

PUBLIC ADMINISTRATION EDUCATION INSTITUTE
O.P.S. STRÁŽNICE



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**INTERNATIONAL CONFERENCE ON MODERNIZATION OF PUBLIC
ADMINISTRATION**

2019

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CZECH REPUBLIC**

**In cooperation with
Faculty of Public Policy and Public Administration Danubius, University in
Sladkovičovo, Slovakia**

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PREFACE

Ladies and gentlemen, you are receiving the proceedings of the international conference on "Modernising Public Administration", which was organized by the Public Institute o.p.s in Strážnice together with the Faculty of Public Policy and Public Administration in Sládkovičovo in Slovakia.

Due to the focus of the received papers, we divided the conference into three sections. In the first section – Modern Public Administration - the authors focused on the basic principles of public administration, on some issues related to its transformation, as well as the fact that public administration becomes a guarantor of legal public procurement as well as a tool for pursuing corruption. The role of public administration in supporting SMEs as well as family businesses e.g. is being discussed here. The discussions about the current level and further development of the EU as a guarantor of further modernisation of public administration can be found here.

The second part of the proceedings is devoted to the application of modern means and methods supporting the improvement of public administration management. The importance of analytical tools used to analyse and evaluate data from an online public administration environment is picked up here and subsequently the proof of their functionality for use in public administration management. One of the other articles presents possibilities for the application of various optimization methods for the support of decision-making in public administration conditions. These are based on the latest mathematic knowledge, like fuzzy logic, genetic algorithms and a number of others. In addition to this, other practical applications of theoretical knowledge and methods, that significantly improve the quality of public administration management are presented here.

The third part consists of contributions focused on human resources. Personnel management is one of the most important segments of the public administrations management and regional development. The submitted papers illustrate practical experience in personnel management from different areas, which are directly or indirectly related to the public administration. They cover, for example, personnel marketing, which is defined as a process ensuring the long-term quality of human resources –being the strategic potential in employee planning. There are also contributions aimed at career education and career counselling and a range of problems in this area

I firmly believe that the set of the submitted conference contributions in the proceedings can be beneficial for all those interested in the development of public administration, either as users or its creators.

In Strážnice December 14, 2019

PaedDr. Mgr. Pavel Sečka, MBA, LL. M
Conference Chairman

SESSION 1

Modern Public Administration

PUBLIC ADMINISTRATION-GUARANTOR OF THE LEGALITY OF PUBLIC PROCUREMENT

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Abstract: *The grouping of a part of state authorities into a system of public administration guarantees the daily functioning of the state for the benefit of its citizens. Its mission is to serve the public. The mission of public authorities is to direct citizens' own interests to a position consistent with the intentions of the state and the European Union. Maintaining and protecting the public interest from private individual and collective interests is guaranteed by public administration through a public procurement system. The development of public-private partnerships in public procurement must be designed on the basis of the socio-economic, legal, international and political relations developed and implemented solely in accordance with the law. Its violation and circumvention undermines the stability of social structures and leads to the population's mistrust of the state institute. The functions of modern public administration guarantee the reliability of the prospective development of public-private partnerships.*

Keywords: *public administration, public procurement, partnership, development perspective*

I.

Well-designed public administration in the rule of law must have a solid foundation. The condition for their stability is a concrete and clear division of responsibilities, powers and responsibilities between its individual bodies and institutions. The existence, functionality and efficiency of public administration must be designed on its good relationship with the citizen. The citizen expects from her apparatus reliability, willingness, predictability, transparency, transparency and economy. Public administration is a service of the state to its citizen. It also ensures its economy through public procurement. The principles of economy and transparency are also a prerequisite of the European Union ('the EU') addressed to the public administration of its Member States. Nevertheless, the public administration system does not meet the expected parameters. Neither the quality nor the quantity of its activity. There is also a significant and real difference in the Member States' public administrations in the EU. This difference is defined as the relative West-East and North-South contradictions. Public administration is also part of such a contradiction game. This is the reason for the creation and implementation of the so-called. E-Government. It is a way of exercising public administration through the widespread use of electronic means. This prevents the concealment of corruption and corruption in public administration. Also public procurement. Technology, informatics and technology also play an important role in public administration. At the same time, it serves the requirement to facilitate, streamline, simplify and streamline individual bureaucratic activities. Individual tasks of public administration thus make the employees of public administration easier to process. At the same time, more accessible to the general public. It appreciates the so-called. anti-bureaucratic legislation most.

The trend of full computerization of public administration in the Slovak Republic (hereinafter referred to as "SR") started after its accession to the EU in 2004. After 1990's it was subject to self-purposeful, irrational and destructive interventions. It was exposed to the pressure of constant unjustified legislative and social changes. Its transformation was pushed to the sidelines of social interest. Public administration was thus increasingly lagging behind the expectations and real needs of society. Its innovation has become a necessity. The key innovative phenomenon, "**e-Government**", has intervened in the revitalization of public administration. It represents an electronic form of public administration by using information and communication technologies. Electronic public administration resp. e-Government aims to improve the quality of public services. The introduction of e-Government has improved the accessibility of services for citizens and simplified operations within individual public administration activities. We can also see improvements in the economy, transparency and overall efficiency of the services provided to the public.¹ Its aim is to achieve a change in organizational thinking, change in processes, institutional arrangements and

¹ <http://portal.egov.sk/sk/content/egovernment>

the acquisition of new skills.² It affects all levels of government, local, municipal, national - state and international.

Changes in this sphere have already affected the creation, operation, use and development of public administration information systems³, addressing the issue of elaboration and use of electronic signature and electronic seal⁴, state administration authorities in electronic communications⁵, electronic toll collection⁶, decisions in execution of public administration, awarding contracts for the supply of goods, the execution of construction works, the provision of services, awarding of works concessions, services and administration, tenders in public procurement⁷ etc.⁸

Modern legal regulations must oblige their addressees to observe the established rules without any problems. However, for twenty-five years, Slovak legislation has been burdened with the loss of clarity, intelligibility and transparency of adopted legal standards. This causes a deviation of part of the population from the intention of the legislator. This results in either direct violations of legislation or circumvention of legislation. Often their abuse through the so-called. legislative holes. The part of the population that shows a stronger tendency to acquire private property, either standard or non-standard, is abusing existing legal defects. Also cumbersome public administration, especially municipal self-government. Computerization of the public procurement process should also prevent the realization of illegal property ambitions of dubious entities.

II.

Public administration is a system of authorities and institutions whose authority is supported by state law enforcement. The State also has responsibility for its own functioning, as well as for the functioning of its own bodies, their representatives and workers, and civil servants. Their responsibility for public procurement activities is controlled and verified by a new governance technology. It must eliminate the negative accompanying phenomenon of public procurement. To liquidate its influence, referred to by the degree or degree of its legality as **the gray sector** (gray economy) and **the black sector** (black economy). Both are part of the company but accepted and used. Especially in an economically and politically unstable social environment. They can substitute for the economic and social impotence of the public sector or the private sector. They have an impact on the paralyzing of public administration and its individual articles. The instrument, which is the only element of the system of sectoral structure of the national economic complex directly destined to meet the requirements of the public interest, is the public sector. Therefore, in parallel with the *public interest institute* of the majority of the population of the state, *the legal institute of public procurement* has developed. It fulfills the criteria and requirements of the public for the effective exclusion of entities gray sector and so-called. of the black sector from the tendering environment. Public procurement, as a system component of the tender, also acts as an effective prophylactic barrier in such an economic environment. Prevents intrusion of dirty money into the national economy and their legalization. Public procurement is a specific control *institute sui generis*. It serves as a preventive function as an ex-ante control institute.⁹ It is open to the public, without any restrictions. It is legally regulated by **the Public Procurement Act**.

The contracting authority is the SR itself. It shall be represented by its authorities. Where appropriate, legal persons established or established for the specific purpose of meeting needs of general interest which are not of an industrial or commercial nature. It is also a municipality, a higher territorial unit or an association of legal persons, the members of which are exclusively contracting authorities.

² <http://info.egov.sk/sites/default/files/13-Peter%20Druga,%20PD%20Consulting%20-%20V%C3%BDvoj%20eGovernmentu%20-%20Slovensko%20vs.%20Eur%C3%B3pska%20%C3%BAnia%20-%20v%C3%BDzvy%20pre%20bud%C3%BAcnos%C5%A5.pdf>

³ Zákon č. 275/2006 Z. z. o informačných systémoch verejnej správy

⁴ Zákon č. 215/2002 Z. z. o elektronickom podpise

⁵ Zákon č. 610/2003 Z. z. o elektronických komunikáciách

⁶ Zákon č. 25/2007 Z. z. o elektronickom výbere mýta

⁷ Zákon č. 343/2015 Z. z. o verejnom obstarávaní

⁸ See e.g. VARGA, J., Využitelnost' alternativních způsobů při řešení sporů o doménu .EU. In.: Králík, J., Varga, J., Králíková, K., V aréne Európskej únie. Brno : MSP, s. 126 – 149.

⁹ See e.g. KRÁLIK, J., KÚTIK, J., Kontrolný systém a jeho subsystémy vo verejnej správe. (základy teórie). 1. vyd. Plzeň: Vydavatelství a nakladatelství Aleš Čeněk, s.r.o., 2013, 216 s.

The term *procurement* is defined as the acquisition or provision of something. The achievement of the stated objectives of public procurement enables *the computerization* of public administration. Public authorities are responsible for the effectiveness of public procurement. However, in the event of a breach of *the Public Procurement Act* to the detriment of the public interest, the applicable law does not consistently sanction the holders of unlawful activities. This situation creates an optimal space for corruption. Therefore, public procurement in Slovakia is often carried out illegally.

III.

The Public Procurement Office is the central institution of state administration of the SR for public procurement. It ensures the management tasks of the state from the point of view of regulating the operation of the market economy. Its status and organization is regulated by Act No. 575/2001 on the organization of government activities and the organization of central state administration, as amended. The Chairman of the Office is responsible for the performance of his office to the Government of the SR and is directly elected on the proposal of the Government. He is recalled by the National Council of the SR. The organizational structure, the scope of authorizations, the responsibilities of executives and the scope and interrelations of the organizational units of the Office are determined by its organizational rules.¹⁰ It was released in March 2018.

The supreme bodies of the Public Procurement Office are the Chairman, the two Vice-Chairmans and the Council of the Office. The Chairman of the Office is the statutory body. It manages the Office and represents it within the scope of the designated competences. His directly subordinate executives include the Deputy Chairman of the Office, the Secretary General of the Service Office, the Director of the Department and the Head of Unit.

Individual departments, which are organizational units, provide a comprehensive set of professional activities. The department is the basic organizational level of management and decision-making led by the director. It can be divided into individual departments. Their task is to ensure the performance of specialized activities. The Department is headed by the Head of Department.

Computerization of public procurement is closely related to the National Concept of Public Administration Informatics of 2016.¹¹ It is a strategic document. It contains individual principles of e-Government building in Slovakia. It deals with the aims of informatisation, principles, approach to the process of computerization. It defines priorities, concrete solutions and proposals for the implementation of informatisation by 2020. The document reflects the current state of the integrated public administration information system. It takes into account the experience gained. It is also a follow-up to the Strategic Document for the Growth of Digital Services and Infrastructure of the Next Generation Access Network (2014-2020).¹² It aims to facilitate public and public access to information and communication technologies and to improve their use and quality of service. It also sets out a strategy for the further development of digital services and infrastructure of the next generation access network in Slovakia. In this way, the EU assesses individual Member States in terms of readiness to implement the selected investment priorities in the set programming period. Investment priorities such as services to citizens and businesses, efficient public administration and broadband are set for the current programming period.

The obligation of computerization for the contracting authority occurred on 18 October 2018. The contracting authority saves time and costs for the various steps related to the procurement.

CONCLUSION

Public procurement is a rightly regulated system procedure aimed at effectively providing a significant service to the public by the state. Its essence is to ensure consistent economic management of public material, personal and financial resources. It is therefore important to develop the informatisation of public administration as a harmonious whole. But the new instruments in the hands of bureaucracy need to be properly applied. Only then can they bring rational and most advantageous procurement. Indeed, the trend

¹⁰ <https://www.uvo.gov.sk/o-urade/kompetencie-uradu/organizacny-poriadok-367.html>

¹¹ <https://www.vicemier.gov.sk/index.php/pellegrini-na-itape-musime-zlepsit-egovernment-a-sekciu-riadenia-informatizacie-doplnit-kvalitnymi-ludmi/?future=all>; also <http://www.informatizacia.sk/narodna-koncepcia-informatizacie-verejnej-spravy--2016-/22662c>

¹² <http://informatizacia.sk/strategicky-dokument/16604s>

of bidding by the lowest price criterion does not guarantee the quality of the selected tenderer. In the SR, however, such legal and economic practice has been abandoned.

The efficiency of government governance is reflected in the effectiveness of public procurement. Obviously, the undershooting of the institute of governance is always dependent on a subjective factor. That is, on specific people and their professional and general human quality. We accept the principle of personal substrate priority in the creation and functioning of public administration. Both the system and the institution. This phenomenon must be assigned an equivalent factor. It is the organizational base of public administration. The organizational base and personnel base of public administration are direct guarantors of the legality of public procurement. The tasks of public administration are set by the state, at the borders and for the benefit of the population whose public administration operates.

In addition of these compulsory tasks, the relevant officials and employees of public authorities also perform unforeseen and unpredictable tasks. They fulfill them informally. Always within legality, daily and operationally. In their implementation it is necessary to rely on a suitable and well-functioning organizational structure.

The moral, stabilized, generally adequately and professionally qualified personality structure of public administration is able to perfectly manage the processes of management and administration. It can meet the company's requirements for efficient and trouble-free performance of public administration. For the sake of society-wide wellbeing. That is, not to the detriment of the company and its individual members, whether natural or legal persons and institutions. Within this framework, it is also necessary to perceive processes carried out through the so-called. e-Government in public procurement. For the benefit of citizens as clients of public administration, it is necessary to implement:

- legislative measures guaranteeing the impossibility of avoiding personal responsibility of public officials for their illegal or erroneous decision
- legislative anchoring of the non-prescription of crimes and offenses related to the privatization of national property
- legislative anchoring of the non-prescription of offenses, offenses and torts related to public procurement
- legislative anchoring of the impossibility of additional legalization of illegal construction
- legislative measures to prevent the punishment of a whistleblower

LITERATURE

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SELECTED ASPECTS OF PUBLIC ADMINISTRATION AND THE FREEDOM OF INFORMATION ACT

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Abstract: *The article deals with the intersection of two topics - public administration and the right to information. This right is implemented in the Czech Republic, inter alia, by Act No. 106/1999 Coll., On Free Access to Information. From the perspective of this Act, public administration entities are so-called obligated entities. The first part is devoted to these subjects. The second part deals with what from the point of view of the Act means information and how obliged entities can fulfill their obligations to provide this information.*

Keywords: *Right to information, public administration, law on free access to information*

INTRODUCTION

Information has played a great role in human society since its inception. The information allowed bare survival in the early days of the human community. The importance of information later spread to other areas of social life - economics, politics, etc. Human society is now in a period known as the "information society". The quality of life, the perspective of social change and the economic development of society are increasingly determined by information. Information is a key source of social existence, so it is essential to ensure universal and global access for members of society to information. The basic criteria of the maturity of the information society (or information management) are the extent, content, quality, availability and usability of information, its resources and information services (Vymětal, 2008).

The importance of information nowadays is indisputable. Significant aspects of effective and efficient public administration are both communication of public administration bodies and institutions with the population and follow-up reactions from the population. Citizens need relevant information to make decisions. The importance of information is supported by the fact that the right to information is guaranteed by the Constitution (Article 17 (1) of Constitutional Act No. 2/1993 Sb., Resolution of the Presidium of the Czech National Council on the proclamation (hereinafter referred to as the "Charter"). State and local authorities are obliged to provide information on their activities in an appropriate manner (Article 17 (5) of the Charter). The conditions and implementation of this obligation are laid down by law (Act No. 109/1999 Sb., Freedom of Information Act (hereinafter referred to as "Freedom of Information Act")).

This article deals with the basic aspects of the relationship between the Freedom of Information Act and public administration. The aim is to characterize public administration entities from the perspective of the Freedom of Information Act and to characterize the concept of "information" and forms of information provision as enshrined in the said Act.

PUBLIC ADMINISTRATION ENTITIES FROM THE PERSPECTIVE OF THE FREEDOM OF INFORMATION ACT

Public administration can be characterized as administration of public affairs in the public interest. Public administration is imposed by law on public entities (Průcha, 2001). The same author states that public administration is an executive power, including a specific self-governing authority. Public administration includes state administration and self-government (Průcha, 2012). Hendrych (1996) notes that in the context of public administration it is a nobility activity, thus distinguishing it from private administration. Private administration is often associated with the economic activity of natural or legal persons or confused with management. Another difference between public and private administration is in objectives (Hendrych, 2003). A private organization sets its goals, tasks and methods itself. A public organization must carry out the tasks assigned to it by law and other legal and regulatory provisions, or by resolutions of representative bodies or higher authorities. Administrative authorities, bodies and public-law organizations have a monopoly for the performance of certain basic public services.

Public administration entities belong to the so-called obliged entities (Freedom of Information Act). The obliged entities must provide information concerning their activities according to the law. The liable entities consist of state authorities, local and regional authorities and their bodies, public institutions (Freedom of Information Act, § 2 (1)) and also entities to which the law has entrusted decision-making on rights, legally protected interests or obligations of natural or legal persons administration, but only to the extent of their decision-making activity (Freedom of Information Act, § 2 (2)). In this case, therefore, these are entities that have the authority to decide on the rights, legally protected interests or obligations of natural and legal persons (Furek, 2012).

"Obligatory entities" include four different groups of entities (Freedom of Information Act, § 2):

- State authorities - the President of the Republic, the Government, ministries, other central state administration bodies¹ and administrative authorities that are not central government bodies².
- Territorial self-governing units and their bodies - in terms of quantity, are the largest group of obliged entities. Territorial self-governing units are territorial communities of citizens exercising their right to self-government through them. Territorial self-governing units and their bodies can be characterized as bearers of local self-government. Territorial self-governing units and their bodies can be divided into basic territorial self-governing units (ie municipalities) and higher territorial self-governing units (ie regions).
- Public institution - has been included in the Act on Free Access to Information in this form since 23 March 2006, when its amendment implemented by Act No. 61/2006 Sb., Amending Act No. 106/1999 Sb., Freedom came into effect of Information Act, as amended, Act No. 121/2000 Sb., on Copyright, on Rights Related to Copyright and on Amendment to Certain Acts (the Copyright Act), as amended by Act No. 81/2005 Sb., and Act No. 128/2000 Sb., on Municipalities (Municipal Establishment), as amended. This amendment only enshrined the existing legal status (Šamajová, Příkazská, 2018). The definition of 'public institution' is missing in both the Freedom of Information Act and in other legislation. The Constitutional Court has defined five definition signs and criteria that can be used to determine the nature of an institution (Ústavní soud judgment of 24 January 2007, file no. I. ÚS 260/06): "... a) *method of establishment (termination) of the institution (in terms of the presence or absence of a private act), ... b) the viewpoint of the founder (in terms of whether the founder of the institution is the state or not; if so, it is a public institution), c) the body constituting the individual organs of the institution (from the point of view of whether the authorities are creating the state; if so, it is a public institution), d) the existence or non-existence of state supervision of the institution's activities (the existence of state supervision being typical of a public institution), e) the public or private purpose of the institution (a public purpose is a hallmark of a public institution).* "
- Entities entrusted by the law with the power to decide on the rights, legally protected interests or duties of natural or legal persons in the field of public administration - this category includes various professional chambers (eg Chamber of Executors of the Czech Republic, Czech Bar Association, Czech Pharmacy Chamber, Czech medical chamber, etc.), general practitioners (in case they decide on sickness insurance benefits), bailiffs, notaries, dean of university or so-called public guards (forest guard, fishing guard, hunting guard or nature guard).

Public administration entities from the first three groups must report any related facts. Public administration entities from the fourth group must inform only to the extent of their decision-making in public administration.

¹ Other central state administration bodies are defined by the Czech National Council Act No. 2/1969 Sb., On the Establishment of Ministries and Other Central State Administration Bodies of the Czech Socialist Republic, as amended, where the provisions of § 2 include the following: Czech Statistical Office, Czech Office Surveying and Cadastral Office, Czech Mining Office, Industrial Property Office, Office for the Protection of Competition, Administration of State Material Reserves, State Office for Nuclear Safety, National Security Office, Energy Regulatory Office, Office of the Government of the Czech Republic, Czech Telecommunication Office data, the Council for Radio and Television Broadcasting, the Office for the Supervision of the Management of Political Parties and Political Movements, the Office for Access to Transport Infrastructure, the National Office for Cyber and Information Security and the National Sports Agency.

² Such administrative authorities are eg the Czech Agriculture and Food Inspection Authority, the Czech Environmental Inspectorate, the Czech Inspectorate of Spas and Springs, the Customs Administration of the Czech Republic, the Police of the Czech Republic, the Prison Service of the Czech Republic, the Army of the Czech Republic, the Fire Rescue Service, for representation of the state in property matters, Moravian Provincial Archives, Academy of Sciences of the Czech Republic, Labor Office, Cadastral Offices, Public Health Authorities, etc.

INFORMATION AND PROVISION OF INFORMATION

The relevant definition of 'information' is in the Freedom of Information Act (§ 3 (3)): "... any content or any part thereof recorded on any medium, in particular the content of a written record on an instrument, an electronic record or a phonogram, visual or audiovisual. " The information can be recorded on any medium. The information may be recorded on one or more media. The applicant in the submitted request for information defines the subject or marks the relevant document, ie. medium with recording of required information. For copies of information, it is assumed that all information contained in the original document is required by the applicant (Furek, 2012). A computer program is excluded from the scope of information because it is a specific copyright work (Freedom of Information Act, § 3 (4)). The definition of the term "information" is quite general, therefore the question arises whether or not there is a certain fact of information, which also relates to the question whether it is the obligation of the obliged entity to provide this information (Beran, 2007 etc.).

"Published information" is information that can always be retrieved and provided (Freedom of Information Act, § 3 (5)). This Act contains a list of publishing methods, whether it is a print release or any other medium that allows the recording and storage of information, an official notice board, with the possibility of remote access or placement in a library that provides public library and information services under Act No. 257/2001 Sb., on Libraries and Conditions for the Operation of Public Library and Information Services (Library Act), as amended. The term "published information" does not include information that is accessible only to a specific group of persons. Usually, the applicant does not need the cooperation of the obliged entity in retrieving and searching for published information. It is not necessary that the published information is always accessible. The published information can be changed. Similarly, it is not necessary for it to be held by the liable entity, so that it may be at the disposal of an entity other than the liable entity (eg library, print, etc.). It is not necessary for the information to be accessible for free. As stated by the Supreme Administrative Court in its judgment of 21 May 2009, ref. No. 2 As 5 / 2008-80, the published information may at any time lose its status, for example by removing it from the official notice board. The Act provides for a proactive approach of obliged entities, which should produce the published information themselves without an initiative. The liable entity can only refer to the relevant information (Freedom of Information Act, § 6 par. 1), ie. where the applicant finds and obtains it (Nejvyšší správní soud judgment of 27 June 2007, ref. 6 As 79 / 2006-58). The liable entity must provide information if the applicant insists on its direct provision (Freedom of Information Act, Section 6 (2)). An exception to this is a request for information in electronic form if remote access exists and the applicant has been notified of a link to the website on which the information is located.

'Accompanying information' is closely related to the information requested, namely the existence of the information requested, the origin, the number, the reason for the refusal, the period for which the reason for the refusal lasts and when it will be re-examined, and other relevant features. Accompanying information is provided in conjunction with the required information, with the aim of eliminating any inconsistencies and misunderstandings. It therefore explains or refines the requested information in more detail. Accompanying information may also be recommendations. Since the accompanying information is not required by the applicant *expressis verbis*, it is provided by the liable entity at its discretion, since there is no general obligation under the law to provide it. Accompanying information is usually provided by the obligated entity for reasons of suitability, but it may also have the status of obligatory data, especially in justifying why the request for information was refused (Furek, 2012).

The law provides for two forms of information provision - providing information upon request and providing information without notice. Publication may be mandatory or voluntary. The obliged entities contribute to the implementation of the principle of publicity and information by actively publishing and making information available and providing it on request. The purpose of publishing, making available and referring to information that has already been made available is to limit and reduce the number of requests for information, while at the same time facilitating their processing (Korbel, 2005).

CONCLUSION

The right to information is an important tool for the control of public authorities. The legislative framework consists mainly of the Act on Free Access to Information, which contains both the definition of the main concepts and the procedural mechanisms for providing information to applicants by obligated entities (entities of public institutions). The Freedom of Information Act has changed over the past 20 years, but it is still not optimal today. The amendment and the interpretative practice of the courts eliminate its shortcomings and misunderstandings. Some problems persist. One of these problems is, for example,

a paralyzing overload of public administration entities with requests for information. This abuse of the right to information must be eliminated.

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POSITION OF SELF-ADMINISTRATION IN THE CONSTITUTION OF THE CZECH REPUBLIC

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Abstract: *This paper deals with the constitutional foundations of self-government, which is an important part of public administration. The introduction defines the essence of self-government. Finally, the provisions of the Constitution of the Czech Republic concerning the issue of self-government are mentioned. Then the same attention is paid to the Charter of Rights and Freedoms and finally to the constitutional law on the creation of higher territorial self-governing units.*

Keywords: *Government, municipalities, regions, territorial self-governing units, higher territorial self-governing units, constitutional foundations*

INTRODUCTION

Self-government forms one of two parts of public administration in the Czech Republic. Self-government can generally be understood as public administration, which is carried out by public entities different from the state (Průcha, 2007). In this sense, self-government is an entity that competes with other holders of public power, is a supportive tool for the division of power in the state, and at the same time constitutes an obstacle to the accumulation of power in a single power center and its eventual abuse (Koudelka, 2007). Self-government is an activity aimed at achieving the set goal (Vydrželová, 2003). This activity is carried out by bodies governed by public law, which are entities different from the state. Self-government has no power character. The nature of self-government is sub-legal (which means that the scope of self-government is defined by law and that self-government must be implemented within its limits), partner and protective.

But self-government also has its constitutional foundations. The Constitutional Act of the Czech National Council No. 1/1993 Sb., The Constitution of the Czech Republic, as amended (hereinafter referred to as the "Constitution"), and other legal regulations constituting the constitutional order of the Czech Republic do not contain a comprehensive regulation of the position, structure and functioning of public administration; which also applies to self-government.

The aim of this paper is to discuss the provisions of legal regulations constituting the constitutional order of the Czech Republic that are related to self-government.

CONSTITUTIONAL PROVISIONS RELATING TO SELF-GOVERNMENT

The individual articles of the first Title of the Constitution, which contains basic provisions, lay down general principles defining the activities of public administration. Article 1 (1) of the Constitution defines the Czech Republic as a sovereign, united and democratic rule of law, based on respect for the rights and freedoms of man and citizen. Of great importance from the point of view of the position and functioning of public administration is the provision of Article 2 (3) of the Constitution, according to which state power serves all citizens and can be exercised only in cases, limits and ways stipulated by law. Every citizen may do in accordance with the provisions of Article 2 (4) of the Constitution what the law does not prohibit and, on the other hand, must not be forced to do what the law does not impose.

The term "self-government" can already be found in the basic provisions of the Constitution. Article 8 guarantees the self-government of local and regional authorities at all levels (cf. eg Mates, 2004, etc.). It follows from the foregoing that it guarantees the self-government of the territory, but not generally self-government. According to the Constitution, local and regional authority is an essential part of a democratic rule of law (Kadečka, 2003). The protection of local and regional authority is defined in the provision of Article 9, paragraph 2 of the Constitution, which does not allow for a change of essential requirements of a democratic rule of law.

Provisions concerning the executive power, which includes the President and the Government, are contained in Title III of the Constitution. The government does not have the character and function of a state administration body and, if it is vice versa, only to a limited extent. The government is head of executive power. The government manages (directly or indirectly) the system of state administration as a whole, sets its tasks, monitors their fulfillment and coordinates the activities of directors at central and local level. The government is superior to all state administration bodies and is not itself governed by service orders issued by another state authority. The government influences the activities of self-government through regulations (Mates, 2004).

The legal regulation of the basic principles of territorial self-government is contained in Title 7 of the Constitution, which includes Articles 99 to 105. Article 99 defines the basic structure of the territorial self-governing division of the Czech Republic. This article stipulates that the Czech Republic is divided into regions - higher territorial self-governing units, and municipalities - territorial self-governing units. It should be noted here that the terms 'basic' and 'higher' used in that provision cannot be interpreted as 'subordinate' and 'superior'. These relationships do not exist in the area of self-government. Individual self-governing units have their own independent powers, while a higher unit is not entitled to interfere with another self-governing unit. Article 101 (4) of the Constitution stipulates that a state may intervene in the activities of territorial self-governing units only if the protection of the law so requires. This must only be done in the manner prescribed by law. This approach is another fundamental principle of self-government (Mates, 2004). The performance of state administration may be entrusted to self-government bodies pursuant to Article 105 of the Constitution.

Territorial self-governing units are defined as territorial communities of citizens (Art. 100 (1) of the Constitution). Cases where territorial self-governing units are administrative districts are stipulated by law. Public-law corporations can be understood as public administration entities that are organized as members and have been entrusted with the power to perform public tasks independently (Marková, 2010). From the perspective of membership in territorial corporations, it is crucial that natural persons have their permanent residence and legal entities have their registered office within the territory in which the corporation is authorized to operate. Article 101 (3) of the Constitution characterizes territorial self-governing units as public corporations, which may have their own property. Their management is governed by their own budget.

Municipalities are independently administered by their local councils (Art. 101 (1) of the Constitution), which are the basic body of territorial self-governing units. The municipal councils, in accordance with the provisions of Article 104 (2) of the Constitution, decide on matters of self-government, provided that these are not matters entrusted to the council of the higher territorial self-governing unit by law. The municipality is always a part of a higher territorial self-governing unit (Art. 100 par. 2 of the Constitution).

Territorial self-governing units can be characterized by certain constitutionally presumed features that some authors (eg Kolman, 2004, etc.) designate as "pillars". It is a territorial and personal basis of territorial self-governing units, an economic definition criterion and a sign of independent administration of its affairs through its own bodies (Bahýľová, 2010). These features are subsequently reflected in the delimitation of municipalities or regions in Act No. 128/2000 Sb., o obcích (obecní zřízení), ve znění pozdějších předpisů - On Municipalities (Municipal Establishment), as amended (hereinafter referred to as the "Act on Municipalities"), or in Act No. 129 / 2000 Sb., o krajích (krajské zřízení), ve znění pozdějších předpisů - On Regions (Regional Establishment), as amended (hereinafter referred to as the "Regions Act").

The creation and abolition of higher territorial self-governing units is reserved exclusively for constitutional law (Art. 100 par. 3 of the Constitution). The administration of higher territorial self-governing units (and municipalities) is the responsibility of the local councils (Art. 101 par. 2 of the Constitution).

The powers of the councils can only be determined by law (Article 104 (1) of the Constitution). Article 102 of the Constitution addresses some issues relating to members of councils. The members of the municipal councils are elected by secret ballot, with universal, equal and direct suffrage (Article 102 (1)). The term of office of councils is four years (Article 102 (2)). New elections of the council before the end of the term of office can be announced only under conditions stipulated by law.

Councils are authorized to issue generally binding ordinances (within the limits of their competence) - Article

104 (3) of the Constitution. It is a definition of the creation of legislation in a separate competence. Legislation by delegated municipalities is defined in Article 79 (3) of the Constitution. Municipalities and regions may issue legal regulations if they are authorized to do so by law (Art. 79 par. 3 of the Constitution). This is important because the municipality can regulate legal relations more effectively and efficiently compared to the state level due to the knowledge of the specifics of local circumstances (Krýsa, 2010). This also applies to regions.

Protection of territorial self-government is ensured by the Constitutional Court (Art. 87 par. 1 letter c) of the Constitution). The Constitutional Court decides, inter alia, on the constitutional complaint of territorial self-government bodies against possible unlawful intervention by the state.

It is clear that the Constitutional Court respects local authorities that administer public affairs in law and in the interests of the local population (Ústavní soud judgment of 17 May 2005, file number Pl. ÚS 62/04). The same court, on the other hand, in Ústavní soud judgment of 22 April 2008, file no. Pl. ÚS 35/06 warns against the risk of particularization of public law if it would admit blanket formulated prohibitions without the obligation of municipalities to justify them. General prohibitions, which must be made without taking into account local specifics, primarily fall under the law (according to the Constitutional Court). This suggests restricting the bans to specific locations (in the municipality) or periods.

CHARTER OF FUNDAMENTAL RIGHTS AND FREEDOMS

The preamble to Constitutional Act No. 2/1193 Sb., Resolution of the Presidency of the Czech National Council on the proclamation of the CHARTER OF FUNDAMENTAL RIGHTS AND FREEDOMS as part of the constitutional order of the Czech Republic, as amended (hereinafter referred to as the "Charter"), also concerns the principles of self-government. It states that the then Federal Assembly, on the basis of proposals by the Czech National Council and the Slovak National Council, inter alia, following the generally shared values of humanity and the democratic and self-governing traditions of our nations, passed on this Charter.

CONSTITUTIONAL ACT ON THE ESTABLISHMENT OF HIGHER TERRITORIAL SELF - GOVERNING UNITS

Constitutional Act No. 347/1997 Sb., On the creation of higher territorial self-governing units and amending Constitutional Act of the Czech National Council No. 1/1993 Sb., The Constitution of the Czech Republic was adopted in 1997 with effect from 1 January 2000 (Art. 3 of the Constitution). This Act defined territorially higher territorial self-governing units in the Czech Republic - the capital city of Prague and 13 regions. The boundaries of higher territorial self-governing units can be changed exclusively by law.

Territorial self-government is carried out by municipalities (type municipality, township, city and statutory city), regions and Prague, the capital. Prague has a specific position because it is both a municipality and a region. The specific position of Prague is also reflected in the general level of the administration of the City of Prague through Act No. 131/2000 Sb., On the City of Prague, as amended (hereinafter referred to as the "City of Prague Act"). This law is a *lex specialis* for the capital city of Prague, therefore the law on municipalities and the law on regions do not apply to Prague. However, we can agree, for example, with Brůna (2006), which states that the content of the Act on Municipalities, the Act on Regions and the Act on the Capital City of Prague are not fundamentally different.

CONCLUSION

Self-government is an important part of public administration. Although its character is sub-legal, it has its constitutional foundations. The foundations can be found in the Constitution, the Charter and the Constitutional Act on the creation of higher territorial self-governing units. The self-government must carry out its activities within the meaning of the relevant laws, but on the other hand it has legal protection against unauthorized state interventions. The Constitutional Court also plays an important role in this protection.

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DEVELOPMENT AND IMPLEMENTATION OF MUNICIPAL COMPLIANCE PROGRAMS AS A TOOL AGAINST CORRUPTION IN PUBLIC ADMINISTRATION

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Abstract: *Corruption in public administration is a consequence of the general political, social and economic problems of our country. Even the existence of age-old democratic traditions and some experience in combating corruption did not deprive the European Union countries of various forms of corruption. Local governments need to implement in their activities a set of rules covering the entire process of management, preferably in a separate document. Such a compliance program would define the principles and procedure of interaction of public officials both among themselves, and with other legal entities, individuals and business, describe the rules of internal and external control, in particular, issues of reporting, audit, internal audits and investigations, provide appropriate training measures for staff, and the rules of personal responsibility of employees and transparency of the whole local performance.*

Keywords: *corruption, corruption in public administration, corruption risk, compliance, municipal compliance program.*

International experience in the fight against corruption shows that corruption, in a context of political transformation, impairs the effectiveness of reforms, as corruption is nowadays a factor that poses a real threat to national security and democratic development in most countries, affecting all aspects of public life. The factors of successful corruption counteraction have long been known and tested by international organizations, countries, and supranational entities. In particular, they include definition and establishment at the legislative level the principles of combating corruption: openness of the government, transparency and clarity of the procedures of decision-making of public administration, effective mechanisms for control over the activity of state bodies by civil society, freedom of speech, freedom and independence of the media.

The need for immediate overcoming corruption is due to the fact that it causes the chain reaction effect a whole range of other systemic problems: threatens the rule of law, morality of society, stability of democratic processes, undermines the foundations of public administration, violates the principles of equality and social justice, generates monopolization the basis of free, fair competition, leads to distortions in the optimal combination of methods of administrative regulation and market itself regulation at all levels of government and administration.

Local government bodies, as representatives of their community's interests, should do their utmost to ensure the economic security of society. There is a need for a system that will ensure compliance with both legal and ethical requirements, help citizens be sure that local bodies are acting according to the law and thus, prevent possible corruption risks.

The purpose of the research is to introduce organizational and methodical basis for development of municipal compliance program that can be an effective mean in the fight against corruption in public administration.

Such a system should be a municipal compliance program, the essence of which is to build functional and communicative strategies for positioning the interests of citizens in local governments, as well as establishing a process for protecting their interest from the influence of corruption. The creation and implementation of such municipal compliance program is aimed at long-term and better relations between local authorities and all their stakeholders, and in the future - on positive legislative changes for all participants of the public administration sector.

In general, the term "compliance" is used to briefly express one of the functions of the organization's governing bodies to ensure compliance with regulatory legal acts, standards, constituent and internal documents of the organization; exclusion of involvement of the organization and participation of its employees in carrying out illegal activities, including corruption offenses, as well as timely submission of reporting forms in accordance with the legislation of Ukraine.

The impetus for its development was the 60-70s of the twentieth century, in particular the Watergate scandal, which revealed numerous cases of corruption, which also concerned private companies. In order to counteract this situation, the US Foreign Corrupt Practices Act (FCPA) was enacted, which established strict control rules, accounting and financial records requirements, as well as rules for relationships with government officials.

The FCPA requires companies to implement internal control programs to maintain and record all asset-related transactions. FCPA violations are subject to civil and criminal liability, including imprisonment and penalties the amount of which may be twice the size of the company's benefits. As an example, the issue of compliance with the requirements of the SEC and US securities law for business related to the initial placement of coins, tokens, use of utility tokens is painful and relevant.

Having concluded that financial sanctions and reputational losses were unprofitable, most industry groups began introducing certain internal policy rules to structure reporting procedures and prevent general misconduct within the company.

In American society, as early as the 1990s, companies were able to reduce their responsibility by having an "effective compliance program." Ideally, compliance aims to teach the company, its agents and partners honest business, responsible treatment of customers, contractors, partners, which will further help companies to avoid violations of state law and conflicts within the company.

The subjects of compliance are the state, represented by state bodies, territorial communities, legal entities and individuals. Compliance is beneficial for all subjects:

- the state - as it will allow to carry out effectively the control functions, to carry out monitoring and analytical work, which is very important for the prompt and reliable preliminary assessment of the anticipated before the adoption of new initiatives, corrective effects;
- the business community - since a company that faithfully implements all the actions proposed by the state may not be afraid to prosecute;
- the citizens - provides quality services and access to information about the activities of the organization.

The object of compliance control is compliance risks, which are realized under the influence of the following factors: violation of regulatory standards, financial fraud, abuse of power, corruption; unprofessional behavior, low staff competence; raiding, theft, other unlawful external actions; threats to goodwill, reduced solvency.

In general, compliance programs:

- are a vital source of protection for organizations against federal and law enforcement investigations, as well as related public relations and civil / criminal liability
- provide solutions in a systematic, timely and continuous manner
- ensure that staff has a clear understanding of their responsibilities as employees of the organization
- create conditions for increasing transparency of the organization's activities and better interaction with its customers.

It is advisable to develop a compliance program for a particular organization, taking into account the specifics of its activities, potential corruption risks and a number of other factors. However, there are several

elements of the program that can be applied to virtually any organization, including the appointment of compliance specialists at the level of corporate and employment relationships; identifying the categories of employees most likely to be exposed to corruption risks; conclusion of written labor agreements containing anti-corruption provisions; establishment of internal procedures for investigating information on employee corruption.

On the whole, it is advisable to include in the compliance system of the organization:

- Code of Conduct:
 - Code of Ethics
 - Whistleblowing policy
 - Fight against Money Laundering and Terrorist Financing Policy
 - Data Privacy Policy
 - Conflict of Interest Policy
- Anti-corruption policy:
 - Policy on bribery and corruption (Financial Crime / Fraud Prevention)
 - Gift policy

The main task of such a municipal compliance program is to ensure that the activities of local governments are in line with the legal requirements.

The basic principle of good public administration is that civil servants obey both the letter and the spirit of the law.

Community and local government officials hope that these bodies will comply with applicable law and that they must take all appropriate steps to ensure that these expectations are met.

Factors that affect opportunities for corruption in municipal context include:

- Decentralisation multiplies opportunities for corruption due to an increased portfolio of functions and responsibilities.
- Volume of transactions and dispersed control over finances heighten the potential for abusive practices, including budget fraud.
- High levels of bureaucracy and considerable discretionary powers and monopoly over public services create multiple opportunities for corruption.
- Complexity and multiplicity of transactions increase the potential for abusive practices.
- Proximity to clients of service delivery increases the opportunities for corruption.
- Influence from patronage networks provides a rich enabling environment for corruption pressure.
- Favouritism and nepotism at the local level might influence decisions on human resources.
- The proximity to local stakeholders leads to greater interaction between local officials and businesses, which might subvert fair procurement procedures.
- Potential shortage of competent staff to carry out highly specialized tasks might cause underperformance.
- Oversight by external stakeholders may prove weak due to capacity limitations and the existence of local patronage networks.

The local government must uphold the highest standards of care in all areas of public accountability, through its policies, the fulfillment of its legal obligations, the maintenance of a compliance management system and the promotion of a culture of compliance.

With such a municipal compliance program, local governments recognize their commitment to stakeholders, their staff and the general public to provide a safe environment, a culture that promotes equity and governance that is guided by the highest standards of performance and accountability in all their operations.

Municipalities need a compliance program to:

- Enhance public trust
- Move from reactive to proactive approach
- "See around the corner"
- Increase management accountability
- Protect City assets
- Enhance business continuity
- Improve City services
- Mitigate penalties

- Decrease risk of imposed oversight

Still municipal compliance program will be different from a compliance program of a typical company. First of all, because there are certain peculiarities of public sector employment. In authors' opinion, the main differences of employment in public and private sector that influence corruption related decision-making are:

- fundamentally different goals. The public sector is focused on serving the general public and looking after their interests, while the private sector's fundamental concern is creating markets to enable earning profits. A company employee is supposed to bring certain profit to organization. If he fails to do so, he is fired. Public sector officials are not that outcome-oriented;
- differences in employment process. In the private sectors, managers have the ability to hire quickly depending on the need for personnel. In the public sector, it can take several years to create a new position and several months for an existing position to be filled. Similarly, the firing of employees in both sectors is subject to different time frames. Private sector managers can fire and offer severance packages to employees at any time while public sector managers encounter bureaucratic challenges and extensive documentation that make the removal process more complex and time-consuming. Also, in private sector there is no self-selecting of bureaucrats.
- management system. Human resources model in public sphere is traditionally career-based, as public officials are usually recruited at the beginning of their career and are expected to remain in the public service throughout their working life. Therefore, the job security in public service is much greater. The management system in private sector is position-based, meaning that employers are hired from a pool of candidates on the ground of their skills and competencies regarding specific position.
- different funding allocation. Public organizations are owned by the government and are funded by tax revenue, which is generated by the public or through the issuance of public debt. Adequate funding must be attained and disbursed, procurement practices need to be approved by several governing bodies and suppliers often undergo background checks and other investigations, all of which slows down the procurement process considerably. Private organizations are able to use their revenue from sales and investments to buy things when they need them.
- scrutiny and accountability. Government organizations are subject to a specific kind of scrutiny. This is mainly due to the fact that they are funded by taxpayers who hold these agencies accountable for how their money is being spent and who view expenditures not only for their efficiency and effectiveness but also for the degree these address questions of social equity and fairness. The activities and accomplishments of these organizations hold a greater presence in the public eye. Leaders of private corporations are not accustomed to this level of scrutiny. They are accountable primarily to their board of directors and shareholders.

Considering these factors, In the context of city, county and state governments, it municipal compliance program should includes a comprehensive strategy to ensure transparency and compliance with laws and regulations in bidding processes, contracting, paying for services using tax dollars, etc., and, thus, consist of:

- Compliance Officer / Committee
- Policies and Procedures/ Code of Conduct
- Education and Training
- Anonymous Reporting
- Disciplinary Action
- Auditing and Monitoring
- Remediation of Problems.

The Compliance Officer is charged with operating and monitoring the Compliance Program. He is a leader of compliance efforts who is knowledgeable of compliance issues and who coordinates compliance activities. The Compliance Committee supports the compliance officer and represents various departments and areas of expertise.

The purpose of the Code of conduct is to guide general performance processes and to hold employees, elected officials, etc. responsible for abiding by a set of standards (detailed in the compliance program) and applicable laws and regulations. It is not intended to replace specific policies and procedures related to business operations or compliance.

Policies & Procedures promote a commitment to compliance and that address specific requirements of

compliance and specific areas of potential fraud.

Education communicates the structure and substance of a compliance program to employees, customers and other stakeholders and to define these individuals' responsibilities under the compliance program.

Anonymous Reporting gives employees and the public a method of reporting concerns without feeling that their jobs or situation may be compromised, especially since they are expected and obligated under the compliance program to report suspicions of suspected violations.

Disciplinary Action is needed to respond to allegations of improper/illegal activities and to enforce appropriate disciplinary action against employees who violate internal compliance policies, applicable laws, statutes, regulations or requirements of federal, state, county or local governments.

Auditing and Monitoring includes proactive review of specific processes and documents for compliance and assistance in the reduction of identified problem areas.

Remediation of Problems gives an opportunity to investigate and solve problems that are identified through audits, monitoring or reporting.

Nevertheless, Compliance in the Municipal Context faces certain challenges. They are:

- Resources
- Defining Roles & Responsibilities
- Coordination between departments and units and branches
- Building Stakeholder Buy-in
- External Communication

Conclusion. The purpose of municipal compliance program is to promote a culture of ethical conduct and a commitment to compliance with the law, and to prevent and detect misconduct. Despite the challenges, with the officials commitment, cooperation with relevant stakeholders and usage of previous experience in this area, implementation of municipal compliance program can be successful and beneficial for all stakeholders interested in overcoming corruption in public administration.

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SETTLEMENT DEVELOPMENT IN THE PERIOD OF TRANSFORMATION: IDENTIFICATION OF ISSUES IN RURAL ENVIRONMENT

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Abstract: *Parameters of social changes as result of transformation process after 1989 were in economic sector focused on the creation of basic principles of market economy with primary objective to replace centrally planned and regulated individual economic decision-making, while the accent in political area was emphasized on establishing the pluralist democratic society of parliamentary type with effective division of power, competitive electoral system, and also on strengthening the basics of rule of law and setting the conditions motivating the citizens to use the right to participate in public matters. Mentioned changes related to the process of social transformation cannot be limited only to economic and political area, as it affected also other areas of social life, this means that they neither avoided the public administration system, while there was gradual extension of settlement structure. Based on the above, the main objective of this contribution is to identify the main issues of rural environment with emphasis on negative aspects of small villages.*

Keywords: *village, rural environment, urban environment*

In the evaluation of settlement or regional development in the transformation period, there were several fundamental changes in various areas, e.g. in social potential, while the overall genesis of these changes had mainly differentiating character with significant manifestations of spatial, social, population, infrastructure and other specificities. An important milestone initially at the level of settlements, later at the level of regions was the start of public administration reform that partly helped to mobilize internal resources and receive external resources in building more durable municipal and regional progressive trends. Simultaneously, the slowdown of quantitatively oriented urbanization became a suitable predictor for more intensive qualitative settlement development, as well as the profiling of more environmentally-friendly spatial configurations of cities. The negative effect was the deepening of regional and settlement disparities, as changes in economic-structural character enriched by different levels of technical equipment and associated with geographical specificities of Slovakia with direction to make inter-regional and inter-settlement disparities more intensive. The cause of generally increasing differences, mainly in the form of social disparities, was not based only on the abilities of adaptation of economic operators, as the disparities were largely caused by "location factors for new investments, qualitative features and adaptive abilities of human potential, infrastructure background of settlement, or region, etc." (Gajdoš-Falt'an-Moravanská, 2009, page 33). Eventually, it should not be forgotten that the determinant of disparities was differentiation in demographic structure as well as in the unemployment rate that was behind the differences, which resulted in the migration of population. In general, we can state that the first stage of transformation was characterized by the strengthening of socio-demographic, economic or infrastructure differentiations, while there was the increase of regions with unfavourable conditions for development, which was the consequence of neglecting the concept of regional development that moved away cumulative problems as well as absences of effective tools and policies focused on the solution of increasing regional disparities. Although, existing urgent problems were solved, but in a non-systematic and non-conceptual ways, without a feasible state concept of regional development, while there was no strategic vision of society development. Another problem was also insufficient coordination in the application of sectoral policies that again resulted only in weakening the attractiveness and competitiveness of the most problematic areas, thus making the need for demanding and revitalization measures more intensive. Therefore, there was a significant fragmentation as well as horizontal or vertical polarization of society based on territorial, settlement and socio-economic principles. Socio-spatial differentiation¹ as one of the main problems arose as a result of horizontal polarization and socio-economic differentiation² as a consequence of vertical polarization, which influenced the social stratification of society and thus formed the social layer of the poor and the

¹It was manifested in the form of disparities between regions and settlement types.

²It was manifested in the form of disparities between economic and social subjects and social groups.

unemployed people. Just in this contextual framework, the so-called marginal regions become the real entity, which are specified by multidimensionality, as they generally accumulate several unfavourable attributes and are characterized by *"a clear lag and lack of integration into the current dominant structures, processes and systems of a corresponding time and spatial context, in some or every aspect considered"* (Michálek, 2014, page 270). If we want to be more specific, these are regions that have high socio-economic problems, accompanied by negative features such as high unemployment, low wages of the economically active population, social dependency, social exclusion, deterioration of demographic educational structure, emergence of subcultures, low level of industry and services, as well as modern communication or information infrastructure³ (Poláčková, Potomová, 2011). Economic parameters of changes, as a part of the market-oriented transformation model, resulted mainly in the second half of the 1990s into cyclical unemployment, as there was insufficient demand for labour force, while the most affected areas by high unemployment rate were the districts of the eastern Slovakia districts and south of central Slovakia, especially the districts of Rimavská Sobota and Revúca, which are becoming the so-called poverty regions with increasing number of socially dependent people, which are further characterized by generally poor conditions for economic development, low quality of social and infrastructure potential, poor civilization facilities and unfavourable location marginality.

The transformation of society was manifested in a specific way also on the development of the urban and rural environment, while especially cities were exposed to the so-called double transformation, which on the one hand was based on the return to the natural trends of the genesis of settlement that were significantly ruined during the socialist reform of society and industrial urbanization, and on the other hand, there were situations where major cities were changed under the influence of entry processes into EU structures as well as under the influence of globalization. In general, the situation of the urban environment is characterized by a number of differentiating processes affecting the intra-urban structure, the socio-spatial situation, and fundamentally affecting interactions and networks of links to the surrounding environment, while the deterioration of socio-economic aspects of cities cannot be abstracted, while they are reflected in the form of a lack of available housing fund, an increase in consumer lifestyle, social deviations, or socio-pathological phenomena, environmental or transport problems, etc.

While the beginnings of the 1990s meant for municipalities a slight decline in the number of inhabitants, which mostly affected territorial units exceeding 10 000 inhabitants, so the municipalities below the mentioned level raised in population as they had the opposite trend in the form of population growth.

Another consequence of the transformation was the decline of previous interactions of settlements coordinated by central power, which were partially substituted by market-oriented relations, while cities became competitive entities competing mainly for high-quality human resources and foreign investments, but new inter-settlement partnerships are also formed, thereby creating a new forms of cooperation. A certain continuous line has been preserved in terms of the persistence of size disparities and the possibility of identifying various settlement types. At the same time, the differences between individual social groups are increasingly deepening, based on which can be formulated the claim that another typical feature of the urban environment is social polarization, the cause of which can be found in the impacts of privatization, restitution as well as entry of foreign capital (Gajdoš-Falt'an-Moravanská) (2009).

Since the mid-1990s, two major development trends have been identified in the urban settlement configuration, i.e. intensifying the desurbanization process and the so-called catching up of urbanization of a concentration character. The first tendency of these processes, which means *"stopping the growth of urban population and stopping the decline or growth of rural municipalities"*, was the result of population migration from cities with big population, which is related to the changing value framework of people in relation to housing, as there is an increasing interest in smaller localities with good environment and good access to work or cultural-educational centres (Gajdoš-Falt'an-Moravanská, 2009, page 42). The second tendency, which is an expression of the population concentration in cities dominated after 1996, which is associated with the formation of a new territorial-administrative arrangement, because according to *"Act of the National*

³It is important to note that there are so-called marginality indicators, which are various, but in the Central-European area they are among the most frequently monitored and evaluated in the context of identification of marginal regions: *"physical-geographical limits, long-lasting historically limited development, remoteness and poor accessibility to nuclear areas, poor accessibility of infrastructure, unstable economic structure based on production of primary sector with insufficiently diversified production structure, low level of income, high long-term unemployment, sparsely populated areas with a high share of post-productive population, high level of emigration from these areas, socio-cultural isolation negatively determining the intensity of local participation, etc."* (Michálek, 2014, page 271-272).

Council of the Slovak Republic no. 222/1996 Coll. on the organization of local state administration as amended, based on the approved two-tier territorial division, local state administration in the Slovak Republic was performed by the end of 2003 by 79 district and 8 regional state administration authorities (Kováčová, E., 2015, page 101). Thus, the urbanization process was applied mainly to smaller district towns in newly created districts, such as the district of Snina, Stropkov, Banská Štiavnica and others.

The problem of several cities, with the exception of the capital, was the orientation to create the prerequisites for the profiling of cities in the form of innovation centres, while just in the cities where was the seat of educational institutions (universities, educational-research centres) was increased the probability to fulfil this function with effective impacts within the territory of its action.

It is also important to emphasize that the transformation process also escalated the problems of rural settlements, which were already marked in the pre-transformation period. Rural settlements are a type of settlement that was profiled as the most problematic in the dynamic socio-economic genesis, although we note that we must be careful when formulating this statement, since rural settlements are internally quite polarized and differentiated, because as there are effective municipalities that meet the conditions of development, there is also a settlement type of non-functional and dying municipalities, which clearly lack their own resources to reverse the digressive developmental direction and are more or less doomed to the extinction. A considerable change occurred in the re-profiling of the economic structure of the rural environment, as there is an absence of links to agriculture as an economic basis. The Slovak countryside is thus characterized by a rugged and wide-ranging base of professional orientation of the labour force, a relatively low link of the rural economic base to agricultural activities, as well as a low level of civic engagement in business activity and overall acceleration of economic dependence of local level from state resources. In the context of the indication of major problems, the depopulation and migration of the population is a significant negative phenomenon, accompanied by a lack of job opportunities, despite the alleviation of lack of facilities. The accumulation of the problems of the rural environment is important to be perceived in connection with the consequences of the industrialization and urbanization process, because industrial urbanization aimed to deform the development of the rural environment in demographic, economic, social and cultural areas. In particular, it was manifested in the decline or stagnation of these areas, which resulted in a settlement crisis, which was accompanied by the migration of rural inhabitants, especially younger age groups and the productive part of the population to cities, which also resulted in *"decline of usefulness of existing housing fund, loss of natural socio-demographic and professional base for work in agriculture or other activities of the municipality and its surroundings, loss of economic functions, deterioration of social infrastructure facilities, deterioration of quality of living conditions but also social environment"* (Gajdoš, Pašiak, 2008, pages 15-16).

A specific category is a wide range of social problems which, by their importance and scope, are placed in a specific position in relation to the decentralization process, localization development and acceptance of the subsidiarity principle, thus in relation to the transfer of problem solving to municipalities and ensuring their functioning and development through their own resources, resources and potentials. The social dimension is a collection of several negative phenomena manifested in the form of socio-demographic, psychological or cultural character and among its main problems intensifying at the time of transformation are the following:

- socio-demographic depression of several municipalities, characterized by unfavourable age structure and dominance of post-productive part of population, absence of quality human potential as determinant of settlement development, leaving of productive part of population, or persistent settlement migration for work, which weakens and deforms mainly the social capital of small municipalities,
- the unfavourable age structure is also a determinant of the level of cultural capital in which education, degree of qualification are at the forefront, and as the cultural capital structure is largely unsatisfactory due to escalating labour market requirements, this situation is reflected in rising unemployment and poverty spread,
- civic apathy towards public affairs is increasing in proportion to the increasing degree of social capital deformation of the settlement, and there is a low level of activation and participation of citizens in the solution of municipal problems,
- the low level of civic participation is a consequence of social isolation that results from the weakening of neighbourhood community interactions, the decline in social confidence and social security,
- the lack of job opportunities and the associated increase in unemployment are reflected in the expansion of social deviation, in the increase in crime, and in the overall deterioration of human

relations,

- the deterioration of the social climate is also related to property-law disputes in the case of inheritance or division of property, as well as the intensifying social differentiation of the communal community, i.e. the poor versus the rich,
- reduction of cultural-social infrastructure due to lack of funds for their operation, as cultural facilities fall under the administration of local self-government and is not funded by central finances, which is also related to the fact that in many cases the function of these facilities has been fundamentally modified (e.g. to commercial). Simply said, mostly small municipalities suffer from a lack of funds to cover the basic conditions for their functioning and development, and they have no means to fund the operation of cultural facilities, and therefore the premises originally intended for leisure and cultural activities are rented for commercial purposes (Gajdoš-Falt'an- Moravanska, 2009).

Based on the above, we must state that the individual problems of the rural environment, which are comparatively disadvantageous to the urban environment, since it has less favourable prerequisites for business activity, economic performance, etc., are still perceptible and present in small municipalities, especially because of size aspect. From a range of serious problems, at least the following can be selectively highlighted:

- in municipalities there are no funds for cultivation of the environment, building of basic technical infrastructure as well as for implementation of development activities and development of conceptual materials of the municipality – e.g. zoning plan,
- they are characterized by inappropriate age structure, population aging, depopulation,
- there is a lack of skilled, innovative labour force that is the basis of a knowledge-oriented society and a prerequisite for developing strategic and development plans,
- there is a large share of population without computer or digital skills, which significantly determines the chances of finding a job in the labour market, thereby raising problems in relation to increasing unemployment, the spread of poverty and social dependence,
- they become less attractive for younger age groups and the economically productive part of the population because of the lack of job opportunities, the lack of opportunities for cultural self-realization,
- they are characterized by low inflow of foreign investments, lower quality of infrastructure, poorly developed industry and services, etc.
- the character of the cultural potential in problematic self-governments does not usually correspond to current demands and requirements on the labour market, as a result of which we identify problems related to rising unemployment rate, decline in living standards, persistent resident emigration for work caused by lack of job opportunities,
- no interest in mandates in the structure of obligatory and facultative self-governing authorities, thereby increasing the risk of acquiring status of so-called "dysfunctional municipality", i.e. a basic unit of local self-government, which, after two consecutive elections to municipal self-government authorities, is not able to choose its bodies, this means, representative council of deputies - municipal council and mayor of the municipality, which is the highest executive body of the municipality (Act No. 369/1190 Coll.).
- financial burden, large debts, lack of funds to perform competencies and services, etc.

By summarizing of mentioned negative factors accompanying self-governments, we can conclude that most small municipalities have entered into social, demographic or cultural regression endangering the quality of life in the municipality and in some cases signaling the stage of extinction of such affected category of municipalities, therefore in order to maintain the existence of falling territorial units, it is more than desirable to create a set of cultural, economic and social pillars anticipating a comprehensive revitalization of problematic local self-governments. It is important to realize that, despite the negatives that affect them, they are an organic part of the culture of the country, history, and they are a document of genesis of interaction between human and nature, and at the same time a part of the nation's memory structure, which is a relevant reason to introduce measures for its survival and ensure the effective operation, whether through the common cooperation of municipalities, or merging processes, which implies that it is necessary to deepen discussions on communal reform that is sensitive to the specifics of the Slovak settlement structure.

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SUPPORT OF SMALL AND MEDIUM-SIZED ENTERPRISES BY THE STATE AND PUBLIC ADMINISTRATION IN SLOVAKIA

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Abstract: *The aim of the paper is to analyze the current state of support of SMEs by the government and public administration in the Slovak Republic. Small and medium-sized enterprises are the backbone of any economy. They are a source of economic growth and jobs, i.e. have an impact on the standard of living of the population. This article deals with problems of small and medium enterprises in Slovakia, their problems and the creation of conditions by public and state administration. The article describes in detail the various possibilities of supporting the entrepreneurship of SMEs at various levels.*

Keywords: *SMEs, business environment, public administration.*

1. INTRODUCTION

The importance of small and medium-sized enterprises in the national economy is indisputable. EU SMEs are a key source of job opportunities - providing two-thirds of jobs and contributing significantly to GDP. They are characterized by the ability to respond dynamically to the needs of new markets and to foster social and regional development. Especially small businesses react (first) very sensitively to changes in the business environment and thus are specific. The government, therefore, helps entrepreneurs to set up new businesses by creating legislation and business support, thereby protecting the business environment. The government aims to stimulate the development of private enterprise and employment growth by creating a "supportive business environment".

2. SMES AND EASE OF DOING BUSINESS

SMEs are a key element for the growth of society. According to data from the Statistical Office of the Slovak Republic in 2018, there were 559 841 SMEs in Slovakia. The largest share of SMEs were micro-enterprises (96.8%), small enterprises 2.6% and medium-sized enterprises 0.5%. The number of SMEs decreased year-on-year by 1.3%. In absolute terms, it is a decline of 7290 business entities. This was largely due to a decrease in the number of sole traders.

In Table 1 we present comparisons of the numbers and value-added created by SMEs. The data are from 2016. Even considering the population of the Slovak Republic and the Czech Republic (approximately 1: 2), the Czech Republic has a larger number of SMEs and it is also interesting to compare the number of SMEs in the Czech Republic and Austria. There are more in the Czech Republic.

One possible cause of this is an excessive number of self-employed. This is largely influenced by the employment of ordinary workers on the basis of a trade license instead of a regular employment relationship. Employers thus reduce not only labor costs but also other costs associated with the provision of work aids, health, and safety at work, etc. There is a place for regulation by the state administration.

An important role of the state and public administration in relation to SMEs is to create a favorable business environment. When comparing the V4 countries, according to data (Doing Business database, 2019), the most favorable conditions are in Poland which has placed on the 33rd in the world. The Czech Republic is close to it in the 35th place. Slovakia is lagging behind in 42nd place and Hungary fell deepest in 53rd place. Although this does not seem to be a bad result when comparing a total of 190 countries, comparing the data in Table 2 shows that there are still some reserves. We are about 10 points behind the best European countries. However, we can be pleased that, for example, a highly developed economy of France, the G7 member, is distanced only tenths of points in 32nd place and Luxembourg is even worse than all V4

countries.

Table 1 Comparison of the SMEs numbers. Percentages express the share of SMEs in the total number of business entities. (Source: SBA Fact Sheet)

Country	SMEs		Number of the employees in SMEs	Value-added created by SMEs
	Number	Percentage		
Slovakia	384 874	99,8%	616 315	7,5
Czech Republic	972 523	99,0%	1 132 929	18,5
Poland	1 535 595	99,8%	3 235 347	35,3
Hungary	512 298	99,8%	900 052	10,0
Germany	2 135 354	99,6%	5 739 787	267,7
Austria	285 181	99,8%	707 043	33,4

Table 2 Ease of doing business ranking. (Source: Doing Business database. [http:// www.doingbusiness.org](http://www.doingbusiness.org). Own elaboration)

Rank	Economy	EODB score	Rank	Economy	EODB score
1.	New Zealand	86.59	32.	France	77.29
2.	Singapore	85.24	33.	Poland	76.95
3.	Denmark	84.64	35.	Czech Republic	76.10
8.	United States	82.75	42.	Slovak Republic	75.17
9.	United Kingdom	82.65	53.	Hungary	72.28
12.	Sweden	81.27	66.	Luxembourg	69.01
18.	Australia	80.13	72.	Greece	68.08
24.	Germany	78.90	82.	South Africa	66.03
26.	Austria	78.57	190.	Somalia	20.04

3. STRENGTHS AND WEAKNESSES OF SMES

The strength of SMEs is that they are 'small and medium-sized' - they can quickly adapt and respond dynamically to the needs of new markets, and strengthen social and regional development. But the characteristics of 'small and medium' also have weaknesses. They have difficulty accessing credit resources and not to mention access to foreign capital. They cannot afford to employ top experts, so management's weaknesses are the competencies of executives. Support for the training of managers and, consequently, SME employees are represented here. Support for education focuses on courses and pieces of training for managers - using modern management systems that are already commonly used by SMEs in developed EU regions.

Another persistent problem (and not only in Slovakia) is investing in new technologies - it is not in the abilities of SMEs to make expensive investments. For this reason, they have a lower level of technological development. Nor can they compete with favorable working conditions for employees, as large enterprises do. Very importantly, they cannot compete with large companies, even in tenders. Even in the 1990s (However, Cromie & John, 1983), they stated that the government should, therefore, assist entrepreneurs in setting up new businesses and protect them in continuing their business. Even then, the start-up of new business was a process full of difficulties and setbacks, with a large proportion of businesses failing within a few months of their existence (Gatewood, E.J. et al. 1995; Schwenk, C. & Shrader, C.B. 1993; Van Auken, H.E., 1999).

Globalization has brought a technological and innovative revolution and has opened the way for an increasingly flexible and structured division of labor. Even today, new SMEs are being created, creating new jobs, increasing productivity and the production potential of the economy. The intensity of competition in the market is increasing, putting pressure on the innovation performance of SMEs. Innovative enterprises account for only a small proportion of the total number of SMEs. Therefore, SMEs can hardly do without effective support. Recent research has confirmed that the transition to the knowledge economy is crucial for the SME sector. The impact of globalization on SMEs is being discussed (Audretsch, D, 2003), which introduced a new breakdown of types of economies into managed economies and business economies. A frequent topic of research in the field of SMEs is the support of regions and innovative enterprises (Košturiak, Chál', 2008; Baumol, 2002). There are innovative enterprises with high growth potential in Slovakia, but they represent only a small share of the total number of SMEs.

4. SMES - ASSISTANCE FROM STATE AND PUBLIC ADMINISTRATION

State administration bodies are responsible for policy-making and fundraising. The aid providers are specialized agencies, banking institutions, and various funds. They are founded by state authorities, but also by interest, professional and professional organizations. The legislative framework is formed by the European Union's Small Business Act, SME Envoy and the Act on Support for SMEs (Act No. 290/2016 Coll.) On support for small and medium-sized enterprises, as amended. The Government pays special attention to the central and regional institutions in each region, regional development and small and medium-sized enterprises (SMEs). The long-term objective is to eliminate the causes of the persistent disparities in the level of regional development and consequently in the standard of living of the population.

The SME support system is voluminous and comprehensively covers the full range of SME needs. Support is provided by a large number of actors, creating complex links and this system could be too complex and confusing. Therefore, the aid provider is obliged to enter in the central register data on the aid granted. "The Central Register is an information system of the public administration; it serves for recording and monitoring data on the provided assistance in the Slovak Republic. The administrator of the information system is the aid coordinator - Antimonopoly Office". (SBA1, 2019)

The support provided to SMEs is financial and non-financial. Financial support is provided through a micro-loan program and venture capital funds. Non-financial support is provided by:

- **National projects** - there are a large number of them, they have a different focus. For example, to support internationalization (NPC1, on-line) and business environment monitoring (NPC2, on-line), which includes processing analyzes and surveys, identifying and analyzing barriers to SME business development.
- **State programs** - they also have a wide scope. From family business support to startup support.
- **International projects** - are focused e.g. on a shared economy platform, on the provision of ancillary services to increase the added value provided to customers, etc.

State aid is also provided by central state administration bodies in the form of programs and initiatives of individual ministries. Other options are e.g. subsidies within the competence of the Office of the Government of the Slovak Republic, support for the least developed districts and smart city of the Office of the Vice-President of the Government for Investment and Information Technology, etc.

In 2008, the Enterprise Europe Network was set up to help SMEs penetrate foreign markets by seeking partnerships, organizing effective bilateral meetings, advising on internationalization and business cooperation. The Partnership Offer Database (POD) is used to look for possible cooperation in the field of trade, technology and research partnerships in the EU. In addition to supporting SMEs, it has other objectives such as promoting internationalization and promoting innovation.

Development initiatives of local and regional actors are not a panacea for solving all local and regional problems, nor uneven economic developments, but are a significant complement to state activities (Armstrong, Taylor, 2001).

4. CONCLUSION

It was not possible to exhaustively analyze the issue in a limited space in the article. However, its aim was to highlight the possibilities of supporting SMEs - as SMEs often lack information on the possibilities of support in their business field. "Innovation policy is gaining more and more attention than a fundamental policy space in which governments can support the innovative, flexible adaptation of the economy to new conditions." (Pastor, R., Rehák S. 2006). The government regulates the business environment for the benefit of SMEs. But under the influence of dynamic changes in the real environment, it is necessary to "make adjustments", i.e. to reduce the disproportionate regulatory burden on SMEs. Therefore, within the competencies of the SBA, a specialized legal-analytical department has been established - the Center for Better Regulation. The need to regulate the business environment arises not only from changes in the real business environment but also from the "weaknesses" of SMEs.

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SUPPORT FOR FAMILY BUSINESSES FROM THE PUBLIC SECTOR

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Abstract: *Family firms are the largest source of jobs in the private sector, also because, thanks to their family character, they have a greater ability to overcome difficult periods. This group of entrepreneurs forms the service base in rural areas, it ensures stability of employment in the regions, it maintains traditions, original products, and is one of the pillars of social peace in regions. However, they have not been supported by the public sector so far. The aim of the paper is, based on a qualitative research output - generalised discussions of owners and successors of family firms - to propose steps of financial and non-financial support for the development of this type of enterprises in the Czech Republic.*

Keywords: *Family business, public sector, State aid, public aid, SMEs.*

1. THEORETICAL BACKGROUND

1.1 CHARACTERISTICS OF FAMILY BUSINESSES, REASONS FOR THEIR SUPPORT

According to Tagiuri and Davis (1996), family firms form two thirds of the total number of world firms. Most of those companies are small and heterogeneous but they include well-known world brands such as Cargill, Ferragamo, Ford Motor Company, Heineken Holding, H&M Hennes & Mauritz, Ikea Group, Levi Strauss & Co., LVMH Moët Hennesy Louis Vuitton, Marriott International, Novartis, Peugeot, Samsung, Swatch Group, Volkswagen, the Wal-Mart chain and many other. Whether they run their business as sole traders, SMEs, public limited liability companies or as multinational firms, they are the backbone of market economies across the world and generate an important share of the GDP of every country. For example, the company Samsung has a 14% share in the total economy of South Korea (Ferramosca, Ghio, 2018, p.20). The above is illustrated by the fact that the Czech economy is traditionally export-oriented and heterogeneous, interconnected with foreign markets, especially with the German one (Polák, 2019).

Many researches have defined the strengths of family businesses (see Servus, Elischer, Horáček, 2018; Vazquez, 2018; Schmidts, Shepherd, 2013; etc.) Family firms are more resilient to crises, are based on high social responsibility towards employees, customers, suppliers and the surrounding area. Moreover, investments in family firms remain in the regions, and so they form the base of services provision there. Family firms seek to balance the family needs, business needs and financial stability, they prefer socio-economic wealth to a narrow focus on financial goals. A specific feature of family enterprises is their effort to keep the business running also for future generations, the family pride, willingness to sacrifice, as well as perseverance, single-mindedness and a positive attitude to challenges (Hesková, Vojtko, 2008).

In Europe, this form of entrepreneurship has a long tradition. Family businesses play an important role in the economy of the European Union. The European Commission acknowledges this role and supports the forming of a favourable legislative environment where family enterprises may grow and develop. The resolution of the European Parliament of 8 September 2015 on family businesses in Europe provides reasons why the issue of family businesses should be addressed at government level of states. With regard to many demonstrable social, economic, cultural and socially responsible benefits of family businesses, the European Parliament:

- calls on the Member States to simplify administrative procedures and taxation systems, taking particular account of the specific challenges of small and medium-sized enterprises and family businesses;
- calls on the Member States to improve the legal framework for the transfer of family businesses to the next generation, and to create special financing instruments for the transfers and thus prevent liquidity shortages so as to ensure the survival of family businesses and prevent distress sales;
- calls on the Commission and Member States to promote family-business-specific education in business transfers, governance structures, owner strategies and innovation strategy, in particular in countries

where, for historical reasons, the family business concept is not as well established, which would contribute to their long-term success, especially in terms of business transfer (European Parliament, 2015).

Another document is the (own-initiative) **opinion** of the **European Economic and Social Committee**.¹

- It calls for the commencement of works on the legal framework or regulations for family businesses. This kind of regulation should include a definition of family businesses and specify the areas in which the Commission will be involved, together with the legal, economic and political institutions responsible for these measures.
- It also calls for a family business category to be included in European statistics (Eurostat) and for national statistics offices to gather data on family business in an effective way; for better regulation on the transfer of family businesses from one generation to the next, particularly from a tax perspective, with a view to reducing the exposure of these businesses to liquidity problems.
- For the family organisational climate to be promoted, the hallmark of which is long-term employment.
- For innovation among family firms to be promoted, not least by means of innovative public procurement.
- For education to be developed and research promoted in the area of family entrepreneurship.
- For family farms to be supported and cooperative-based entrepreneurship redeveloped, particularly the type which brings together family businesses.
- For tax deductions to be introduced on reinvested profits, and opportunities for family businesses to increase their capital without granting voting rights.
- For active cooperation at EU level with organisations representing family businesses, e.g. within the framework of a permanent expert group (Klimek, 2016).

Nevertheless, despite those recommendations and calls, family entrepreneurship was not discussed much at Czech Government level still two years ago. Was there a lack of good will or perhaps arguments? Or the time was not yet ripe? The prevailing opinion was that family businesses are small craft firms, providers of accommodation or restaurant services. Research of the Association of Small and Medium-Sized Enterprises and Crafts of the Czech Republic (AMSP ČR) has shown that since 1989 when family businesses started to be established, the original businesses of sole traders and self-employed persons, later limited liability companies and public limited liability companies have grown into many firms that, today, have divisions and an enormous benefit for the development of the region where they operate (see www.amspace.cz, 71st survey, 2019; 58th survey, 2018; 48th survey 2017 etc.). As, in most cases, these are still firms with up to 250 employees, we will continue to discuss the support of SMEs in the Czech Republic.

1.2 STATE AID FOR SMES IN THE CZECH REPUBLIC

According to data of the Czech Statistical Office, business activity was reported by a total of 1,154,687 legal and natural persons as of 31 December 2018 in the Czech Republic, of which 1,152,735 were small and medium-sized enterprises (SMEs). The share of SMEs in the total number of active business entities in 2018 was 99.83%. The Czech Republic recorded 3,743,413 valid trading licences as of 31 December 2018, which represents a growth by 82,769 trading licences against 2017, i.e. by 2.26% (Ministry of Industry and Trade (MIT), 2018). If, following an expert estimate, we assume that family businesses form 80% of SMEs, they represent 922,188 SMEs. The above data imply the importance of SMEs, their support and development are crucial for the Czech economy.

First of all, we must pose the question of what State aid means. The European Union sets out that State aid is aid granted by a Member State or through State resources in any form whatsoever (Treaty on the Functioning of the European Union, Art. 107(1)). State aid is prohibited in general. But if we find a legal title (exemption) to provide it legally, it can be provided. The exemptions include, for example, the provision of aid in the form of de minimis aid (small-scale aid), regional aid or public service compensation in accordance with the relevant rules. Based on the above definition, State aid must be examined in 4 basic criteria of the definition of State aid: the aid is provided by the State or through State resources, the aid favours certain undertakings or certain business sectors and is selective, it affects trade between Member States and distorts or threatens to distort competition (Office for Protection of Competition of the Czech Republic, 2019).

¹ It was adopted at the 510th plenary session held on 16 and 17 September 2015 with 110 votes, nobody was against and 3 members abstained.

The best-known division of aid for SMEs is its division to direct and indirect aid. Indirect aid should be the creation of favourable conditions for entrepreneurs through, in particular, simplifying the administration and bureaucracy by means of modifications to legislation and the tax system, establishing consultancy centres, general support for competitiveness etc. In general we can say that this means the efforts of the State to achieve a maximum functioning and effectiveness of the business environment. That is, creating clear and the simplest possible conditions for running a business. Direct aid to SMEs are activities where funding is directly provided through subsidised guarantees for bank loans, loans with a reduced interest rate, subsidies or financial contributions (Jáč, Rydvalová, Žižka, 2005).

Research on the development of entrepreneurship in relation to the institutional environment in the Czech Republic was conducted by Hlaváček, Zambochova, Sivicsek (2015). They proved that the Czech problems and specifics were similar to other post-transformation economies in Central and Eastern Europe. They detected the impact of specific institutional obstacles on the development of entrepreneurship from the perspective of entrepreneurs, they identified the key factors for the development of SMEs that included the influence of public administration and the configuration of the legislative environment. They concluded that State aid should be more effective and that a transparent and simpler system of support and information transfer should be created for entrepreneurs.

State aid for R&D implemented by business entities was explored by Klímová, Žítek, Králová (2019). They assessed business expenditure in correlation to the number of employees. The analysis showed a positive impact of State aid on the implementation of innovation stemming from R&D findings, and on cooperation of SMEs with research centres. Písař, Kupec (2019) are verifying these theses and seems the role of SME innovative potential as one crucial factor, which is necessary for SME stability and long term development.

Belas, Belas, Czepeľ and Rozsa (2019) have stated that SMEs are an essential part of the economic system of every country and the business environment plays an important role in their development. They compared the intensity of selected factors between the Czech Republic and Slovakia. The evaluation of political factors was entirely negative in both countries, only 15% of Czech and 20% of Slovakian entrepreneurs evaluated positively the quality of regulations related to business. State support of export was evaluated positively in both countries as opposed to the negatively evaluated administrative burden. Entrepreneurs in both countries declare that the State is not able to ensure qualified labour force. The research results show an urgent need for a better system of State/public aid for SMEs.

The report on the development of the business environment in the Czech Republic in 2018 presented the main priorities of SME support. They are:

- Research and development for innovation: 1,589 projects supported with approx. CZK 4 billion. MIT supported 744 projects from the Operational Programme Enterprise and Innovation for Competitiveness (OP EIC) with a total aid of CZK 3.12 billion. MIT also supported the applicability of research and development results in the business sector from national resources (TRIO programme) - it reimbursed 231 projects with CZK 868.6 million. The Technology Agency of the Czech Republic provided further CZK 670 million to that area - 614 applications from entrepreneurs.
- Competitiveness of SMEs: 1,586 projects reimbursed with a total grant of CZK 3.96 billion from OP EIC.
- Energy, energy savings and infrastructure: 367 projects supported with approx. CZK 814 million. MIT supported from OP EIC 297 projects with a total grant of CZK 798.6 million. MIT provided further support for reducing energy consumption and energy intensity and for reducing the negative environmental impacts under the EFEKT 2018 programme - at CZK 15.5 million for 70 projects.
- High-speed internet access networks and information and communications technologies: 569 projects supported with a total grant of CZK 946 million from OP EIC.
- Economic diplomacy: 323 applications supported with a total grant of CZK 74.1 million. 5 supported from programmes of the Ministry of Foreign Affairs.
- Labour market: the total support was CZK 134 billion. To remove barriers obstructing the entry into the labour market, the Ministry of Labour and Social Affairs spent a total of CZK 134.611 billion under the active employment policy programme.
- Processing of agricultural products: 795 applications supported with a total grant of CZK 995 million. To increase the effectiveness of production and the overall competitiveness of SMEs in processing agricultural products, the Ministry of Agriculture reimbursed 795 applications with CZK 995,045,379 (MIT, 2019).

For family businesses in the Czech Republic, subsidies represent a significant source of financing of their development. Results of the research on grant absorption by family businesses in the period 1999-2017 have shown that the companies used subsidies more than once during the period (Tomášková, Havlíček, 2018). It can be said that the firms are quite well oriented in the issue of subsidies (Kupec, 2018), they may have qualified trained employees or they may get their grant projects drawn up by professional companies. The firms may perceive subsidies as a reinforcement of their competitiveness or a possibility of new market opportunity and expansion (Tomášková, 2018).

The Czech Government mainly seeks to invest in innovation and therefore in 2019 it adopted a new strategy called The Czech Republic: The Country For The Future. To promote entrepreneurship, innovation and export with a view to creating an integrated and user-friendly support for companies, a project of so-called shared support of business was created as an initiative of eight State institutions dealing with business support. The members of the initiative are: Agencies CzechInvest, CzechTrade, CzechTourism, Czech Export Bank, Czech-Moravian Guarantee and Development Bank (ČMZRB), Export Guarantee and Insurance Corporation (EGAP), Technology Agency of the Czech Republic (TACR) and Business and Innovation Agency (API). In 2019, the Government also intends to work in the field of economic diplomacy and implement around 300 projects to support export in a hundred countries.

2. AIM, METHODOLOGY

On 13 May 2019, the Czech Republic got included among states that have a clear definition of a family business. The Government approved the definition of a family business in its resolution. The approved definition of a family business is the basis of the process of drafting the National Strategy for Family Business Support. Its objective should be the creation of a system that would support the economic and social stability of our country, based mainly on Czech family firms.

The main aim of the primary qualitative research was therefore to **generalise the suggestions from discussions of owners and successors of family firms - to propose steps of public financial and non-financial support for the development of this type of enterprises in the Czech Republic**. The qualitative research was seen as a process of searching for understanding, based on an examination of the given problem. The types of data may include transcriptions of field notes from observations and interviews, personal comments, official documents, photos etc. - anything that describes the reality of the examined issue (Hendl, 2005, p. 50, 51).

The author of this paper personally participated in four round tables of the family business owners and in three meetings of successors. **Round tables** are in principle a method of qualitative research. Qualitative research seeks to clarify and explain social phenomena from the viewpoint of individuals or a group (Eger, Egerová, 2014). The method is used for democratic, balanced presentation of various opinions and views on the theme discussed. The discussion involves a limited number of participants who have the closest relationship to the topic discussed. The tables are symbolically arranged in a circle. The primary goal is to present and hear varying opinions or experience. The discussion may be used to find a way forward in the spectrum of voiced opinions, or to specify a proposal for a solution (Civic Education Centre, 2013). Such meetings last 3-5 hours, are held in the afternoon, early evening or evening, and it has proven good to hold them in the premises of the local family business. The events were attended by approx. 140 owners or successors of family firms.

3. RESULTS

The discussions could be summarised under the theme of proposing non-financial and financial public aid for family firms. Non-financial public aid - see Table 1:

Table 1: Non-financial public aid

Improving the positive perception of entrepreneurs (second generation) by the general public	Massive communication campaign (online, offline) with slogans Honest Czech Entrepreneur Responsible Czech Employer	Among other things, also the websites of MIT, AMSP ČR videos from the life of family firms on social networks (Youtube) - could be supplied by successors Continuing the television programme
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		Wandering Video Camera - Exploring the Family Silver etc.
Making the Czech family businesses, firms, farms more visible	certification of Czech family businesses	<p>Defining the conditions for obtaining the certificate, graphics (Czech, English), code of ethics...</p> <p>Granting the certificates as a loyalty programme - bronze, silver, gold - grading the conditions for obtaining it not only by the duration of the firm but also by the growing values of assessable economic indicators.</p> <p>Creating an interactive map of Czech family businesses with a link to their website presentations - a condition will be quality and current websites, publication of the certificate</p>
Emphasising the ongoing training of the successors in traditional managerial disciplines (lifelong learning)	<p>The applicant would choose the best suiting area out of the module</p> <p>Modern management</p> <p>Process and project management</p> <p>Human resources management</p> <p>Marketing and marketing communication tools</p> <p>Entering foreign markets</p> <p>Financial management</p> <p>Intellectual property protection</p> <p>Corporate information systems, protection against hackers</p> <p>Information technologies, 4.0 tools</p>	<p>Educational e-learning module published on the websites of MIT, AMSP ČR, guaranteed by the higher education institutions involved (University of Finance and Administration, University of Economics Prague, Technical University Liberec - proposing a source of public financing)</p> <p>A serial story on the BusinessInfo.cz website</p> <p>Publishing of education materials - see e.g.²</p> <p>Higher visibility of already created materials, a knowledge system - see e.g.³</p>
Emphasis on ongoing training of founders (successors) in relation to managing the successor strategy	Creating a network of advisors or mediators out of owners of the already transferred firms, academics, educational institutions...	<p>Publishing of education materials - see e.g.⁴</p> <p>Conflict management, internal communication</p> <p>How to create a family constitution</p>
Consultations and working meetings for Czech family businesses on current topics	<p>participation of e.g. CzechInvest in round tables and meetings of successors (foreign trade support)</p> <p>e.g. CzechInvest - start-ups etc.</p>	Searching for current topics
reducing administration, mitigating the impacts of		An action plan for support of SMEs, digitisation of State administration ...

² <https://drive.google.com/file/d/0B7q-gLICUF6LYIY2UjN2ZUxQWTg/view>

³ <http://rodpod.tul.cz/>

⁴ <https://drive.google.com/file/d/1r6YH1YNC2DYmoHKCLXz1ApKhsQccac3M/view>

legislation		
Simplification of grant application forms, operational programmes etc.	TACR, (OP EIC, OP RDE, OP PGP, IROP, Horizon) etc.	Simple guidelines, greater provision of information, higher visibility of programmes, services assisting in drawing up the projects
Support for higher education institutions conducting research on family businesses, SMEs	A representative of the academic platform as a working group member	<p>Publication of ongoing research. E.g.⁵</p> <p>Using the outputs of the research for the needs of MIT, creation of strategies for support of SMEs and family businesses - see Annex 1</p> <p>Certification of usable methodologies and other outputs from projects of TACR, see Annex 2</p> <p>A link on the MIT website to activities of higher education institutions in relation to family entrepreneurship, e.g.⁶</p>

Source: prepared by the author

Financial-type aid:

- **Proposing a programme** or greater visibility of the options of support for family businesses - participation in trade fairs abroad under the brand Family Business CZ (emphasising tradition, trust...).
- Involving the Czech-Moravian Guarantee and Development Bank (or other financial institutions) that will prepare **financial instruments** for e.g. the development of small shops in rural areas, the foreign market entry of a firm etc.
- Support for the transfer of family businesses to existing employees, so-called management buy-out, in the form of subsidised guarantees in the programme Guarantee 2015-2023.
- Creating a **fund** (Government resources, regional and municipal grants) that would support the businesses in the area.... with a demonstrable successfully completed successor strategy (measured by an increased number of employees, increased profit e.g. after 3 years of taking over the firm etc.).
- Targeted tax deductions for family businesses involved in innovation, application of R&D outputs.
- Tax relieves at the moment the entrepreneur invests his/her own funding into the firm.

CONCLUSION

Family businesses have become the foundation stone of the Czech economy. Most of them are undergoing the process of transfer to the next generation of owners. At such period, the family firm is the most vulnerable. Although both owners and successors want to succeed, it is still a complicated project where every substantial mistake is dearly paid for. It appears that firms may transit to the next generation of committed young entrepreneurs if the families cope with the process of ownership transfer and if aid from public sources is obtained for them. It is necessary to ensure qualified advisors, a system of training, to encourage owners of family businesses to expand abroad, to reduce the administrative burden on entrepreneurs, to computerise and digitise public administration, to avoid duplicate requirements of data among the State administration authorities, to support the application of R&D outputs for growth and innovation, for introducing new technologies, and to protect the brand "family business". The aim of the paper was to **generalise the suggestions from discussions of owners and successors of family firms - to propose steps of public financial and non-financial support for the development of this type of enterprises in the Czech Republic**. The proposals of financial and non-financial public support were formulated through qualitative research outputs. They were submitted on 21.10.2019 to MIT on the occasion of Minister Karel Havlíček meeting with representatives of family businesses. The author of the text believes that the so-called Ten Proposals to Support Entrepreneurs or the Trader Package of MIT, which is currently presented and discussed in the media, will also be implemented and will help to improve

⁵ <https://docs.google.com/forms/d/e/1FAIpQLSfB4fsudBRTUPu47wsxvmGeHTibki4B8ZGsgacQsMGpcPO4CQ/viewform>

⁶ <https://im.vse.cz/rodinne-firmy/>

the competitiveness of Czech family businesses.

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MANAGEMENT SPECIFICS IN HEALTH SECTOR

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Abstract: *This contribution is focused on cross-sectional methods to possible interpretations of action of key management aspects, or methods of its implementation in health care institutions. Health management is the issue from the sector with big development potential, in particular, as result of undergoing dynamic changes. The main objective of this contribution is to configure the optimal management model of health care institutions through the relevant management tools. In most of assessed health care institutions in Slovakia, there are two main approaches used now. Codification strategy that predicts the use of information from relevant databases. Thus, explicit knowledge is used, there is no emphasis on priorities of managers. On the other hand, personal attitude emphasizes the context of management closely linked to the human factor. In the current environment of the operation of the health care facilities in our country, according to several involved ones, there is dominant so-called static management model, where the primary focus is on existing knowledge, on its ongoing use and completion using classical methods of acquisition and retention.*

Keywords: *management, health care institution, health care, personnel management*

INTRODUCTION

Personnel management is currently the most developing sector of management in all economic sectors. Due to the specifics and many issues of health by which it is continuously confronted, in particular, in relation to its funding and management, this problem is even more significant. At the same time, this is the sector that has a key position in view of its perception by the citizens, or patients. Health care is generally defined by the Constitution of the Slovak Republic and in this sense it guarantees all citizens universal, so-called standard and free access to health care covered by public health insurance. All citizens have health insurance, while they are obliged to pay contributions to public health insurance and obligatory fees. The whole model is permanently criticized not only at the political level, but at all other related levels. Three subjects enter into given complex problem and play an important role. On the one hand, these are providers of health care or medical care, i.e. doctors and health care institutions. The subjects that may be described as health insurance holders are health insurance companies that are in relation with health care providers. The recipient of health care - the patient - interacts with two referred subjects. "In some countries of the European Union, health care sector is the largest producer of services, which is understood not only in terms of public spending, but also in terms of significantly affecting the performance of the national economy" (Kováčová N., Kováčová S., 2017, page 32).

The Slovak health continuously faces many issues, while one of the most serious is low efficiency. Based on the OECD data (OECD, *Health care systems*) that point out this fact because of relatively poor results of health operation. There are many causes and associations in the assessment. In addition to the principal issue associated with funding of health, there are many others.

Unfortunately, in addition to the difficulty to repay the obligations of state hospitals, the constant need for debt repayment by the state, the lack of clear budgetary rules for management of hospitals, uneconomical purchases, there is also a problem in the management. In order to increase efficiency in health sector, the government repeatedly formulates reform goals within the National Reform Program, which is the main strategic document of the government of the Slovak Republic in the area of economic development and structural policies. At the international level, this material represents measures to meet the objectives included in the Europe 2020 strategy. The result indicator for healthcare sector is the years of healthy life, where Slovakia lags behind the EU average values. All these factors have a significant impact on citizens who perceive the phrase "health reform" as a negative cliché. Funding of health is ineffective, as well as its management and control. Neither the recipients, nor the healthcare providers, i.e. the medical staff, can express their satisfaction with the current situation.

Such an undesirable situation determines the status in the sector of human resources management in health and eventually it is manifested in the prevailing rate of patients' dissatisfaction with the system of health care service in the Slovak Republic. "Under the term of health care, in real conditions of public interest, we imagine accessible diagnosis, treatment and prevention of diseases, injuries or other physical and mental damage that may manifest in human for all citizens" (KRÁLIK, J., MASÁR, D. 2015. page 67)

HUMAN RESOURCES IN HEALTH

Medical personnel play a primary role in providing health care in Slovakia and across the EU. This includes doctors, nurses, male nurses who perform extremely demanding and responsible work to protect the health of citizens. In their effective management, external and internal factors play an important role, putting pressure on new trends and making challenges for medical professionals.

Slovakia has been a member of the EU for already 15 years. It is necessary to reflect this fact when assessing and determining approaches in personnel management of health. High-quality human resources are key to achieving the success of the European social model, which is based on universal access and adequate access to health care. For Slovak health, the EU membership means accepting its policy in the meaning of the EU directive regulating the so-called regulated professions. This provides medical professionals with an initial framework of orientation in the area of health care professions.

Another impact and currently serious problem is the lack of required qualified professionals, increasing migration and turnover of medical professionals. This fact has a negative impact on Slovakia in the form of losing professionals who leave abroad. Factors influencing this negative trend are remuneration conditions, working conditions, stress, disproportionate workload, shift work, etc. Based on the above, the main challenge for health management is to maintain high-quality human resources. Although external factors have a significant impact on unfavourable indicators in the development of the structure of medical personnel in Slovakia, however it is necessary to mention internal factors, where the management of a particular organization and its personnel management are crucial.

Management theory understands human resources management as a strategic and logically-thought approach to the management of the most valuable that a health organization has – people who work and contribute individually and collectively to its goals (ARMSTRONG, M. 1999). It appeals to the performance achieved by individual and collective efforts, where organizational culture, leadership, teamwork, or communication may be support. Emphasis is placed on the skills needed to deploy, manage and control workers in order to motivate them to achieve the required performance. In addition, it is necessary to observe the specifics of assessing productivity and quality in health. The expected and politically declared success undoubtedly leads through an understanding of the specifics of the functioning and non-functioning of management procedures in this area. From the view of the good functioning of human resources management, the so-called hard factors, which we can propose, formally define and implement in an organization, are important in health organizations. They are the result of rational and technocratic thinking, and they have more or less factual orientation. Hard factors include the system of written management principles, method of strategy development, planning, operational management and control systems, management rules, procedures and processes, e.g. information systems, budgeting, etc. An organizational structure is considered to be an important and typical element of hard factors. On the other hand, the so-called soft factors predominantly related to human factors and social factors in the organization enter into an organization. These soft factors are informal and ambiguous. They cannot be ordered by directive, or formally defined and framed. Changes come by time, processes in this area of management have great inertia. Soft factors include, in particular, style of people leadership, informal communication system, management behavior, informal delegation of authority and responsibility, "hidden" skills of the workers, teamwork, value sharing, etc.

The functional starting point for the implementation of both above-mentioned types of factors in a functional model of management of healthcare organizations is to develop a strategic approach to solve long-term issues related to the workers. Its main goal is to create the strategic ability of the organization by providing qualified, loyal and motivated employees. The core of the strategy is the philosophy in the area of human resources management. In general, the human resources management strategy can be seen as a process of several sequentially linked planning activities, the different stages of which overlap and complete each other to varying degrees. The basis is an external and internal analysis of the organizational environment and assessment of human resources, formulation of goals, priorities and ways of achieving them, implementation

of the strategy and control and assessment of the efficiency of the personnel management strategy. (SEKOVÁ, M. 2013)

It should be emphasized that health organizations, mainly hospitals, have considerable difficulties in maintaining their own existence and, in this context, the issue of strategic human resources management in the health sector must also be taken into account. However, the comprehensive strategic perspective does not only include external reform changes in terms of restructuring, or stratification of hospitals and their funding, but also internal changes, where particular emphasis must be placed on "maintaining" doctors and nurses. In this context, developing those management skills of middle and lower level executives – head of hospital, head nurses and ward nurses who meet the expectations of stabilization in the whole range of contexts.

Implementation of public interest of health care requires human resources, because healthcare policy "can only be implemented if we have adequately skilled and qualified leaders on the side of public policy actors and experienced managers, administrators on the side of legislation, as well as execution". (KOVACOVA, N., KRIKIK, J. 2017, page 76)

Kociánová points out that strategic human resources management is integrated, multiple interconnected vertically with the organization's strategy and horizontally with each other. At the same time, the source of current organizations are people perceived as the bearers of knowledge and thus they constitute its most valuable capital. (KOCIANOVA, R. 2012)

For its irreplaceable and significant position in the management of organizations, it is necessary to perceive strategic personnel management as the role of a strategic partner at the level of interconnection of overall and personnel strategy. This fact is also a challenge for health management, whose objective is the long-term sustainable performance of human capital.

Human resources management focused on skills is a response to a rapidly changing environment, but also to changes of personnel character. The focus of personnel strategies, policies and tools is always the performance, or productivity of employees. This cannot be currently stimulated only by traditional instruments, mainly in health sector. In health sector, where the added value of a highly specific labour force is dominant, it is not possible to apply a classical approach based on market procedures. It is essential to understand this specificity and feel free to talk about the need for intellectual, emotional and social involvement in this area at all levels of action and management. From employees working in health, education, etc., there is expected identification with the performance of the profession, deployment and focus in the performance at maximum possible rate, because only then can we expect the desired effects.

The importance of employee engagement should make it possible to receive, manage, develop and reward people, who have the capabilities to maximize the potential of achieving goals by their deployment.

Competence is a wide-ranging term in current management concepts. Its origin come from the French term *compétence* and was originally used in the context of training and referred to the ability to perform a certain task. After it has entered into other areas, this term means a certain ability or potential to act effectively in a given area of action. Currently, knowledge is no longer so important, but rather its application and use. Creating a competence frameworks means enabling interested individuals to mobilize and apply the acquired knowledge in difficult, diverse and unpredictable situations.

The competence model of managers in health should include at least the following competences:

- the ability to strategically predict – means future orientation, developing of potential usable in the future,
- the ability to lead people – bring people together to achieve the determined objectives, motivate them in a range of productivity opportunities, ensure their identification with the results and purpose of employment, the ambition to lead teams,
- the ability to lead interpersonal communication – openness to discuss about work tasks, allow flow of thoughts and ideas in order to achieve positive relation to the obligations, for subordinates to honest joy of the work done,
- other abilities – intellectual creativity, personal performance, communication skills, written communication, oral communication, logical thinking, ability to make decisions, personal will, understanding for others, capacity to take action.

The characteristics of management style, skills and results of the target groups become measurable. It is necessary to follow the formulated key competences and their manifestations at all these levels, and at the same time to support the process by high-quality communication. (SZARKOVÁ, M. 2013)

Another important part is the presence of an appropriate organizational culture. In general, this culture is always present, in all circumstances it is subject to the processes and factors that take place in the organization. The role of personnel management in the formation of enterprise identity means the setup of internal standards, assessment system, stimulation policies of work motivation and other tools of forming human potential and management of its performance in order to support the key characteristics of organization identity and its parts, which is the enterprise culture. (BLŠTÁKOVÁ, J., DUBCOVÁ, G. JONIAKOVÁ, Z. 2014)

The choice of optimal decision-making style is a key prerequisite for a functional model, particularly in healthcare facilities. From the nature of decision-making in health, the best style seems to be an integration style, where decision-making situation is perceived in a wider context, the problems are defined from a wider perspective, working with a variety of options. Before a decision is accepted, the manager reflects the opinions and views of a wide range of involved persons. The basis in the above-mentioned system of relationships emerging in the health sector is the relationship between the provider and the recipient of health care, who is the patient. At first sight, the patient appears to be a customer. However, compared to the commercial sector, where customer satisfaction is the main reason and prerequisite for profitability, health has in this relation the specificities that cannot be overlooked. Inappropriate admission of the principles of the market mechanism principally degrades the nature of providing a public good, in this case health care. Unfortunately, we can often see situations where this ambivalence is reflected in the attitudes and behaviors of medical personnel. No legislation imposes, nor can it impose an obligation to be empathetic or to perceive a job as a mission. Nevertheless, there are certain standards and regulators of the behavior of medical personnel, whether in the form of the code of ethics or the Hippocratic Oath itself.

From the view of human resources management in health, the main role of personnel specialists is to help building the relationship between personnel and patient as a human-to-human relationship. Such a relationship with the patient would certainly bring effects in the form of improved prevention, financial savings and satisfaction with the quality of health services provided.

CONCLUSION

The current health care environment is characterized by dynamic changes that are explicitly related to changes in the social system, primarily political changes. Health is a sector where the situation and changes are sensitively perceived by all citizens. Unfortunately, the misunderstanding of specificities in the management of healthcare organizations is often a phenomenon in many healthcare facilities in Slovakia.

A targeted and well-thought implementation of management elements reflecting the specificities of the functioning of health organizations could be a way to improve the situation. A new challenges in human resource management are an opportunity for managers in health to take the opportunity of a long-awaited positive shift across the whole sector. Systematic personnel management that is in line with the organization's strategy requires understanding and accepting all new trends and applying them in constant coexistence with the external and internal environment. However, the transfer of new approaches to successful management innovation in this area is conditional on the successful identification of starting points. These include an economic level in the full range of inter-disciplinarity and, of course, the political dimension and the resulting connotations.

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THE PRESENT AND THE PERSPECTIVE OF THE EUROPEAN UNION

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Abstract: *The signing of the Schengen Agreements started a process aimed at guaranteeing permanently one of the natural rights of man, namely the free movement of persons, accompanied by the guarantee of the right to free movement of goods, services and capital within the European Union. This was to increase the level of comfort in the lives of the citizens of the Member States of the European Union. Following the exceptionally positive development of this area, the current legal basis of this area of freedom was ignored. This has resulted in a distortion of the Schengen acquis as a result of the acceptance of its violation by irregular migrants and by the competent authorities of the States concerned. Persistent distortions in the policies and activities of the institutions of the European Union set it apart from the principles on which it was constructed. They jeopardize its existence.*

Keywords: *European Union, Schengen system, public administration, illegal migration, euro bureaucracy*

I.

International peace cooperation is a vital necessity in the 21st century. However, there is a growing tension in the world in the form of gross violence. National, confessional, racial and other inter-community intolerance and hostility are manifested. Both racism and retroracism come to life. Also in the geopolitical area of the European Union (here and after "EU"). The territorial integrity and **geopolitical stability** of some state units is fictitious. The EU is also seriously threatened by the potential brutal ethnic, religious, social, cultural and linguistic disputes that result in terrorist acts. **Irrational internal conflicts in multiethnic, multilingual and multireligious countries** are becoming the greatest threat to peace in the world. Their acceleration is helped by a disproportionate reaction of representatives of some great powers to them. A nationally monolithic state is not always the only and lasting way out of the crisis.

The freedom of man is an extremely important and specific phenomenon of his social life. It determines the quality of its existence. Freedom of man can be understood as freedom of work, freedom of enterprise, freedom of religion, freedom of migration and migration. It has historically contributed to both economic and spiritual development of Europe. If the transformation of man's environment was unbearable and his own environment collapsed, then there was a threat to man's very being. At the time of the industrial revolution, humanity began to have a destructive effect on its own environment and on the environment of other animal and plant species. The process of destruction of human living conditions and social relations should be effectively prevented by sophisticated activities of the system of bodies of the EU and its Member States. This is also to prevent illegal migration to the EU.¹

Efforts are now being made to either preserve or stop the destruction of social relations disrupted under the pressure of illegal migration to the EU. This process, seemingly condemned to failure, gives rise to the hope of those Europeans who are not indifferent to the future of the European lifestyle. The protection of the EU's borders is therefore an ongoing problem of the day. In everyday conversations, simple people are concerned about the unpredictable social development. The chaotic development in the Schengen area² raises concerns about the coming, coming future. There may be elements of fear of growing war conflicts and a potential revolutionary explosion of social tension, of a negative change in the environment.

Especially through the rational application of legally stable legal standards, an effectively designed and

¹ ZAHER, Zahir Jaan - KRÁLIKOVÁ, Kristína (2014) *Legal Framework of Residency Regarding Non-EU Citizens in the Slovak Republic = Právny rámec trvalého pobytu občanov tretích krajín v Slovenskej republike*. s. 7-28.

² KRÁLIKOVÁ, Kristína (2012) *Aplikácia systému schengenského acquis v oblasti starostlivosti štátnej správy o imigrantov v podmienkach SR*. 152 s.

functioning state apparatus, it is possible to operate effectively with the institute of justice and legality. However, this requirement for the Schengen system at the time of its inception has disappeared from the EU portfolio with the level of legal consciousness of European society achieved.³ The pseudohumanity's priority was given priority with its political and social behavior. Thus, the activities of public authorities, primary decision-making on the rights and obligations of individuals and corporations, have an extraordinary impact on the formation of public opinion, on the satisfaction of the population with the conditions of life in a certain society. However, the distortions of public administration and the deformation of the personality of representatives and officials of public authorities, from municipal councils, municipal authorities and mayors to ministries and ministers, are also negatively reflected, whether above all, at the level of individual legal awareness and social and political behavior. with possible outcome to extremism to terrorism.

The current problem is therefore the question of the rational transformation and stabilization of the system of public power not only of the contemporary Slovak society, but above all the federalizing EU. At present, there is no reliance on the potentially convalidating situation in the cumbersome and unreliable EU bureaucratic system. In particular due to the immorality of the current exiting EU leadership. Incompetent and purposeful center of gravity from Berlin, followed by problematic and problematic Paris. It is not possible to initiate rational healing activities against a defective system of Slovak public administration bodies from the external environment in the future. Especially in view of the irrational, dubious, demotivating and demoralizing steps taken by the EU institutions in recent years, affecting all spheres of social life in the EU Member States.

In this respect, both the EU and the public authorities of some of its Member States may not be readily prepared for the so-called. migration crisis. It even shook the foundations of Euro-Union cooperation. It should be recalled that almost all EU citizens were keen to accept the idea of a functioning Schengen system, a Europe without borders. They directly exerted pressure on the reigning political power in those states that did not respond sufficiently flexibly to the possibility of joining the so-called. Schengen Treaty. The aim of this international legal act was to consistently guarantee the free movement of persons, goods, services and capital permanently in the EU, thus increasing the comfort of life for the citizens of its Member States. However, after the extremely positive and successful development of the creeping Schengen system, based on international treaties of this type and focus, as well as confirming the pan-European benefit of using a borderless European area, the current legal basis for this area of freedom was ignored. This has resulted in a distortion of the Schengen acquis as a result the acceptance of violations by irregular migrants as well as by the relevant EU and public authorities by immigration of the Schengen States concerned. The EU and its top governing representation have thus confirmed their fragility and de facto impotence in addressing the persistent existential problems affecting the current EU.

The signing of the Schengen Agreements triggered a process aimed at guaranteeing permanently one of the natural rights of man. This is the free movement of persons, accompanied by the guarantee of the right to free movement of goods, services and capital within the EU. This was intended to increase the level of comfort in the lives of EU citizens. But Schengen also showed his other side.

II.

Regardless of their political provenance, political leaders, in the whole of society or in the public interest, should be inclined and intent on administrative practice in public administration to leave only universally prepared workers. In higher positions held in state authorities, higher education and corresponding behavior should be a matter of course. This also applies to the professional competence and appropriate administrative practice of civil servants. It is very important to choose top management, lower management, but also the officials of state authorities themselves, including the EU authorities.

In their official position, however, one can still see evident non-qualified, lack of local advancement, unacceptable arrogance, criminal bribery, open and latent inability, conflicts of interest. This has a very negative impact on shaping the citizen's relationship with the state and the EU. They are responsible for the current state of the EU, for the daily violations of the rights of its citizens. The perspective of this institution lies mainly in its good staff policy. Indeed, problems arise when positions in the EU institutions appear to be

³ KRÁLIKOVÁ, Kristína (2017) *K aktuálnemu stavu systému schengenského acquis. The current status of the Schengen Acquis* s. 118-131.

half-educated, drunk, corrupt, psychopaths, sociopaths, prostitutes, lobbyists and narcissists. The aims, vision of its mission and ways of functioning are changing pathologically, regardless of the interests of majority of the EU population. The way of secrecy has become the rule. For Eastern Europeans, minor functions of nominal importance are reserved in the EU. Minority opinion is not accepted. Political and economic pressure has become routine. The length of one meter is always as long as it suits the dominant forces controlling the EU structures. It is therefore not surprising "Brexit". Especially if the legal norms copy the political interests of the power units determining EU policy. Breach of budgetary discipline in the EU by Germans or French is commonplace. Not to mention other EU Member States. How is it possible that Greek financial bankruptcy occurred?! To openly interfere in the internal affairs of another state?! On the military participation of some EU Member States in aggression against Iraq, Libya or Syria. Why did the EU remain silent when the peripheral Serbian province was forcibly separated from the rest of its territory?! These questions will be answered by history.

Illegal migration to the EU is the subject of political assessments determined by certain interests. The fact that it is illegal means that it is against the law. Nevertheless, in the EU, separately France and Germany, they impose an obligation on others, especially the V4 Member States, to accept violations of European and national law. They face sanctions for compliance with European law standards. For protecting the borders of the EU to which the states pledged when they joined the EU! It is clear that imports of illegal migrants into the EU are arranged by organized international smuggling gangs. It is covered up by so-called humanitarian organizations.

The current serious problem is threatening the existence of the contractual Schengen area by illegal migration. In terms of its space, it was largely extensive, broadly. To the detriment of society, however, not qualified and sufficiently deep. Most often, only the narrow - minded, utilitarian and populist questions of its administration are being shunned by the public. Institutions operating in the EU having dubious provenance. They often deal with information about illegal migration irresponsibly, socially destructively, with impunity and in the eyes of the public. The biased conclusions of the EU institutions addressed to the state's powers often act as the primary determinant of the revolutionary trigger of a mechanism of enormous public interest in their (in)activity. However, the public no longer accepts the problems of alleviating the criminality of illegal migrants and disguising the response of the population to the consequences of their attacks. Indeed, in order to gain dubious peace in European society, the EU's existing real problems are often put on a different, unrealistic, even virtual level. The counterproductive nature of the restriction of information about the criminality of illegal migrants discredits EU policy in the eyes of the public. The sources of such information and misinformation are often only the result of the utilitarian motivation of individuals, most often conditioned by the interest in maximum possible publicity. However, the result of such activity is a negative effect. Potentially even more damaging to the prestige of the EU competent authority. The public's negative interest in them is heightened by the mystery of secrecy overlapping the individual criminal offenses of illegal migrants. On the other hand, obscuring their criminal activity "whips" the public's attention. This does not escape the influence of some individuals from the top EU officials. Especially if these persons themselves are scandalized in public.

The intense interest in the results of criminal investigations of illegal migrants is naturally manifested by victims of their anti-social activity or with more closely related victims (survivors, relatives, friends), as well as the surrounding public. The public is outraged by the inaction of the state and EU authorities against the racist manifestations of illegal migrants, retrorasm. Also disrespect for fellow citizens, their culture, confession, way of life. An explosive situation occurs after the detection of attacks on women. Social benefits provided to irregular migrants are considered by large part of society to be migrant parasitism.

It will be necessary to reconsider the attitudes and actions of the EU institutions and the competent national authorities of its Member States towards irregular migrants and their unjustified above-standard demands in terms of *societal need* and in order to maintain the stability of European society.⁴ Including police practices against their aggression.⁵

⁴ KRÁLIKOVÁ, Kristína (2013) *Využitie aktivít cirkevných inštitúcií pri plnení úloh migračnej politiky Slovenskej republiky*. s. 15-26.

⁵ KRÁLIKOVÁ, Kristína (2016) *Perspektívy polície v Európskej únii*. s. 50-65.

III.

The subject of interest of experts resp. scientists, specialists, police managers must become the optimization of EU migration policy.⁶ A policy that would not harm the interests of the EU and the peoples of Europe. Not to be perceived by the public as a revitalization of the social parasitism of the Stalinist nature. In view of the *societal necessity*, the work of the EU institutions and the functioning of its organizational structure must be an object of intense interest for the politicians of its Member States. This is the only way to preserve democracy in Europe for new generations.

Imports of non-democratic, retroracist, autocratic or totalitarian ideological and confessional circles into the civilizing environment of the EU must be declared by its authorities to be socially unacceptable and criminal. It must be publicly condemned. Its holders severely sanctioned and immediately expelled from the EU and physically evacuated... In the EU structures must enforce a self-defense political reflex, both acute and extremely intense. The fight between the two irreconcilable poles, democracy and totalitarianism, must no longer be ignored by the EU institutions. Especially after the loss of control of EU Member States over their natural borders. With strategically significant moral losses. Far-reaching political significance. Pro futuro, all those who have evoked, committed and supported the subversion of the historically rooted foundations of European culture and European civilization must be brought before The International Court Tribunal.

The EU is strategically dependent on both the public and the constituency and state power of its Member States. Without their functioning, it cannot guarantee its own functionality. However, the population of decadent EU Member States will not be able to bear the burden of life in such a super modern so-called civilized society that cannot defend itself. By destroying the roots of European civilization, the EU will also disappear.

It is therefore necessary for the public to require the personnel substrate of the EU institutions and the national authorities of its Member States, from its top officials and other staff of the institutions, to meet demanding personal, professional, patriotic, moral and political criteria. The EU official so-called Eurobureaucrat should be an unsolvable elite EU employee. It must meet high public requirements for its own personality and qualification requirements. It must meet the character and professional expectations of citizens, which also relate to the requirement to reach a certain age and its acquired life experience. This is not yet true in the EU. It is no exception to meet individuals working in the EU system who do not possess sufficient personal qualities of their own. Their personal parameters are directly related to the level of services provided to the specific EU authorities in which they operate. This is reflected in the degree of public opinion oscillation recording the level of satisfaction with EU services. Perceiving them often as classified activities to the detriment of their own population. This applies in particular to the creation of EU secret contracts with Canada, Japan and the United States. The aggregation of individuals active in the EU and national political spheres, classifiable as tax debtors or corrupt, would not be short. Such information as is recorded in e.g. Panama papers, the EU institutions' staff base, are negatively highlighted.

Stable and politically resilient must be the personnel substrate of the EU Member States' public administrations. So is every single element of it. Worker or employee. It must therefore meet the criteria the monitoring of which must not be forgotten by the state. The state must support and ensure that the requirements of those working in its services are met in the long term with appropriate instruments. It must insist on meeting criteria not only ensuring its own functionality. But above all the functionality of its own apparatus and its staff. The EU and its Member State must insist on meeting the bureaucrat's optimization requirement for its:

1. qualifications
2. psychological resistance
3. incorruptness
4. patriotism
5. sectional pride
6. soundness
7. political independence
8. classic – historical faith
9. social stability
10. language proficiency

⁶ ŠIŠÁK, Igor - KRÁLIKOVÁ, Kristína (2013) *Migrace cizinců a její vliv na ekonomiku České republiky*. s. 39-47.

11. postulation capacity
12. self-control
13. economic literacy
14. humanism
15. activity
16. creativity resp. flexibility
17. ecological literacy
18. sensitivity
19. credibility

The state as a specific political form of company organization must have a particular interest in the mandatory fulfillment of these criteria. And above all the EU. Legislative products of the state and the EU must not allow the participation of individuals of good repute, which raises any doubt in the administration of public affairs and in deciding on the rights and obligations of citizens as civil servants and self-governing bodies, including mayors of municipalities. The need for zero tolerance is evident even if justified doubts arise.⁷ The euro-bureaucrat must bear the burden of legalization of the so-called presumption of guilt. Indeed, if there is any doubt as to their integrity, persons working in EU bodies and any form of state power put the state and its mechanism in the eyes of the public as a collective criminal.

From the long-term perspective, the destruction and demotivation of the society and the system of public administration of the state, and especially its personnel base, is also influenced by the acceptance of the principle of so-called positive discrimination in the creation and realization of certain social relationships. Its application in relation to minorities will have in decades, or perhaps only a few years, a detrimental impact on the state and functioning of not only the entire Slovak national - state community, but undoubtedly the entire European population and its achieved civilization values. Expected humanitarian crises, determined by the change in world climate conditions, will present new challenges for mankind, whose solution will be at the limits of inter-community tolerance. The movement of large groups of people in poverty-stricken areas beyond new living resources (especially in Europe and North America) is likely to provoke armed confrontation in the 21st century. The polarization of the human population becomes acute. At the same time, the crises and subsequent conflicts of water, food and energy scarcity that will soon engage individual regions of the world continents and eventually the whole world will be an uncompromising and targeted call for the state authorities, the organizational base of the public administration and its professional staff to fight this phenomenon. This new situation will have to be reflected and promptly responded by the territorial and administrative organization of individual states and the degree of cooperation of their public administration bodies.

EU regional policy is closely linked to the functioning of each Member State's public administration.⁸ The problem, however, is the discrepancy between general proclamations and concrete implementation. Transformation of public administration post-socialist EU Member States are therefore still unbalanced. Often controversially realized, marked by the residues of political, economic, cultural and social past, to which are added phenomena clearly manifested in deformations of the so-called western civilization. Therefore, the public administration in so-called new EU Member States do not achieve either the qualitative or quantitative parameters of public administration in so-called founding EU Member States. It is destructed by corruption, nepotism, protectionism, political dependence, interdependence with the oligarchic stratum, and even crime. Neglected public administration shows the degree of neglect of the state as a globalized legal institution. Therefore, in the context of the current EU development, the need to harmonize the quality of the personnel and organizational base of the Slovak public administration seems to be an acute social problem. Indeed, the distorted public administration of any EU Member State, based on the (principle) 'part-whole-principle', seems to confirm the fact that the whole of the EU is distorted. And that would be a serious international political issue.⁹

⁷ KRÁLIK, Jozef – KÚTIK, Ján (2013) *Kontrolný systém a jeho subsystemy vo verejnej správe. (základy teórie)*. 216 s.

⁸ KRÁLIKOVÁ, Kristína - SABAYOVÁ, Mária (2014) *Verejná správa členských krajín EÚ ako súčasť regionálnej politiky*. 133 s.

⁹ KRÁLIKOVÁ, Kristína (2017) *NATO: pilier bezpečnosti Európskej únie? NATO: pillar of the security of the European Union?* s. 108-125.

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SECTION 2

Application of Modern Methods and Tools

OPTIMIZATION OF PUBLIC ADMINISTRATION

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Abstract *It is necessary to draw attention to the necessity and effectiveness of applying optimization in economic policy and administration at all levels. Currently, this process is very sporadic, even if the conditions are ready for it. Many organizations are equipped with computer technology, networked and connected to the Internet and Intranet. The use of the optimization process is varied, as will be explained below. Similarly, methods for optimizing solutions are diverse, ranging from classic to advanced, using the latest mathematical knowledge. These methods include knowledge of fuzzy logic theory, neural networks, and genetic algorithms. It serves not only to optimize but also to support decision making.*

Keywords *public administration, economic policy, optimization, fuzzy logic, neural networks, genetic algorithms, decision making.*

From an economic policy and public administration perspective, optimization can be seen as a process designed to ensure that sectoral relationships are created to meet growing needs. From an economic point of view, it is about finding an optimal solution (most often seeking a maximum or minimum option in terms of profit or loss). From this perspective, it is necessary to draw attention to the necessity and effectiveness of applying optimization in economic policy and administration at all levels. Currently, this process is very sporadic, even if the conditions are ready for it. Many organizations are equipped with computer technology, networked and connected to the Internet and Intranet. The use of the optimization process is varied, as will be explained below. Similarly, methods for optimizing solutions are diverse, ranging from classic to advanced, using the latest mathematical knowledge. These methods include knowledge of fuzzy logic theory, artificial neural networks, and genetic algorithms. It serves not only to optimize but also to support decision making.

In the context of optimization, it is necessary to mention the concept of stability. At state level, decisions are made in the form of laws that affect public administration. Public administration, which is influenced by these decisions, has a retroactive effect on the state. The following figure represents this dynamic relationship. In the case of the relationship of public administration to the state, we talk about the so-called feedback. This link affects the state's stability.

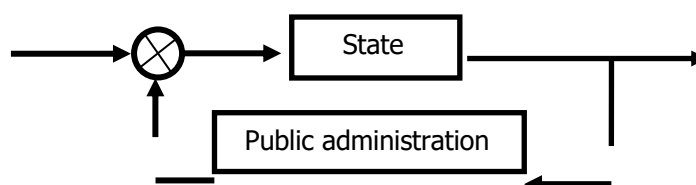


Fig.1 Feedback

The concept of stability of public administration and the state can be imagined in the following figure.

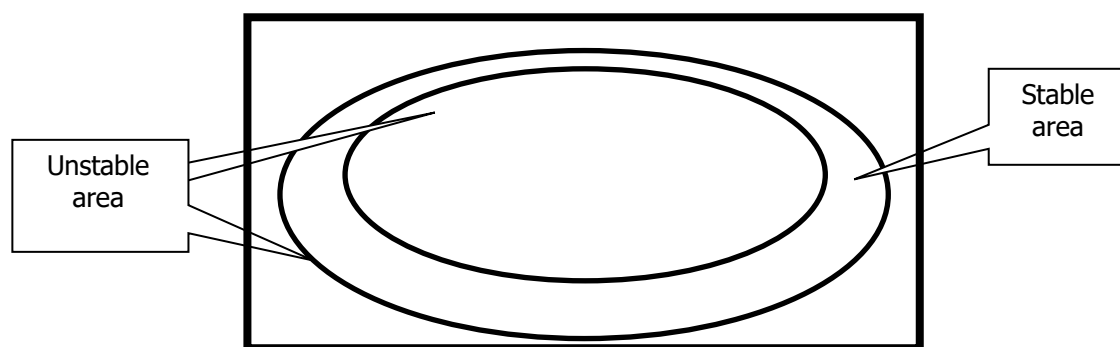


Fig.2 Stability

The area of stability is formed by an annulus formed between the inner and outer ellipses. The state seeks to influence events in society through public administration in such a way that the system is in a stable area, preferably in the middle. Any deviation from this stable region is an imbalance; If there is no self-regulatory phenomenon, it is necessary to intervene in the process by regulations so that the process returns to the area of stability. For example, it is possible to mention, for example, influencing the population of the state by measures and interventions in areas such as child allowances, immigration policies, etc. The effect can be positive (eg construction of new factories and thus reduction of unemployment) or negative (eg cancelling factories thereby increasing unemployment), both have a significant impact on the stability of the system, ie the state, and obviously have implications for public administration. For this reason, it is advisable to perform simulation calculations in order to achieve optimal development.

THE USE

This theory and its use in decision making and its optimization can be illustrated by specific cases of economic policy and government, from the practice of various institutions, organizations and authorities. See the following table.

Decision Making Methods Using the Principle:	Fuzzy logic	Finding the best loan, account Time series prediction Choosing a bank, insurance company or fund Finding the best supplier or investor
	Neural networks	Time series prediction Evaluation of audits and financial reports
	Genetic algorithms	Collection and distribution optimization Time series prediction Optimization of traffic routes Investment optimization

These activities can contribute to better and more objective decision-making in economic policy and governance, which can increase public confidence in the administration. Profit in asset and finance management can be significant.

THE USE OF FUZZY LOGIC

Fuzzy logic uses "fuzzy" sets (fuzzy) to measure the certainty or uncertainty of an element's belonging to a set. Similarly, the person decides in the activities of the mental and physical in the non - algorithmized activities. Specifies "how much" an element belongs to a set or not. E.g. the risk of investment can be described instead of numbers by scale: very high risk, high risk, medium risk, low risk, very low risk, no risk. In this way, it is possible to describe the input variables, further process them with fuzzy rules and convert the results into real values. E.g. very advantageous, advantageous, disadvantageous investment, etc.

Examples of use include:

- Finding the Best Loan and Loan: Based on the input data and their products, we decide on a suitable

financial institution to obtain a loan or credit. The entry can be fuzzy data on the financial institution, e.g.: amount of interest, maturity, amount of fees for services provided, way of guarantee, speed of provision, etc. The output is to find the most suitable banking institute.

- Choosing the most advantageous bank or fund: Based on the input data on the bank or fund and their products, we will decide on a suitable banking institute to set up an account. The entry can be fuzzy data about the bank or fund, for example: payment for setting up or cancelling an account, interest on deposit, fee for account, withdrawal, deposit, etc. The result is finding the most suitable banking institute for the purpose of establishing an account.
- finding the best supplier or investor: An optimal solution can be found based on input data on the supplier, the quality of the work done, cooperation with the supplier, etc. Inputs are fuzzy data that characterize the problem. The output is finding the best option.
- time series prediction: Based on input data, which are given by the history of time series development, it is possible to calculate the prediction of the time series. The input is data on the past course of the time series. The output is a prediction of the future course of the time series. Time series may include demographic, economic development, etc. in a given area.

THE USE OF NEURAL NETWORKS

The artificial neural network is based on biology and uses the principles that guide the human brain. The activity of the human brain is made possible by the vast number of these connections that create human life, including its learning process. By using simplified models of human brain activity, an artificial neural network can be built. This compiled computer program allows us to address the various issues that we encounter in economic policy and governance. As with humans, we encounter the process of learning, testing and implementation.

Examples of use include:

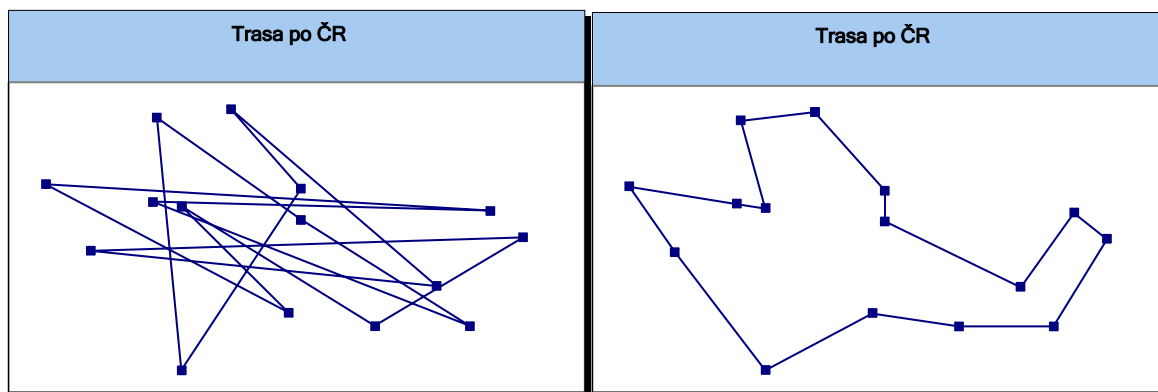
- Evaluation of audits and financial reports: Based on input data, audit quality and accuracy can be determined. Financial and non-financial data such as profitability, inconsistency, audit difficulty, changes in CEOs, CFOs, auditors, etc. are the input.
- Time series prediction: On the basis of input data, which are given by the history of time series development, the time series prediction can be calculated. The input is data on the past course of the time series. The output is a prediction of the future course of the time series. Time series may include demographic development, economic development, etc. in a given area.

THE USE OF GENETIC ALGORITHMS

Genetic algorithms describe the evolution of the animal species population. Surviving selected individuals and descendants of parents of other selected individuals form the next generation, with the old generation disappearing. This compiled computer program allows us to optimize the various issues we encounter in finance. As with humans, we encounter a process of selection, crossing, and mutation, so the assembled programs work to optimize a given economic problem.

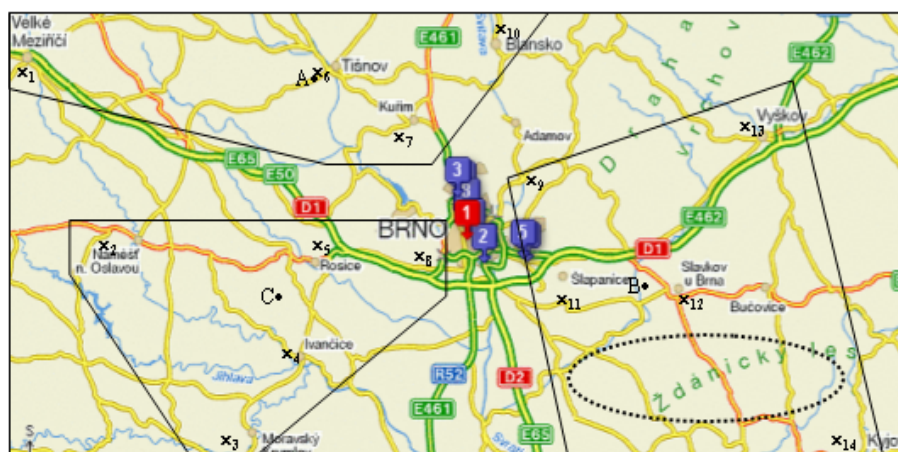
Examples of use include:

- Optimization of the traffic route: Based on the input data, the optimal route is found. The compiled table must contain the locations that the worker should visit and the cross-table for their distances. The outcome is a route determination where the total route of visited places is the shortest. The following figure on the left shows an example of a random visit to the 15 largest cities in the Czech Republic, with a distance of 3959 km. After the optimization, a way of visiting the cities was suggested, which is shown in the following figure to the right, where the distance travelled reaches 1342 km. The journey was cut by 2617 km, which is 66%.



Source: see. Literature [1].

- Investment Optimization: Based on investment input data, the best way to invest is to minimize costs and maximize profits. The compiled table can contain various variables and complex variables such as credit, interest rate, loan interest, instalment, production, sales, total cost, operating costs, depreciation, gross profit, tax rate, net profit, income, expenses, cash flow etc. The challenge is to optimize the net present value of the investment and the internal rate of return.
- Optimization of collection and distribution: Based on input data on collection or distribution points, the location of the warehouse can be determined. The input is the coordinates of the individual places from which the collection is to be made and the distance between these locations. The output is to determine the location of the warehouses and the affiliation of the individual points of collection (places where the consignment will be shipped) to the warehouses so that the distances are minimal. The following figure shows the result of the optimization, where the collection points A, B and C are assigned to the removal locations marked on the map x1 - x14, which is represented by the bounded areas.



Source: see. literature [2]

- Time series prediction: Based on the history of the data, it is possible to decide on the future trend of the time series development. The input is the history of the time series. The output is information on the rise, decline or stagnation of the price based on the rules created. Time series may include demographic, economic development, etc. in a given area.

CONCLUSION

Decision making in economic policy and governance is one of the most complex. Therefore, in order to describe, analyse and evaluate them, it is essential to use the latest knowledge and computing to get the right results and make the right decisions. This makes it possible to achieve savings, reduce costs, increase profits, which leads to the goal being set, i.e. to enable the growing needs to be met. These activities need to be put into practice, which is currently done to a limited extent.

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ANALYTICAL TOOLS AS THE BASIS FOR MANAGEMENT IN PUBLIC ADMINISTRATION

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Abstract: *Public administration is currently under great pressure from digitization and smart technologies. People have become accustomed to using modern technology in their personal lives (shopping online, communicating online and sending documents). The establishment of modern smart technologies in public administration is a step that needs to be taken in order to have satisfied customers - the public. The first tools that should be implemented in public administration are analytical tools. These tools are used to analyse and evaluate data from the online environment. In this article, we will analyse the main analytical tools and expound their functionality for use in management in public administration. In the discussion, we will discuss the potential of analysing a public administration customer in the online space, which can serve for better governance of the public administration. This article can be used as a basis for highlighting the benefits and potential of digitization and smart technology in public administration.*

Keywords: *business administration, ICT, smart company, digitalization, digital marketing,*

SELECTED ANALYTICAL TOOLS

Web analysis is the process of measuring and evaluating data that is associated with users and user behaviour in online space. Such an analysis can measure and determine the demographic data of each user (age, gender, point of connection, etc.), how much time given user spent on the page, what conversions they made on the page (clicks on certain buttons, filling in a contact form, orders, signing in to subscribe to certain catalogues, offers, complete purchases, or end purchases, and more.) how users reach the website (via links, online advertising, social networking, or other online paths) what devices users use (PC, tablet, mobile) what time they visited the page (early morning, lunch, evening), which subpages were clicked on, whether our website retained the user, or user has left website immediately, and last but not least how many users are currently on the website and how much time they spent visiting it. All of this data can be set and configured based on the specific requirements of what marketers or webmasters have chosen to monitor. Usually, this data is processed and evaluated based on the ongoing PPC campaign. This provides valuable information to creators for better optimization and adjusts the reach and attractiveness of the campaign. Of course, this also works as feedback for campaign creators. However, information is not always objective. Often the objectivity distorts the user by clicking on the ban on the use of cookies on the website. This is associated with certain limitations so that the analytical tool cannot retrieve certain information from the user's behaviour on the website or online. [1-2]

The collection and processing of such sensitive customer data must be ensured as much as possible. [3] Intelligent information communication systems can provide solutions not only to ensure but also the functionality of what is to be done. [4] The use of modern strokes by the system also ensures a higher positive reputation of the organizations implementing them in their activities. [5]

We know several analytics tools, but for the purposes of this article, we choose the following: Adobe Analytics, Piwik, Mixpanel. We know other analytics tools like Google Analytics, but we deliberately excluded this to look at other competing platforms.

ADOBE ANALYTICS

This online analytics tool connects web analytics, which is then used for marketing purposes and it can predict user's behaviour or analyse their potential needs based on current user data. The environment of this tool has been designed to be flexible and freely customizable based on the requirements of users who run individual campaigns. It works on the "Drag and Drop" principle, thus offering the possibility to compare selected indicators in real time with various other indicators. It offers a wide variety of traceable attributes

that are significant in every business area, either at start-ups or data acquisition, which will later form the company's marketing strategy. [6]

PIWIK

This online analytics tool is designed solely to work with the web and to identify and analyse users on the site. The information is used to increase the effectiveness and relevance of a future campaign that is better targeted based on the information that is found. Piwik is designed in a much simpler environment than Adobe Analytics, but this analytics tool provides a wide range of customizations and attributes to track. In the original interface, the environment offers a variety of user demographics data, information on how many users have visited that website, what browser is used and what subpages user has recently visited. Of course, this environment can be configured according to administrator requirements. [7-8]

MIXPANEL

This analysis tool is said to be one of the most advanced. The tool can also be used on mobile devices, not just on laptops or computers. The system also works on Android and iOS devices. The company that developed this tool follows the motto "Helping the World learn from its data". Mixpanel is also suitable for large corporations as well as smaller companies. It helps them identify, specify, and get to know the user's behaviour on the web more closely. The evaluation and processing of data is carried out once a month. Based on this data, a team of marketers can better customize both the web and the product. [9-10]

Each analytics tool is similar, it differs a little, but in some cases in essential attributes (especially Piwik, Mouseflow). It is the combination of these two analytical tools that could bring tool managers comprehensive, and simultaneously detailed information about user's behaviour on the websites. The common features of these analytics tools are (a) tools fast configuration and customization; (b) most common monitored metrics on the Internet; and (c) compatibility with different devices.

DISCUSSION

Individual analytics tools have different certain characteristics, which can be used in specializing in various data collections, which are further used for the management of public administration. The following information outlines the possibilities of individual tools that could be feasible for data collection to support governance in public administration. Of these options, new objectives could be set for the development of governance in public administration.

- A. **Analysing customer's behaviour** on current public administration online capabilities by collecting data from websites and applications used so far using e.g. of the above-mentioned Mixpanel tool (frequency of application, most used services, possible problems, and their solution, demographic data: age group, gender, division by territorial self-government, etc.) **Analysing the process of handling citizens' requirements** (application processing time, transparency of customer service processes, clarity of the provided information, feedback from citizens) through applying qualitative research using ICT.
- B. **Analysing online trends in communication and customer service** through an online environment using collected data from smart devices, especially smartphones, used by the vast majority of citizens. It is also possible to use MMR (Mobile Marketing Research). As well as analysing the popularity of social accounts (such as public administration's accounts on Facebook), followers' interactions, and feedback.
- C. **Reducing the mistrust of public administration websites users** due to existing hackers' attacks on the websites and removing users' prejudices that sensitive data about them may be misused in some way. Distrust can be an obstacle that can misrepresent the results of the above-mentioned analyses that detect user's feedback. This untrustworthiness may also have a negative attitude towards the actual use of websites and applications created by public authorities.
- D. Based on the above analysis and current trends in digital marketing, appears **new possibilities in contacting public administration** include the incorporation of chatbots into websites to optimize communication with users of selected sites as well as the creation of user-friendly applications in smartphones. Due to the robustness of some websites, it could be appropriate to split some subpages of each website into smaller applications. These applications should also be divided according to the purpose of use or segment.
- E. New possibilities for **handling different types of applications** and handling them **without necessity of physical contact**, together with much faster time to handle. By using the possibilities offered by the virtual environment and its' tools it could be possible to submit an application

electronically (fill in, sign and send to the responsible person) while monitoring its application process, as currently customers can track the status of their orders when they order goods via e-shop (order tracking). By introducing such a procedure, equipment waiting periods could be reduced by at least one half. This will save time and money on public authorities and, above all, on the users themselves.

- F. New possibilities for **monitoring of processing different types applications** could be based on using mobile applications on smartphones without the need of using log in on websites. Alternatively, use an already proven model of SMS marketing. A simple message informs the user about the most important steps in handling their request without forcing the user to be online.

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MODERNIZATION OF PUBLIC ADMINISTRATION WITH USING THE TOOLS OF MANAGERIAL ACCOUNTING IN THE FINANCIAL PERSPECTIVE OF BSC MATRIX IN PUBLIC SECTOR INSTITUTIONS ENTERPRISES

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Abstract: *In today's competitive environment, enterprises use on operational and strategic base various tools to support management. These include the Balanced Scorecard (BSC) method, which is a system for managing and measuring organizational performance through a set of indicators. It helps to define the strategic objectives that need to be reformulated to the level of the operation management. Financial perspective is one of the main perspectives, which BSC develops. For its effective management and measurement, it is possible to use traditional and progressive support tools at the level of strategic and operative management in public sector institutions companies, enabling the management of value-creating variables. The paper focuses mainly on the use of managerial accounting in this context.*

Key words: *BSC, Management, Managerial accounting, costs*

1. INTRODUCTION

The business environment in the current turbulent world, on the one hand, offers a number of opportunities for public sector institutions, on the other hand it requires maximum performance, functional adaptation and, last but not least, forward-looking strategies. These bring several benefits to public sector institutions. These include performance improvements, the ability to survive with limited resources and the development of teamwork within the organization. To ensure market retention and continuous improvement of their position, public sector institutions companies are forced to increase their performance. It is also important to maintain a competitive position, and therefore the choice of a suitable strategic management system, capable of managing the use of enterprise resources, necessary for fulfilling visions and defining strategies is becoming an important issue.

One of the effective strategic management systems is Balanced Scorecard (BSC). It is a set of performance indicators and relationships between them. It is used to assess the company's success, its performance and its ability to predict its survival in the future. The method's creators are Robert Kaplan and David Norton, American experts who have recognized the importance of linking and expanding business performance assessments from, solely, financial indicators to indicators from non-financial perspectives. Therefore, they suggested that the method should be based on four basic perspectives, which are:

- value focused (financial) - how we should act in front of shareholders if we want to achieve financial success,
- customer focused - how we should act in front of our customers if we want to fulfill our vision,
- internal (business processes) - in which business processes we need to improve to satisfy shareholders,
- perspective of learning and growth - how to maintain the ability to learn and improve in order to fulfill the vision.

From the perspectives, it is clear that within the BSC vision and subsequently the strategy must cover all business areas. Answers to individual questions are helpful in creating a functional business strategy and any modification of it needs to be reflected in these four areas. For a more detailed description, some interaction within the BSC components (Veber, 2009) should be emphasized:

- *Linking connections:* linking the target of all four perspectives and determining the weight for each indicator. Cause-effect strings describe how goals can be achieved in each perspective (Figure 1)
- *Setting benchmarks and target values:* if goals are set, we must quantify these goals, set benchmarks and standards,
- *Identifying action programs:* to achieve objectives, it is essential to adopt and implement action programs and projects,

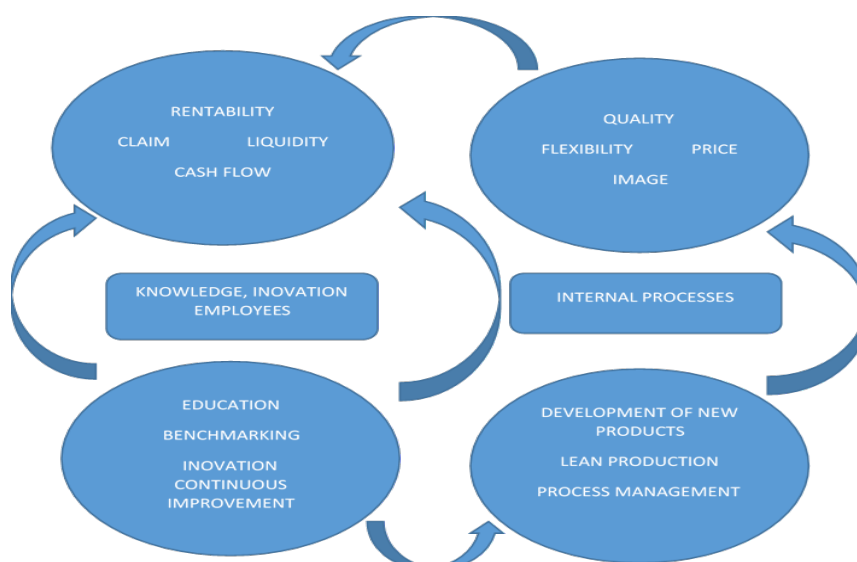


Fig. 1 Interaction within BSC components (Veber, 2009)

Engaging in mainstream systems: Each manager must be motivated by the responsibility to implement action programs and to implement the indicators in place. In addition to the traditional tools, it is also possible to use the trend-setting tools, which shift the identification and management of quantifiable quantities to a more transparent level and also use their great use in strategic management.

2. FLUIDIC MUSCLE PARAMETERS RESEARCH

In this context, managerial accounting can be mentioned. For managers, it serves as a support tool for decision-making and allows you to monitor, analyse and evaluate value-making variables to a much greater extent than traditional approaches provide. The justification for its application is also evidenced by a survey of the effectiveness of financial functions in enterprises in Slovakia, which was realized by the consulting company PwC in cooperation with CFO Club Slovakia. The impulse for the survey was the fact that in recent years there has been an increase in the efficiency of public sector institutions and other businesses in all aspects of business, according to Emerling et al. (12) and it was necessary to compare the basic financial functions within the Slovak companies to identify key areas of efficiency and productivity improvement. The survey (3) shows that the most successful companies spend less than 5% of their time collecting data compared to a typical data collection time that varies between 20-50%. 40% of companies operate a financial sector with costs lower than 1% of total revenue. On the contrary, up to 1/5 of companies have operating costs higher than 4% of total revenues. With the shrinking size of the financial sector, the involvement of employees as business partners is greater. Nearly 50% of companies do not have formalized productivity programs. 75% of respondents need less than 6 days for monthly report. The most effective 18% of companies manage their monthly reports within 3 work days, thus freeing up space for activities with higher added value. 4 Financial Directors believe that process standardization, wider use of new technologies, and employee training are the most effective productivity tools. Financial sections should focus more on mechanisms to automate controls so that prevention prevails naturally. Slovakia lags behind global trends in the use of shared service centers, with only 22% of respondents using these functions. Up to 63% of companies use standard financial systems, the disadvantage of which is their lower flexibility and longer reaction times. Identified space for significant increase of automation level (data processing in MS Excel still dominates). Almost 50% of companies spend more than 2 months on budgeting.

In connection with the application of managerial accounting in public sector institutions companies based on the needs of more effective management of value-creation variables resulting from the survey, its specifics and added value in the context of the management of desirable variables can be closer. It also points out the importance of their management follows Siekelova et al. (10) In particular, it is an important feature of the calculation methods, which is the cost structure in the calculation. It is a calculation formula that is specified with respect to a particular business and management accounting requirements. Management accounting, as an integration management tool, supports decision-making of managers, provided that a suitable corporate information system exists. However, in order to enhance the final effect, it must touch not only the enterprise as a whole (for example, providing summary information from financial accounting), but

also costs and performance. Its testifying ability must be at high level. Therefore, the increased interest in managerial accounting is put on the so-called *non-absorbent calculation methods*. Their essence is that they take into account only a certain group of costs and not all cost items. It is based on the philosophy that not every product - in a public sector institutions company - raises fixed costs and not every sale of these products - services - makes a profit. Fixed costs and profit are related to a specific time period and not to individual services. Thus, at present, the focus is on such calculation methods that deal with the costs arising directly from the production of individual products in the public sector institutions company - services. These costs are referred to as triggered. Another feature of non-absorption methods is the fact that they determine the profit of the entire enterprise and not differentiate by product - in the public sector institutions service. In calculating profit, the indicator uses the contribution to reimbursement, which is the difference between total revenues (revenues) and variable costs. It is the amount by which a product (service) contributes to paying standby (fixed) costs and generating profit. It is a more stable quantity than profit because, regardless of the size of production, it is relatively unchanged.

Profit calculation:

Total sales (Trc) - variable costs of all products / services (Nv) = total contribution to reimbursement (PNUc) - fixed costs (Nf) = profit (Z)

Trc = , ck = price of k-th product(service) group, Nv = , Nvk average variable costs, PNUc = ,

Calculation of total contribution to reimbursement: PNUc = Trc - Nvc, Nvc , total variable costs,

Calculation of total profit of the company: Z = PNUc - Nf

In the non-absorption calculation methods, the so-called one-step method of variable costs - direct costing can be used. This method uses the average variable cost of Nvk of the k-th group of public sector institutions services and their prices ck. It answers the question to what extent the k-th group's public sector institutions services can pay that part of the fixed costs and profits that is common to all the services and thus cannot be attributed to relevant service of the k-th group in question. The above procedure corresponds to the expression of fixed costs in the block, i.e. in aggregate for the whole company because they do not have a causal relation to individual services. However, practice shows that some of the fixed costs may have a relationship to a particular production group. In this case, a block of fixed costs is differentiated into several groups, usually a division into two groups (standby costs I and II) is sufficient. This procedure is applied within the framework of the two-stage *method of variable costs*, and due to the differentiation of fixed costs, there is also a breakdown of the allowance for reimbursement to allowances for reimbursement I and II. This method of calculation is market oriented and provides reliable basis for pricing decisions, revenue, cost and profit analysis, as well as for enterprise planning, control and management [20]. In the proposed cost accounting breakdown for managerial accounting, two categories (stand-by costs I and standby costs II) are on standby costs. However, in the preparation of the data for the calculation, this breakdown is neglected in terms of including standby costs in the block and detailed breakdown of performance costs. The one-step method of variable costs (Table 1) groups fixed costs into one block.

Table 1 Single-stage variable cost method

Items of calculation	OBJECTS OF CALCULATION									
	€	%	€	%	€	%	€	%	€	%
Total revenues										
- variable costs										
contribution to reimbursement										
- fixed costs										
profit										

It is most advantageous to define two groups of costs, referred to as standby costs I and II. *The first* group of standby (fixed) costs can be assigned to the performance without the use of a specific key and are included, e.g. fixed costs of marketing, production or material management. They have a direct relationship to perform and are assigned by a base such as a base of hours worked. *The second group* consists of standby costs that are not directly related to performance and are included, for example, in administrative

costs, accounting and costing costs, financial, etc. They are treated as aggregates and assigning their bearers requires the use of a specific key. The two-stage variable cost method can be clearly expressed as follows (Table 2)

Table 2 The two-stage variable cost method

Items of calculation	OBJECTS OF CALCULATION									
	€	%	€	%	€	%	€	%	€	%
Total revenues										
- variable costs										
contribution to reimbursement I										
- standby costs I										
contribution to reimbursement II										
- standby costs II										
profit										

3. CONCLUSIONS

The cost management method proposed above is also beneficial for public sector institutions companies in a strategic dimension. It enables very specific information to be gathered in a detailed infrastructure and is therefore applied very accurately to different kinds of decision-making tasks in the medium and long term. The traditional cost management concept does not provide such detailed information mainly due to the limitation of financial accounting reporting, which would not be sufficient information base to meet the BSC financial perspective. It is up to the management of the business, whether it will be interested in introducing managerial accounting, or at least its selected tools.

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THEORY OF SECOND-ORDER ELECTIONS BY REIF AND SCHMITT IN THE CONTEXT OF EUROPEAN ELECTIONS IN THE CONDITIONS OF THE SLOVAK REPUBLIC

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Abstract: *In general, the objective of this contribution is to bring elections to the European Parliament 2019 under the conditions of the Slovak Republic closer. The main accent within the content conception of this contribution is put to the evaluation of election results and their subsequent application to the theory of second-order elections by Reif and Schmitt. Our ambition is based on our analyzed results to confirm or refute the features that are characteristic for original theory of second-order elections.*

Keywords: *elections, European parliament, pre-election campaign, second-order elections, voters*

INTRODUCTION

On May 25, 2019 the citizens of the Slovak Republic had the opportunity to decide which deputies shall represent our country at the supranational level for the next five years. Under the conditions of the Slovak Republic, the members of 31 political parties candidate for 14 seats in the European Parliament. This was the fourth European elections that took place in relatively difficult period of unresolved issues, such as exit of the United Kingdom from the EU, as well as increasing support for nationalist and Eurosceptic parties in many countries of the European Union. Previous elections had two common features in our country:

- *low voter turnout:* in 2004 (16,96%), 2009 (19,64%), 2015 (13,05%)
- *similar structure of election results:* although the European elections offered a chance for the success of smaller or new political parties based on the lower political participation of voters, this phenomenon was not confirmed as most of the mandates were acquired by parties that at that time also had a strong position at national level, thus in the National Council of the Slovak Republic.

EVALUATION OF ELECTION RESULTS

However, the 2019 election year predicted a different situation, as public opinion surveys generally suggested that a more significant success could be achieved by the extremist party Kotleba – People's Party Our Slovakia (ĽSNS), which is at the national level only the first term, and also the new coalition Progressive Slovakia-Together formed after the 2016 parliamentary elections could also be successful. The former parliamentary political parties, which tend to dominate at national level, were threatened in these elections with a decline in election preferences, or the candidates of some political parties do not even have to achieve their way to the European Parliament.

According to official information published by the Statistical Office, 22.74% of eligible voters participated in the 2019 European elections in the Slovak Republic, which is the highest turnout so far. Although it is the highest indicator in our tradition of the European elections, turnout was again as in previous elections the lowest compared to the other Member States. By this participation, Slovak voters showed that they consider the EU as a meaningful project. The active communication and involvement of political parties, state institutions and the third sector with citizens in the EU area probably also contributed to the higher voter turnout. In 2017, the Ministry of Foreign Affairs participated in this campaign with the project "WE ARE EU". The office of European Parliament tried to increase people's interest in European elections, primarily through an information campaign on social networks and media, through direct discussions with people in Slovak cities, or through popular personalities, youtubers, artists and athletes. The initiative "This time I am voting" was also popular, with more than 300,000 Europeans and some 8,000 Slovaks enrolled.

The highest voter turnout was recorded in Bratislava Region with 31,55 %voters, and on the contrary, the lowest voter turnout was recorded in Košice Region with 19,26 % (Statistical Office of the Slovak Republic, 2019). It was confirmed again that more voters, exactly 24,52%, participated in the elections in the cities compared to the villages, where voter turnout was 20,62%.

Totally six political parties reached the seats in the European Parliament. The winning party was the new Coalition Progressive Slovakia and Together that gained 20,11% of votes (see Table 1).

Table 1: Political parties that exceeded the 5% quorum

Political party - gain	Number of mandates
Coalition Progressive Slovakia and TOGETHER – civic democracy (20, 11%)	4 M. Šimečka, V. Bilčík, M. Wiezik, M. Hojsík
SMER-social democracy (15,73%)	3 M. Beňová, M. Číž, R. Hajšel
Kotleba – People's Party Our Slovakia (12,07%)	2 M. Uhrík, M. Radačovský
Christian Democratic Movement (KDH) (9,69%)	2 I. Štefanec, M. Lexmann
Freedom and Solidarity (SaS) (9,62%)	2 L. Ďuriš Nicholsonová, E. Jurzyca
Ordinary People (OĽANO) (5,25%)	1 P. Pollák

Source: (Statistical Office of the Slovak Republic, 2019)

The success of the political party was also achieved by the ability of coalition to reach the original voters of the Social Democrats. The second important factor of this victory is also the style of policy, because a part of the voters is tired and angry of aggressive policy with permanent attacks, slandering and they reject populism. The party proved that it was founded at the right time and by having quite clear references, it resonated well in the voting environment. It is important to note that the voter of mentioned coalition is extremely pro-European and so his motivation to vote was the highest.

The jumper became the non-parliamentary party KDH that received 4.94% of votes at the national level in the 2016 parliamentary elections and did not reach parliament for the first time. The European elections confirmed a return of Christian Democrats to the politics (Gabrižová et al., 2019). We state that if the MEP A. Záborská did not leave the Christian Democratic Movement and did not try to candidate with own party, the result of the movement could be even higher.

The result of the party SMER-SD was the lowest so far compared to previous supranational elections, and on the contrary, the surprise was the increase of Kotleba – People's Party Our Slovakia.

In the elections, the political party Smer-SD confirmed a decreasing tendency in the political scene, as evidenced by the loss of R. Fico in the 2014 presidential elections, the resignation as the Prime Minister in 2018 and also the loss of M. Šefčovič in the 2019 presidential elections. Although the party was the only coalition party to reach the European Parliament, the results confirmed that it is not capable to respond to the demands and moods of voters. If there will be no restart of the political party and their internal reflection, it is possible to predict that this downward trend can continue and its influence on the political scene can follow the line of demise of Mečiar's political party HZDS. Decline in preferences is also indicated by a recent public opinion survey conducted by the agency AKO on a sample of 1,000 respondents realized from April 29 to May 6, 2019. If parliamentary elections were to take place at the turn of April/May, the party SMER-SD would win with 19,1% of votes, while it reached 28.28% in the last parliamentary elections (Orviská, 2019).

Kotleba – People's Party Our Slovakia gained 8,04% of valid votes in the 2016 parliamentary elections and three years later gained 12,07% in the European elections. In connection with the success of the political party Kotleba – People's Party Our Slovakia, some controversy comes to the forefront, where on the one hand, supporters reject Brussels policy and Europe, and on the other hand, they want to be in the European Parliament. The main mission of their campaign was in the spirit of the Orbán anti-immigration policy, and we would like to say that even if their campaign was not intense enough, they would achieve a similar political results, reflecting their stable voter electorate. It is a paradox that the party that talks about the possible withdrawal of Slovakia from European structures caused the effect of voter mobilization by these topics.

The position of the current strongest opposition party at national level was weakened in the European elections. The party Freedom and Solidarity gained only 9.62% of the votes. The last party that exceeded the 5% quorum was the party of Igor Matovič - Ordinary People that received one mandate in the European Parliament.

Most-Híd, Slovak National Party (SNS), We Are Family that currently act at national level in the National Council of the Slovak Republic, did not reach the European Parliament. The results of the elections proved that voters of Hungarian nationality need an alternative to the current political representation, as the two strongest political groupings representing Slovak citizens with Hungarian nationality did not exceed 5%. Party of the Hungarian Community (SMK) gained 4.96% of the votes and Most-Híd gained 2.59%. To a certain extent, the solution could be a generational change and the arrival of new experts to the politics. We state that Hungarian voters were confused in these elections. Some of them seem to punish B. Bugár for a coalition alliance with SMER-SD, and the SMK voters were also cautious in their choice because of the Orbán's ties, which could result in a passive attitude. The separation of national parties can also be considered a problem, since a new project was recently announced by Z. Simon who left the party Most-Híd. The European elections proved that higher success is achieved by the parties, which intensively work in regions, or have a strong features than the parties of one man as evidenced by the party of B. Kollár.

The failure of current parliamentary party SNS was caused by absence of their European programme and insufficient mobilization of voters. Similarly, SNS failed in the 2017 Regional Elections, which was partly balanced by relatively good results in the 2018 Municipal Elections. However, meanwhile their preferences decreased even more in relation to the case of rigorous thesis of Andrej Danko, and the party had no candidate in the 2019 Presidential Elections. Considerable part of its target group either stayed at home during election day, or supported Kotleba – People's Party Our Slovakia.

The 2019 election year has brought the most significant personnel change of Slovak deputies in the European Parliament so far, because only two of fourteen elected Slovak MEPs acted in supranational parliament in the previous term¹.

THEORY OF SECOND-ORDER ELECTIONS BY REIF AND SCHMITT AND ITS APPLICATION ON EUROPEAN ELECTION RESULTS UNDER THE CONDITIONS OF THE SLOVAK REPUBLIC

Since we are already familiarized with the 2019 European election results in our country, furthermore based on known information we can confirm or refute the truthfulness of characteristic features that were defended by the German political scientists Reif and Schmitt in their theory of second-order elections.

At the beginning of this section, we consider it necessary to point out that there are significant differences in voter's behavior in individual types of elections. European elections are in our country the opposite of national elections based on the popularity criterion, as evidenced by the lowest voter's interest shown in this type of elections. Most Slovak voters participate in elections to the National Council of the Slovak Republic and presidential elections. This is followed by municipal, regional elections and at the end of the popularity list are the European elections. Thus, these options can generally be categorized into the group of so-called second-order elections. According to Reif and Schmitt, in addition to European elections, municipal and regional elections also belong to the category of second-order elections.

However, according to the above-mentioned German political scientists, low voter turnout is not the only criterion of second-order elections, but the comprehensiveness of theory is presented by other attributes to which we will pay attention.

The formation of second-order elections conception dates back to 1977, when first democratic European elections took place. Subsequently Reif and Schmitt carried out the analysis of voter's behavior in nine Member States. Since our ambition is to apply this theory to the current conditions, we consider it necessary to state that the European Community in 1980 was different than today. We cannot identify them and therefore we predict that not all of the original characteristic features of the second-order elections will be confirmed.

The number of individual Member States was gradually increasing, while the competencies of supranational

¹ M. Beňová (Smer-SD) will be in the European Parliament for the fourth term and I. Štefanec (KDH) for the second term.

parliament were also increased. From the above it logically results that as the role and responsibilities of the European Parliament increased, the interest in this type of elections should also increase in parallel. However, this fact was not confirmed in practice under our conditions, which is evidenced by low voter turnout as mentioned before. Based on the above, we can talk about the first attribute of second-order elections, which suggests that "*less is at stake*" (Reif, Schmitt, 1980). This dimension includes *low voter turnout, higher number of invalid votes, preference for small political parties and success of opposition parties*. Voter interest is primarily focused on the national level in comparison with the European level, as most voters share the opinion that important decisions affecting their daily life come from parliamentary level. Reif and Schmitt also refer to a higher number of invalid votes in comparison with parliamentary elections, which they explain as a protesting response of people, since voters are often disappointed by the unaccomplished promises of the government coalition about in the middle of the term. If we focus on the indicators from the Statistical Office of the Slovak Republic and if we compare the number of invalid votes in the 2016 Parliamentary Elections with the number of invalid votes in the last European Elections in proportion to voter turnout, we find out that this feature can be confirmed.² Furthermore, political scientists state in their theory that voters tend to those political parties that they would not vote for in the parliamentary elections, and therefore small, new and non-parliamentary parties achieve the success. They explain this action as protest and directed against government coalition. In the first-order elections, voters tend to big parties because of fear of forfeiture of their votes. On the contrary, in supranational elections they vote their first preference (Karvai, Plenta, 2010). According to theory analyzed by us, the success in the European Elections achieve opposition parties and vice versa, the voter's support of coalition parties is decreased. Political scientists explain this argument by the fact that after national democratic elections, initially prevails electoral euphoria, thus most of voters sympathize with the governing coalition and support its direction. As a rule, in the middle of the term, the favour is weaker and at this moment opposition parties come in, where they are not responsible for the government results and so they do not have to be held accountable to the public for their actions in such intensity as the governing parties. Based on the results of the European results, this feature may be confirmed only partially, because generally most of mandates were received by the parties that had an important position at the national level at that time. On the other hand, the winner of elections was new political party Coalition Progressive Slovakia and TOGETHER-Civic Democracy (20,11%). These parties were formed after last parliamentary elections, therefore their success cannot be compared with national indicators, but we consider it necessary to repeat that the parties achieved success already in the 2018 Municipal Elections, as the mayor of Bratislava became M.Vallo - the candidate of mentioned coalition, and also one year later in the presidential elections, because the winner was the civic candidate Z.Čaputová, who was initially vice-president of the party Progressive Slovakia. An interesting feature is that Reif and Schmitt categorize municipal elections as second-order elections, and presidential elections as first-order elections, where the party has already achieved success. In addition to Progressive Slovakia, the confirming fact is that non-parliamentary KDH reached the European Parliament after loss in the 2016 parliamentary elections. Voter's support of the strongest coalition party SMER-SD has been also decreased. The attribute of second-order elections denouncing the decreasing support of coalition parties may be confirmed, since social democrats were the only party of governing coalition that received mandates at the supranational level.

In general, second-order elections are also characterized by another dimension, or *institutional-procedural side*. In this context, we mean primarily the method of voting that may be different in comparison with national elections, which may affect voter turnout.³ This can be undoubtedly determined also by the setup of the voting mechanism, which means the timing of elections. Too frequent participation of voters (elections in shorter period) in decision-making processes may lead to so-called public over-activation, exhaustion and disregard of some elections.

In other words, the number of elections over a defined period of time can either positively or negatively stimulate the voter interest, which will be reflected in the form of voter turnout. In our conditions, the 2019 European Elections took place just after the presidential elections and so some voters decided to prefer the presidential elections over the supranational elections.

² EP-1,95% of invalid votes

NRSR-1,42% of invalid votes

³ As example can be mentioned France, which applies a majority electoral system for national elections and a proportional system for European elections.

Character and intensity of pre-election campaign present another dimension of second-order elections. In comparison with national elections, it is less significant and not very thematically different from parliamentary pre-election campaigns. Of course, campaign intensity also affects voter turnout. The problem is, as we already mentioned, that the content line of campaigns is not innovative in comparison with the content concept before parliamentary elections, thereby losing their uniqueness. Before the last European elections in the Slovak Republic, some political parties, such as We Are Family, Slovak National Party, Kotleba – People's Party Our Slovakia, lacked a comprehensive programme on their website, which could underestimate the very importance of the elections, because in the case of parliamentary elections, these parties published the programme on their website. Political marketing also includes the power of media, which do not as much attention to this type of elections as in the case of national elections, thereby indirectly categorizing them as second-order elections.

Later, the theory of second-order elections by Reif and Schmitt had to face criticism. The main reason was its incomplete specification, but only general arguments presented by theory. The authors talk about decline in voter's support for coalition parties in the European Elections, but they do not exactly define how big the decline is (Karvai, Plenta, 2010). In general contrast, the subject of criticism was also strictness, because according to Reif and Schmitt, big political party is the party with which sympathize more than 15% of voters. Therefore, there comes a controversy of whether a numerical indicator should be set constantly for all political systems, since each one is specific in its own way.

It is necessary to realize that the authors have worked with limited resources and the importance of their theory cannot be questioned for certain shortcomings. It is the elimination of the weaknesses of the presented theory that has been the subject of another work by prominent experts, such as Weishaupt, Bakker, Poll, Franklin, Marsh, Norris, Coepke, Ringe, etc., who dealt with the issue of participation and voter behavior in second-order elections.

CONCLUSION

In 2019 was held twelve European elections and fourth in the Slovak Republic. The main conflict line of elections was whether we were in favour or against further functioning of the European Union. These elections proved that most citizens of the Slovak Republic support pro-European direction of our country, as the EU has been our natural political, economic and cultural space for 15 years, providing us security and prosperity. Currently, the EU has to face the challenges of the above-mentioned decreasing voter participation, to which some countries, such as Belgium or Spain, are trying to respond by merging European elections with other elections (municipal, regional, parliamentary) within one election day. Another challenge is to decline support for traditional centre-right and centre-left parties, while increasing support for Eurosceptic and populist parties. This fact is based on topics such as Brexit, migration, security issues following terroristic attacks within the EU, personal data protection, copyright protection, or the emergence of disinformation websites and campaigns.

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CONTROLLED TRANSACTIONS OF LEGAL ENTITIES OF THE PUBLIC ADMINISTRATION IN THE SLOVAK REPUBLIC AND RESULTING CONSEQUENCES

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Abstract: *The paper analyses the pricing of controlled transactions carried out between public administration entities, based in particular on the existing legal framework governing the area of transfer pricing in the Slovak Republic. The importance of this issue is clear and relates in particular to the extension of transfer pricing rules to domestic controlled transactions and subsequently to controlled transactions of taxpayers of the public administration. The main objective of the paper is to analyse the current state of regulation of transfer pricing with focus on tax entities of public administration. The entities have de facto the same obligations as entities in the "classical profitable sector" with some exceptions taking into account the range of reporting duties and accepting the invalidity of the arm's length principle. Thus, it is partly taken into account their specific position in the national economy and reasons of their existence - providing public goods.*

Key words: *controlled transaction, public administration, related parties, transfer documentation, transfer pricing.*

INTRODUCTION

A controlled transaction is a transaction that is carried out between related parties (in the meaning of transfer pricing) and which the general content is to realize company's outputs. Related entities have the opportunity to act in concert in such transactions and thereby may undermine the fiscal interests of the state – a tax profit. Under normal market conditions, independent entities act rationally, i.e. the seller seeks to maximize its revenues (selling price), the buyer seeks to minimize its costs (purchase price). However, this way of optimizing revenues/costs may not work in economic transactions between related parties, since both the seller and the buyer acting in concert and pursue the same economic objective – tax optimization consisting in targeted profit shifting. In terms of a personal scope, the subject of legal regulation and subsequent financial (tax) control were primarily cross-border controlled transactions, i.e. transactions between related foreign parties (transactions within multinational business structures) and only subsequently transactions between domestic related parties. The problem itself is not the existence of controlled transactions (whether foreign or domestic), the problem is a distorting the pricing of market mechanism and using artificial prices. In other words, the problem is not a using of transfer prices; the problem is the absence of arm's length principle in these prices. The arm's length principle is directly codified in the *OECD Model Tax Convention on Income and on Capital* that provides the same interpretation of the principle in tax legislations of individual countries, avoids double taxation, and ensures a fair allocation of tax rights between states in the context of cross-border controlled transactions and generated profits. (OECD, 2014) The principle arose in the 1930s with the aim of eliminating double taxation and ensuring a fair distribution of tax rights to tax the generated profits from foreign controlled transactions among the involved jurisdictions. An important aspect of its acceptance at the level of the international tax law was the issue of so-called "*Carroll's Report*", where the principle was identified as an appropriate allocation mechanism of profits of related parties within foreign transactions. (Solilová – Nerudová, 2019) The arm's length principle represents a legal fiction – related parties are treated as two completely separate entities for taxation purposes and any conditions and facts resulting from this relationship that distort prices, profits or a tax base arising from the controlled transaction must be eliminated.

1. CONTROLLED TRANSACTIONS AND TRANSFER PRICING IN THE SLOVAK REPUBLIC

A legal framework of any country mirrors the influence of various endogenous and exogenous factors that create the uniqueness of any tax system. Factors on the one hand are linked to the need to harmonize a legal system at the level of supranational entities and, on the other hand, reflect specificities of a national environment. As regards Slovakia, the tax legislation regulating controlled transactions and transfer pricing respects international regulatory requirements of the given type of transactions resulting from the membership of Slovakia in the OECD and in the EU as well as national requirements concerning the protection of the Slovak business environment, stability of the Slovak tax system and requirements of the state budget. The international regulations are either directly codified into the Slovak tax legislation or are accepted as a general complementary means of legal interpretation (soft-law).

The national tax legislation governing controlled transactions currently consists of the *Act no. 595/2003 Coll. on the Income Tax Act as amendment* (hereinafter "ITA"), *Guidelines of the Ministry of Finance of the Slovak Republic no. MF/019153/2018-724 on Details regarding the Content for Keeping Documentation for the Transfer Pricing Method* (hereinafter "Guidelines on TD"), and *Methodological Guideline on the Application of Transfer Pricing Methods of the Financial Directorate of the Slovak Republic* (hereinafter "Guideline on application of TPMs"). The legislation of controlled transactions and transfer pricing was primarily focused on foreign controlled transactions. The legal regulation itself began to be constituted as early as in 1993, when the arm's length principle was incorporated into Article 23 a) of the Act no. 286/1992 Coll. on the Income Tax in force since 01/01/1993. Since 2001, the ITA also contains a provision on the use of transfer pricing methods; however, the requirements on the methods codified in 2008 with the effect from 2009. In the same year, for the first time the taxpayers were obliged to disclose information on controlled cross-border transactions in the annual tax return with the filing deadline 31st March 2009. Since 2015, the obligation to observe the arm's length principle and maintain transfer documentation (hereinafter "TD") has been extended also to economic transactions – intrastate controlled transactions carried out between domestic related parties. (Kramárová, 2015) This conceptual change in the application of the arm's length principle also resulted in the extension of impact of the legislation to entities, simply characterized as legal entities under the constitutional powers of the state, municipalities and higher territorial units. (Kočíš, 2018)

The analysis of the conceptual framework of the transfer legislation shows that legal entities of the public administration have two basic obligations:

- keeping the TD;
- identifying the tax base in accordance with the arm's length principle.

2. CONTROLLED TRANSACTIONS OF LEGAL ENTITIES OF THE PUBLIC ADMINISTRATION

2.1 PUBLIC ADMINISTRATION OF THE SLOVAK REPUBLIC

In general, public administration is a matter of governance, in the public interest. It is the main component of the public sector, which is a specific component of the national economy. Its role is to provide public goods, usually where it is necessary to replace or complement activities of a private sector activity, since this activity is not carried out on a commercial basis and not profitably-oriented. Public administration is implemented as the manifestation of executive power in the state at two basic levels - at the level of state administration and self-government administration. (Pravdová, 2004) Since 2002, the public administration of the Slovak Republic has been designed to three levels – state, higher territorial unit (hereinafter "HTU"), and municipality. The HTU and municipalities are the representatives of territorial self-government, namely regional territorial self-government and local territorial self-government. Territorial self-government in general is a part of the public administration interested in issues of a local importance, which is carried out not by the state but by the population of territorial units and / or by certain authorities of territorial units. Currently, the territorial self-government of Slovakia consists of 8 HTU and 2,927 municipalities, of which 140 municipalities have the status of a town¹.

The functions and objectives of the public administration are not being achieved only through the activities

¹ Note: The municipality is a basic territorial self-governing and administrative unit in Slovakia. It is made up of one or more settlements and its territory is made up of at least one cadastral territory. The aim of its existence is to bring together citizens residing in its territory. The scope of its competences and rights resulting from its position within the public administration and from the very existence of the public administration arises mainly from Act no. 369/1990 Coll. on Municipalities as amended. The term "municipality" also includes towns, which is the status that municipalities bear if meet the statutory requirements in accordance with Article 22 (1) of the same Act.

of these three basic levels of the public administration, but also through organizations founded by them, in order to provide more available and more efficiently public goods in the interest of Slovak citizens. Organizations are legal entities under the constitutional powers of the state, HTUs or municipalities. In the context of existing legal framework and existing practice, come into consideration mainly following types of legal entities:

- legal entity according to the budgetary rules (budgetary organization, contributory organization), which activities are governed mainly by the Act no. 523/2004 Coll. on Budget Rules of the Public Service as amended (thereinafter "Act on Budget Rules);
- business company, which activities are governed mainly by the Act no. 513/1991 Coll. on Commercial Code as amended;
- other legal entity e.g. in accordance with the Act no. 213/1997 Coll. on Non-profit Organizations Providing Generally Beneficial Services

State budgetary organizations and state contributory organizations are entities of the public administration reported in the central administration, budgetary organizations and contributory organizations established by the municipality or HTU are reported in the territorial self-government. Their budgets are therefore part of the general government budget pursuant to Article 4 of the Act on Budget Rules, i.e. they are linked to the budgets of their founders. Both types of organizations are not established for achieving profit as a priority. A contributory organization is a legal entity of a state, a municipality and HTU whose less than 50% of production costs are covered by revenues and which is contributed to the state budget, the municipal budget or the budget of HTU. It is subject to financial relations determined by the founder within its budget. A budgetary organization is a legal entity of a state, a municipality or HTU, which is connected with its revenues and expenditures to the state budget, the municipality budget or to the budget of HTU. It shall be autonomous in managing the approved financial budget, determined by the founder within its budget.

2.2 CONTROLLED TRANSACTIONS OF LEGAL ENTITIES OF THE PUBLIC ADMINISTRATION

Transfer pricing in the current legal version may also be applied to legal entities of the public administration, as it is common practice that entities of the public administration that are related parties carry out different types of economic transactions among themselves. In terms of a personal scope, these are domestic controlled transactions. In the context of the correct recognition of these transactions, it is necessary first to define the relationship, which establishes the formation of a related party and whether the income generated is taxable income as according to the ITA. If legal entities of the public administration only report incomes that are not the subject to the income tax, transfer pricing and resulting obligations do not apply to them. Except that since 2019 with the possibility to apply on transactions executed in 2018, there is no legal obligation to document controlled transactions with a neutral impact on a tax base.

The basic legal act governing transfer pricing – the ITA has the same impact on legal entities of the public administration as on the business entities without exception. They are required to document controlled transactions and prices of these transactions, and analyse if they meet arm's length principle. Some simplification of the transfer pricing rules can only be applied in the case of the obligation to keep the TPD and in assessing compliance controlled prices with the arm's length principle. Generally, if prices of controlled transactions do not meet the principle, i.e. there is a distortion of a tax base in terms of its reduction or increase in tax loss; entities are obliged adjust it (increase tax base or decrease tax loss) in accordance with the procedure defined in Article 18 of the ITA. The difference, of which it is necessary to adjust the tax base, entities determined in accordance with one of legislative accepted transfer pricing methods or in accordance with own methodology. However, there is an exception in controlled transaction of entities of the public administration. Assuming that the controlled transaction presents a public interest and, at the same time, the price of the transaction contributes to saving public funds or favouring public funds, the tax authority considers the price of the transaction correct even if it is contrary to the arm's length principle (to arm's length price).

Transfer pricing methods are directly codified in Article 18 (3) of the ITA. Except that a taxpayer has an option to choose any other method, if its use is more relevant (Article 18 (4 – 7) of the ITA) that gives a taxpayer a space to apply its own approach to the valuation of intragroup transactions, and hence the scope for optimizing the tax liability. The use of own method is subject to the consent of the tax authority – Advance Pricing Arrangements. The use of this institute is very rare in Slovakia also in the "classical" business sphere and has not been used so far in the case of public administration entities.

2.2.1 DEFINITION OF RELATED PARTY

The OECD advocates that the definition of a "*related party*" should be sufficiently broad to capture all possible kinds of transactions in the jurisdiction that present a real risk of potential abuse that could not be easily avoided and could be effectively enforced. The definition must take into account all parties who may exercise direct and indirect control in a given transactional context. (OECD, 2014) In Slovakia, a related party, generally categorized as a business entity, natural person, and public administration entity, is defined in Article 2 n) of the ITA as a close person, person/entity that is economically tied, person/entity that is personally tied, person/entity that is tied in other way, and person/entity that is a part of a consolidated unit for the consolidation purpose.

A close person in accordance with the provision of Article 116 of the *Act no. 40/1964 Coll. the Civil Code as amended* is a relative in direct line (spouse, sibling), other persons in a family or other relation that shall be considered as close to each other, if a detriment suffered by one them is reasonably felt as own. A person/entity that is tied in other way is defined in Article 2 p) of the ITA as a legal relationship or other similar relationship established mainly for the purpose of manipulating tax base. Economic and personal ties are defined jointly in Article 2 o) of the ITA, since both ties can be combined with each other. From the point of view of the legal analysis and existing practice, economic and personal ties are not the only combination in controlled transactions, but also a combination of the relationship of close persons. Economic ties includes an interest in a property (a share in equity) and in a control (a share in voting rights) if this interest exceeds 25%. The profit parameter shall also be taken into account, if the profit-sharing ratio exceeds 25%, even if a person/entity does not dispose with share in equity or in control at the defined percentage. In identifying economic ties, the direct, indirect and indirect derivative interest in a property and control is taken into account. If the indirect derivative interest, whether in property or control, exceeds 50%, all persons/entities through whom the amount of the derived interest has been calculated shall be considered as economically related parties irrespective of the actual interest in a property or control. This type of ties also takes into account the fact that persons/entities can also become related due to acting in concert. When acting in concert, voting rights and shares in equity are summed up. Personnel ties as a matter of priority take into account participation in management, which shall mean the relationship of the statutory bodies, supervisory bodies or other similar bodies of a legal entity to this legal entity.

Economic ties establishing also include the relationship arising from the participation on a consolidated group that also applies to public administration entities. The consolidation within the public sector is carried out primary in accordance with Article 22 a) of the *Act no. on 431/2002 Coll. on Accounting as amended*. The relationship of related parties thus arises between entities of the public administration if the entities are part of the same consolidated group for consolidation purposes. The consolidation of the public administration is carried out at three hierarchical levels; transfer pricing concerns the first level of consolidation. The consolidating entity is a founder (i.e. municipality, HTU or state) – "*parent entity*", consolidated entities – "*daughter entities*" are entities established within its competence, i.e. a budgetary organization, a contributory organization, a company in which a founder has a decisive control or a company in which a founder has significant influence (associates or joint business) and non-profit organizations.

It follows that the controlled transaction is a legal relationship or a similar relationship between two or more related parties meeting the definition of Article 2 n) – r) of the ITA, wherein at least one of the parties is a taxpayer with the income according to Article 6 of the ITA (incomes from entrepreneurship and from other self-employment, rental and use of the work and artistic performance) or a legal entity carrying out business activities and achieving tax incomes (revenues) from this activity.

2.2.2 TRANSFER PRICING DOCUMENTATION

The TD (documentation of arm's length principle) is the main document clarifying the process and conditions of the pricing of controlled transactions. The TD also demonstrates whether prices of controlled transactions are identical to arm's length prices. In order to prove the compliance of the related party transactions with the arm's length principle, companies should perform a detailed analysis and prepare the TD in this respect. (Neacsu – Feleaga, 2017) In case of legal entities of the public administration, keeping the TD is obliged, if they carrying out transactions meeting criteria of a controlled transaction in accordance with Article 18 (1) of the ITA. The content and scope of the TD is governed by the *Guidelines of the Ministry of Finance of the Slovak Republic no. MF/019153/2018-724 on Details Regarding the Content for Keeping Documentation for the Transfer Pricing Methods*. The actual Guidelines are an amendment to the previous Guidelines (no. MF/014283/2016-724 and no. MF/011491/2015-724). The changes in the Guidelines are primarily a

response to the practical problems of reporting controlled transactions in practice with a view to making them more transparent and more precise.

The TD of entities of the public administration differs from the TD of a "*classical business sector*". From the point of view of the exhaustive definition of obliged entities and controlled transactions in the Guidelines on TD, it is clear that public entities deal mainly with the abridged TD. Since 2019, the abridged TD has a structural form.

The Guidelines on TD state that the abbreviated TD is kept in case of controlled transactions between taxpayers who are a consolidating entity or a consolidated entity pursuant to Article 22 a) of the Accounting Act (Article 3d) of the Guidelines on TD), and in case of controlled transactions between taxpayers with the direct or indirect participation of a state, municipality or HTU in property, control or management that is not a consolidated entity under the Article 22 a) of the Accounting Act (Article 3 e) of the Guidelines on TD). The particular specification of the TD depends on a related party with which is the controlled transaction carried out and on the tax situation in terms of the riskiness of the transaction. Therefore, the obligation to keep the basic and full-range TD is also not excluded.

The range of TD of entities of the public administration is simplified, since the entities are obliged to keep the TD only for the purpose of a controlled transaction with:

- a competent administrator of a chapter of a state budget, higher territorial unit and municipality or with a budgetary organization, contributory organization founded by the state, higher territorial unit and municipality;
- a legal entity, in which a taxpayer has an interest in the property;
- a legal entity, in which a competent administrator of a chapter of a state budget, higher territorial unit and municipality or a budgetary organization, contributory organization founded by the state, higher territorial unit and municipality and other legal entities have an interest in the property.

Entities of the public administration keep the TD only about significant transactions like other obliged entities. A material transaction is a transaction meeting the materiality characteristics according to Article 17 (9) of the Accounting Act. The classification of controlled transactions according to materiality is carried out by a taxpayer itself based on surrounding circumstances. The proof of an immateriality of controlled transactions is always on the part of a taxpayer. From 2019 with the possibility to apply on transactions executed in 2018, there is no legal obligation to document insignificant controlled transactions. However, there is no legal possibility of concealing these transactions, since a taxpayer is obliged to report them properly in the tax return for the relevant tax period. Unless a taxpayer does so, the tax authority may ask to submit abridged documentation referring to these transactions. This obligation is also applied to public administration entities.

CONCLUSION

The basic principle of transfer pricing is the arm's length principle, which is based on a comparison of the conditions agreed in controlled transactions between related parties with the conditions that would be agreed between independent parties in comparable transactions under comparable circumstances in relevant periods. The conditions are comparable if there is no significant difference between them or if the impact of these differences can be eliminated. If we assume that one of the basic attributes of the tax system should be the equity parameter, it is logical that the arm's length principle is also applied to economic transactions that are carried out between public administration entities, even though this sector of the national economy exists primarily for purpose of providing public goods. However, only transactions carried out by related public administration entities are subject to transfer regulation, with at least one of the parties is a taxpayer with the income according to Article 6 of the ITA or a legal entity carrying out business activities and achieving tax incomes (revenues) from this activity. An exception to "normal transfer regulation" is the simplification of the conditions for keeping TD and acceptance of non-compliance with the aforementioned principle, if it is proven to be a public interest transaction with a positive impact on public funds.

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DIGITAL LITERACY AS THE KEY ASSUMPTION FOR THE ELECTRONIC STATE AND PUBLIC ADMINISTRATION

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Abstract: *The issues of electronization of state and public administration are among the hottest problems of the present time, both at the European and national levels. In addition to the very preparedness of the elements of state and public administration, an important aspect is also the readiness of the population itself for this change, ie its computer and digital literacy. In this paper, the authors present possible approaches to measuring these skills. After a brief overview of the genesis of computer literacy and consequently digital literacy, authors define a personal digital index. They introduce it as measure covering single components, which in common synergy create a general digital competence.*

Keywords: *computer literacy, information society, e-Government, electronic state administration.*

1. INTRODUCTION

The term e-government generally refers to the automation of interactions between state administration authorities and citizens and between state administration authorities. Software and other tools designed to facilitate this collaboration are expected to assist in the execution of a variety of transactions, making these transactions faster, simpler and therefore more efficient. This undoubtedly requires the development of infrastructure and the achievement of universal access to high-speed internet for all. On the part of the state, this means, in particular, the development and deployment of the necessary technologies. But this coin also has the other side, which is the readiness of society itself for this change. This is mainly reflected in the mastery of the skills and competences to work with these tools, which can be summarized under the overall concept of digital literacy.

Before we begin to specify the concept of digital literacy, let us look briefly at the evolution of the concept of literacy from its beginning. Most dictionaries, for example, such as (Oxford), define literacy as the ability to read and write. In this way, the beginnings of literacy date deep into the history of mankind, into the period of the lettering origins in ancient Egypt and Mesopotamia. Although it does not seem at first glance, we can already see there the beginnings of computer literacy. We can perceive the knowledge of writing as the ability to process and record information while reading as the ability to decode the recorded information.

Since then, the concept of literacy has undergone relatively turbulent developments. Although the concept of perception of literacy as an ability to read and write, first only in Latin, later in any language, lasted quite a long time, there was a significant shift. After the Reformation period, literacy is no longer perceived only like the ability to distinguish or identify individual letters, but as the ability to read a longer text fluently with comprehension to its content. The first extension of the literacy concept was numeracy, which became part of education in so-called trivial schools. There was a further shift in the twentieth century when the notion of literacy with various adjectives began to emerge.

At present, the concept of literacy is already understood more widely and is called functional literacy. The change in the understanding of the term is due to the fact that the term literacy reflects society's demands for individual competence. However, these requirements change over time. Thus, the ability of a person to actively participate in the world of information is considered functional literacy.

The word 'literacy' has begun to be used in a much broader, metaphorical sense, to refer to other skills and competencies, for example 'information literacy', 'visual literacy', 'media literacy' and 'scientific literacy' (UNESCO, 2006). The modern term's meaning has been expanded to include the ability to use language,

numbers, images, computers, and other basic means to understand, communicate, gain useful knowledge, solve mathematical problems and use the dominant symbol systems of a culture.

2 DIGITAL LITERACY

The concept of digital literacy, as is now commonly used, was introduced by Paul Gilster in a book with the same name (Gilster, 1998). In this publication, Gilster did not provide a list of skills, competencies or attitudes that represent digital literacy. He explained this notion more or less generally as the ability to understand and use information from different digital sources and he considered it simply as literacy in the digital age. It is thus the current form of traditional literacy as such - the ability to read, write and otherwise deal with information through technology.

The phrase "digital literacy" has been used throughout the 1990s by many authors who basically perceived it as being able to read and understand the information in hypertext or multimedia formats that became available at that time (eg Bawden, 2001). Another concept was presented by Lanham (Lanham, 1995), who considered digital literacy to be a kind of "multimedia literacy" that differs significantly from traditional literacy. He argued that a digital resource can generate many different forms of information – text, images, sounds, etc. – and therefore a new form of literacy is needed for meaningfully perceiving these new forms of information presentation. While this is certainly an important aspect of the wider concept of digital literacy, it is too restrictive and probably too influenced by the technology of its time and therefore does not have the same steady-state value as the wider Gilster concept. Several new concepts are proposed by Eshet (Eshet, 2002), who, similarly like Gilster, concludes that digital literacy must be more than just the ability to use digital resources effectively; it is a distinctive approach to problem-solving and a distinctive way of thinking. Some authors gradually conclude that in the scope of digital literacy we have to solve the need to evaluate online content (for example, Warlick, 2005). However, these formulations still focus on technical "know-how", which is relatively easy to acquire and on capabilities that are likely to become obsolete quite quickly. Most of these discussions seem to assume that information can be easily judged by their factual accuracy. From this aspect, a digitally literate is a person who is able to search effectively, who compares multiple sources and effectively separates relevant sources from irrelevant (Livingstone et al., 2005, p. 31).

3 PERSONAL DIGITAL INDEX

We have to state that these functional approaches to the characterization of a digitally literate person concentrate on working with information and content filtering. However, there is a lack of important issues regarding the selection of appropriate technical means for the needs and intentions or issues of network security, not only in terms of external threats, but also the protection of personal data and personal data. For our purposes, we will consider as a digitally literate individual a person, who is able to choose the appropriate hardware and software tools that enable him/her to solve common life situations, find, sort, and disseminate the necessary information, without compromising his/her own security and effectively protecting his/her privacy.

If we want to talk about the level of digital literacy in society, it is necessary to look for tools to measure it. To do this, it is necessary to clarify what competencies and skills a digitally literate individual should have. Individual components of digital literacy we can define as the following competencies:

- Hardware skills
- Software skills
 - a) Working with office applications.
 - b) Image, sound and other multimedia processing and editing.
 - c) Working with databases and data mining.
- Networking skills
- Security skills.

Based on these areas, a personal digital index (P-Dig index) can be introduced that measures knowledge and understanding which enable sound decision-making about the tools used and solving the problems. The P-Dig Index relates to common situations that individuals encounter when they use digital devices. In that sense, it can be viewed as a gauge of "working knowledge." Let us now describe in more detail the content of the components of the introduced P-Dig index.

Hardware skills. A digital literate individual should be able to choose the appropriate technical means to solve the problem. Today, we can see prevailing tendencies, especially among young people, to handle all

the needs with a mobile phone or a smartphone. However, it should be clear that most functions cannot be matched by special devices. With its memory capacity, it cannot be matched with a laptop, for example, it is not possible to make photos that are qualitatively comparable to a digital camera or a reflex camera. Also, the limiting size of the display unit imposes some limitations on use, but there are individuals who are willing to process the diploma thesis on a mobile device. It is also necessary to become familiar with the connectivity of external devices, to understand the basic technical characteristics of the device, to understand the units eg for memory capacity, processor speed, resolution of graphics devices and the like.

Software skills. This is especially about the ability to choose a suitable software tool to solve the problem. In this context, each individual needs to know some word processing software, some spreadsheet, database tools basics, and database information storage, a presentation tool, and a graphics editor. Due to the extreme expansion of digital photography and video, tools for processing digital photos and multimedia material editing can be added. (Although these elements may already be viewed as an individual extension beyond basic literacy). Especially in the area of software skills, we make giant mistakes, as we try to tie them to handling the particular software tool. For example, when processing text, where we should focus on "how a computer-typeset text should look like", the functionality of a particular tool lays in the center instead. It is absolutely indifferent what instrument is used by the concrete individual. In fact, education should not lead to product dependence but to the possibility of free choice.

Networking Skills. Almost everybody encounters communication in the network today. Digital literacy should, therefore, include the ability to work with a mail client, the ability to write an e-mail. The second major component of network literacy is controlling an internet browser for the need to track web content and fill in and submit a web form with it, as digital communication with the public and public administration is becoming a matter of course. We cannot forget about shopping in e-shops, which also become a common part of our lives. Whether we like it or not, the ability to communicate in social networks has already become part of network literacy.

Security Skills. Security is becoming one of the most important aspects of digital literacy and is closely linked to the operation of computer networks. If in the past it was necessary to get into the building to steal the sensitive data in the same way as by any other theft, our computers are much more vulnerable in case of network traffic, and it doesn't have to be only a question of secrecy. For example, the issue of secure payment is already a significant issue for e-shop purchases, as internet banking users should be cautious and secure the encrypted transmission of login data. Also, the virtual world of social networks brings with it many dangers, as we often do not even realize that we are communicating with a virtual personality who can be completely different from who he feigns to be. In doing so, we will blithely reveal even the most private and intimate details, which often ends in blackmail and not rarely also by death. Also, the use of mobile devices poses a security risk. Because of their small storage capacity, they often use cloud services, which means that our data is stored in a foreign computer in a completely unknown location. A digital literate individual should also know such terms as hoax, fishing, and so on, and be able to identify them before ill-advisedly acting under their influence.

4 P-DIG INDEX MEASURING

The purpose of measuring the P-Dig index is to allow feedback to be used in the learning process. If we do the measurements in the early stages of higher education, we can provide feedback to lower-level schools, but the results can be used to set the concept of higher education.

It follows that the content of the P-Dig index is multi-layered, so it is clear that its measurement can be done in many ways. Being inspired by our own experience from the research of the financial literacy (see Kozubík et al., 2017, Kozubíková, 2015), we have designed the questionnaire research. So we need not to start with a blank slate.

Our questionnaire is designed to detect some socio-demographic information, self-reflexion and personal characteristics and of course the digital competences itself. In the first part, we ask about data as age, gender, county of residence and its size, the highest completed education level and its type. Further, we are interested also in the self-reflective assessment of own digital competencies and skills. In the scope of personality traits, we mainly examine technology anxiety, cognitive reflection, and self-efficacy of the respondents. These questions are answered by a sign on the scale from 0 to 10 that expresses the degree of the acceptance of a given statement. Finally, the questions concerned in the digital literacy itself are

presented in the form of multiple choice questions with four answer options. Only one of the options is correct, two are incorrect and one is "I don't know" option.

5 RESULTS

Based on the proposed procedure, we conducted a short pilot survey of a small group of students at both of our faculties. The survey included 60 respondents at each workplace. The resulting percentages of responses are summarized in Table 1 and are graphically presented in Figure 1.

Table 1: Results of the pilot research. Percentages of the answers in single categories. (Source: own processing)

Category	Percentages of answers		
	Correctly	Incorrectly	I don't know
Hardware skills	32%	50%	19%
Networking skills	39%	48%	13%
Security skills	33%	47%	20%
Office applications	63%	30%	7%
Image, sound and other multimedia	62%	26%	12%
Databases and data mining	43%	40%	17%
Software skills	57%	29%	14%

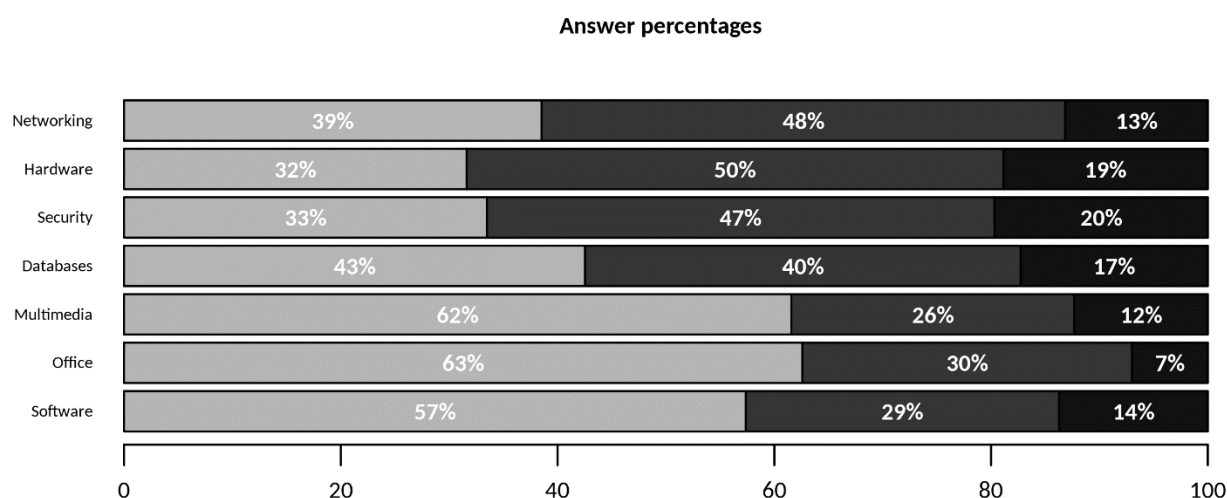


Figure 1: The bar plot of the percentages of answers in single categories. Light grey are assigned correctly answered questions, dark grey incorrectly answered questions and black the percentages of "I don't know" answers. (Source: own processing)

From these results it is clear that the skills are very non-uniformly distributed across all categories. It can also be seen that respondents trust themselves mostly in areas that have been present in education or come into contact with them daily. However, even in these categories, more than one third of the answers are incorrect or "I do not know". This is a very unsatisfactory result. Moreover, the data are distorted to some extent by the fact that the students of the IT study fields participated in the survey on both faculties. For this group we are preparing a specific survey with higher requirements due to their professionalism.

From the point of view of the introduction of electronic state administration, it is alarming that in the area of safety and networking the lowest level of competences has been shown. Research has confirmed that, despite the almost permanent presence of young people on social networks, this does not yet create the prerequisites for the quality and safety of networking. Equally weak was the knowledge of the selection of suitable technical equipment, which was included in the item hardware. This category was the only one, where 50% of the incorrect answers has appeared.

6 CONCLUSIONS

Most of the digital competence surveys conducted so far concentrate on mastering specific software tools or verifying mastery of rewritten by the curriculum. This makes them not a fully entirely appropriate benchmark for verifying overall digital literacy. The concept of the P-Dig Index proposed in the paper differs precisely in the potential of comprehensive verification of digital skills, whether acquired in the educational process or through the use of own expanding self-study. This ambition of the P-Dig Index was also confirmed by the pilot survey, which also pointed to its feedback features, which allow for a response to the weaknesses identified by adjusting the training program. So it provides the basis for the conception of education both at the university and at lower levels.

The research results also bring knowledge for the field of information technology education. If an e-government building project is to be launched in a relatively short period of time, its success is also determined by the population's readiness to use these services effectively and safely. It is therefore essential to run awareness-raising courses in parallel with the creation of a technical basis for e-Government, not only in the education system, but also for the wider public across generations. In doing so, however, it is also necessary to focus on the general rules for working with information technology and not on mastering a specific tool. They can and will evolve and change over time, but the key principles of work will be preserved.

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COMMON RISK FACTORS OF THE CRYPTOCURRENCY YIELDS VOLATILITY WITHIN THE CONTEXT OF THE VALUE OF NATIONAL CURRENCY

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Abstract: *A cryptocurrency is considered as a digital asset that uses strong cryptography to secure financial transactions, control the creation of additional units, and verify the transfer of assets. The anonymity of transactions with cryptocurrencies is attractive, for example, to the financing of terrorism, the proceeds of crime or tax evasion. Therefore, their development cannot remain outside the attention of state and public administration. During a relatively short period of their existence, cryptocurrencies have become a full-fledged investment tool. Recently, we could observe a sharp growth in the cryptocurrencies value that was followed by a similarly sharp decline. The aim of this study is to examine the number of factors that explain the changes in the yields. In order to determine the number of essential factors that explain the changes in the yields, we apply the techniques of the multivariate factor analysis. Consistent with the traditional currencies it is found that three factors are sufficient to explain most of the historical volatility.*

Keywords: *cryptocurrency, yield volatility, factor analysis, principal components, public finance.*

1. INTRODUCTION

The cryptocurrencies are probably the most controversial investment assets. There are many uncritical supporters but they also have many enthusiastic critics. In all cases, we can observe that cryptocurrencies have become a full-fledged investment tool. In particular, the transition of 2017 and 2018 was characterized by the big dynamics of the cryptocurrency market. It started with a sharp increase in their prices, but it was followed by the same sharp decline.

There are many, more or less detailed, definitions of cryptocurrency. We can generally say that cryptocurrency is a digital currency in which encryption techniques are used to regulate the generation of units of currency and verify the transfer of funds, operating independently of a central bank. How stated in (Chohan, 2017) "At its simplest, a cryptocurrency can be thought of as a digital asset that is constructed to function as a medium of exchange, premised on the technology of cryptography, to secure the transactional flow, as well as to control the creation of additional units of the currency." A very detailed formal definition of the cryptocurrency gives (Lansky, 2018). It is defined there exactly as the system that meets 6 conditions. But the cryptocurrency research was started much sooner than the first cryptocurrency was released. In 1983, the American cryptographer David Chaum (Chaum, 1983) drew up the first digital currency system. The cryptocurrency was determined as the only currency with three features: ensuring pseudo-anonymity, independence from central authority and double spending attack protection. How stated in (Narayanan et al., 2016), it took next 25 years, while the first cryptocurrency ensuring all three features in the same time was available.

Analysis of cryptocurrencies and transactions with them is also important for state and public administration authorities. The anonymity of these transactions, as well as the ability of cryptocurrencies to save the value in the form of investment assets, are attractive, for example, to the financing of terrorism, the proceeds of crime or tax cuts. More and more regulators are worrying about criminals who are increasingly using cryptocurrencies for illegitimate activities like money laundering, terrorist financing, and tax evasion. Despite, the Anti-money laundering and terrorist financing, AMLD5 includes a definition of virtual currencies, and subjects virtual currency exchange services and custodian wallet providers, a number of key players in cryptocurrency markets are not included in its scope.

This research deep dives into the latter development in the cryptocurrency markets. We will analyze the returns of the investments into the most market capitalized cryptocurrencies, from the point of view of the common risk factors influencing their volatility.

2. DATA AND METHODS

In order to realize the analysis we obtained the data from the CoinMarketCap portal (<https://coinmarketcap.com/>). This source provides data on exchange rates for a total of 2100 cryptocurrencies, with USD as the counter currency. The data set is provided on a daily basis starting on April 28, 2013. Certainly, in the case of the currency that starts later, the data are provided since the day on which the relevant coin was commenced. For purposes of our analysis, we have selected ten cryptocurrencies according to the highest market capitalization. Explicitly, these were the following cryptocurrencies: Bitcoin, Ethereum, EOS, Litecoin, Cardano, Dash, Dogecoin, Monero, Nem, and Neo. The data was downloaded on October 8, 2018. So, our dataset contained samples in length from 439 values for the shortest record of Cardano exchange rates to the longest series of 2056 rates for Bitcoin or Litecoin.

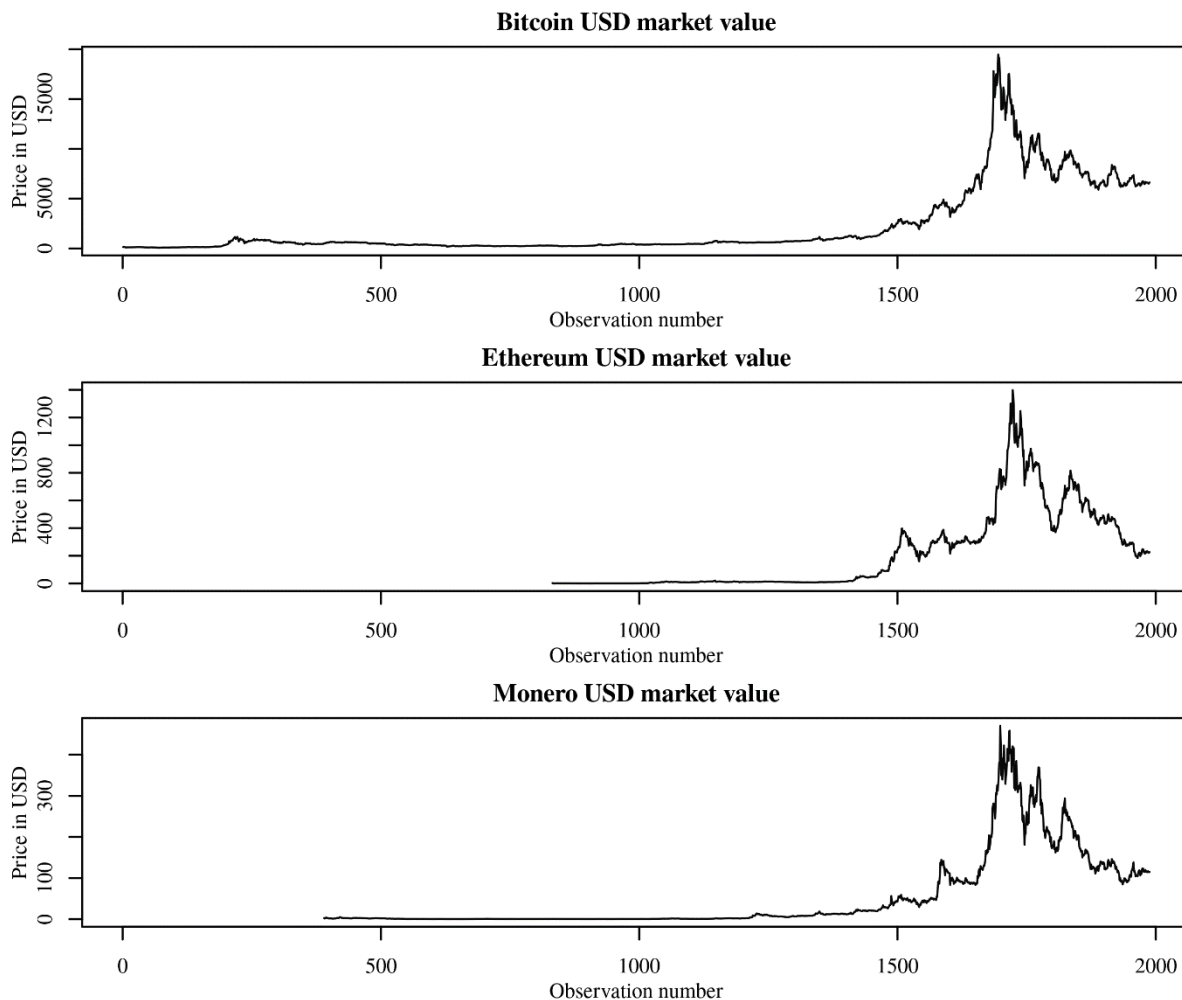


Figure 1: The exchange rate development of three selected cryptocurrencies. (Source: own elaboration)

Figure 1 illustrates the exchange rate development of three cryptocurrencies, Bitcoin, Ethereum, and Monero. There we can easily observe that the exchange rate development for all three selected currencies was very similar. Here are easily visible peaks on the break of the year 2018. In the case of the other selected currencies, we could observe almost the same development. Therefore, it is reasonable to expect the rates of return on investments in individual cryptocurrencies are influenced by common factors.

Let us denote as P_t the USD exchange rate of the cryptocurrency at time t . The yield y_t of the investment during the period from t to $t + 1$ we compute by formula:

$$y_t = \frac{P_{t+1} - P_t}{P_t}. \quad (1)$$

Computing the yields by formula (1) and consequently their changes on daily basis, we obtained new data set. In order to determine the factors that explain the substantial part of the yield volatility, we have applied the multivariate factor analysis on this newly obtained dataset. That means, we supposed the changes in the yields in the form:

$$\Delta y_{ct} = \sum_{i=1}^n \alpha_{ci} F_{it} + \varepsilon_{ct}, \quad (2)$$

where:

Δy_{ct} is the change in the yield of the investment in cryptocurrency c at time t ,

F_{it} is the value of the i -th independent random factor at time t ,

α_{ci} is the factor loading for the i -th factor for cryptocurrency c

ε_{ct} is the error term, representing the volatility unexplained by the factors.

Here are three methods that are applied in order to state the number of explaining factors. The Kaiser-Harris criterion suggests retaining the components with eigenvalues greater than 1. The Cattell scree test is based on plotting the eigenvalues against their component numbers. Such plots typically demonstrate a bend or elbow, and the components above this sharp break are taken into account.

3. RESULTS

Due to high volatility and dynamics of the cryptocurrencies market in the last year, we have analysed the whole-life period and last year period separately. Table 1 presents the essential statistics of the sample.

Table 1: The essential sample characteristics of the yields. (Source: own elaboration)

Currency	Yield				Change in the yield			
	Mean	Median	St.dev.	Max	Mean	Median	St.dev.	Max
Bitcoin	0.003	0.002	0.044	0.435	0	0	0.062	0.572
Ethereum	0.005	-0.001	0.073	0.497	0	0	0.099	0.758
EOS	0.007	-0.004	0.119	1.730	0	0	0.157	1.762
Litecoin	0.003	0	0.074	1.281	0	0	0.102	1.327
Cardano	0.006	-0.005	0.116	1.335	0	-0.002	0.156	0.953
Dash	0.007	-0.003	0.093	1.906	0	-0.001	0.130	1.660
Dogecoin	0.005	-0.003	0.095	1.894	0	0	0.125	1.414
Monero	0.005	-0.001	0.0785	0.764	0	0	0.124	1.414
Nem	0.001	0	0.107	1.911	0	0	0.110	0.646
Neo	0.011	-0.005	0.134	1.022	0	0.003	0.153	2.045

As the first step of the analysis, we computed the correlation matrices that are presented in the form of the heatmaps on Figure 2. The values of the correlation coefficients are colored so that darker color represents the higher absolute value of the correlation. There we immediately see that the yields during the last year were much stronger correlated.

Figure 3 presents the scree plots that we used to state the number of common risk factors that affect the yields volatility. When analysing the whole period, these scree plots show that some methods recommend two factors, and one method three factors to explain a substantial part of the volatility. Similarly, for the last year period, two methods state one factor to be sufficient and one method requires two factors. Therefore, we decided to use the higher numbers of the common factors.

All numerical calculations have been made using the R statistical programming environment with the psych package. We obtained the results that are summarized in Table 2. The corresponding root mean square residuals value (RMSR) of the model are 0.07 for the whole period three-factor model resp. 0.05 for the two-factor model valid for the last year. Both values confirm the corresponding models are sufficiently accurate. In both cases the models explain 75% of the total yields volatility.

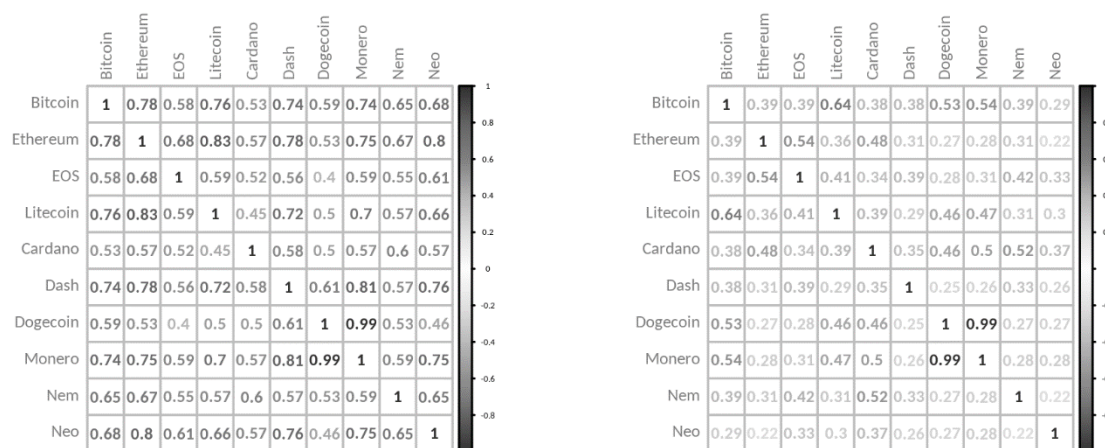


Figure 2: Correlation matrices of the yields presented as the heatmaps. The last one year on the left side, on right the whole-life period. (Source: own elaboration)

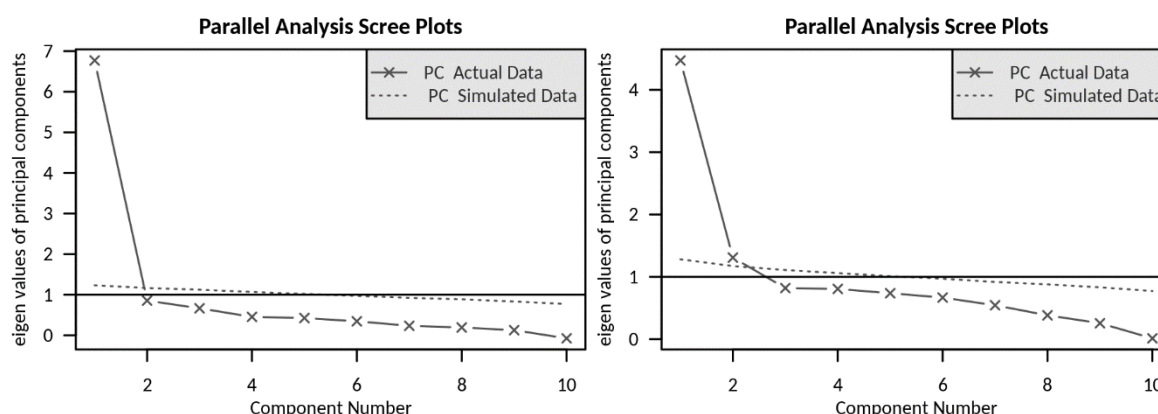


Figure 3: The scree plots for stating the number of the principal components. The last year period left, the whole life in the right. (Source: own elaboration)

Table 2: The factor loadings obtained by the principal component method with three explaining factors for whole time period and two factor for last year. (Source: own elaboration)

Currency	Whole period factor loadings				Last year factor loadings		
	α_1	α_2	α_3	Uniqueness	α_1	α_2	Uniqueness
Bitcoin	0.71	0.47	-0.06	0.269	0.76	0.43	0.24
Ethereum	0.83	0.27	0.27	0.175	0.86	0.36	0.13
EOS	0.68	0.04	0.36	0.407	0.79	0.15	0.35
Litecoin	0.77	0.26	0.26	0.274	0.78	0.33	0.27
Cardano	0.24	0.49	0.53	0.425	0.60	0.37	0.49
Dash	0.76	0.28	0.08	0.344	0.70	0.52	0.23
Dogecoin	0.27	0.90	0.15	0.086	0.24	0.97	0.01
Monero	0.34	0.88	0.18	0.070	0.52	0.86	0.02
Nem	0.72	0.34	0.22	0.311	0.71	0.33	0.38
Neo	0.21	0.12	0.88	0.161	0.81	0.32	0.23

We can interpret these factors as factors that explain different types of changes in the yields. The first factor affects all currencies in the same positive direction, therefore, we can interpret it as a parallel shift factor. Similarly, the second factor has a positive effect on all yields, but there are greater differences as in the case of the first factor. For some currencies, it is very close to zero. Therefore we interpret the second factor as

the "curvature" factor.

Finally, the third factor has the opposite effect on Bitcoin than on the other currencies. We can interpret it as a "slope" factor since it changes the slope of the rates of return. How demonstrates the analysis of the last year period, only two factors are enough in the time of the strong shocks on the market. How demonstrates the analysis of the last year period, only two factors are enough in the time of the strong shocks on the market. It shows, that the changes in the yields are more strongly driven by the shift and curvature factors.

4. CONCLUSION

We have analysed the changes in the yields that are given by variation of the exchange rates of the top ten cryptocurrencies versus the U.S. Dollar. From our analysis of almost four and a half years of data, it is clear that the changes in the yields are highly correlated. This correlation is increased in the period of big turbulences, what corresponds with the results of (Gkillas, Bekiros & Siriopoulos 2018) or (Tomaso, 2019). Using the multivariate factor analysis and principal components method we have seen, that there exist three common factors explaining most of the volatility risk. Compared with overseas studies (see for example Bolder, Johnson & Metzler, 2004, Ceballos 2014, Juneja 2012), the cryptocurrency yields volatility can be, similarly as the yields of other "standard" currencies, explained by three or only two factors in the period of the turbulences in the market. It means, that a multi-factor models has to be used for pricing and immunization. This result corresponds with (Abraham & Tao, 2019), who have analysed the broad set of all, more than 2000, cryptocurrencies present on the market.

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CUSTOMER-ORIENTED ANAGEMENT IN THE CORPORATE SECURITY SYSTEM OF THE BUILDING INDUSTRY ENTERPRISES

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Abstracts. *The paper is devoted to solving an important scientific problem of formation of information and analytical support of client-oriented management in system of corporate security of construction industry enterprises. The conceptual apparatus for corporate security of enterprises is developed in depth, taking into account the essence and content of client-oriented management. The tendencies of development of construction industry corporate enterprises in Ukraine are generalized. The level of corporate security of construction industry enterprises of Ukraine according to the selected functional components, taking into account the marketing component, is assessed. The conceptual model of information and analytical support for client-oriented management in system of corporate security of construction industry enterprises is developed. The methodical approach to modeling the security index of client-oriented management as an element of the marketing component of corporate enterprise security is improved.*

Key words: *corporate security of an enterprise, client-oriented management, threats, informational and analytical support, corporate enterprises of construction industry.*

Relevance of the research topic. One of the directions of ensuring a high level of corporate security is timely assessment of threats to the marketing environment of the enterprise in order to reduce their negative impact on the activity of the enterprise, which operates under the conditions of influence, on the one hand, economic, demographic, political, scientific, technical, natural and climatic factors and factors of the cultural environment, on the other hand, the effectiveness of its activity depends largely on the microenvironment (suppliers, intermediaries, consumer behavior, actions of competitors and contact audiences). The world experience proves that the introduction of client-oriented management, which is relatively new for the domestic construction industry, is promising for improving the competitiveness and speed of response to changes in the market situation. The problems of this spectrum are especially relevant in the context of economic integration into the global and interregional economic systems, the emergence of new aggressive forms of competition, changes in consumer behavior in the market.

The construction industry is a reflection of the expectations and ability of consumers (customers) of construction products, which makes it expedient to use customer-oriented technologies to stimulate solvent demand. Construction products are products of special demand, the cycle of making a purchase decision which is quite long and is characterized by a high degree of involvement of the consumer (customer) and a significant degree of rationality of this decision. In spite of the existence of a strong scientific base regarding the study of the marketing environment of the enterprise, the question of the choice of criteria and means of evaluation of client-oriented management in the system of ensuring corporate security of enterprises of the construction industry is unresolved.

The task of early detection, prevention and neutralization of threats to the marketing environment requires the use of modern information and analytical support of customer-oriented management for the implementation of sound strategic measures in the corporate security system of construction industry. Thus, the theoretical, methodological and applied importance of solving the problems outlined the relevance of the chosen topic, determined the purpose, objectives and direction of the study.

The purpose of the article is to develop theoretical and methodological provisions and substantiation of practical recommendations for the formation of information-analytical support of client-oriented management in the corporate security system of construction industry enterprises.

Research methods. The theoretical and methodological basis of the research was the scientific works of leading domestic scientists and foreign scientists-economists, legislative and regulatory acts of Ukraine in the field of improving the mechanism of corporate security of enterprises of the construction industry. In the course of the research the following methods were used: abstract-logical analysis - to identify patterns in the interpretation of basic concepts in the formation of theoretical aspects of ensuring corporate security of construction industry enterprises; systematic and statistical analysis - to analyze and evaluate the activity of construction industry enterprises; mathematical-statistical method of expert assessments - for modeling the integral indicator of client-oriented management security and the integrated level of evaluation of the efficiency of client-oriented management and forecasting the dynamics of development of the investigated processes; method of expert analysis - to establish the coefficients of significance of parameters in the model; graphical method - for visualization and schematic representation of theoretical and practical results of the study.

Main material. Problems economic security support of the companies were the subject of systematic and thorough research of many foreign and domestic scientists and economists, including general theoretical and methodological issues of studying the economic security of dedicated O.I. Baranovskij [1], Z.S. Varnalij [2], T.H. Vasytsev [3], N.I. Havlovska [4], V.M. Heyts, M.O. Kyzym, T.S. Klebanov, O.I. Chernyak [5], S.V. Kavun [6], G.V. Kozachenko, O.M. Ponomaryov, O.M. Lyashenko [7], O.Ya. Kravchuk and P. Ya Kravchuk [8], E.I. Ovcharenko, [9], S.M. Shcarlett [10] and others.

Summarizing the evolution of scientists' views on the concept of economic security of the enterprise, the imperative concepts in economic security distinguish the following approaches to the interpretation of the concept of "economic security of the enterprise":

- protective: as a state of protection of vital interests of the enterprise, the ability to withstand external and internal threats [2, 8] ;
- resource: as a rational, efficient use of available resources of the enterprise, ensuring stable functioning and dynamic development [5, 10] ;
- harmonization: as the degree of harmonization of the economic interests of the enterprise with the interests of other economic entities [4, 6, 7, 9] ;
- stability: how to ensure financial stability and profitability, financial balance, minimize the impact of threats on economic results [11] ;
- active: as ensuring the stability of economic development and stability of activity, the ability to respond in a timely manner to changes [1 2] .

Considering the above, in accordance with the modern practice of corporate governance, corporate security of enterprise is defined from the standpoint of harmonization approach as a state of harmonization in time and space of economic interests of all interested persons (employees, owners, suppliers, consumers of products (customers), partners (subcontractors), creditors, competitors, government bodies, etc.) and undertaking, which ensured compliance required by law rights and interests of interested persons, di stability and the ability to respond in a timely, adequate and substantial manner to changes in the internal and external environment, which, unlike existing interpretations, is seen as a result of the collective efforts of stakeholders, which guarantees the most effective cooperation and use of corporate resources of the enterprise to ensure the well-being of owners, competitiveness, profitability, and long-term economic development of corporate enterprises.

The study of various aspects of client-oriented management and its impact on the strategic indicators of the enterprise activity was devoted to the work of such foreign scientists as D. Alexandr, K. Anderson, F. Butle, K. Kerr, S. McLan, G. Roberts-Phelps and C. Torner and others.

In particular, D. Alexander and C. Turner [1 3] investigate new models of enterprise performance evaluation and value, in which their value to customers and their ability to meet customer requirements are key. The main client-oriented management and evaluation and value and customer value for the company investigated in the Battle of F. and S. Maklana [14]. These authors also explore the problems of providing information for customer-oriented management, namely, the need and main stages of creating customer bases. G. Roberts-Phelps [15] in his work examines the main stages of customer-oriented management implementation. K. Anderson and K. Kerr [16] investigate the main aspects of client-oriented management

strategy formation. A large number of scientific works is devoted to the study of the influence of client-oriented management on strategic indicators of enterprise activity [6-10]. Despite the considerable amount of research into the problems of client-oriented management, the issues of client-oriented management of construction enterprises are still unresolved, taking into account the specificity of their activity, as well as the impact of client-oriented management on the safety of corporate construction enterprises.

Therefore, it is advisable to study the features of the implementation of client-oriented strategic management of corporate construction enterprises and the development of information and analytical support for this process.

In order to ensure a high level of corporate security, it is necessary not only to increase the value of the enterprise for clients, but also the value of customers for the enterprise, which will help to increase the indicator of customer loyalty to the enterprise and the efficiency of the enterprise.

New enterprise value models for clients and clients for the enterprise today include estimation of the number of clients of the enterprise, the indicator of the client's value for the enterprise, the share of the client's costs, the client base and the estimated value of the "life time" of the client, as well as the estimation of the future value and profitability of the existing clients and opportunities businesses find new customers that fit the profile of good clients [13]. However, such evaluation criteria may not be exhaustive and may be supplemented or differentiated depending on the particular activities of the particular enterprise. In particular, the activity of construction companies in terms of customer interaction is characterized by the personification of the consumer, that is, each object is built for a specific consumer and in the construction process, the enterprise can take into account the needs and wishes of the client in the process of interaction with him. However, typical for the construction market enterprises are sales operations to the end consumer through intermediaries, when the enterprise does not have the direct ability to communicate with the end consumer. In such cases, in order to maintain its reputation in the market, a construction company needs to be guided by the general needs of consumers in the market during the construction process, which requires preliminary information gathering and analysis. The long construction cycle and the high cost of the final product also determine the relationship between the construction company and customers, which is the specificity of the payments for the final product and the long time between payment and receipt of the product. Therefore, when assessing the value of a construction company for clients, it is advisable to use such indicators as the number of recommendations given by the client to his acquaintances, the number of repeat purchase operations, the level of customer satisfaction with the product, the client's willingness to order related services from the construction company. Regarding the valuation of the client's value for the enterprise, it can be estimated by counting the new clients of the enterprise, attracted by the recommendations of this client, the amount and number of repeated purchase operations, the amount of related services ordered. Obviously, as the value of the enterprise for clients and clients for the enterprise increases, the level of corporate security of the enterprise will increase.

The simplest to calculate, the most logical in terms of customer-centric management, and the most commonly used in international practice [13 - 17] are the following two indicators of customer-oriented management such as: CSAT (Customer Satisfaction Score) or CSI (Customer Satisfaction Index) - customer satisfaction index and NPS (Net Promoter Score) - customer loyalty index.

When calculating the Customer Satisfaction Index (CSI) for construction companies, we propose to consider and evaluate three areas of their work and, accordingly, to calculate the following indices: Enterprise Satisfaction Index (CSI1), Business Process Satisfaction Index (CSI2), and Enterprise Staff Satisfaction Index (CSI3).

The Customer Loyalty Index (NPS) determines the commitment of customers to a product or company, that is, to measure customer loyalty.

Consumers are asked to indicate on a scale from 0 to 10 how likely they are to recommend a company / product / service. As a result, all respondents are divided into three groups:

- Promoters (9-10 points) - loyal customers, ready to recommend;
- Passive (7-8) - passive customers who are generally satisfied but unwilling to recommend;
- Dissatisfied / Detractors (0-6) - not satisfied with property shortage will not recommend [18].

The NPS is calculated as the difference in the number of promoters and dissatisfied. The higher it is, the higher the customer loyalty.

Both the Customer Loyalty Index and the Customer Satisfaction Index are determined by a customer survey, which can be ensured by conducting a customer survey, where they will be able to evaluate their attitude to the enterprise on a ten-point scale. The findings are then analyzed by experts and the relevant indicators calculated based on the answers to the questions.

SCI (Secure Customer Index) - Customer Reliability Index extends NPS capabilities and allows you to explore customer loyalty in greater detail.

The Customer Reliability Index correlates with such performance indicators as profitability, market share, and customer loyalty ratio. The customer loyalty ratio increases with the increase in the customer reliability index.

The Secure Customer Index allows you to identify customers by the following categories:

- safe customers - 0.9-1.0: loyal and satisfied customers;
- favorable customers - 0.8-0.899: satisfied customers;
- vulnerable customers - 0.7-0.799: disappointed, ready to move to competitors;
- at- risk clients <0.7: use the services of a competitor [19].

Thus, global experience convincingly demonstrates the feasibility and perspective of using a customer-centric approach in corporate management practice, as it allows us to better understand the needs of consumers and satisfy them better than competitors, while increasing the competitiveness and speed of response to changes in the market will enhance corporate security.

To assess the impact of customer-oriented management to corporate security carried modeling safety index customer-oriented management as part of the marketing component of corporate security through the integration of three factors: CSI (Customer Satisfaction Index) - index of customer satisfaction, NPS (Net Promoter Score) - index loyalty Customers and SCI (Secure Customer Index) - Customer Reliability Index by the formula (1).

$$I_{cosm} = 0.25 I_{cl} + 0.5 I_{cs} + 0.25 I_{cr}, \quad (1)$$

where I_{cosm} - is the Client-Oriented Security Management Index; I_{cl} - Customer Loyalty Index; I_{cs} - Customer Satisfaction Index; I_{cr} - Customer Reliability Index.

The calculation of the customer satisfaction index, taking into account the specifics of the construction business, is proposed to be carried out with the formula (2):

$$I_{cs} = 0.5 I_{es} + 0.3 I_{srpb} + 0.2 I_{ss}, \quad (2)$$

where I_{cs} is the customer satisfaction index; I_{es} - enterprise satisfaction index; I_{srpb} - index of satisfaction with related business processes; I_{ss} is a staff satisfaction index.

The methodical approach to the complex assessment of the corporate security level of construction industry enterprises by functional components (formula 3) is proposed:

$$I_{ies} = 0.2 FinS * 0.2 TechS * 0.1 PerS * 0.05 InfS * 0.1 PLS * 0.1 EnvS * 0.1 FB * 0.15 MB \quad (3)$$

where I_{ies} is an integral indicator of economic security; $FinS$ - financial security; $TechS$ - technical and technological security; $PerS$ - personnel security; $InfS$ - information security; PLS - Political and Legal Security; $EnvS$ - environmental safety; FB - physical security; MB - Marketing Security.

In the process of analysis, it is established that according to the State Committee of Statistics of Ukraine construction is an industry that is constantly developing and during the last five years is characterized by a gradual increase in the volume of completed construction works from 51108.7 million UAH in 2014 to UAH 141213.1 million. in 2018 Housing commissioning in Ukraine in 2018 decreased by 5.7% compared to 2017 and is 8.689 million square meters. meters. The cost of construction works in 2018 increased by 23% compared to 2017.

In the study, the testing of the proposed approach was carried out on the example of five typical corporate enterprises of the construction industry: JSC "Trust Zhytlobud-1" (Kharkiv), TD "Zhitlobud-2" (Kharkiv), JSC "Kuryazhsky House-Building Complex" (Kharkiv), JSC "IBK" AVANTAGE" (Kharkiv), JSC "Scientific and Production Association "Creator" (Dnipro). During the study it was found that all enterprises operate within

the big city, which causes a constant stable demand for construction products *riyentuyetsya* at its own segment within the construction market (investors, developers, users, sites, end users). Payments made on the basis of analysis reports for the period 2011-2017. for each company by the formula (3) (Table. 1).

Table 1: Dynamics of the integral indicator of the corporate security level of construction industry enterprises

Рік Підприємство	2011	2012	2013	2014	2015	2016	2017
АТ «Трест Житлобуд-1»	2,38	2,12	2,44	2,33	2,59	2,45	2,46
ТДВ «Житлобуд-2»	2,21	2,16	2,32	2,06	2,41	2,27	2,45
ПрАТ «КДБК»	2,21	1,9	2,03	1,94	2,11	2,3	1,77
ПрАТ «ІБК «АВАНТАЖ»	2,26	1,94	2,11	1,95	2,26	2,01	1,96
ПрАТ «НВО «Созидатель»	2,29	2,54	2,35	2,51	2,31	2,36	1,99

Based on the results obtained, the level of corporate security of all enterprises is quite normal. According to calculations carried out revealed that the level of corporate Safety of Eka selected enterprises a significant impact made technical and technological and marketing components of security and therefore require further her attention.

Based on the obtained results, JSC Trust Zhytlobud - 1 is the highest indicator of corporate security at the beginning of 2018, the lowest is of KSCC PJSC, and financial, technical, technological and marketing security has the greatest influence on the formation of the level of corporate security.

Specificity of construction products is reflected in the features of client-oriented management in the field of construction, which significantly affects the level of corporate security of the construction company, among which can be distinguished: the presence of heterogeneous market segments, both geographical, economic and psychographic; high risk of operations in the minds of consumers (customers) due to the high capital intensity of the construction product; the need for long-term communicative exposure with the use of personal selling techniques, etc.

Set I enny the dependence of corporate security settings of security makes the marketing feasibility identify the most important target audience for the performance of construction products through communication software sales of building products using technology customer-oriented management.

Based on the study of international practice of evaluation of client-oriented management and taking into account the specifics of corporate enterprises of the construction industry, a conceptual model of information-analytical support of client-oriented management in the corporate security system consisting of information and analytical components was developed.

As a result of the research, considering the dominant influence of the client-oriented component on the corporate security of the construction industry enterprises, two components were included in the information component of the database of information and analytical support of the client-oriented management:

- a database for consumers (customers), which provides information to consumers (customers) through communication channels about the characteristics of the production of the enterprise and the duration of the construction process, the quality of materials used in construction, as well as features of pricing. These indicators are the most important when choosing a construction company for the majority of consumers (customers), which is confirmed by studies of the international construction markets;
- a database of consumers (customers), in the formation of which it is necessary to conduct marketing research to determine the wishes and priorities of potential consumers (customers) of a construction company and to conduct competitive intelligence on the advantages and disadvantages of the main competitors in the construction market, which allows, taking into account the information received, create construction products with the highest possible value for potential consumers. When forming a database regarding the wishes and priorities of consumers (customers), it is advisable to conduct a survey of both real and potential consumers (customers) with the subsequent analytical processing of the results obtained. According to the results of the recalculation of the integrated corporate security index, taking into account the value of the client-oriented management security

index as a part of the marketing security indicator, it is proved that the implementation of the proposed approach contributes to improving the quality of the corporate security decisions taken by construction industry enterprises. Thus, taking into account the security index of customer-oriented management when recalculating the marketing security indicator on the example of JSC Trest Zytlobud-1 allowed to obtain the following results; reduction of the marketing security index by 10% and reduction of the integrated corporate security indicator by 1-2% (Table 3), which indicates the need to improve the system of client-oriented management of JSC Trest Zytlobud-1.

Table 3: Assessing the Impact of Client-Oriented Governance Security Index on Changing Marketing and Corporate Security Indicators by Example
Trest Zhytlobud - 1

Nº	Indicator	2011	2012	2013	2014	2015	2016	2017
1a	Marketing Security	2,67	2,67	2,67	2,67	2,67	2,67	2,67
1b	Marketing Security (Considering Customer Safety Oriented Security Index)	2,57	2,57	2,57	2,57	2,57	2,57	2,57
	Changes	- 0,1	- 0,1	- 0,1	- 0,1	- 0,1	- 0,1	- 0,1
2a	Integrated corporate security indicator	2,38	2,12	2,44	2,33	2,59	2,45	2,46
2b	Integrated Corporate Security Indicator (Considering Client-Oriented Security Management Index)	2,37	2,1	2,43	2,31	2,58	2,44	2,45
	Changes	- 0,01	- 0,02	- 0,01	- 0,02	- 0,01	- 0,01	- 0,01

According to the results of the evaluation of the efficiency of the client-oriented management of enterprises of the construction industry on the example of JSC "Trest Zhytlobud - 1" it is established that the lowest indicators of client-oriented management are observed by such components as awareness of the activity of the enterprise and improvement of the adjoining territory. The level of customer satisfaction with the quality of construction works and materials is also low.

Thus, as a result of the research, it is proposed to formulate a strategy of client-oriented management of corporate enterprises of the construction industry in three areas - analytical, operational and strategic, which allows to analyze the competitive advantages of the enterprise in terms of its real and potential customers (customers), to assess customer loyalty (customers) segmentation, which, together with the development of loyalty programs, will enhance the value of customer-centric management in the fostering corporate security. The application of client-oriented management technologies will help to build a portfolio of construction projects, taking into account the multi-vector directions of meeting the needs of consumers (customers) in the durability, reliability, safety, comfort of the purchased housing and take into account the emotional parameters of making a purchase decision.

CONCLUSIONS

On the basis of generalization of scientific approaches, the conceptual apparatus for ensuring corporate security of enterprises is taken into account, taking into account the essence and meaningful content of the client-oriented management, which allows to establish and identify logical and functional relationships with the elements of the categorical basis. Specificity of client-oriented management in the field of construction is determined first of all by the features of the construction product itself, among which the territorial fixation of the construction object, the influence on the consumer value of the construction product of the availability and condition of engineering and social infrastructures; influence on the consumer value of the construction product of the state of the surrounding territories, the extent and nature of their use; the collective nature of owning and using a construction product (when it comes to apartment buildings and apartment complexes); the complexity of assessing the quality parameters of the finished construction product by the consumer; long cycle of use of construction product; high capital intensity, etc.

Improved methodology for assessing the impact of customer-oriented management on corporate security by developing a customer-oriented security index, as an element of the marketing component of corporate security, which is recommended to be performed by integrating three coefficients: CSI (Customer

Satisfaction Index) Promoter Score) and the Secure Customer Index (SCI). When calculating the Customer Satisfaction Index (CSI) for construction companies, it is suggested to consider and evaluate three areas of their work and, accordingly, to calculate the following indices: Enterprise Satisfaction Index (CSI1), Business Related Business Satisfaction Index (CSI2), and Employee Satisfaction Index (CSI3).

The model of information and analytical support of client-oriented management has been improved, the information component of which is recommended to include a database related to clients, loyalty program and provisions on corporate security service, and to the analytical - a list of key indicators of evaluation of clients' value for the enterprise and influence of clients. - oriented management at the level of corporate security.

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INTEGRATED REPORTING AS A SOURCE OF ECONOMIC SECURITY

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Abstract: *The inconsistency of the modern accounting system with the requirements of economic security aimed at meeting the information needs of different groups of users accounting data in order to make informed and timely management decisions while ensuring stable and sustainable functioning of both the enterprise, its region and the state as a whole, determined the search for other concepts and models of reporting information. The goal of the article is to present aspects of integrated reporting, users, structure and indicators that can be included in it. Emphasis is placed on integrated reporting and consideration of social focus.*

Key word: *integrated reporting, social reporting, social responsibility of business.*

The reliability of enterprises is measured not only by the criteria of economic efficiency, but also by the willingness to solve social problems of both workers and the region. Indeed, a very important indicator of the activity of domestic enterprises is its social activities, since conducting such events is not only evidence of the development of the enterprise, but also the ability to provide certain benefits to society. Social events should be reflected in corporate non-financial social reporting, the purpose of which is to provide information about social activities to stakeholders. But there is a need for comprehensive information, both financial and social, integrated into integrated reporting. The problems of integrated reporting were explored in their writings by such scientists as Serafeim G. [1] Robert G. E. [2], Ioana D., Adriana T. [3], Adams C. A. [4], Lee K. W. [5], Martin K. [6], Gnilicka L.V. [7] and others.

Summarizing the research of a group of scientists, it can be stated that the integrated corporate reporting defines a single format for providing interested consumers with information about the activity of the enterprise, risks and potential of providing quality services. It covers both financial and non-financial reporting and discloses performance indicators of an enterprise's economic, environmental and social performance, which ensures the transparency of information regarding and managing business risks. Integrated reporting provides information on financial, industrial, intellectual, social and natural capital and is focused on the strategic course and future prospects.

Among the features of integrated reporting are the following:

- information and analytical – providing interested users with reliable and objective information about the economic security of organization;
- coordination - reflection in the reporting of the results of efforts to ensure the interests of all stakeholder groups;
- regulatory - regulating the interaction of an enterprise with interested parties on the basis of reporting information that it is obliged to disclose in its reporting;
- target - defines the target parameters and directs the management process to achieve the main goal of the organization (increase in value).

Summarizing the above, we can state that integrated reporting is a complex system of information that reflects the activity of the entity in terms of labor relations, safety, staff health, charity, corporate governance, employee protection and implementation of social programs.

The quality of the integrated reporting provision depends on the opinion of external organizations on the

state of development of the enterprise with all the following consequences.

Integrated reporting, like any other management tool, has the undeniable benefits of: increasing business transparency; builds stakeholder confidence; strengthens business relationships; promotes expansion of markets; formalizes the ratification and implementation of social technologies.

The addressees of the integrated reports are stakeholders, employees and business partners, financial agents (lenders, investors, donors), shareholders (owners and co-owners), consumers, and authorities (state and local government) and non-governmental organizations (Fig. 1).



Fig. 1 – Integrated reporting users

As the most interesting for ensuring economic security, we consider the concept of value reporting (Value Reporting), which was initiated in the works of S.A. Dipiaz and R.D. Ecclesia [7].

Its key idea is to achieve greater informativeness of accounting indicators through corporate reporting and development of standards of non-financial information, which reflects the industry specificity of the enterprise. On this basis, the authors propose a three-tier model of integrated reporting that defines the interaction and responsibility of all participants in the process of compiling, disseminating and using reporting information (Fig. 2).

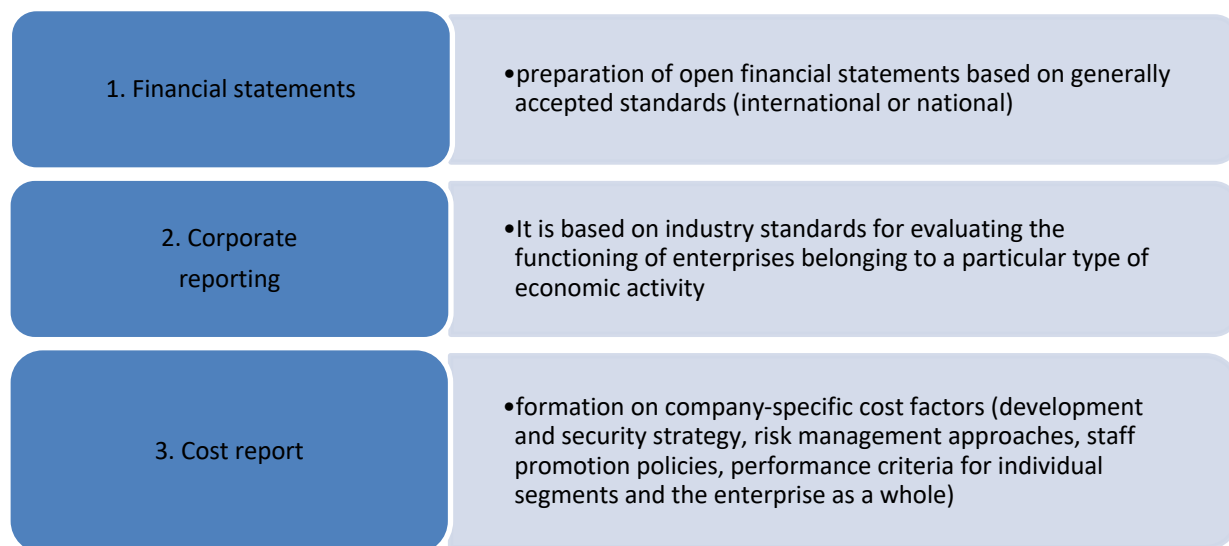


Fig. 2 - Three-tier model of integrated reporting

The practical implementation of the three-tier model of reporting entails a transition from the concept of financial reporting to the concept of integrated reporting, which aims at combining financial information, environmental impact on the activities of the enterprise and social aspects into one clear, interrelated and comparable format.

Indicators of social orientation should be carefully selected and justified, taking into account the norms of international standards of social reporting.

The most common international reporting standards are: Sunshine standards; GRI; AA1000; ISO 26000, SA8000. The most well-known list of quantitative indicators in the global practice of non-financial reporting is the system of GRI indicators, which are recommended in the formulation of arbitrary social reports, as well as Progress Reports.

Table 1. The analysis of foreign standards of social reporting

Standard	Adopted by	The issues the standard covers
GRI	Global Sustainability Standards Board, since 2000	The reporting on sustainable development simultaneously covers the economic, environmental and social aspects of activities.
AA 1000	Institute of Social and Ethical Accountability, 1999	Social reporting takes into account: - social, environmental and economic impact and relevant indicators of their activities as well as the views of stakeholders; inquiries and needs of stakeholders and corresponding respond to them in the policies and practices of the organization.
ISO 26000	International Organization for Standardization, 2010	Contains information on how businesses can work in a socially responsible manner. This means a transparent and ethical behaviour that promotes the health and well-being of society.
SA 8000	developed by experts of Social Accountability International (SAI) in 1997	The social reporting covers such areas as: - the protection of employees' health, safety precautions; - the issue of discrimination; - the use of children's labour activity; - forced labour; - work time; - disciplinary action; - control systems; - the compensation of labour.
Sunshine standards	The Stakeholder Alliance (USA) is an association that unites environmental and religious organizations as well as consumer protection organizations, 1996	According to the standard, the following information is provided: - information provided to customers (about products and services); - Information for employees (employment, safety and health, equal employment opportunities); - information for the local community (ownership structure, financial indicators, impact on the external environment, the amounts of tax payments; -the number of jobs created, investments and charitable activities); - information for the general public (trade with hostile countries, state orders, fines, etc.)

Summarizing the information contained in international standards of social reporting, the following groups of indicators should be distinguished [9]:

Table 2- Indicators of social orientation

Area	Essence	Indicators
1	2	3
Management	Efficient corporate management is based on the principles and practices of accountability, transparency, ethical conduct, respect for the interests of stakeholders and the recognition of the rules of law both in the process of decision-making and in the process of their implementation	Indicators of the efficiency and risks of corporate management.
Labor	Creating jobs, payment of wages and other payments provided by law, providing safe working conditions, developing personnel and so on. Particularly labour relations include such aspects as hiring and promoting personnel; the	The costs an enterprise spends are connected with: - maintaining the personnel of the enterprise; creating new vacancies; - measures aimed at

	termination of employment; labour remuneration; disciplinary procedures; moving and appointing employees; training and developing skills; the protection of health, safety and industrial hygiene; any policies and practices that may affect working conditions, in particular, working hours and rest periods. Indirectly, labour relations include relations related to the rights of employees to organize and conduct collective bargaining, participation in labour disputes and social dialogue	protecting the health and education of employees; - sports and other events. Indicators that are related to the movement of the labour movement
Ecology	Preventing pollution, that is, not only meeting but also constant exceeding environmental standards, including the reduction of emissions into the atmosphere, water, the amounts of solid or liquid waste; polluting land and soils, using and placing toxic and harmful chemicals and so on.	Activities and costs of the company to improve the environmental situation in the region, the state of the territories.
Social investment	Social investments include philanthropy and charity, it should expand the economic and social opportunities of the inhabitants of the territory, for example, increase the amounts of purchases of goods, works and services to support the activities of local producers and suppliers, attract local specialists to outsource business processes, implement programs aimed at improving social aspects of the life of the territorial community and related to education, training, culture, health, infrastructure development, improving the access to information or any other activity that contributes to the economic and social development of the local community or its individual groups	Activities and expenses for: - charity; - educational institutions; - culture, - sports, - initiatives of territorial communities in any form
Quality	Informing consumers about goods/works/services using honest and transparent marketing information, encouraging responsible consumption, declaring and constant confirming in practice the obligations for the production and sale of safe and quality goods/works/services.	Activities and expenses for: - improving the quality of goods (works, services), - quality control and so on

These groups of indicators contain the most important issues of interest to stakeholders and can provide a comprehensive description of the social activity of the enterprise.

International standard for integrated reporting assume the submission of the following information: overview of the organization and the environment; management; business model, risks and opportunities; strategy and resource allocation;- results of activity; prospects for the future; basic principles of preparation and presentation. On this way, integrated reporting by international standards includes indicators of both social orientation and future plans and events.

At the conceptual level, there is no single approach to the methodology for developing a business reporting model. However, the main features of the reporting model are:

- purpose (external communication);
- description of content;
- content disclosure structure;
- method of data acquisition.

The concept of integrated reporting discloses the mechanism of value creation of a company in certain periods from the input (capital) in a certain way (business model). It builds on existing elements of reporting, such as business analysis and financial performance, and integrates information on strategy,

corporate governance, results and business prospects. The content of the reporting should reflect the effectiveness of managing all forms of capital and should contain information about risks and opportunities in the context of all activities of the company, including suppliers, customers and other significant elements that go beyond it. Corporate Integrated Reporting Provisions are based on fundamental concepts of capital, business model and value creation.

Summarizing the mentioned above, integrated reporting can be determined as a complex information system that reflects the activities of the business entity in terms of labour relations, work safety, the health of personnel, charity, corporate management, the protection of employees and social programmes in complex with finance information. The quality of the provided social reporting affects the opinion of external organizations on the state of development of the enterprise with all the consequences that come with it.

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SECTION 3

Human Resources Issues

TOWARDS THE TRENDS IN HUMAN RESOURCES MANAGEMENT AS ONE OF THE POSTULATES OF OPTIMAL EMPLOYER BRANDING

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Abstract: *The basic research problem presented in this paper is the insufficient knowledge about impact of employer branding on the effectiveness of HR management in specific conditions of Slovak republic. The survey was conducted from April to June 2019. We have used a standardized method of the direct questioning where as a recommended tool of this survey a semi-structured written questionnaire was chosen. In accordance with above mentioned theoretical approaches and knowledge about Slovak consumer's specifics, the hypotheses of the research were set: (H1) employer branding has an impact on brand value subjectively perceived by consumers and (H2) employer branding has not got an impact on job seekers preferences. Applying binominal test to verify these hypotheses, it has been found out that: 1) employer branding has an impact on brand value subjectively perceived by consumers and 2) employer branding has not got an impact on job seekers preferences. Based on these finding, it is possible to focus on main trends in human resources management as one of the postulates of optimal employer branding in specific conditions of Slovak Republic.*

Keywords: *generational approach, generational stratification, generation XYZ, HR management, employer branding.*

INTRODUCTION

Personnel marketing represents a dynamically developing area of business management with an interdisciplinary overlap not only in the area of marketing and personnel management, but increasingly also in the area of brand management. It is a progressive management concept aimed at mitigating the impact of the current situation on the labor market on the competitiveness of the company. Implications of brand management in the practice of personnel management are based on the finding of a significant positive correlation between the subjectively perceived value of the employer's brand and employee loyalty.

In accordance with increasing global shortage of skilled labor, companies are striving to develop comprehensive strategies not only to attract potential but also to retain their current employees (Andrijauskiene & Dumciuviene, 2018). The urgency of this situation is evidenced by the results of a global study conducted by Manpower, according to which more than 37,000 employers in 42 countries around the world experienced a lack of skilled workforce of almost 30% (<http://www.rankingthebrands.com/>). Paradoxically, since 2009 (when the world market started to face the effects of the global economic crisis), the forecasts for 2018 in terms of the expected development of the so-called labor market index were the most favourable (Domanska, 2018). In scope of the conditions of the Slovak Republic, an overall increase in labor demand of 10% is expected even now (among EU countries, higher growth is expected only in Romania - 17%, Slovenia - 17%, Bulgaria - 14%, Hungary - 14%, Greece - 13 %, Portugal - 13% and Poland - 11%). When applying the criterion of enterprise size, the largest net labor market index is expected to be 31% for large enterprises.

When applying the sectoral approach, the highest net labor market index is expected in manufacturing (20%), while this indicator is expected to fall in agriculture, hunting, forestry and fisheries (-10%), mining (-8%) and accommodation and catering (-2%).

LITERATURE REVIEW

From the terminological point of view it is necessary to distinguish between employer brand and employer branding (Nevima & Kiszova, 2017). While employer brand is the employer's own brand - his identity is based on the employer identity, which is true, real and relevant, and which is the sum of the functional, economic and psychological benefits that employer can offer to employees and which are identified by the business (Ambler & Barrow, 1996). Later definitions of this term are enriched by the dimension of organizational identity symbolism and the promise of corporate social responsibility - whether it is a brand in relationship with a customer or with an employee (Barrow & Moseley, 2005). The term employer branding is terminologically separated from the term employer brand over time, and it is defined as a purposeful communication process of employer identity consisting of an understanding of the needs of candidates and talents, planning and implementation of the strategy and its ongoing evaluation (Mossevelde, 2014; Sroka et al., 2014). Yu and Cable (2014) define employer branding as a process of gaining a competitive advantage in the labor market. Slapak and Stefko (2015) also follow their theory in the conditions of transition economies. The importance of the brand in the context of stabilizing the company's personnel policy is accentuated by Collins and Stevens (2002) and Lievens and Highhouse (2003). Their studies are followed by Lievens (2007), who defines the importance of the consumer dimension of perceiving brand value as a competitive advantage in the context of personnel management. Martindale (2010) argues contra the identification of the value of the product brand with the employer's brand. His main argument lies in assumption of fundamental difference in the nature of the sources of value and thus, he examines the applicability of product brand management concepts to employer brand management. Based on this, he states that employer branding is an effective business strategy to gain a competitive advantage in the labor market (Stonkute et al., 2018).

However, the current practice of enterprises in the Slovak Republic indicates the opposite (<https://www.hofstede-insights.com/>). Indeed, the fact that businesses have a brand that is considered valuable by consumers does not facilitate the process of recruiting and eliminating their fluctuation. Brands like Amazon (5th place in Interbrand's 2017 ranking with a 29% year-on-year increase and associated top growing status and 26th place in the "Most Attractive Employer" ranking 2017), Volkswagen (40th place in Interbrand rankings for 2017 with a 1% year-on-year increase as well as the 2017 "Top Employer" rating, Kia (69th in Interbrand's 2017 ranking with a 6% year-on-year increase) or Land Rover (73. place in the 2017 Interbrand ranking with a 7% year-on-year increase), have to face a critical labor shortage across their entire organizational structure (<http://interbrand.com/>, <http://www.slovaksuperbrands.com/>). In the context of the above mentioned, employer branding, as well as standard brand management activities, also requires the application of the findings of the analysis of the specific socio-cultural profile of the country (Basnakova et al., 2016).

The inherent multidisciplinary nature of employer branding has led to a broad view of this phenomenon. At the same time, it has brought heterogeneity into conceptual and empirical approaches to its investigation (Edwards, 2010). Thus, the scientific discourses around employer branding are characterized by a scattered interpretation of individual constructs and managerial applications without uniformity in their understanding. Thus, it is still valid what has been said more than ten years ago by Cable and Turban (2001) – "previous research on the value of employers refers to similar terms by different names and denotes different terms by the same name". It means that there are still some fundamental shortcomings in the area of employer branding, making it difficult to use the primary idea of this personnel management concept while maximizing the efficiency of the recruitment process and eliminating the fluctuation phenomenon of existing employees. These include:

- the inappropriate identification of employer branding as brand management with the brand as a result of this process (Berthon et al., 2005; Davies, 2008; Moroko & Uncles, 2008);
- inaccuracy in the use of the terms employer brand equity, employer brand value, familiarity of employer brand, awareness of employer brand, image of employer brand, etc. (Ewing et al., 2002; King & Grace 2008; Lemmink et al., 2003; Lievens & Slaughter 2016; Saleem & Iglesias, 2016),
- the fact that previous research in the field of employer branding was carried out mostly in isolation in connection with marketing or personnel management, thereby abstracting from the interdisciplinary nature of the relevant impact factors (Berthon et al., 2005; Chapman et al., 2005),
- absence of consensus on the subject of employer branding - while conceptual theoretical work focuses on both potential and current employees, most empirical research focuses on the importance of employer branding in terms of recruiting (Backhaus & Tikoo, 2014; Lane, 2016).

Backhaus and Tikoo (2014), who identify a strong interaction mechanism between employer branding and corporate culture, emphasizes the need to apply an equal approach to employer branding at both prospective and current employees.

Recognition of the employer's brand and associations with it is associated with jobseekers primarily with their own past experience and secondarily with the mediated experiences of their surroundings (Cable & Turban, 2001). Businesses should therefore strive to communicate at the level of strategic management those aspects of the employer's brand identity that are not principally divergent with its societal image and which have the potential to increase its value from the perspective of its prospective employees (Collins & Stevens, 2002). Sutherland et al. (2002) stated that in this process it is necessary to potentiate the synergic effect of public relations, sponsorship and word of mouth, respectively viral marketing. Collins and Han (2004) later state that these activities need to be carried out in view of the nature of the job. While for lower and middle organizational positions (the so-called low-engagement), the company should appeal to the affective behavior of prospective employees through conventional advertising and sponsorship, for high-level positions (the so-called highly engaged), the emphasis should be on to cognitive behavior of prospective employees and related activities in the framework of public relations or modified word of mouth marketing (Parobek et al., 2016).

Cable and Yu (2006) state the influence of selected media on the effectiveness of building and managing the value of the employer brand, demonstrating a higher impact of synalagmatic dynamic media (internet, oral) than conventional, asynalagmatic - static media (TV, radio, print, outdoor advertising etc.). Van Hoy and Lievens (2009) identified the range of the influence of so called dynamic media depending on the degree of their connection with the enterprise – i.e. extent to which the enterprise deliberately influences the content communicated by these media. They conclude that the closer a prospective employee appears to be to this link with the business, the less it affects the employer's perceived value. Empirically, these conclusions in a case study conducted in the internet environment were also confirmed by Williamson et al. (2010).

Kanar et al. (2015) replace the engagement-based classification with a classification based on the image of the enterprise - they state the same conclusions, i.e. neutral image companies should mainly use advertising and sponsorship as part of employer branding, while positive image companies should use public relations or modified word of mouth marketing. However, regarding to companies with negative image, the authors draw attention to the fact that excessive communication of their brand to prospective employees is counterproductive as it accelerates the negative perception of this company at the community level (Baum & Kabst, 2014).

Thus, word of mouth marketing has a very specific position in the context of employer branding (van Hoy & Lievens, 2005). However, very few studies have made this statement specific (van Hoy, 2012). In this area, a groundbreaking study has been conducted by Slaughter et al. (2014) who outlined the possible direction of further exploring ways to incorporate the concept of word of mouth marketing into marketing communications in the context of employer branding.

Significant part of studies considers benchmarking as a key tool in the process of searching the so-called "good practice of employer branding" (Love & Singh, 2011; Carvalho & Areal, 2016). However, Joo and McLean (2006) have identified that the effectiveness of individual strategies depends on their horizontal alignment with other brand management activities as well as their vertical alignment with the business strategy. Saini et al. (2014) subsequently found that positive word of mouth marketing tends to trigger a spontaneous large-scale media campaign, which is essential not only in terms of the perceived value of the employer's brand by potential employees but also by current employees. Thus, the positive impact on financial performance of the companies has been identified.

In addition to tools of employer branding identified so far, certification and personnel auditing are becoming increasingly important. However, Dineen and Allen (2016) state that it is a tool that is effective in SME's terms and that employee loyalty and its perceived brand value will only increase at first prize winning, while re-winning of such a certificate does not change the perceived value. In the context of current trends in employer branding, it is also noteworthy the fact, that it is becoming increasingly inflected with the non-marketing dimension of brand equity and is equated with its financial and accounting attributes (Chang & Chung, 2016).

Brand equity can be considered as an added value that enables a particular brand to influence the consumer's decision and motivate him to buy (Anees-Ur-Rehman et al., 2016). Identification of the human resources dimension of the non-marketing component of brand equity is very important as it indicates the overlap of brand management activities to those management activities that are not traditionally associated with the brand (Olah et al., 2019). In contrast to the original theories of employer branding, which were based on the assumption of a one-way influence of consumer perception of brand value on consumer decision-making as a prospective employee of a company possessing such a brand, the influence of employer branding on consumer behavior begins to be explored, not only in terms of the preferences of current employees, but especially in the context of the whole of brand awareness (Urminsky, 2017).

In accordance with above mentioned theoretical approaches and knowledge about Slovak consumer's specifics, the hypotheses of the research were set:

- Hypothesis H1: Employer branding has an impact on brand value subjectively perceived by consumers.
- Hypothesis H2: Employer branding has not got an impact on job seekers preferences.

METHODOLOGY

The basic research problem was the insufficient knowledge about impact of employer branding on the effectiveness of HR management in specific conditions of Slovak republic. The survey was conducted from April to June 2019. We have used a standardized method of the direct questioning. As a recommended tool of this survey it was chosen a semi-structured written questionnaire (Palus et al., 2014).

A basic set of surveyed respondents was formed of Slovak citizens older than 15 years (depending on the size of the basic set, the survey sample was 384 respondents). That age limit was set as it is the age when the legal subjectivity for labour is acquired according to a valid Slovak law.

Hypotheses were tested using binomial test (H1 and H2) – the binomial test uses the binomial distribution to decide if the outcome of an experiment in which we count the number of times one of two alternatives has occurred (Valaskova & Krizanova, 2008).

According to Gogolova and Ponisciakova (2013), the following characteristics were used for the hypothesis testing (1):

$$t = \frac{|\bar{x} - \mu|}{\sigma} \Rightarrow \frac{x - np}{\sqrt{npq}} = \frac{\frac{x}{n} - \frac{np}{n}}{\sqrt{\frac{npq}{n}}} = \frac{\tilde{p} - p}{\sqrt{\frac{pq}{n}}} \quad (1)$$

Where:

- x the frequency of the trait,
- n the frequency of observed phenomena,
- p predicted probability of the phenomenon incidence,
- q probability of alternative phenomenon frequency,
- $\sim p$ statistical probability of the phenomenon incidence.

RESULTS AND DISCUSSION

We verified hypothesis H1 using the binominal test. This test serves to reject or accept the null hypothesis H_0 .

- Hypothesis H_0 : Employer branding has not got an impact on brand value subjectively perceived by consumers.
- Hypothesis H_1 : Employer branding has an impact on brand value subjectively perceived by consumers.

After the equation (1) substitution, the value of testing characteristic was calculated (8,453). The critical testing characteristic was calculated through the Microsoft Excel, using the function NORMINV (0,05; 0; 1). The resulting value was -1,523 (t_k). To accept the null hypothesis (H_0) which is the object of verification, the " t " value has to be minor than " t_k " value. As the " t_k " value is minor than " t " value (8,453 > -1,523), the null hypothesis (H_0) is rejected and we accept the alternative hypothesis (H_1) at the significance level of 0,05.

Thus, we can conclude that employer branding has an impact on brand value subjectively perceived by consumers.

The verification of hypothesis H2 was also based on the binominal test usage. This test served to reject or accept the so called null hypothesis H_0 .

- Hypothesis H_0 : Employer branding has not got an impact on job seekers preferences.
- Hypothesis H_1 : Employer branding has an impact on job seekers preferences.

After the equation (1) substitution, the value of testing characteristic was calculated (-1,73). The critical testing characteristic was calculated through the Microsoft Excel, using the function NORMINV (0,05; 0; 1). The resulting value was -1,455 (t_k). To accept the null hypothesis (H_0) which is the object of verification, the "t" value has to be minor than " t_k " value. As the " t_k " value is mayor than "t" value (-1,455 < -1,73), we can accept null hypothesis (H_0) and rejected the alternative hypothesis (H_1) at the significance level of 0,05. Thus, we can conclude that employer branding has not got an impact on job seekers preferences.

These findings just verify the need of revision of conventional employer branding patterns respecting the specifics of national environment as it has been highlighted by Basnakova et al. (2016). Thus, it is also possible to explain the phenomenon which has been observed when comparing the most valuable brands according Interbrand and "Most Attractive Employer" ranking with the practice of employers acting on Slovak market. However, it has to be analysed more deeply as it radically changes the basis of employer branding and its models which have been formulated so far. The question should be asked mainly in scope of correlation between national psychographic specifics and perception of valuable brands as a prospective employers.

Based on the fact that employer branding has not got an impact on job seekers preferences, it is vital to modify theory of Stonkute et al. (2018) who state that employer branding is an effective business strategy to gain a competitive advantage in the labor market. In light and shadow of above mentioned, also contemporary scientific trends which focus on the importance of employer branding in terms of recruiting (Backhaus & Tikoo, 2014; Lane, 2016) should be disputed. In scope of managerial implications, also application of benchmarking suggested by Love and Singh (2011) and Carvalho and Areal (2016) is disputable. It is because, only ethalons with similar market environment (especially psychographic) should be chosen in the process of optimal employer branding patterns identification.

CONCLUSION

Contemporary brand management theory is fragmented. On the one hand, this is very natural as the plurality of approaches is vital for constructive dialogue between scientists, but on the other hand, excessive diversity in theory causes confusion of marketing managers and disengagement of the main topics in the scope of brand value building and management. This fact can be considered as a significant barrier in the development of branding practice. It is because of the challenges in the implementation of current trends that are hard to be identified and coordinated with the synergic effect could be achieved. One of these trend is also employer branding and its optimal implementation into HR management practice. So, the basic research problem presented in this paper was the insufficient knowledge about impact of employer branding on the effectiveness of HR management in specific conditions of Slovak republic. The survey was conducted from April to June 2019. We have used a standardized method of the direct questioning where as a recommended tool of this survey a semi-structured written questionnaire was chosen. In accordance with above mentioned theoretical approaches and knowledge about Slovak consumer's specifics, two main hypotheses of the research were set. Applying binominal test to verify these hypotheses, it has been found out that: 1) employer branding has an impact on brand value subjectively perceived by consumers and 2) employer branding has not got an impact on job seekers preferences. Based on these finding, it is possible to focus on main trends in human resources management as one of the postulates of optimal employer branding in specific conditions of Slovak Republic.

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PERSONNEL MARKETING AS A SOURCE OF COMPANY'S COMPETITIVE ADVANTAGE

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Abstract: *Personnel marketing is a relatively new area in the theory and practice of personnel activities in business practice. As an independent area in human resources management, it was created by separating from human resources management. Currently, personnel marketing is defined as a process that will ensure the long-term quality of human resources - strategic potential within the personnel planning. It represents extending the tasks, functions and tools of marketing to the area of personnel management, which includes the implementation of a specific personnel plan in the personnel strategy, creating an information base for personnel management with the help of personnel research and communication with target groups in order to increase the attractiveness of the company as an employer. The aim of this article is to define the theoretical basis of personnel marketing from the viewpoint of domestic (Slovak) and foreign authors and its usage in the particular company. This includes an analysis, whereby the benefits of the application of personnel marketing as a source of company's competitive advantage is highlighted and proposals are put forward for the more effective implementation of the underlying principles within the particular company. The basic sources of research were secondary data obtained from annual company reports, statistical tables and published professional publications. General scientific methods were applied for the processing of the data.*

Key words: *personnel marketing, competitive advantage, company, human resources, labour market*

1. INTRODUCTION

Personnel marketing was developed as a reflection of the negative situation in the labour market, which includes the lack of selected segments of the workforce. At present, companies are also struggling with the unfavourable situation. There is a sufficient labour force in the labour market, but there is a lack of quality ones. Many of the quality workforce are moving abroad and therefore companies have to attract the quality workforce (only in a limited number) and persuade them to make a decision in favour of the company (Lizbetinova et al., 2018). Personnel marketing improves a positive awareness of the company as an attractive employer, which gives it a competitive advantage. As a result, the company is able to influence a potential qualified bidder to decide in his favour (Hitka et al., 2019).

The aim of this article is to define the theoretical basis of personnel marketing from the viewpoint of domestic (Slovak) and foreign authors and its usage in the particular company. This includes an analysis, whereby the benefits of the application of personnel marketing as a source of company's competitive advantage is highlighted and proposals are put forward for the more effective implementation of the underlying principles within the particular company. The basic sources of research were secondary data obtained from annual company reports, statistical tables and published professional publications. General scientific methods were applied for the processing of the data.

2. LITERATURE REVIEW

The issue of the personnel marketing has been researched and analysed by many foreign and domestic authors, and remains actual.

Personnel marketing is a relatively new area in the theory and practice of personnel activities, and it represents a scientific approach that helps ambitious people to be visible and important in society (Berlin & Fetzer, 2012).

Wunderer and Kuhn (1993) associate personnel marketing with only a selected area of personal activities - recruiting employees where selected marketing techniques and tools are applied. But this view is only partial. In addition to an efficient acquisition system, the subsequent stabilization of the workforce as well as

the prevention of turnover is needed.

As Bühner (1994) points out, personnel marketing perceives a job as a product on the labour market for sale. According to Kuypers and Nunne, personnel marketing not only means employers selling on the labour market, but must also be able to adapt to the requirements of that market.

Personnel marketing is a modern scientific discipline that follows the knowledge apparatus of management, personnel management and marketing. It is currently developing dynamically and is considered as the second stage in the development of personnel work. It was created as a reflection on the company's needs to sell the job as efficiently as possible, i.e. to obtain a quality job seeker at the lowest cost of presenting it on the labour market and overall implementation of the selection process (Szarkova et al., 2013).

Popkova et al. (2013) report that personnel marketing creates an attractive image of a company as an employer with the aim of ensuring that its human resources are in optimal quantity and quality.

Borsikova (2012) defines personnel marketing as a purposeful acquisition, development and exploitation of human potential in accordance with the strategic aims and objectives of the company and corporate culture, using marketing tools. It is part of the corporate dimension and ethical principles of leadership, expressing the recognized values, standards and beliefs of the company's staff, with the philosophical foundation of the company's employer branding.

In general, personnel marketing is understood as a concept enabling a company to optimize its procedures and methods in the labour market in the supply and sale, respectively hiring a specific type of job. Personnel marketing is the way in which an organization recruits and retains employees.

According to Matusova and Gogolova (2017), personnel marketing was created at a time when simple advertising was no longer enough to get enough workforce. As a result, there was a need to take a proactive approach in finding, acquiring, persuading and motivating the workforce to make a decision in favour of the employer.

As in other areas, there are competitive relationships in the area of job sales, characterized by competition for human resources. Marketing approaches translate into a competition between companies whose content is to sell or obtain the best quality workforce for the job offered at the lowest possible cost. Ultimately, marketing approaches can become a factor in increasing the competitiveness of a company. Often mentioned is also headhunting, which does not take place in the labour market, but in competing companies, which may be related to the competitive struggle of companies or lack of suitable free labour force in the labour market. (Szarkova et al., 2013)

Jamnicky (2013) states that finding a suitable workforce on the labour market and obtaining it is a task of personnel marketing. These tasks deal with the theory and practice of personnel marketing and personnel management. They focus on the development and application of such marketing tools in the labour market, which enable to improve the links with the external, regional and world labour market and also enable deepening of relations with internal personnel needs.

According to Maier and Frohlich (1991), the basic functions of personnel marketing include:

- finding a labour market gap;
- active job creation,
- job offer on the labour market (cooperation with recruitment agencies),
- sale of jobs in the labour market (cooperation with recruitment agencies).

Support functions include:

- conducting a labour market survey that is important to determine the personnel marketing mix;
- creation of the employee/corporate image,
- the use of marketing mix tools to create and shape the human capital of an enterprise;
- company's PR,
- using marketing tools to stabilize and develop human resources.

The final effect of personnel marketing is to acquire or attach a suitable workforce to the company. In practice, personnel marketing uses not only new tools specific to it, but it builds on existing tools of marketing, personnel work, corporate management and human resources management. The tools of personnel marketing are, therefore, a set of knowingly applied tools by companies on the internal and

external labour market and can be divided into two basic groups:

1. Classical marketing tools:

- **product** – the job respectively opportunity, then entities are referred to as client – workforce,
- price – the means and form of remuneration and motivation, while it is necessary to constantly look for a price that ensures a compromise between the supply and demand of the workforce,
- place – the presentation of a job opportunity, as a space where and to whom a product is offered (a job) and at the same time a way of transferring product information to the customer (a workforce),
- promotion (communication) – the tool and a means of provoking, stimulating and regulating labour supply and demand that allows to present a job opportunity (job) and to offer (active or passive) job opportunity.

2. New tools:

- **e-recruitment (online recruitment)** – the way of offering job vacancies through the web or online tools,
- **job redesign** – the change in the content and methods of work within an organization,
- **reengineering** – the program of comprehensive revitalization of human resources,
- **employer branding** – the tool by which an organization defines, differentiates and universally supports signals sent by an organization to current and, above all, potential future employees,
- **empowerment** – the employee self-service system of personnel products and personnel services (Szarkova et al., 2013).

The specific process of designing a personnel marketing strategy has been not mentioned in any sources yet. However, it is possible to design it based on the application of the personnel management process in personnel marketing. Borsikova (2012) mentioned that the marketing approach to human resources management applied the company's marketing management process, which consists of five steps: labour market research, segmentation into target groups, employer branding, application of traditional marketing mix tools and control.

Based on the definition of personnel marketing and its narrower and broader conception, it follows that personnel marketing can be divided into:

1. **Internal personnel marketing** – focused on the inside of the company, i.e. on the current employees of the company. It is cheaper for a company to retain existing employees than to recruit new ones. The disadvantage of hiring new employees is not only the costs associated with hiring, selecting and adapting employees. The greater threat is the possibility of damaging the company name on the labour market due to high employee turnover. Internal marketing tries to build the attractiveness of the company as an employer of current employees. Its goal is to stabilize current employees, identify them with the company and gain their loyalty. (Nachtmannova et al., 2007)
2. **External personnel marketing** – focused on the external labour market. It seeks to build a good position on the external labour market in order to attract the necessary new staff more easily (Koubek, 2003). The aim of external personnel marketing is to contact and recruit new qualified employees. According to Gogolova et al. (2015), the following can be considered external staff resources:
 - human resources in the labour market (unemployed),
 - school graduates (apprenticeships, secondary schools and universities),
 - employees who are currently in another company but have decided to change their employer,
 - other additional external resources (include housewives, pensioners, students and applicants from abroad).

3. METHODOLOGY

The aim of this article is to define the theoretical basis of the issue from the viewpoint of domestic (Slovak) and foreign authors. By using methods of description, comparison, deduction, induction, it discusses the essence of personnel marketing and its usage in the particular company. This includes an analysis, whereby the benefits of the application of personnel marketing as a source of company's competitive advantage is highlighted and proposals are put forward for the more effective implementation of the underlying principles within the particular company.

The basic sources of research were secondary data obtained from annual company reports, statistical tables and published professional publications. General scientific methods were applied for the processing of the data. When examining and identifying the utilization of the personnel marketing, the definitions of the

approaches and concepts that are mentioned above were maintained.

4. RESULTS AND DISCUSSION

We have examined the use of personnel marketing in Transport Enterprise of the city of Zilina (DPMZ - Slovak abbreviation). The transport enterprise was established in 1949 under the name Communal Transport Company Zilina, and it started to provide bus services for the public in the city of Zilina in the same year. In the past, as the only one transport company in Slovakia, it also provided shipping. Since 1953 it has been called Transport Enterprise of the city of Zilina. At present, DPMZ operates urban public transport on its 8 trolleybus lines and 13 bus lines, including the night line (DPMZ, 2019).

DPMZ currently has 268 employees, including 51 managers, 138 drivers and 79 workers. Its fleet consists of 42 trolleybuses and 40 buses. Passenger services provide 2 retail outlets and 44 vending machines, most of which are able to provide multiple types of tickets to the passenger (DPMZ, 2019).

Since 1996, the company has been focusing on the gradual electrification of public transport. As the first city in Slovakia, it had the information system in all vehicles, which consists of a trip computer, electronic marker, electronic road signs and acoustic alarms for notification stops in the vehicle interior and in the exterior for blind and visually impaired people needs. The data obtained through this information system allow to evaluate the transport, technical and economic criteria of public transport. They are also the basis for optimizing traffic (DPMZ, 2019).

Company DPMZ has undergone changes in the organization with the necessity of the modernization of the fleet, electrification of work and the provision of new services.

DPMZ is one of the providers which provide transport also to KIA motors Slovakia factories in Teplicka nad Vahom. Another kind of business is coach transport. DPMZ also has coach buses by which it is able to offer customers comfortable international or domestic transport according to customers wishes.

DPMZ runs two places of business which are 3.5 km away from each other: administration, trolleybus parking area and shops, bus parking area and pertinent shops. There are 2 sales points selling tickets and recharging smart cards in the downtown of Zilina as well as 44 ticket machines located at the bus stops all over the city. All of them provide tickets for more than one fare zone (DPMZ, 2019).

The organizational structure of the company represents the hierarchical relationships between the individual jobs within the company. It includes relationships of subordination and superiority, and resolves mutual competences, links, and responsibilities.

The statutory bodies of the company include:

1. The general assembly, entitled to act on behalf of the company or to decide on its internal affairs. The city of Zilina, as a 100% shareholder, exercises its rights at the general assembly in person or through an authorized representative on the basis of a written mandate.
2. Executive manager, who ensures the management of the business, he acts and signs on behalf of company, and at the same time serves as a director as the executive body of the company.
3. The supervisory board, who oversees the activity of the company's executive manager, looks into the accounting documents and other documents where checks the data, examines the company's financial statements and reports to the general assembly.

Within the strategy of personnel marketing, DPMZ does a number of activities in this area. The company is aware of the importance of internal personnel marketing. In order for the company to be able to provide quality services, it must have high-quality staff. New staff is provided with quality training and consequently their qualifications are continuously increased.

As mentioned, the company's personnel marketing is primarily focused on social care for employees and their education. DPMZ regulates the company's employees' relationships arising from the implementation of both the strategic and business tasks of the company by the code of ethics.

A pleasant work environment and good communication with employees create a long-term relationship employer - employee for the duration of the whole employment relationship where the employee is repeatedly trained, educated and constantly motivated.

Labour legislation, directives, regulations, standards of behaviour and conducts, together with corporate culture and organizational rules of the company are governed by the applicable standards. These standards regulate the human potential of the company in accordance with its needs and the creation of versatile conditions and assumptions for a high level of work performance, behaviour and responsibility.

The result of most company's provided services is difficult to measure by objective methods. The company's success is assessed especially by customers, who determine in part the company's goal and their satisfaction as well as satisfied and loyal employees who are involved in building a brand.

In the company, each employee must undergo a professional examination to ensure the safety of passengers.

Essential training courses include training following the requirements of legislation, in particular regard to training of drivers, operator of the gas filler, stokers, electricians for maintenance of buildings and equipment, operator of lifting equipment and operator of pressure equipment.

The company has a draft training plan. All training courses in the company are based on valid legislation and standards.

Ensuring the health and safety protection at work is an important part of the personnel marketing and necessary to gain employees' loyalty. Employees of the company are repeatedly trained in occupational safety and awareness of legislation on OSH issues. On the basis of education, workers are acquainted with the wording of policies of health and safety at work, accidents at work, causes of occupational accidents and measures. Training also includes informing employees about possible threats and risks arising from the work and the operation of the equipment used.

Employees have the right to participate directly in education or specifically to comment on the following topics:

- health and safety policy at work and its implementation program,
- proposal for the selection of protective equipment, organization of work,
- workplace environment,
- assessing the risk, identifying and implementing protective measures, including the provision of personal protective equipment and means of collective protection,
- occupational accidents, occupational diseases and other health damage from work that occurred with the employer, including the results of their investigation and suggestions for measures,
- the manner and scope of employee information.

Other necessary professional training and education are provided by law and other staff regulations at prescribed intervals by persons with appropriate professional qualifications:

- training of drivers,
- training of referent vehicles,
- training for driving trucks,
- training of persons handling lifting equipment,
- training of persons handling high-pressure equipment,
- training of persons handling gas equipment,
- training of stokers,
- training of welders,
- training of persons with electro technical qualifications.

DPMZ also offers employees a number of attractive benefits. They are among them:

- birth grant for a child,
- contribution on leaving for maternity leave,
- jubilee contribution,
- child's contribution to the camp,
- retirement allowance,
- health and relaxation program for employees,
- technical and professional training,
- collective corporate recreational and teambuilding events,
- meals allowance,
- reference program,

- anniversary job announcement.

It is also necessary to pay attention to external personnel marketing. Collaboration with the University of Zilina and specialized high schools, such as the transport Academy in Zilina, has been developed. Every year, DPMZ organizes the "Open Doors Day in DPMZ". The company is also actively involved in the "World Day without Cars" event in the framework of the European Mobility Week campaign, in the form of a free urban public transport.

Company has joined the Europe-wide campaign so called "European Mobility Week" to promote electric-powered transport where one of the campaign's part used to be also "The European Trolleybus Day". Since 2008, Zilina has become a partner of the international project "BENEFIT" - Progressive measures for an organization to intensify the use of public transport by its employees, together with the DPMZ and the University of Zilina.

DPMZ aims to make its employees satisfied and proud of the company brand that employs them. The satisfied employee is the best advertising of the company. DPMZ has so far achieved relatively good results in this area and thus has had the chance to become a preferred employer, so called employer of choice. Becoming an employer of choice is closely related to the brand of the company and satisfied employees who disseminate positive references. The strong brand evokes the stability of the company, and the satisfaction of the employees and the pleasant work environment are important factors that can be taken into account when deciding a potential candidate for the benefit of the company.

5. CONCLUSIONS

The goal of any company that wants to employ top-quality staff is to become a preferred employer (employer of choice), that means to be an organization in which people want to work and they love it. References of current employees are of great importance because they support the reputation of the company and become a competitive element.

Based on the analysis of personnel marketing at DPMZ, we found out that the company is using marketing tools to build an image of the company as an attractive employer who is interested in the satisfaction, education and growth of its employees and also creates opportunities for building career. One of the main goals of personnel marketing strategy is to attract high-quality workforce and to persuade the best employees to stay. When comparing information about DPMZ, we can say that employees' references to a company are very positive. Our suggestion in this area is to support this positive state of affairs and further increase awareness of DPMZ as a preferred employer. This will be provided by ensuring the satisfaction of current employees with the use of traditional as well as new marketing tools. The main benefit of the modern personnel marketing includes the loyalty of current and future talented employees that is one of the key assumptions for company's success.

The issue of personnel marketing as a source of company's competitive advantage has the potential for deeper research in the future - both qualitatively and quantitatively. To obtain statistical relevance, it would be appropriate to investigate the findings of qualitative research quantitatively. A further qualitative investigation would be appropriate for expanding knowledge and comparing the impact of personnel marketing level on competitiveness in other industries, possibly exploring the impact of particular personnel marketing tools on competitiveness and their comparison.

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CAREER EDUCATION AND CAREER CONSULTANCY IN SCHOOLS

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Abstract: *In today's global society, effective prevention of unemployment in the labor market begins with career education and career counseling in schools and school facilities through a wide range of educational activities, bringing a new flow of information on the possibilities for developing the skills and competences of pupils and students to use. An important part of career education and career guidance in schools is primarily the use of information and communication technologies, as well as assessing the effectiveness of guidance counselors' work in the educational guidance system and obtaining up-to-date career information on the possibilities and content of training at schools.*

Key words: *career, education, counseling, diagnostics, counseling methodology*

In today's global society based on modern information and communication technologies, although school and teacher are not at the forefront of impact on pupils 'and students' choices in their career choices, school and the current education system are increasingly playing an important part in supporting them in their direction in the profession. The education system is aware of this importance and seeks to create a support system where both the student and the parent can turn to expert counselors, resources and summary information, career counseling, and so on. Career choice is one of the most important decisions of a young person during adolescence, it is not a one-off act, it is the result of several years of professional decision-making process of different quality, rational reflection, knowledge of oneself and the world of work, with different interventions of the external environment (family, school, peers, counseling services, impact of mass communication means, etc.). This is one of the reasons why professional information is an important part of the counseling process, since when using it in career counseling it is important to bear in mind that an individual is rarely destined for a single occupation, a group of certain professions in which they can successfully pursue and be satisfied usually comes into consideration. It is essential for the pupil and student to know each other adequately, to know the variety of the world of work, to choose the optimum path, their professional and life plan. The professional information system is one of the basic methodological prerequisites for effective career education and career guidance.

- Since 1 September 2019, the career guidance system has been strengthened in regional education. Act no. 209/2018 Coll. amended and supplemented by Act no. 61/2015 Coll. on Vocational Education and Training, which amends and supplements Act No. 245/2008 Coll. on Education and on Amendments to Certain Acts, as amended, introduces some changes in career guidance and communication, informing pupils and students and their social environment about significant factors that are important for deciding on follow-up education and its impact on the perspective employability on the labor market.

The applicability of school graduates and the saturation of labor market needs and professions and careers of the future is an acute problem for society and, of course, education worldwide. „Career aspects are factors individuals consider during career decision making, such as what major to choose (e.g., length of courses or programs, using analytical skills), what college to attend (e.g., prestige, scholarships), and what job to choose after graduation (e.g., prospects of advancement, income, teamwork, need to travel). There are three facets to individuals' aspect-based career preferences: the relative importance of the aspects (e.g., work environment), the optimal within-aspect level (e.g., working 'only indoors'), and the individual's willingness to compromise on additional within-aspect levels (e.g., 'mostly indoors'). Considering these facets, Study Ia operationalized three preference cohesiveness indicators - differentiation among the aspects, consistency between pairs of related aspects, and coherence among different facets of the same aspect - and developed an overall indicator for assessing preference cohesiveness". (Shimoni and Gutentag and Gati, 2019)]

In this respect, Slovakia is only at the beginning of finding and implementing suitable solutions. To put it

simply, one of the main existing imbalances is the need for technically and specifically trained people which is opposed to the interest in these fields and later on professional pathways. At the career decision-making level, this topic is already relevant in schools and school facilities. Career counseling is currently one of the latest trends in the labor market. Its role is to improve the quality of human resources, focusing on the individual as a self-contained entity with innate or acquired knowledge, skills, in order to utilize them for professional development and professional growth. This is also confirmed by Klonek and Will and Ianiro-Dahm and Kauffeld (2019) who claim that „Many individuals who struggle with career decisions seek professional guidance from career counselors. However, little is known about how to ensure that career guidance sessions are of high quality. Vital factors for a successful counseling process include a positive working alliance and empathy of the counselor. Many individuals struggling with career decisions seek professional guidance from career counselors. However, little is known about how to ensure that career guidance sessions are of high quality. The positive working alliance and empathy of the counselor are among the decisive factors for a successful counseling process“.

Especially graduates of secondary schools and universities are among the groups most at risk of unemployment. Therefore, already during their studies, in addition to the curriculum, schools should apply, along with education, career guidance and the resulting flow of information on how to work in the labor market today. The concept of career counseling is quite new in our conditions and is not yet fully used, it includes what has been referred to and actually still referred to as career and career guidance, professional orientation, professional counseling and others. This concept came to us from outside about the time of Slovakia's accession to the European Union, when programs and projects largely financed from European funds began to be implemented, the primary aim of which was and still is to offset discrepancies in the development of various types of infrastructure and services compared to EU average.

- Career counseling is the help of the counselor to find together with the client his or her own career path, or more precisely, a profession that would fulfill the client.

Current legislation in education aims at facilitating entry and removing barriers to entry of secondary vocational schools and employers into the dual education system. The lower interest of secondary vocational schools in the dual education system was caused by shortening the normative for practical teaching. Removing this barrier implies an increase in the active attitude of secondary vocational schools in entering into cooperation with employers in new partnerships, as well as streamlining the operation and equipment of secondary vocational schools already operating in the dual education system. These changes should also aim at a higher level of upbringing, bringing school work closer to life needs, linking schools to the labor market, changing educational content while allowing free path of education and student profiling according to interests and needs, matching individual interests with labor market needs, streamlining methods and forms of teacher work. The new laws are drafted to new implementing regulations, new strategies in the process of education and training, new curriculum accompanies the preparation of new curricula and curriculum. What is new is that the new model wants to give more freedom in the choice of educational path to the pupil and student.

- **Pursuant to § 131 para. 6 of the Education Act defines the aim of career counseling**, which is to reconcile the pupil's career development with his / her individual prerequisites and interests and needs of the labor market.

In the context of labor market developments, it is necessary to note that in the field of education changes in terms of reflecting on the overall employment situation, trends in the future of the workforce as well as gradual changes in the population are necessary. The demographic development of the school population currently suggests that in the coming years, we can expect more quantitative changes in the structure of the system of schools and school facilities in the regional education system. Another argument is that „Contemplating the school to work transition in the insecure and unpredictable twenty-first century world of work can be anxiety inducing for college students. Consequently, college students may develop disempowered career stories in which they feel ill prepared to explore career prospects or engage with the world of work. (Wafula, 2019)

- **According to § 131 para. 5 of the Education Act defines career counseling activities** as separate activities within the framework of psychological and educational counseling activities.

The basic components of the system of educational counseling and prevention are facilities of educational, psychological and special-educational counseling and prevention, which include a center of pedagogical-psychological counseling and prevention, as well as a center of special-educational counseling.

- Psychological **counseling** is provided to pupils, guardians and school staff in schools and school facilities through the activities of a school psychologist or psychologist. Psychological activity is focused on research, interpretation, influencing and prognostic evaluation of behavior of pupils or their groups by psychological methods, techniques and procedures corresponding to current knowledge of psychological sciences and state of practice.
- **Special pedagogical activity** in schools and school facilities is performed by special pedagogue and it is focused especially on special pedagogical activity on raising the level of educational prosperity of pupils by special pedagogical methods, techniques and procedures corresponding to current knowledge of pedagogical sciences and state of practice and its evaluation, use of special educational diagnostic methods, special educational re-education procedures.
- **Educational counseling** is provided to children, legal guardians and school staff in schools and school facilities through the activities of educational counselors.

The role of educational counseling is to provide counseling in addressing the personal, educational, professional and social needs of pupils and career counseling. If necessary, the educational counselor will provide pupils and their guardians with pedagogical, psychological, social, psychotherapeutic, re-educational and other services, which they coordinate in cooperation with class teachers, working closely with school psychologists, school special educators and other professional staff of counseling facilities. Essentially, these are diagnostic, educational, counseling, information and coordination activities, guided by the legislation, the performance of individual career guidance activities is institutionalized in such a way that their performance, even with regard to current staffing capacities in schools and school facilities, is as complex as possible and most effective in achieving career guidance.

- **Pursuant to Section 135a para. 1 and 2 of the Education Act**, career counseling will focus on schools and school facilities (kindergarten, elementary school, high school, secondary vocational school, secondary sports school, art school, conservatory, dormitory, diagnostic center, reeducation center, treatment center) (educational sanatorium) for educational, counseling and information activities.

The focus of diagnostic and co-ordination activities will primarily be on the exchange of information on the labor market and will be addressed within the centers of pedagogical-psychological counseling and prevention. These centers will also methodically guide the performance of career counseling in schools and school facilities within its territorial competence. Part of the career counseling in the center of pedagogical-psychological counseling and prevention in the region's seat is also conceptual, methodical and coordinating guidance of career counseling in the centers of pedagogical-psychological counseling and prevention in its territorial competence. The above-mentioned institutional division of competences of career counseling is followed by Act no. 138/2019 Coll. on pedagogical and professional staff and on amendments and supplements to certain acts, which determines individual categories of pedagogical staff and professional staff responsible for its performance.

DUAL EDUCATION SYSTEM

Current forecasts of the European Commission and the OECD in the field of vocational education and training show that the most sought-after professions are service professions and professions that require a high level of technical skills, as they guarantee the prospective future of next generations. Education in vocational schools is therefore gradually approaching the requirements of practice. The state, in cooperation with employers, also initiated the introduction of the so-called dual education system. This form should strengthen the link between secondary education and practical training directly at employers. However, as many analyzes and surveys show, public opinion, and thus parents and pupils, is strongly influenced by the stigmatization of secondary vocational education and the view that the choice of secondary vocational school is only for those who have worse grades and do not have a chance to enter high school. Hoxtell is also considering the importance of dual education, (2019): „...focusing on their reasons to choose a training company in the dual system. What reasons lead students and apprentices to choose a training company? The most common reason is personal impressions, which future apprentices obtain in their initial, personal encounters with a company and its staff. Students and apprentices often consider location, working atmosphere and soundness.”

The ambition of a large part of the population to complete university studies and the fact that the choice of

vocational secondary school is usually not associated with this study path also play a role. The choice of vocational education or special dual education is burdened with both stereotypes and lack of information. This situation needs to be changed and one of the ways can be the professionalisation of school work in facilitating the decision-making process, in communicating on the issue and in communicating information. It can also be a way to give parents information on future labor market applicability, but also on developments in individual segments of education and the decision-making process, which they themselves can use to improve it in the interests of their own children. In practice, the more active a young person is, the more involved he is in finding his own direction, the more likely he is to find a satisfactory professional career and be happy in his profession or job. Finding a job is part of human life, it is the most important means of personality formation, as it primarily provides material security of human life, social status of personal identity, the source of social contacts with the opportunity to conduct communication with other people, make friendships, a social orientation framework that substantially contributes to individual self-criticism, where work is an essential unit of the time structure of a person's day. Among the most important advantages of a dual education system is that the pupil is in the center of attention, chooses a profession and an employer to provide practical training. In the system of dual education it is then the employer who chooses the pupil on the basis of his / her application and admits him / her to the school, the pupil is financially and materially provided by the employer. The curriculum for all disciplines in the dual system is practically focused and at the end of study the employer verifies the knowledge and skills of graduates. Vocational training programs are also regularly updated in close cooperation between companies and schools, with employers' associations supervising the dual education system. Especially graduates of secondary schools and universities are among the groups most at risk of unemployment. Therefore, already during their studies, in addition to the curriculum, schools should apply, along with education, career guidance and the resulting flow of information on how to find employment in the current digital age. The concept of career counseling is quite new in our conditions and is not yet fully used, it includes what has been referred to as career guidance, professional orientation, professional counseling and others. This concept came to us from outside sometime at the time of Slovakia's accession to the European Union, when programs and projects mostly financed from European funds began to be implemented, the primary aim of which was and still is to balance discrepancies in the development of various types of infrastructure and services compared to EU average. There is now a growing interest in this institute, also in the constructional form, as reported by Bimros et al (2019) : „Career construction theory (CCT) provides a compelling framework for making sense of the turbulent landscapes in which career transitions take place and a practical tool to facilitate individual adaptation to change. However, the career development and support needs of career counselors in the integration of this theory into their own career development, alongside their practice with clients, are overlooked. Here, the focus is on supporting the continuing professional development of career counselors for the enhancement of career counseling practice, through the provision of an open access online learning program about the changing world of work, with facilitation of dialogue and reflection. The adaptive responses of an international group of participants facing challenges of identity transformation in the workplace, which emerged as they worked through the online learning resource, are examined“.

COUNSELING, EDUCATIONAL AND INFORMATION ACTIVITIES

In schools and school facilities, individual categories of pedagogical staff will participate in the implementation of career guidance to the extent set out in the relevant national training programs (especially a teacher pursuant to Section 20 (1) and an educator pursuant to Section 20 (3) of Act No. 138/2019 Coll.). Career counseling at school or, in the absence of an appointment, the educational counselor is primarily responsible for the performance of career guidance in schools and school facilities. In both cases it is the pursuit of specialized activities within the career positions of teaching or professional staff. According to § 36 par. 3 of Act no. 138/2019 Coll. the school director may in his / her internal regulations determine the career position of the school counselor, who performs specialized activities of the career counselor, educational counselor and school coordinator in education. If a school psychologist carries out work in a school or school facility, he may also be an educational counselor and a career counselor. In connection with the legal regulation of the subject and content of career counseling activities in schools and school facilities, there has been an increase in performance for career counselors, school counselors and educational counselors, who are also engaged in career counseling. In this context, since 01.09.2019, by decree of the Government of the Slovak Republic laying down the scope of direct teaching activity and direct educational activity of pedagogical employees, there has been a decrease in direct teaching activity and direct educational activity of pedagogical employees in career positions career counselor, school counselor and educational counselor, this is when there is no career counselor at the school or school facility.

DIAGNOSTIC, COORDINATING AND METHODOLOGICAL ACTIVITIES

In the future, it is planned to provide new positions of professional staff - career counselors at several existing centers of pedagogical-psychological counseling and prevention, which will provide activities whose performance would be less effective in terms of their professional nature in schools and school facilities. The competences of a career counselor in these centers are defined in Section 26 of Act no. 138/2019 Coll. The main focus of his activity will be the performance of career guidance activities, the implementation of which would be less effective in the environment of a school or school facility (diagnostics, information on the labor market, communication with employers, etc.). In this context, active support activities and a high degree of coordination are envisaged in relation to career counselors, school counselors and educational counselors who will pursue career counseling activities in schools or school facilities within the jurisdiction of the center concerned. In some centers in the county seat, career counselors will also provide conceptual, methodological and supervisory activities in relation to the performance of career counseling in educational institutions of educational counseling and prevention in the territory of the respective region, supervise the level of individual professional counseling activities in schools, school facilities and counseling facilities within their territorial competence and participate in career guidance training. For these reasons, it is envisaged to add a ¼ job for a career counselor at centers in the county seat. A total of 81 recalculated jobs will be created and an increase in the amount for normative funding is also estimated in 2020 for this purpose.

CAREER GUIDANCE METHODOLOGY

According to the relevant statutes of the relevant directly managed organizations of the Ministry of Education, Science, Research and Sport of the Slovak Republic, research, methodological assistance, education and counseling in the area of educational counseling (in a subsystem of career counseling) in the competence of the Research Institute of Child Psychology and Pathopsychology and in relation to vocational education and training is provided by the State Institute of Vocational Education in cooperation with the provision of career guidance at primary and secondary schools. In connection with the above, the methodological procedures developed so far in career counseling will be gradually upgraded and standardized through the above mentioned institutions. The details of the qualification prerequisites to be fulfilled by a career counselor as a professional employee in the centers of pedagogical-psychological counseling and prevention are regulated by a generally binding legal regulation pursuant to Section 85 and Act no. 138/2009 Coll. Career counseling has a number of different methods, procedures and techniques for working with pupils. According to the intent of the counseling activities, the methods are generally classified as:

- **methods of collecting pupil information** - questionnaires, observations, interview, medical history, autobiography, school records, focus groups, biographical data analysis, activity product analysis, SWOT analysis,
- **communication methods** - conversation, role play, simulation, exercise, stories, educational game,
- **labor market research methods** - job search skills training, job situation simulation, orientation excursions, profession observation, training fairs, job fairs, company ministages, needs surveys, case studies,
- **methods of informing the pupil** - materials used for disseminating information among pupils, occupational profiles, conferences, personal reading, presentation films, media commentaries,
- **personal marketing and information management methods** - writing a CV and cover letter, preparing for a job interview, writing an advertisement in the media, databases related to education and training, professions, jobs,
- **career planning methods and development**- action plan, personal project, considering alternatives, clarifying values, exploring competencies and others.

Career counseling can help labor market participants develop prospects for the future, such as acquiring the required skills, finding meaning in learning and choosing a suitable profession. In the framework of an overarching career guidance, the emphasis is shifted from the provision of information itself, professional orientation to career education and support for career development. Interventions are increasingly focused on supporting the acquisition of decision-making skills and competences throughout life, promoting self-knowledge and building positive self-image, not only in choosing education for career choices, but also in the process of lifelong learning, self-knowledge and self-reflection.

CONCLUSION

In the context of labor market developments, it is necessary to note that in the field of education changes in terms of reflecting on the overall employment situation, trends in the future of the workforce as well as

gradual changes in the population are necessary. The demographic development of the school population currently suggests that in the coming years, we can expect more quantitative changes in the structure of the system of schools and school facilities in the regional education system. The choice of further study is becoming more persuasive in connection with the awareness of global trends that Slovakia does not circumvent, but is exposed to it increasingly due to the export-oriented structure of the economy. It is the trends of global development that bring to the fore the issue of the required competences of the graduate of education, so-called learning outcomes, which is, the knowledge, skills, attitudes and habits that a graduate will have or will be able to apply after graduation in practice. Acquisition of professional expertise provides a competitive advantage in the labor market, but it will have to be constantly increased and complemented by the additional competences and skills required in the labor market, which also points to the need for lifelong learning. Today, pupils and students are faced with a choice which path will equip them with the skills they need to be able to work in changing conditions and in sectors that have the greatest potential for economic growth and employment, while maximizing their personal potential and individual prerequisites, so that their application in professional life leads to their life ambitions.

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MOTIVATION OF NURSES TO INCREASE QUALIFICATION

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Abstract: *The article presents results of a survey of nurses' motivation to improve their skills and increase their qualification, which was performed among 151 general nurses working in the state and private spheres. The attitudes, which the nurses take to increase their qualification, are presented through the results of a questionnaire survey. Maslow's Theory of Needs and Herzberg's Motivation-Hygiene Theory became the theoretical basis of the survey. The results indicate that the nurses working in the state sphere were mostly influenced by the hygiene factors (physiological needs; security and safety), whilst in the private sphere they were influenced by the motivation factors; the need for respect, recognition and self-realization. In any case, the health care facilities must be aware of the significance and importance of care for human resources and their development, which includes a motivation aspect. However, to capture what really motivates an individual, is one of the most difficult tasks in the managerial practice.*

Keywords: *nurse, motivation factors, hygiene factors, satisfaction, needs, education and motivation.*

1. INTRODUCTION

The employer should consider further education of its staff, not only nurses, investment in overall functioning of the health care facility in question. (Covell, Sidani 2012) As quality of the healthcare staffing creates the real value of the facility. (Dubois, McKee, Nolte, 2006)

Development of medical disciplines and examination techniques has resulted in increasing requirements for education and professional training of the nurses, i.e. the original secondary education of the nurses has been moved to the tertiary level. Today, nurse is a graduate of the three years of study at a higher vocational school or a college. The nurses themselves are aware of the absolute necessity of further education in their field. Development of technologies, processes, medicines and approaches is unprecedentedly rapid and it is not easy to keep up with. What was true yesterday may be outdated or inappropriate today and incompatible with something else.

With respect to the fact that the survey included respondents, participants in a specialization study, creating a heterogeneous group of general nurses not only of different age, but with different education and work experience, it can be assumed that each of them has a different expectation in terms of the acquired knowledge and skills as well as the expectation related to education. Continuous personal development of the staffing across the disciplines is understood a key element not only at the local level of individual workplaces, but also in transnational strategies of competitiveness (e.g. Europe 2020).

2. THEORETICAL BACKGROUND AND OBJECTIVE OF THE PROJECT

The **objective** and aim of this project was to map the motivation factors that influence and affect decision-making of the nurses concerning their further education, based on the importance of these factors for the nurses and satisfaction with them. The project was also focused on finding out what kind of educational activities the nurses were interested in, what prevented them from further education, whether or not there were a sufficient offer of educational events and study programs. We were based on the fact that the needs represented the key source of motivation. Their current state is affected significantly by satisfaction or dissatisfaction with their accommodation. Therefore, linking Maslow's Hierarchy of Needs Theory and Herzberg's Two-factor Theory of Motivation became for us the theoretical background. The best-known theory of motivation is the theory of the hierarchy of needs of the American psychologist Abraham H. Maslow, who is considered founder the humanistic psychology. According to him, people are motivated to seek and realize such personal goals that make their lives valuable and significant. Human is a "needing organism" who rarely reaches a state of complete satisfaction. Some authors have criticized Maslow's theory, because importance of the needs varies from person to person, and satisfaction of the lower needs does not

necessarily need to precede emergence of the higher needs. Modification of this theory resulted in Herzberg's two-factor theory of motivation, also called the motivation-hygiene theory. One group of needs covers the issues such as company tactics and administration, quality of management, working conditions, interpersonal relationships, remuneration, work status, work security and lifestyle. According to Herzberg, these factors can only cause dissatisfaction, but do not have a motivating effect, i.e. if these needs are satisfied adequately, dissatisfaction does not appear. Herzberg calls these factors maintenance, hygiene factors. The second group includes the needs that could cause satisfaction. These include success, recognition, provoking work, advancement, promotion and work results.

Hygienic factors <i>prevention of work dissatisfaction</i>	Motivators <i>ensuring job satisfaction</i>
<ul style="list-style-type: none"> - corporate policy - competence of superiors - relations with superiors, co-workers and subordinates - work conditions - wage / salary - job security - occupational safety and health protection 	<ul style="list-style-type: none"> - work achievements and success - possibility of professional and career growth - recognition - responsibility - personal development
High	Work dissatisfaction
High	0
	Work satisfaction

Fig. 1: Herzberg two-factor theory

It can therefore be stated that Herzberg was based on the finding that job satisfaction and dissatisfaction are not two aspects of the same problem, but two different problems. If the employees are highly motivated, they don't mind dissatisfaction with hygiene factors. The opposite is not true. It can therefore be claimed that the factor becomes motivational if it satisfies the needs that the employee subjectively perceives as important and significant for him.

Motivators, or satisfactors, are considered the factors motivating individuals to a higher performance and a higher effort. They act only when the individual does not feel dissatisfied.

Wishes of the employees are divided into two groups. One group refers to the need of development of the human expertise and qualification as a source of personal growth. The second group acts as the basis for the first group and is linked with decent treatment in the field of remuneration, management and control, working conditions and administrative procedures. Meeting the needs of the second group motivates the individuals neither to a higher degree of job satisfaction nor to a higher work performance. Prevention of dissatisfaction and poor work performance can only be expected from this group. (Duchoň, Šafránková 2008).

As shown in Fig. 2, the factors identified by Herzberg are largely identical to those identified by Maslow.

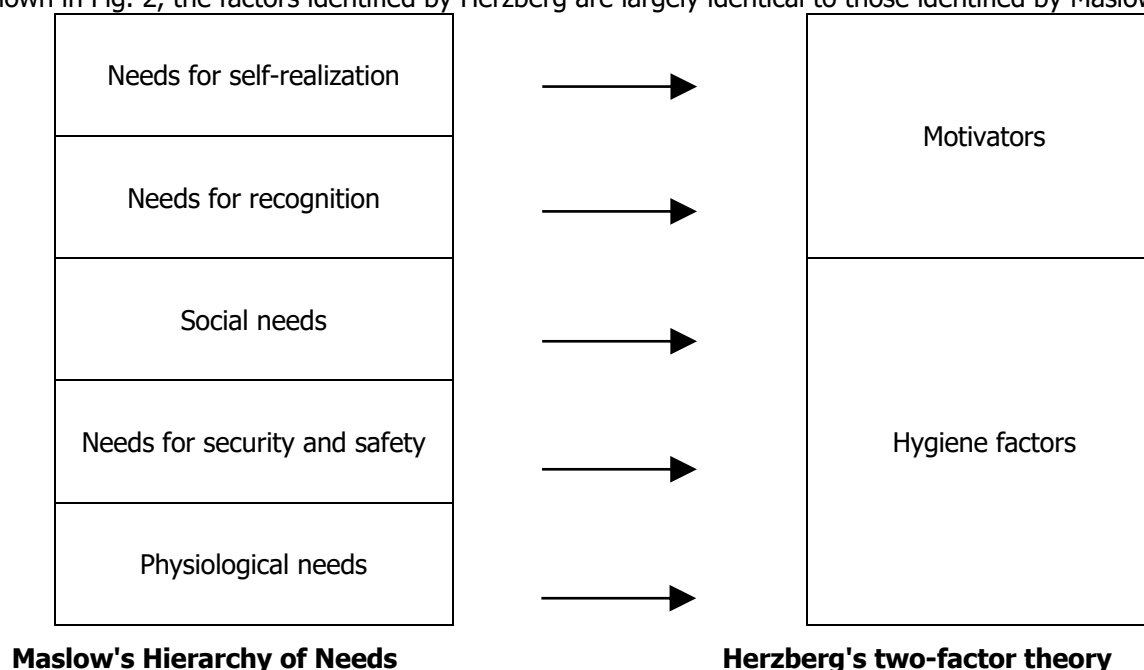


Fig. 2: Comparison of Maslow's and Herzberg's theory

Maslow's hierarchy of needs theory and Herzberg's two-factor theory of motivation represented the theoretical background of the exploratory investigation of the work. At first, we have searched for mutual conformities between the two theories. This comparison has become the basis for applying both theories to the profession of a nurse.

Within the scope of the exploratory survey, 35 motivation factors were identified in the profession of a nurse in the field of lifelong learning. The survey itself was focused on finding importance and satisfaction with individual motivation factors. The survey was performed in the form of a questionnaire survey and the nurses were asked to assign a numerical value to each factor, depending on how important a particular factor was to them. Value 1 - not important at all, value 5 - very important. The nurses were then asked to evaluate the individual factors numerically, depending on how they were usually satisfied with them during their education. A value of 1 means they were not satisfied at all, a value of 5 means they were very satisfied. These factors were categorized by the nurses according to Maslow's hierarchy of needs theory. Table 1 summarizes the obtained outputs.

Fig.3 Comparison of Maslow's Hierarchy of Needs, Herzberg's Two-Factor Theory and Motivation Factors of the nurses in the field of lifelong learning

Maslow's Hierarchy of Needs Theory	Motivation Factors of the general nurses	Herzberg's Two-factor Theory of Motivation
1. physiological needs	distance of the venue, duration of the event or study, necessity to pay for the educational event from own resources, refreshment at the event, accompanying program, obtaining a graduation certificate, way of graduation (test, examination)	Hygienic factors
2. needs for security and safety	certainty of maintaining the current job, the current salary grade, the employer's requirement for education, opportunity to attend the event together with a colleague, access to information about possibilities of education, ensuring the conditions for education by the employer (financing, study leave, etc.)	Hygienic factors
3. social needs	possibility to meet new people, colleagues from	Hygienic factors

	other workplaces, personality of the teacher	
4. needs for respect and recognition	possibility of career advancement, possibility of raising the salary grade, increasing personal prestige, possibility of increasing competences, appreciation by the superior, opportunity to become a consultant for the colleagues, opportunity to share the obtained knowledge with the team, increasing expertise, gaining recognition of others, possibility of getting contacts, possibility to succeed better in the labour market, gaining more self-confidence	Motivation factors
5. need for self-realization	maintaining and development of intellectual abilities, possibility to apply knowledge in practice, possibility to extend and deepen knowledge, possibility of personal and psychological growth, feeling of satisfaction from the study, possibility to make job more effective, professional self-realization	Motivation factors

Fig. 3 Own output

250 questionnaires were distributed among the nurses in total, 201 questionnaires were returned, i.e. the return rate was 80.40%. The reason for eliminating 50 questionnaires (24.88%) was their incomplete or incorrect filling in. For the overall evaluation we have processed data from 151 respondents (75.12%), using the computer program MS Word 2007 and MS Excel 2007.

1. OBTAINED RESULTS

Predominantly 94.70% of women aged 19 to 59 years participated in the survey. The largest group consisted of the respondents aged 30-39 years - 39.8% and 40-49 years - 34.4%. The respondents worked as the general nurses in the state 51.3% and in the private sphere 48.7%. 32.50% of the respondents had the secondary education, 20.50% of the respondents graduated from higher vocational schools, from the bachelor (37.70%) or master (9.30%) type of study at the universities. The largest group consisted of the general nurses with the practice for 16 - 21 years (30.5%), 11 - 15 years (28.5%), 6 - 10 years (20.5%), 22 and more years (12.6%). The smallest group consisted of the nurses with the practice up to 5 years - 7.9% of respondents.

The most important factor for the nurses with the secondary and higher professional education was to maintain the salary grade. For the nurses with the tertiary education (bachelors and masters), the possibility of broadening and deepening knowledge played the most important role in decision-making for education. The bachelors felt most satisfied with obtaining the graduation certificates, the masters with recognition from their superior.

It is important to know the factors affecting motivation of the nurses. These factors influence behaviour and attitude of the nurses to their responsible and high-quality work, taking into account their personal goals as well as the goals of the facility.

Comparison of the motivation factors of the nurses for education according to their importance and satisfaction of the nurses working in the state and private spheres with these factors on the workplace (factors in the first 3 places and the last 3 places).

3.1 NURSES WORKING IN THE STATE SPHERE

The most important factors in deciding further education were as follows:

- ensuring conditions by the employer: financing, study leave, etc. (87%), (needs for security and safety; hygiene factors),
- certainty of maintaining the existing job (84%), (need for security and safety; hygiene factors)
- possibility to increase the salary grade (83.4%) (needs for respect and recognition; motivation factors)

The general nurses were most satisfied with the following possibility:

- certainty of maintaining the existing job (82.1%), (need for security and safety; hygiene factors),
- obtaining the certificate with the necessary license (80.4%) (physiological need; hygiene factor),
- ensuring conditions by the employer: financing, study leave, etc. (79.6%), (needs for security and safety; hygiene factor)

The following factors are least important for the respondents:

- possibility to share the gained knowledge with the team (65.5%), (need for security and safety; hygiene factor)
- possibility to become consultant for the colleagues (64.1%), (need for respect and recognition; motivation factor),
- refreshments during the event (51.6%), (physiological needs; hygiene factor), f

3.2 NURSES WORKING IN THE PRIVATE SPHERE:

The most important factors in deciding further education were as follows:

- possibility to apply knowledge in practice (90.7%), (need for self-realization; motivation factor),
- possibility to increase competencies (90.3%), (needs for respect and recognition; motivation factor),
- become a consultant (89.0%), (needs for self-realization, respect and recognition; motivation factor),

The general nurses were most satisfied with the following possibility:

- feeling of satisfaction from the study (90.3%), (need for self-realization; motivation factor),
- possibility to apply knowledge in practice (89.8%), (need for self-realization; motivation factor),
- possibility to increase competencies (88.6%), (need for respect and recognition; motivation factors).

The following factors are least important for the respondents:

- distance of the venue of the educational event (67.4%) (physiological need; hygiene factor),
- accompanying programme of the educational event (57.6%), (physiological need; hygiene factor),
- refreshments during the event (51.6%), (physiological needs; hygiene factor),

3.3 OTHER ACQUIRED FINDINGS

From the point of Herzberg's theory, the real motivators are those motivation factors that are important for the individual and are in a favourable state with respect to their satisfaction.

The largest group consisted of nurses with the practice of 16–21 years (30.5%), 11–15 years (28.5%), 6–10 years (20.5%). It is interesting in this survey that the results indicate a more positive attitude to education in the nurses with the practice of 16–21 years. Results of research of Vévoda and Ivanová (2013) have showed that interest in further education decreases with higher age and length of practice. Similarly, Simonová and Hamplová (2016) report that with increasing age the interest in further education drops in the age group 55–64, as this age group is approaching retirement or is already in the old-age pension. The research has shown a positive correlation between job satisfaction and education. In terms of selection of the educational events, 75.93% of respondents have replied that they choose the educational event(s) by themselves. We were very surprised by this result and consider it very positive. We expected a lower percentage of active respondents due to the difficulty and complexity of the nurse work. The research has proved that job dissatisfaction drops with rising education. This claim was supported by an survey in Taiwan, where the nurses with a lower education were found to be less satisfied with their work. Education as one of the components of job satisfaction has also been identified in the research published by Murrels, Robinson and Griffiths (2009).

Results of the survey show that from among the available forms of education the respondents prefer mostly specialization education, certified courses and professional conferences. Thanks to the specialization education and certified courses, the nurses acquire a special professional qualification and their competencies are thus increased, and these are the most frequently chosen form of lifelong learning for the respondents with experience and practice over 16 years.

The least preferred by the respondents is e-learning - only 4.6%. When asked if they consider university studies, 41% of respondents said they were interested.

The nurses working in the state sector responded the question what reasons limit their participation in education as follows: workload, lack of time and family life, while the general nurses in the practical sector

indicated in the first place that there were no reasons, workload in the second place and lack of time in the third place.

Průcha (2014) states that the motive for learning and attending educational events is the inner need of the individual to be successful, competent and recognized in an activity. Financial and time-consuming demands can be a barrier in education (Rabušicová, Rabušic and Šed'ová, 2008). This statement is in line with the results of the Kochanová and Michálková research (2013), where respondents identified the financial burden as the biggest disadvantage of education.

It can be stated that the hygiene factors and their corresponding needs, especially the physiological ones and the needs for security and safety, occupy an important place in the motivation of nurses to educate themselves. These factors are influenced significantly by external circumstances (external motivation, stimulus). The motivation factors and the corresponding need for self-realization are affected strongly by the internal environment (internal motivation). Respondents in the survey preferred mostly hygiene factors as subjectively important. However, according to Herzberg's theory, they cause dissatisfaction, if not satisfied, if they are in a favourable state, they lead to satisfaction, but do not have a significant influence on motivation. Favourable work motivation is influenced and affected by the motivation factors. (Duchoň, Šafránková 2008)

The needs corresponding to the hygiene factors represent in principle the inevitable basis for survival of an individual. Groups of the needs corresponding to the motivation factors are the real motivators, as the source of their motivation is internal and serves for development of the personality and its self-realization.

CONCLUSION

The issue has been indicated in the presented paper that the nurses from the state sphere, deciding their further education and learning, are influenced mostly by the hygiene factors corresponding - according to Maslow's hierarchy of needs - to the needs for security and safety (ensuring conditions by the employer - financing, study leave, etc., maintaining the salary grade and maintaining the current post and job), and hygiene factors according to Herzberg's theory.

On the contrary, the nurses working in the private sector and deciding their further education are influenced mostly by the factors such as the ability to apply the gathered knowledge in practice, to increase competences and to become a consultant, which have been classified as the needs for self-realization, respect, appreciation and recognition in Maslow and motivation factors in Herzberg.

The health care facilities must be aware of the significance and importance of care for human resources and their development, which includes a motivation aspect. By motivating, investing in development of the staff, the organization contributes to increased performance of the employee, but also to the quality level of the provided care. Each person is unique and therefore to grasp what really motivates an individual is one of the most difficult tasks in the managerial practice.

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AGE MANAGEMENT SPECIFICATIONS

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Abstract: *Every labor market is influenced by the demographic structure of the population. Nowadays, the term aging of the population is increasingly inflecting on a European scale, the process of which is related to new modern technologies that cause a decline in fertility and birth rate, thus deepening the process of demographic aging. However, the aging of Europe's population and making life expectancy longer also entails radical changes in society, increased burden on health and the overall economic system, as well as a fundamental change in the age structure of people in the labor market. The solution to this problem is nowadays the implementation of Age Management into the business process, i.e. age management or management with respect to the age, skills and potential of its staff.*

Key words: *management, population, aging populations, age management*

INTRODUCTION

Due to an aging population and declining productive populations, several European countries face major economic problems, as aging populations pose relatively large societal challenges. This is also confirmed by Paleari, Brambilla and Fincham (2019), who argue that „Ageism in the workplace has documented detrimental consequences for its victims, but its effects on those who hold ageist views are rarely investigated“.

The social context is gradually changing and elderly people often face social exclusion. To improve the general health of the population, it is necessary to have a well-established health system in society to ensure an adequate standard of living for the population, as well as to promote a healthier lifestyle and preventive access to their health. Also important is "Having a scale that can accurately measure ageism prevalence is key to increasing and rapid population ageing, where the magnitude of this phenomenon may be increasing." (Ayalon, L et al., 2019) Current public health policies they must promote social participation, care, self-fulfillment and the dignity of older people in order to promote healthy aging.

Healthy aging practices should promote inexpensive ways of ensuring informal care and the extension of formal care provision. The aging of Europe's population raises a number of important questions, such as managing the economic impact of aging, adapting to aging populations and shrinking labor, ensuring adequate and sustainable pensions, ensuring access to high quality health care for all, as well as ensuring the financial viability of health systems. It also brings with it certain „.....that stereotypes do, in fact, exist and that more educational outreach is required for both teachers and primary school students to dismiss negative stereotypes about the elderly.“ (Moret and Moret, 2019)

The European Platform for the Elderly, Age Platform Europe, states that the problem of discrimination against older people needs to be addressed, as good health in older age is a product of a healthy lifestyle and people of all ages should have access to health counseling and preventive services. In addition, older people should have adequate access to operations and treatment, even in situations where they require intensive support, such as home or nursing care, and should be treated as individuals with their own dignity and sensitivity.

According to the Slovak Population Development Forecast up to 2050, prepared by the Statistical Office of the Slovak Republic, the development of the Slovak population in the first half of the 21st century will be characterized mainly by decreasing population growth and aging population. The intensity of these processes will depend directly on the development of fertility, mortality and migration, but will also be indirectly influenced by other demographic factors as well as by social, political, economic and cultural factors. The aging process will accelerate over the next decades. While there are currently two residents under the age of 17 per inhabitant over 65 years of age, in 2050, according to the middle variant, this ratio

will be the opposite. Per capita below the age of 17, there will be nearly two inhabitants over the age of 65. According to the document National Employment Strategy of the Slovak Republic until 2020, population aging represents one of the biggest challenges of the 21st century for Slovakia.

Society must be prepared to increase the proportion of older and old people, to integrate more foreigners, as well as to increase tensions in intergenerational relations. New approaches to population, family, social, economic and migration policies will be needed to tackle the situation. Measures should be taken in time to help mitigate the expected adverse impacts on society and the population. The effectiveness of population measures is a long-term issue, so implementation must be started in advance, and all measures must be prepared and implemented with a clear intention and in conjunction with each other.

AGEISM

Extending people's lives is now seen as a success. Changing the age pyramid creates important new requirements for society and families. Many European countries are responding to the demographic revolution by the need to correct health and social policies, which should be conceptually coordinated so that they can adequately cover prevention, diagnosis and treatment in both the health and social spheres. In the Slovak Republic, the working age limit for 2018 is 62 years and 139 days, but most European Union countries have a legal working age of up to 65 years. Life does not stop at the age of 60, and society is increasingly aware of the value of what its older people can offer, as active aging means being fully involved in society, regardless of age, whether at work, at home or in their community. As the population of the elderly increases, we are also seeing discrimination against them, which is being addressed by various world organizations and these also create tools for diagnosing elder abuse. The ill-treatment of a senior is characterized by a complex of violence or active lack of care for his or her person, and may be manifested in a physical or psychological way and becomes a form of neglect, abuse or even maltreatment. The ideal of the modern man is totally self-sufficient, brought to it by the personalities of modern civilization, but in old age self-sufficiency decreases, the need for someone else's help is rising, funds are lacking and these are reasons for marginal interest in the older generation is associated with the disease. These are called ageism, which we understand as age discrimination.

Ageism is defined as a form of age discrimination that primarily affects older people and can lead to age segregation and social exclusion. It expresses an attitude about the low value and incompetence of old age, which is manifested by underestimation, refusal and even resistance to the elderly. As a result of this attitude, discrimination against a person is based only on old age.

Today's society assigns a low social status to seniors, no longer expects anything from them, and does not try to accept them as equal partners. Ageism can also be understood as a process of systematic stereotyping and discrimination of people for their aging, just as racism and sexism relate to skin color, gender, and the like. Old people are categorized as senile, rigid in their minds and ways, old-fashioned in morality and abilities. Ageism is a frequent form of discrimination also in Slovak companies. The practice in Slovakia is that only young people are still mostly preferred, especially when applying for a job. Older jobseekers are ranked worse than younger job appliers. Unemployment among the elderly in our country is higher than among young people, in technology companies are people considered to be "older" even in their thirties. Companies do not write an age limit in the advertisements, but they hide behind the motto "digital native", so they are looking for a person who is completely natural to work with technology. In Slovakia, the productive age of IT specialists under 35-38 is estimated as productive, this is not the rule, but in most cases IT specialists, especially programmers, testers, system specialists after 35, are already in a burn-out state. Conversely, in positions such as IT managers, project managers, business analysts, solution architects, etc., age can be an advantage, mainly because of their experience. Another reason why this is so is that young people often have less financial demands than older workers. Companies also think that when they work for young people, they bring new ideas, a new spirit. Of course, they are much more ferocious, sometimes more aggressive and self-assertive, but they lack the necessary experience and insight. The trend in developed economies is to create mixed teams, because people over 50 have different things in the work process and it would be very good if they could share the experience they have acquired, but it is rather exceptional that such teams are built programmatically in practice.

Workplace Discrimination is covered by the Labor Code, which prohibits, in employment relationships, discrimination against employees on grounds of sex, marriage or marital status, sexual orientation, race, color, language, age, ill health or disability, genetic characteristics, belief, religion, political or other thinking,

trade union activity, national or social origin, belonging to a national or ethnic group, property, gender or other status, or because of a report of crime or other anti-social activity.

As a basic prerequisite for the prevention of discrimination, the Labor Code states that the employer is obliged to treat employees in employment relationships in accordance with the principle of equal treatment, which is regulated by the Anti-discrimination Act. If an employee considers that the employer violates the principle of equal treatment, he has the right to lodge a complaint with him. The employer is obliged to respond to it without undue delay, to remedy it, to refrain from such action and to remove its consequences.

AGE MANAGEMENT STRATEGY

Age Management was established in Finland in the early 1980s in response to demographic trends and the aging population. In 2010, in cooperation with the Finnish Institute of Occupational Health, the international project Age Management Strategy in the Czech Republic and subsequently also in our country began to be implemented. The application of age management is also necessary in Slovakia. As older people make up an increasing proportion of the population, the state must offer scope for social participation, which is closely linked to the labor market and the fact that the retirement age will also shift with the aging of the population. This means that a lot older people will continue to work even after they have reached retirement age. An important task for the government is to counterbalance labor market pressures. On the one hand, they are aging, and on the other, society is facing an under-employment of young people. In the future, age management should become part of not only state but also personnel policy of companies operating in Slovakia. Transferring the work experience of people who are retiring to young, early-stage workers is something that is not yet present in Slovakia. In the context of demographic development, the topic of age management is of fundamental importance throughout society. It is therefore high time in Slovakia, too, to take the first steps towards the application of age management, which is most often defined as management, taking into account the age and abilities of employees. This is a long-term process in which all relevant components of society, government, employers 'and employees' organizations, and significantly the third sector, must be involved. The National Active Aging Program 2014-2020 as well as the National Active Aging Strategy, which deals with employment in older age, mention age management as an important tool for the labor market, but so far little progress has been made. The main objective of this concept is to promote a comprehensive approach to addressing the demographic situation and demographic change in the workplace. These are age management measures, which should first and foremost ensure that every worker has the opportunity to realize their potential and is not disadvantaged because of their age. Its aim is to create better employment opportunities and conditions for the elderly, to combat their social exclusion, to change the negative attitude to aging, to pay stronger attention to creating conditions for a sustainable quality of life for older people and many other tasks.

The wide use of Age Management encompasses all age groups of workers, from graduates to retired workers. Changes in the age structure will gradually affect society as a whole, as the aging of the population and the workforce will not only have serious economic but also social impacts. Extending working life is therefore not only in the interests of society, but also of every individual and company. At all these levels there are problems, but also opportunities. One of the possible solutions is to apply the principles of Age Management. The main principles of Age Management, aimed at a group of older workers, with which it is primarily associated, include in particular good knowledge of the age structure of the company, a fair attitude to aging, understanding of individuality and diversity, but mainly various measures to support working abilities.

A WORKING ENVIRONMENT FOR ALL

Age Management is a new competence for executives in all companies and work organizations when a fundamental demographic change in society occurs. In both the commercial and public sectors, organizations are forced to adjust functions for all ages. The greatest need for Age Management is in companies where a lot of physical or mental stress is required. The employment of older persons is to some extent dependent on their acceptance by employers themselves. Older workers are valued by employers primarily for their long-term work experience, for greater responsibility and loyalty, for reliability, less fluctuation rate and more time flexibility. On the other hand, their disadvantages include, in particular, lower educational attainment, lack of further education, lack of skills in the use of new technologies, insufficient language and computer skills, lower physical performance, more frequent health problems and stereotyping. On the other hand, older workers themselves are aware that they are a disadvantaged group in the labor market. In the case of experience with unemployment, the lack of knowledge of the methods of finding a

new job and a greater impact on the psyche, weakening the motivation to find a new job, also play a role in them.

Therefore, it is important for the government to give priority to activities aimed at bringing demographic development and its impact on society and the benefits of employing older people closer to corporate and public leaders. Internal communication towards the employees themselves (younger and older) and raising awareness of the benefits of age diversity in the workplace and especially older workers will also be very important. The Council of the Government for Senior Citizens' Rights and Adaptation of Public Policies of the Aging Process, which was established to ensure closer cooperation of stakeholders to address the consequences of aging, should also help to coordinate and control individual measures aimed at eliminating negative consequences of economy, labor market, pension system and other areas of society life. Age discrimination is not uncommon today, but it is definitely necessary to fight it. Fortunately, there are companies that prefer mixed teams, so they are well aware that the chance must be given not only to young people but also to older people who can boast of the many years of experience acquired in their previous jobs. First of all, the office should be a place where the work is done thoroughly, right and honestly, so if the employer can create a team of people who differ in age but can cooperate, they have won.

THE INFLUENCE OF AGE ON THE MOTIVATION PROCESS

People have different needs and interests depending on their age. Generations of people are divided into several groups, depending on the years in which they were born, raised and lived, but there is no 100% concordance at intervals between generations. People's needs and work attitudes are largely influenced by their age and life experiences. Although motivation varies with the age of workers, it does not mean that we can speak of the inevitable decline in work motivation with the increasing age of workers. Like younger workers, older workers need to be motivated at work. The only difference is the motivational factors used, which have different values for each generation. It is clear from the practice that while younger workers make the choice of an organization based on whether they have the possibility of further education, social status or career growth, older workers do not consider these opportunities as an important motivating factor. Older workers in the working environment are more motivated by the feeling of success at work, the possibility of using their experience and skills, the freedom to perform their tasks and the feeling of satisfaction and joy. Young people at work are motivated by the possibility to organize their work independently, the sense of responsibility for the work they have done, clearly defined goals with the possibility to determine their progress and the possibility of continuous personal development. Therefore, it is important that the employer addresses them individually on their personal development and constantly gives them feedback.

A higher age of employees can be an advantage for the company. Older employees have rich practical experience, established work habits, good perspective, established contacts. They are more stable anchored, have a background, usually grown children. They are willing to commute to work longer distances, work more hours and have lower salary expectations. It is a disciplined workforce that is more loyal to the company and thus more productive. Older employees can transfer experience and train younger employees. When an organization uses Age Management, which supports the will of workers to remain at work even at an older age, workers feel an important part of the organization, thereby increasing their job satisfaction. Since a diverse workforce is an important component for the success of any organization, it is important not to neglect this idea when planning human resources. The diverse workforce helps to better understand the needs of a broad portfolio of diverse customers, allowing an organization to increase customer satisfaction and achieve better market segmentation. If the organization promotes the idea of equality and age or other non-discrimination of workers, it improves the social position on the market.

CONCLUSION

Global aging will trigger structural changes in the economy, health, social welfare, affecting the labor market, education, culture, the functioning of households and family coexistence. The sooner we understand the need for changes in the aging population in Slovakia and begin their gradual implementation, the sooner and more successfully we will be able to cope with aging. While the EU will lack 15% of the workforce due to an aging population in 2050, it will be as high as 21% in Slovakia. Thus, employers should already think about how to create the right conditions for the work of an aging population and to motivate older workers to remain in their working lives for as long as possible.

ACKNOWLEDGEMENT

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SOCIAL INNOVATIONS IMPLEMENTED IN SOCIAL ENTERPRISES

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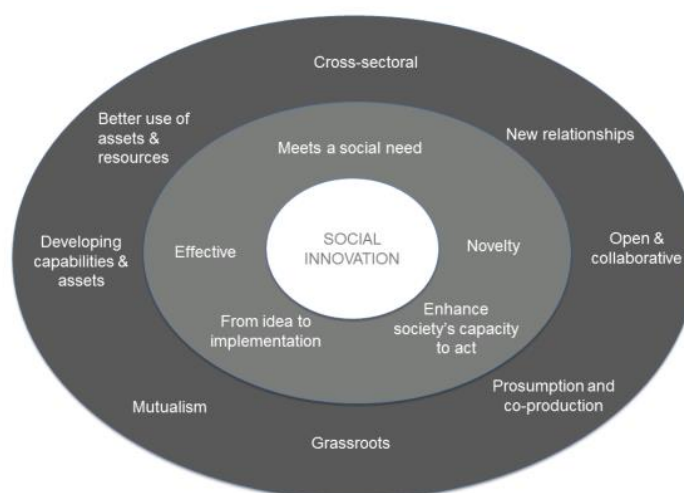
Abstract: *The aim of this thesis is to point out the basic concepts of social entrepreneurship and social innovation. The question is if social enterprises are carriers of social innovation and if they represent better solutions over the available alternatives and through what form these solutions are achieved. The main reason for solving problems through the application of social innovation is the unmet needs of the population. Innovative approaches to addressing these unfavorable social phenomena are one way of addressing the problems that arise. Social innovation try to achieve a social impact and sustainable changes in society, which should have a measurable impact on public savings.*

Keywords: *social innovation, social entrepreneurship, Europe 2020, social policy*

Social enterprises are nowadays considered as one of the typical representatives of social innovation. They strive to achieve social goals through their business.

They focus on people's unsatisfied social needs (especially at the local level), which they transform into employment opportunities. The social needs of people relate to the quality of their living conditions, the quality of living environment, the development of infrastructure, the quality of life, the abundance of social and public services, meeting the needs of the daily lives of families and individuals. There are job opportunities that does not require demanding investment resources and a highly skilled workforce, that allow integrate disadvantaged and marginalized people in labor market. They are thus a potential source of occupational inclusion in localities with limited employment opportunities and strengthen the social inclusion of these sites and their inhabitants. Our research shows that the marginalized groups of the population are mainly people with disabilities and ethnic minorities. Jobs are created for people they do not require a highly qualified workforce, they are suitable for disadvantaged types of people. The essential question raised in achieving of the goal of the submitted thesis was to determine if social enterprises employ disadvantaged people because of the financial support they receive for their employment or it is the innovativeness of their actions and the resources for this activity seek the needs of the population, that are not satisfied.

The innovativeness of social entrepreneurship lies in linking social goals with economic, entrepreneurial approaches, which include five main elements: the element of novelty, the transition from idea to realization, social need, the element of efficiency, and the encouragement of society to act. These five basic elements illustrated following picture.

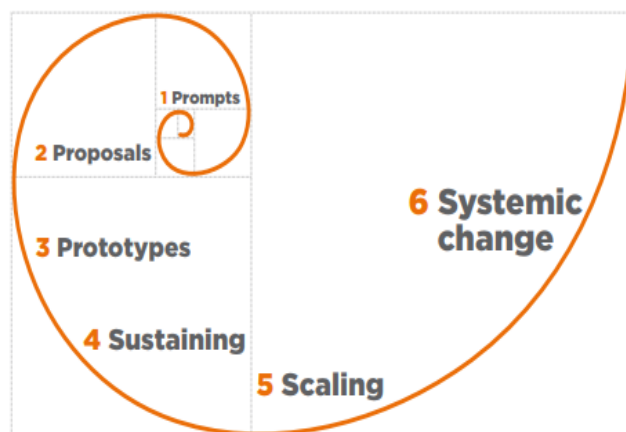


Source: see. literature [3]

The ability to expose the entrepreneurial dimension in traditionally non-profit areas of activity is a source of innovation and provides a new impetus to economic sustainability for social objectives. It is precisely the creation of social benefits and an innovative approach that represents the main difference between social entrepreneurship and other forms of business from the public and private sectors.

They then create jobs at local and regional level in locations and regions with limited job opportunities. Social enterprises, as entrepreneurs, support the regional labor market in which they operate, as well as the products made there.

The aim of introducing social innovations into social enterprises is primarily to gain financial independence by introducing innovations into their business activities. However, this requires knowledge of the various phases of putting innovation into practice. This process is illustrated in the picture below.



Source: see. literature [7]

The main reason given by the companies in the questionnaire is mainly to maintain their own competitiveness. Social enterprises want to keep pace with their competitors while maintaining the interest of their customers, which is not possible without innovation.

Competitiveness is based primarily on the use of unique local specifics, by meeting the unmet needs of the population, creating products and services that are tailored to customer requirements, and creating the value of a product and service through the involvement of people in its process.

On the basis of the data obtained, social innovation has been found to have a major impact on the proper functioning of the social enterprise. Most companies even consider them a necessary condition for the development of the company. The primary benefits of social enterprises are to increase competitiveness, reduce costs, develop new products and increase company turnover. Social enterprises are not always involved in innovation on their own initiative. Often they need some kind of impulse, a motivation to show them the right direction.

Social enterprises are inspired mainly by customers who, with their unmet needs, create market space for manufacturers and distributors to create new or improve existing products and services.

Social enterprises consider market resources as the main initiator of their innovation, the companies they work with and competitors as the main initiator of their innovations. Only a small percentage of companies initiate their own ideas, foreign literature, foreign companies or their own needs. Social entrepreneurship is also promoted by the public sector, whether by direct financial means or indirectly through certain benefits. It is the public sector that sets the conditions for the actual running of a social enterprise. However, in spite of the possibilities that the public sector provides or can provide to social enterprises, the results of the questionnaire showed that only about half of them have developed cooperation with the public sector, at least to a minimum. Only 35% of the companies surveyed cooperate at a high level with the public sector. Despite the fact that social entrepreneurship and social innovation have only come to public awareness in recent years, some of the social enterprises surveyed have existed for a long time, as evidenced by the fact that they have their place on the market in terms of their focus and perspective.

Most representatives of functioning social enterprises in Slovakia claim that the social enterprise in which they work is a bearer of social innovation. Research has confirmed that social enterprises are carriers of social innovation. Research also confirmed that social entrepreneurship is not only a current trend, but it has a long-term history of some social enterprises in the labor market.

Social innovation is seen as a means of keeping them on the market. One of the key prerequisites for the start-up of innovations in a social enterprise is the above-standard strong motivation of the key actors who were behind the birth of the business initiative. These people are characterized by their idealism to altruism in the sense of selfless service to others.

To start up social entrepreneurship it is also necessary some social capital in terms of social links, network of contacts and relatively good power status in the area in which the actors operate. Almost all the social enterprises we visited have been set in motion, with a certain „know-how“ and with the social links and contacts that the actors have already accumulated in their previous social and work trajectory. A significant feature of social entrepreneurship, which we have identified, is also dependence on the external economic environment. The introduction of innovations into individual activities ultimately constitutes demonstrable better solutions, as confirmed by companies that have actually introduced these innovative elements in their business activities. Social enterprises identified as better solutions that the innovative steps they have taken in their activities have helped them to increase competitiveness, reduce costs and create new products and services.

The questionnaire survey revealed that social enterprises seek to solve primarily two key problems of the current market, namely job creation and the inclusion of disadvantaged categories, through social innovation. In addition to the results, the following recommendations have emerged and should be implemented in practice. *These are: developing employment, developing the service sector, developing social services, strengthening social inclusion and a new social assistance strategy for disadvantaged people, developing the social potential of locations, accelerating the acquisition of decentralized competences of authorities at regional and local self-government levels.*

CONCLUSION:

Through social enterprises, disadvantaged people get a new chance to integrate into society, while long-term unemployed get lost work habits. We can also find added value in this type of business in that social enterprises use most of the profits they generate to develop their business and educate their own employees. The main goals of social entrepreneurship are based on the concept of triple benefit - economic, social and environmental. The questionnaire survey verified the claim that the introduction of innovations into individual activities represents demonstrably better solutions, which was confirmed by companies that actually introduced these innovative elements in their business activities.

Against this background, social innovation should continue to be supported, whether in the form of national program calls, social innovation competitions, various endowment funds, contributions from non-profit organizations, or at least building a suitable environment for the creation and implementation of such innovations.

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HIGHER EDUCATION - AN IMPORTANT FACTOR IN THE PROSPERITY OF SOCIETY

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Abstract: *Czech society is still confronted with a number of unsolved questions that are an obstacle to make education a significant priority contributing to economic growth, which is a precondition for the general growth of our society's well-being. One of these problems is the problem of financing at universities*

Keywords: *economy, education, qualification, employment, human resources, labor productivity, universities.*

Economic analyzes give relatively conclusive conclusions that investment in higher education is a major contributor to economic growth in developed countries, as a precondition for welfare growth across countries. An analysis published by Professor Bano of Harvard University shows that one year of school, in addition to the average length of education received by the country's population, brings an increased level of economic activity output of 19%. The real return on investment in education, neglecting depreciation and assuming that one year of school costs roughly the equivalent of GDP per one person (exaggerated figure and rather upper limit), 7% per annum and this is effective spending in terms of public spending.

Economic analysis of the effects of the "new economy", ie. the economic environment created by the interplay of new technologies and predominantly university-educated workers shows the substantially changed nature of the Phillips inflation-unemployment curve. The increased pace of labor productivity growth in the USA in the 1990s contributed to a reduction in the so-called labor productivity. Natural unemployment rates by a third and calculations show that half of this reduction will remain a long-term consequence of stabilizing the economy at a new level. The high degree of interdependence between the deployment of new technologies and the skills requirements of the workforce makes jobs with an uncreative, routine nature of jobs disappear, and in many places were only high school qualifications enough a few decades ago. But now it is necessary to have a higher education, at least a bachelor's. Increasing the share of the university-educated population is thus one of the basic conditions for economic growth and the prosperity of its members dependent on it. In the long term, increased skills also mean more employment for all, not just prosperity for the successful.

The basic task ahead of the education system is to prepare graduates so that they can find their place in the labor market and become employed. However, this does not mean that the field of education as a whole should be subordinate to the world of work. Rather, the two areas - education and the labor market - should be in a continuous relationship, while maintaining some autonomy.

The average period of school attendance in the population is a reasonable measure of human resource development in society and there are empirical data that exists to show that graduates acquire substantial additional competencies and a university degree also does not merely provide an indication of the independence of general abilities levels of completed education. Often questioning why our graduates should have a broader chance of studying at university and what they would do with their education is very problematic in relation to macroeconomic parameters, because we are most likely to be hurting the passage of the young population through universities; whereas a high degree of saturation is achieved at the secondary level, at the school-leaving level in terms of the volume of the student population.

The character of higher education is changing from a former elite study of a small part of the population to a study of a mass character, with more than half of the population grades are passing through, and economic benefits exceed individual returns for specific graduates and are one of the key drivers of these changes and their political support. According to the latest statistics, in the OECD countries, on average, 45% of the population comes to higher education. More than 60% of the population grade enters university degree programs in Finland and Sweden, more than 50% in Poland, Hungary, Norway, Iceland, the Netherlands and Argentina, and an average of 45% is reached or exceeded in Korea, the United States, the

United Kingdom or Israel. In the Slovak Republic, only 23% of the population year entered the university study programs in 1999.

University absolvents will find it easier to apply to professional and managerial positions, and this effect also applies to students who have failed to complete their studies. Higher education also provides very good protection against unemployment. The uneconomic benefits of higher education are significantly worse quantifiable than the benefits which are economically measurable. UK research sponsored by the Higher Education Funding Council of England and the Smith Institute showed the following results, which were predominantly assessed for the 33-year-old population and were corrected for family and earlier educational effects ranging from birth to 33 years:

- In the ten-year period, the university absolvents showed a significant improvement in their qualifications than those who did not complete university (most notably, good fundamentals for further education are reflected in the use of information technology, organizational skills, and teaching).
- University absolvents show a higher relative frequency of excellent health
- University absolvents are less prone to depression than people without secondary qualifications (this does not apply to students who have not completed their studies)
- Men who completed higher education are less likely to be victims of accidents or acts of violence than non-solvents; women who graduated from higher education are less likely to be victims of domestic violence if partnerships break down
- Parents who completed higher education have less educational problems with their children; these children also have more books than children of less-educated parents, and preliminary analysis also suggests that the experience gained by higher education is sufficient to compensate for previous disadvantages in education.
- Although there is no significant difference in voter turnout, graduates are more active in civic-oriented activities and show less political cynicism.

University absolvents are much more responsive to gender equality and are more likely to be opponents of racism (regardless of occupation). University graduates show a higher level of confidence in political processes than in non-university absolvents including high school absolvents.

In discussions about Czech universities, the similar consequences of higher education are often overlooked and disproportionate attention is paid to the relevance of the education completed for a particular job or job position (or rather in its subconsciously planned structure, an idea that is still too widespread and they also have a strong influence on people's political attitudes and strategies in education).

The level of the university should be compared with the standards of comparable institutions around the world, both for the sake of comparability of the quality of education and the experience of universities for students and for competitive conditions requiring greater academic staff mobility in richer countries. During assessing the level of funding, international comparisons should also be made, and expenditure on the higher education sector should be compared with comparable expenditure in developed countries. Of course, this comparison is not possible beyond the proportions of the overall performance of the economy and the overall possibilities of public finances or other private funding sources.

To compare the expenditure on universities with developed countries, it is possible to use a parameter which is expressed in relation to the economic possibilities of individual countries. This is based on the proportion of expenditure in relation to the size of the country's gross domestic product (GDP). The generally reported figures show that it is less than half of the state expenditures, which, due to its economic performance, are devoted not only to Austria at its higher education institutions but also, for example, Malaysia or Tunisia.

The lower level of GDP per resident in the Czech Republic compared to other developed countries should be the reason for higher expenditures on higher education, because achieving a higher share of university education of the population would, in turn, enable faster growth of GDP and less developed countries to move less slowly.

The evolution of the real cost per university student over the past years can be documented by the fact that all declarations on education priorities or even higher education are entirely devoid of a practical impact. This is not just a problem for the current government, but a problem for all parties across the political spectrum. Any political party in the government or the opposition does not offer a seriously applicable

solution (or does not take practical steps in that direction) that would contribute to a general increase in higher education at a pace to be achieved. At the same time, access to higher education is a crucial problem, not the funding of specific institutions; however, the current state of affairs means that access is restricted in order for the institutions to be financed from the state budget long-term persistent deficit of university funding cannot be seen at the level of higher education of Czech students. There is a danger that erosion of its quality will be gradual, but in the light of such marked differences in financial resources compared to other countries, it is certainly inevitable. Higher education and access of the younger generation to education will not be the main victims.

In a way of transforming the transformation of state universities into public institutions, the state threw higher education overboard. This is very clearly reflected in the way in which salary increases in state institutions (whether regional schools or the Academy of Sciences) are taken into account, where automatic salary increases are linked to the construction of salary tables, and in contrast to access to public higher education funding, which does not take into account the fact that the coefficients under which grants for training activities should implicitly include the parameter of the number of teachers for a given number of students. Wage expenditures determine the quality of university academics who are willing to work at universities, as well as the numbers of students that our universities are able to educate. Obviously, the current level is not enough to ensure the replacement of university staff and creates a situation in which it is not surprising that young people from this environment are trying to leave. In a modern society exposed to multiculturalism and a high level of global influence rapidly affecting local conditions and requiring a more informed response to such changes, a higher level of education is also an important component of development for responsible citizenship. Racism and intolerance are easier to overcome with a greater degree of general outlook. Likewise, in decision-making on public affairs, the educated population is less easily affected by democracy through purposeful maneuver on political arenas. In the European context, initiatives that contribute to a greater dimension of cultivating cultural and social environments, which are becoming an important part of higher education, are also important. Education is also an important precondition for creating equal opportunities in a society that depends heavily on education. Everyone will have benefit from a higher level of higher education population. The overall quality of life of the whole population will increase, people will have better creative opportunities to make public affairs more influenced by a more informed and responsible electorate with a greater understanding of the complexity of managing a modern democratic society.

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