Slovak Government has greatly improved the business environment in recent years, so significant barriers to business do not exist today in Slovakia.

According to the Commercial Code is a business defined as "a systematic activity carried out independently by an entrepreneur in its own name and on its own responsibility. for obtain profit." (Act no. 513/1991, as amended).

Business is defined as "an activity or activity that is not one-time but is repeated for the purpose of generating profits. (Daňková 2007, str.8)

Possible legal forms of business are laid down in the Commercial Code and the Civil Code. According to them, it is possible to do business as:

- a natural person not inscribed in the Commercial Register
- a natural person registered in the Commercial Register
- a legal entity - including commercial companies (limited liability company, joint stock company, public corporation, limited partnership, cooperatives) and from 1.5. 2004 legal entities established under the law of the European Communities, if they have their registered office in the Slovak Republic - and a position similar to that of a commercial company.

1 medium-sized enterprises

SMEs are a pillar of the economy of each country. This follows from the fact that SMEs contribute significantly to GDP formation and to the growth of new jobs with high rate.

„Small businesses are the source of innovation in the economy, because a significant number of inventions is from independent innovators or small businesses, in small businesses is less organizational constraints and more scope for individual initiative, innovation are an important condition for survival in the market, managers of small businesses are usually more involved on realization of innovation, innovation is

not always advantageous in large companies“ (Zajac a kol., 2010, str. 22).

Small and medium-sized enterprises perform several functions in the economy:

- *social function* - small and medium-sized enterprises help to build a democratic and thus a free, pluralistic social system. Individual entrepreneurs who build their own independent existence contribute decisively to the creation and maintenance of free thinking and life in every society. Through their philosophy of life, they dynamize and stabilize the democratic and market social order and hence the quality of life of individuals.
- *economic function* - Small and medium-sized enterprises contribute to preserving market competitiveness by providing free choice to market participants, affecting not efficient and uncompetitive businesses. Small and medium-sized enterprises are working under much greater pressure from possible consequences of incorrect business decisions to exclusion from the market. Excessive concentration of businesses represents in this sense a significant economic and political problem.
- *supply function* - small and medium-sized enterprises are not only producers of consumer goods, as well as suppliers of semi-finished products (subcontracting function) and finished products. Small and medium-sized enterprises produce in smaller series, they are able to handle more complex technical problems more cost-effectively. They allow to large enterprises to complete, complement and expand the product range without large expenses. They are able to respond more quickly to the individual wishes of customers who prefer performance and quality. Likewise, they can flexibly search for market gaps and build strong positions in a certain market segment. Higher prosperity of the society increases the company's chances of developing, because the well-being finds its expression in the needs of citizens. The advantage of SMEs is the direct, personal contact with customers, personal advice and information "first hand" to gain confidence in meeting the needs of clients. Small and medium-sized enterprises are an important factor in regional and spatial economic policy. They provide supplies to sparsely populated regions, small towns and peripherals of major cities.
- *occupational function* - The function ensures the maintenance of existing jobs and the creation of new job opportunities. A high share of qualified professionals and less formal, more direct

working relationships allow SMEs to be more resilient to changes in employment.

- *export activity* - the share of small and medium-sized enterprises in the export of industrialized countries is not negligible, this share being significantly different between individual sectors and depends mainly on the intensity of subcontracting. Significant is an indirect contribution to the export performance of the economy in the form of sub-deliveries for the final product.
- *growth function* - Technical advances and the degree of qualification of the workforce in the national economy are important factors of economic growth. Small and medium-sized enterprises are exposed to greater competitive pressure than large enterprises. These factors also force small and medium-sized enterprises to foster technological development, which becomes their existence base.
- *educational function* - considerable importance are small and medium-sized enterprises in obtaining practical skills of graduates. Working conditions in small and medium-sized enterprises are better ranked by employees than in large enterprises, despite often longer average working hours and higher earnings of skilled workers in larger enterprises. Small and medium-sized enterprises are attractive to young people from the point of view of professional self-realization. They offer higher managerial posts to qualified candidates in the younger years compared to opportunities in multinational corporations.

Because small and medium-sized enterprises produce more intensively and grow faster than large enterprises, they also contribute significantly to job creation (employment).

The advantage of small and medium-sized enterprises is that they create jobs with relatively low capital costs, their performances are cheaper. They specialize in producing products and services that large companies do not produce because they are not effective for them. SMEs better meet the needs of spatial economy and the fact that they affect a relatively small market segments, they have more promising sales opportunities in comparison to large enterprises that require more space on the market. They also have wider possibilities of technology transfer of results of research and innovation processes.

The disadvantage of SMEs in comparison to large enterprises are irregularities in the information market, lack of equity and the need for management advice. Insufficient amount of experience and lack of

strategic market orientation of the enterprise can become a major risk for the company's survival. Productivity and performance of SMEs compared with large companies is determined by the degree of

their cost disadvantages also. Conditions for the development and support of small and medium sized enterprises depend on the existing business environment. (Turan, 1995, str.5)

Tab. 1 Classification of SMEs

Classification of SMEs				
	Limits			
	Number of employees	Turnover	Balance sheet	
Micro	< 10	≤ 2 mil. €	≤ 2 mil. €	
Small	< 50	≤ 10 mil. €	≤ 10 mil. €	
Medium	< 250	≤ 50 mil. €	≤ 43 mil. €	

Source: Kráľová, 2016

The favorable development of SMEs depends on the creation of a conducive business environment, favorable conditions for business. It is the small businesses that react to changes in the business environment the most sensitive, the environment is defined by legislative, institutional and financial framework. SMEs are the basis of the European economy. Its current system of support involves many actors.

First of all, it's state administration and the Ministry of Economy is the most important actors. Its responsibilities covered commerce, industry and tourism. State support is implemented in six areas and these are: the area of strategy and development of small and medium enterprises; the area of creation of an institutional environment for the development of SMEs; the area of cooperation with international institutions; area of legislation and regulatory measures to support the business environment as a whole; the area of funding for SMEs; the area of support and development of SMEs at regional level in Slovakia.

The latest legislative measure deals with it, and this Act. 290/2016 Coll. Act on the Promotion Of Small and Medium Enterprises and on the amendment of Act no. 71/2013 Coll. about the provision of subsidies in responsibilities of the Ministry of Economy of the Slovak Republic as amended, valid from 11.07.2016 and with effect from 01.01.2017. The Act regulates the terms bind to SME sector of the European terminology in Slovak legislation for the first time, for example, test of the effects of legislation on small and medium business (ie. Test SMEs), business coaching and mentoring, etc. The ambition of the Act is explicit effort to enforce the principle of 'think small first' (think small first) in the Slovak legal

environment, according to the Ministry of Economy as well. The law regulates the scope of the Ministry of Economy in providing support to the SME sector, defines areas and forms of support, while allowing the implementation of European principles enshrined in the SME development agenda of the European Union, which is oriented to the promotion and development of SMEs, particularly in the so called Small Business Act (The Act on SMEs) or in the document Action Plan for business 2020.

Then there are those institutions:

Ministry of Finance of the Slovak Republic - in the sense of the competencies stipulated by Act no. 575/2001 Coll. as amended, the Ministry of Finance of the Slovak Republic is the central authority of the state administration in the field of finance, taxes and fees, duties, financial control and internal audit. But also in the field of pricing and price control, and through tax authorities as well as the tax authorities. For these competencies, its support is very important. This is reflected particularly in the provision of possible tax reductions and exemptions in business.

The Ministry of Agriculture - support for entrepreneurs in the agriculture sector de facto represents the support of small and medium-sized enterprises, as up to 97% of entrepreneurs in this sector fall into the category of SMEs. In terms of financial support is the most preferred area of primary agricultural production. Under Act no. 543/2007 Z.z. on the powers of state administration bodies in providing support in agriculture and rural development. The Ministry of Agriculture of the Slovak Republic, as the central state administration body for support in agriculture, manages and guides the provision of support in agriculture, food, forestry and fish farming as well as in rural development.

The Ministry of Construction and Regional Development of the Slovak Republic - its support is implemented by designing strategies and programs for financing regional development, creating conditions for the economic and social development of the regions, coordination of ministries and effective use of foreign aid.

Ministry of Labor, Family and Social Affairs - Support for SMEs from the ministry is carried out indirectly through the Center for Labor, Social Affairs and Family in the field of social affairs and employment services and its executive bodies, such as Labor, Social Affairs and Family Offices, as one of the tools of active labor market policy.

In addition to these entities, other institutions are also involved in supporting SMEs, including agencies,

banking institutions and funds, advisory bodies to support SMEs and other SME support institutions.

2 The development of SMEs in the Trenčín Region

Based on the economic structure, the Trenčín Region can be characterized as an industrial region. It has a long tradition especially in the field of engineering, textile, chemical and rubber industry. At present it is among the economically strongest regions of Slovakia. Successful economic and economic development in the region is a key prerequisite for creating a quality and motivating business environment. Relevant information becomes part of the knowledge economy and provides space for the increase of industrial and entrepreneurial activities in the Trenčín Region.

Tab 1: The development of the number of enterprises in the Trenčín Region by size for 2008 – 2015

	2008	2009	2010	2011	2012	2013	2014	2015	Index 2015/2008 (v %)
Small	10039	10149	10690	11072	11356	12379	12664	9429	93,9
Medium	343	330	308	311	277	277	276	303	88,3
Large	98	91	73	76	84	82	78	85	86,7

Source: Statistical Office of the Slovak Republic, own calculations

The Self-Governing Region of Trenčín has no direct competence in the field of industry or business, it is legally responsible for the overall development of its territory (§11 of Act No. 539/2008 Coll. On Regional Development, where it is stated that it supports the development of the business activities of the necessary on the development of the region, Act No. 302/2001 Coll. on Self-Government of Higher Territorial Units, as amended). The aim of The Self-Governing Region of Trenčín is with regard to those laws to assist entrepreneurs in:

- creating an investment and business environment in the Trenčín Region

- promoting the investment environment of the region, focusing especially on small and medium-sized entrepreneurs
- encouraging the emergence of common economic co-operation
- supporting the development of a competitive and innovative environment in the Trenčín Region
- providing information of activities to support the development of the business environment
- providing information on funding opportunities for projects to increase the competitiveness of regions and the business environment.

Tab. 2: The development of large enterprises in the districts of the Trenčín Region in the years 2008 - 2015

	2008	2009	2010	2011	2012	2013	2014	2015	Index 2015/2008 (v %)
Trenčín Region	98	91	73	76	84	82	78	85	86,7
Bánovce n. B.	6	6	6	5	5	4	4	5	83,3
Ilava	15	13	8	10	14	16	14	15	100
Myjava	2	2	2	2	2	2	1	1	50
Nové Mesto n. V.	16	15	13	14	16	11	12	16	100
Partizánske	5	5	3	3	4	5	4	5	100
Považská Bystrica	6	5	5	5	5	5	5	6	100
Prievidza	21	20	12	14	16	15	16	15	71,4
Púchov	7	6	5	8	7	9	8	8	114,3
Trenčín	20	19	19	15	15	15	14	14	70

Source: Statistical Office of the Slovak Republic, own calculations

Table 1 shows the development of the number of individual categories of enterprises by size in the reference period 2008 - 2015. These figures show that small businesses represented more than 96%, medium enterprises 3% and large enterprises less than 1% share in the Trenčín Region during the last year of the given period (2015). We recorded the highest number of small businesses (including micro-enterprises) in 2014 (12,664 business units), while the lowest share was 9,209 business units in the last monitored year 2015. Compared to 2008 and 2015, we can see a decrease of more than 6%. The decline between those

years of the review period was recorded also in the middle (almost 12%) and large enterprises (over 13%).

Tables 2 and 3 show the development of the number of large and medium-sized enterprises in the individual districts of the Trenčín Region. In the case of large enterprises, their situation is more stable, only in Myjava we recorded a decrease of 50% (but this represented a decrease by one enterprise) and in the Púchov district we recorded an increase of 1 enterprise, which represented an increase of 14.3%.

Tab. 3: The development of medium enterprises in the districts of the Trenčín Region in the years 2008 - 2015

	2008	2009	2010	2011	2012	2013	2014	2015	Index 2015/2008 (v %)
Trenčín Region	343	330	308	311	277	277	276	303	88,3
Bánovce n. B.	27	26	22	25	25	22	23	24	88,9
Ilava	38	38	40	40	29	32	34	38	100
Myjava	24	23	21	21	19	18	18	20	83,3
Nové Mesto n. V.	36	33	34	38	32	32	30	33	91,7
Partizánske	16	17	18	16	14	18	17	15	93,8
Považská Bystrica	35	32	29	30	26	28	27	33	94,3
Prievidza	63	61	61	59	52	49	44	50	79,4
Púchov	26	25	24	21	21	21	25	34	130,8
Trenčín	78	75	59	61	59	57	58	56	71,8

Source: Statistical Office of the Slovak Republic, own calculations

For medium-sized enterprises, we saw declines in all districts except Púchov, where the number of these enterprises increased by almost one third compared

with the first year of the period under review, and Ilava district, where the number of medium-sized enterprises is more stable for the whole period.

Tab. 4: The development of tradesmen in the districts of the Trenčín Region in the years 2008 – 2015

	2008	2009	2010	2011	2012	2013	2014	2015	Index 2015/2008 (v %)
Trenčín Region	44429	43864	43553	42153	40355	39035	36921	34619	77,9
Bánovce n. B.	2725	2701	2712	2645	2563	2417	2256	2187	80,3
Ilava	4688	4472	4438	4214	3970	3783	3572	3370	71,9
Myjava	1879	1827	1851	1831	1762	1742	1661	1580	84,1
Nové Mesto n. V.	4241	4125	4117	4039	3880	3785	3526	3307	78,0
Partizánske	3568	3571	3574	3481	3261	3092	2964	2796	78,4
Považská Bystrica	6239	6164	6103	5892	5710	5528	5236	4826	77,4
Prievidza	9559	9567	9519	9161	8828	8605	8105	7787	81,5
Púchov	2827	2811	2775	2702	2592	2525	2412	2184	77,3
Trenčín	8703	8626	8464	8188	7789	7558	7189	6582	75,6

Source: Statistical Office of the Slovak Republic, own calculations

The development of the number of traders who make up the highest share of registered natural persons in the Trenčín Region and also in its individual districts has a decreasing trend throughout the monitored period, as can be seen in Table 4. If we look more closely at other groups of natural persons (self-employed farmers and freelancers, who make up 0.6% of the registered natural persons), we can find stable, in the latter case, a slightly increasing trend.

Overall, in the year-on-year comparison, we can see that the total number of active small and medium-sized enterprises has decreased, which was probably due mainly to the introduction of a new methodology of Statistical Office of the Slovak Republic for determining the activity of the entity and the introduction of a tax license for legal entities. Tax license is the minimum tax that a legal entity has to pay for doing business at all, regardless of whether it is doing business, whether it is in a loss, whether it has a zero profit or only a small profit.

The automotive, mechanical, electrical and electronic industries, the chemical industry represent the most important branches in the Trenčín Region in terms of structure. The production of machinery was mainly focused on weapons in the past.

New progressive sectors are also developing in the region. Electrical production in Nová Dubnica accounts for more than 75% of the city's industrial output. Foreign investors represent the most significant investment in the production of cable harnesses and controls.

AUO Corporation, one of the largest LCD panel manufacturers in the world, has invested 191.3 million in Trenčín, that it will create 1300 direct and around 2000 indirect jobs.

The automotive industry is represented by companies - Continental Matador Truck Tires s.r.o., Púchov, Continental Matador Rubber, s.r.o., Púchov, LEONI Slovakia, spol. s r. o., Trenčín, Halla Climate Control Slovakia s.r.o, Ilava, YURA Corporation Slovakia, s. r. o., Lednické Rovne, MAGNA SLOVTECA, s.r.o., Nové Mesto nad Váhom.

Extraction industry - brown coal mining - Hornonitrianske bane Prievidza, a.s. v skratke HBP.

Electrotechnical and electronics industry - Elektrotechnický výskumný a projektový ústav (EVPÚ), Nová Dubnica, Elster s. r. o., Stará Turá, HellaSlovakia Front-Lighting s.r.o., Kočovce, Delta Electronics (Slovakia), s.r.o., Dubnica nad Váhom.

Engineering industry - PSL, a.s., Považská Bystrica, TRENS,a.s., TrenčínKonštrukta – Industry, a.s. Trenčín, Konštrukta Defence, a.s., Trenčín, BOST SK, a.s., Trenčín, VIPO, a.s., Partizánske, Chirana Medical, a.s., Stará Turá.

Food industry – MILSY, a.s., Bánovce nad Bebravou, Nestlé Slovensko s.r.o., Prievidza, Považský cukor a.s., Trenčianska Teplá.

Shoe industry - Gabor spol. s r.o., Bánovce nad Bebravou, RIALTO s r.o., Partizánske, Novesta, a.s., Partizánske.

Building industry - SKANSKA BS, a.s., Prievidza, Keraming a.s., Trenčín.

Thanks to the geographical characteristics of the region, the forestry has played an important role in it. Beech, oak and pine trees cover almost 49% of its total area. Agriculture is the most developed in the district of Prievidza.

The natural resources of the Trenčín Region are rich and varied. There are deposits of brown coal in Handlová and also bearings of various building materials - sandstone, limestone, gravel and brick clay. Mineral water sources are also important for the development of a spa.

3 Recommendations for the development of SMEs in the Trenčín Region

Small and medium-sized enterprises not only in the Trenčín Region, but also in all other regions of Slovakia, significantly affect the economic growth of the state, its prosperity and stability, employment, or competitiveness. The main role of the state should be to support these enterprises, given that they bring benefits to the region.

One option to help the development of SMEs is:

- *Drawing of EU funds.* - At present, there is an ongoing call from the Ministry of Economy of the Slovak Republic entitled "Support for new and emerging micro, small and medium-sized enterprises", where the subsidy amount is between 30,000€ and 200,000€, which may be claimed by the private sector and also by small and medium-sized enterprises. The call is to enhance the competitiveness of SMEs and new businesses. Another project challenge is „Improve the Competitiveness and Technology Level of Businesses through Innovation“ - companies and traders can apply for finance to buy software and other real estate to innovate processes and products. A similar challenge is "Innovation through Industrial Research and Experimental Development", the result will be a prototype, developed software, and so on. Although subsidies from Eurofunds represent significant financial aid to enterprises, they carry high administrative burdens and increased initial project costs. Company always has to reckon with the risk that the project will not be successful.
- Another option is to *provide consulting and information services* from the state, training entrepreneurs. The Ministry of Economy of the Slovak Republic has developed a startup program for the years 2017-2020, which is to provide support services and counseling to develop an

interest in entrepreneurship so that it is an attractive career choice. The aim of support is in particular natural persons - non-entrepreneurs who are considering entering a business. The program helps to increase your chances, to market and to create competitive ideas. Most importantly, it is appropriate to set initial business plans to reduce the risk of their failure. The maximum amount of support is 25,000€. (www.economy.gov.sk)

- *Reducing the administrative burden*, not only in establishing itself, but for the life of the company can help the development of enterprises. There is currently no link between the social insurance company, the health insurance companies or the trade licensing office. Companies equip in all institutions the same information. Communication can facilitate the electronic environment in which all institutions are linked. Significant aid for businesses is the elektronisation of public administration where businesses deal with various submissions (complaints, applications, bills) electronically on the basis of a guaranteed electronic signature.
- Support for business development can be a *reassessment of tax and levy burden*. The negative impact was the introduction of a tax license, which is the minimum tax to be paid to the tax office. For business development, this license must be revoked or the conditions for its payment need to be adjusted. Greater confidence in the state and its use of public funds can contribute to reducing the tax burden and, on the other hand, the willingness of business entities to pay compulsory taxes and not to reduce their artificial tax base, which will contribute to larger state revenues. Slovak legislation allows for ten-year tax holidays for large foreign corporations entering the Slovak market but SMEs do not have this option even if they employ the largest number of employees in the whole economy.
- *Creating a Business Incubator* - in the Trenčín Region is a technological incubator in Prievidza and business incubator in Handlova. It would be appropriate to set up a business incubator directly in Trenčín, where a large part of the enterprises are concentrated. The main activity of a business incubator is advice (financial, economic, legal, tax), business plans and various services, such as conference services - rent of lecture and conference room, economic service that represents bookkeeping, personnel and wage planning; office service that includes printing, bind binding, burning on a CD. Internet services in the incubator are also important.

The Trenčín Self-Government Region has developed a Real-Estate and Business Opportunities Database from which businesses can use information. It also has open areas, halls and work spaces that are located in former businesses. They are called brown parks, the advantage of which is to provide built-in engineering networks that greatly facilitate the creation of new companies.

Established industrial parks - At present, there are 8 industrial parks in the Trenčín Region: Trenčín Industrial Park, Partizánske, Bánovce nad Bebravou, Chocholná Veľčice, Trenčín - Opatovce, IP Nováky, Rakofuby, Horná Streda. Their common feature is the ability to use available engineering networks and also companies can rent or buy land.

Improvements that are already in progress.

- The new railway bridge in Trenčín above the Váh river: The old bridge no longer meets the conditions for the construction of a fast track, so a new railway bridge is being built in Trenčín. The goal of the city of Trenčín will be to negotiate with the railways of the Slovak Republic to bring the bridge into the city's property. The aim is that the bridge will be designed for cyclists and pedestrians. It has new features like small services, snacks, greenery, views, and so on. The new bridge has not only accelerated rail transport, but also the attractive city of Trenčín for businesses and their potential employees.
- Road infrastructure: In the Trenčín Region there is also a satisfactory road infrastructure thanks to the construction of motorways running around Trenčín, Púchov or Považská Bystrica. There is no need to build bypasses on the roads of the first class, therefore there is no collapse and distribution flows of goods and materials for companies are not jeopardized. Trenčín, in its Plan of Economic and Social Development for the years 2016-2022, considers public transport infrastructure constructions, namely the I / 61 road section in the stretch from the highway to the Váh and the termination on the II / 507 road, the Vážska Waterway located on the route sections of the Vážsky Electricity Channel, water reservoirs and the natural Váh river basin and public airport of trans-regional significance in Prievidza (the airport with the status of

international transport) and in Trenčín (the airport recommended to obtain the status of international transport).

- Reconciling training programs with employers' requirements: It is very important that there is enough workforce to be taught in the required field of industry. At present, dual education is ongoing. In the school year 2016/2017, companies offered the opportunity to engage in dual education for more than 500 high school students in the Trenčín Region. During the second year of this project, 12 secondary vocational schools and 36 employers were involved. It is an attractive education system, which has the advantage of acquiring working habits and, last but not least, signing an employment contract in the future. Trenčín requires most mechanics - setters. This study program can be studied in Dubnica nad Váhom, Prievidza, Považská Bystrica and New Mesto nad Váhom and in dual form in companies such as Matador, Continental, Askoll, Emerson or RONA. Students can continue their studies at the University of Alexander Dubcek in Trenčín, at the Faculty of special technology programs such as special engineering technology, special equipment or machinery.

Conclusion

SMEs benefit the region, so the state should support these businesses. One option to help small and medium-sized businesses to develop is to use Eurofunds, further reduce administrative burdens, provide advice and information services, educate entrepreneurs. Using business development can also be a reassessment of the tax and levy burden, or the creation of a business incubator directly in Trenčín. Beginning entrepreneurs can easily obtain supply and sales contacts and technical equipment in incubators. Higher education institutions, municipalities or private business entities, both domestic and foreign, are usually the founders of incubators. Their purpose is to promote employment and economic development. Thus, we can say that a business incubator is the place where the newly created businesses are concentrated in a limited space. The aim of the incubators is to increase the chance of survival of small and medium-sized enterprises and to promote their growth.

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A BOOK DEDICATED TO EVERYONE WHO FEELS THE NEED TO CULTIVATE EXPRESSIONS

Renáta MACHOVÁ

Mandelíková, L.: *Základy morfológie slovenského jazyka (The Fundamentals of Slovak Language Morphology)*. Trenčín : Alexander Dubček University in Trenčín, 2016. 168 p. ISBN 978-80-8075-737-3

Lenka Mandelíková, an assistant professor of Faculty of Socio-Economic Relations at Alexander Dubček University in Trenčín, deals with the issue of language as a sociocultural phenomenon of society. Her domain has become textual and social linguistics. This is always a topical subject, as it points out to the importance and importance of language in the education of students not only of faculties of pedagogy and philosophy, but also of faculties of non-philological orientation.

Lenka Mandelíková's university textbook entitled *The Fundamentals of Slovak Language Morphology* is a dignified continuation of her research in linguistic field. This textbook deals with morphological plane as one of the roots of language system. It offers a systematic overview and justification of the morphological phenomena of contemporary Slovak. L. Mandelíková presents in the book an untraditional classification of verbal species, which we have not been used to in educational process so far. It is a division into flexible vocabulary (nouns, additional names, pronouns, numerals, verbs) and non-moving verb types (proverbs, prepositions, clusters, particles), leaving the intercept as a separate and grammatically undifferentiated verbal species. L. Mandelíková states that the morphological structure of Slovak language is fleeting, stable, but its foundations are not "bent". She describes the morphological system of literary Slovak language, emphasizing especially decorative and timing patterns.

Mandelíková as linguist explains the subject of morphology, describes the relationship of morphological plane to other levels of language, defines grammatical form, classifies verb species, sees the morphological categories and characterizes the morphological type of Slovak language. The following chapters deal with verbal types, their characteristics and classification, they provide a census interpretation, timing, gradation, and at the end

of each of these chapters, the spelling notes of a particular verbal type. I appreciate that the author gives synchronic movements in language, variant extensions in the framing of substantial names. Literal language is considered to be the most prominent and most important form of national language, and therefore "it is necessary to consider the improvement of language competencies of language users " (cf d., P. 9). Acquiring knowledge from the morphological level of language leads to an increase in language culture.

The author sees a language system that is in motion, open and dynamic. Language dynamics is analyzed as the movement of elements in language, their choice and the preference of one at the expense of less frequent elements in language system. Language as a system has its rules, which can only be detected in language by itself. Each system is aimed at stability, "only the system is stable, which is internally dynamic" (c. d., P. 157). With the political, economic and cultural advancement of society, language demands are increasing. L. Mandelíková notes that, in line with the dynamic development of Slovak language, several nomination qualifiers are changing. Some words have lost the character of speech, and others have acquired the character of libraries. Various forms have been adopted in many cases, which are in line with the dynamics of contemporary Slovak language.

The publication is intended for listeners of philological and non-philological colleges, foreign students, but also for general public who cares about Slovak language and its culture. The author can not refrain from making the addressees of textbooks as the users of language a practical control of the morphology of literary Slovak. Acquired knowledge from the morphological level of language is beneficial for creating a cultivated language expression as well as a prerequisite for increasing the language culture of

of language users. This almost 170-page elaborate is the mirror of author's tough work, exploring the language and its laws from different points of view. I positively appreciate the fact that the presented corpus is appropriately structured and the individual schemes support facilitating the theoretical interpretation of the work. All chapters of the book are didactically

processed and are a convincing proof of author's linguistic interest. Her style is material, cubist, tailored to objective selection requirements. The acquired book will bring students to their final bachelor as well as masters courses and therefore has their legitimate place (not only) in university libraries.

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