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UNEMPLOYMENT OVERCOMING AS A COMPONENT OF POPULATION SOCIAL PROTECTION

Setting up the principle problem and its ties with significant scientific or practical assignments.

Availability of the actual, effective social security system indicates the state development level and its correspondence to the up-to-date demands.

The higher members of society, who lost their ability to work on various reasons, living standard is, the more developed the society might be considered itself.

Unfortunately, throughout two last years in Ukraine social security notion has been substituted by lots of decrees and solutions, which weren’t ensured by necessary sums of money.

As a result, we’ve got monstrous social benefits’ debts accompanied with miserable condition of the pensioners, invalids etc.

Market economy development inevitably leads to enlarging the unemployed army.

Karl Marx was the first to substantiate the human population law.

Market economy declares the rule – the one who wants to live better – should earn more. It stimulates the entrepreneurship development and eliminates the egalitarianism.

There appeared an absolutely new problem of enterprises’ bankruptcy and unemployment rise in Ukraine, which have been an inevitable market economy attribute.

As a result, social security official system has been obliged to solve much more problems then before, particularly those concerning poverty and unemployment.

It has been emphasized that the population social security has been directed not only to struggling with poverty by means of personal emergency helps for the poor persons, but to preventing it by giving individuals opportunity to create the fundamentals of the social security throughout their active life period.

Latest investigations and publications’ analysis.

In various scientific sources, substantial signs of the unemployment social security have been identified on the level of a category as well as a notion.

P. Shevchuk has been analyzing general norms and guides of social policy realization in our country, as well as social security and social protection situation in our state.
He says that “...social policy and social security system in Ukraine though having got the signs of western democracy countries’ type, but would hardly meet the life requirements of the local citizens”.

The Ukraine government has made attempts to reform lots of social policy guides. But by applying to means, lacking of appropriate content, they would lead to partial results only.

T.Rudchenko, Ukrainian investigator, attaches greater attention in this sphere to the problems of: identifying Ukrainian state’ social problems, comparing modern world population level of life with one in Ukraine, as well as of incomes’ differentiality and poverty in our country.

We should mention here such scientists as N.Olentsevych, O. Chubuchna (of the Donetsk scientific school) and lots of others.

But, in spite of the fact that social issues of Ukrainian modern life have been studying thoroughly; there remains an acute problem of solving them nevertheless. That’s what makes the basis for further investigations in the said area.

Considering all said above, the main objective of the paper is to ground the necessity of creating country’s effective mechanism of social processes’ managing, as the means of regulating socio-economic situation of the power as well as overcoming the problem of population unemployment.

High level unemployment along with rapid inflation tempos represent microeconomic non-stability displays, which have become the modern economy’ acutest social concern.

Some western analysts have got used to employ the so-called “misery index” term to be the sum of unemployment and inflation levels for evaluation of economic situation or successful economic policy.

This is not a coincidence that considerable scientists’ and industrial managers’ as well as government officials’ efforts have been applied to overcoming socio-economic negative consequences of unemployment and inflation, finding out and setting up economy regulation methods, directed to employment rise and prices’ stability.

The subject of the paper is to find out and apply new ways and methods of population social protection from unemployment, which has been ground for scientific generalizing of the practice of creating, functioning and development of unemployment strategic management, which is a foremost form of realizing variable interests of its participants.

Principle material presentation. Let’s consider the essence, displays, main factors and levers of regulating unemployment and inflation levels as well as principles and tendencies of the complicated socio-economic phenomena.

Unemployment occupies particular place in joint worker’s functioning system.
A lot of representatives of different Economics’ areas consider unemployment to be the central problem of modern human society. It is the inevitable market economy attribute.

According to UNO, about 800 million people in the world, that is - every third able-bodied person is fully, partially or incidentally unemployed now.

The lower socio-economic country level is, the higher unemployment level shall be and vice-versa. The unemployment was a hidden one on the territory of the former USSR (or inner-factorial one).

The hidden unemployment exists when the number of industrial enterprises employees exceeds an objectively necessary level.

The unemployment results in deprofilizing, low products quality, labor discipline falls, wages equalization, real wages declines. Forced industrial slacks on technological reasons, absenteeism and stoppages, connected with negligent workers’ attitude to their jobs have been among the wide spread reasons of hidden unemployment also.

It’s not the unemployment itself which is dangerous for the society, but the lack of its regulation, of the reliable unemployed protection.

Unemployment threat in Ukraine has been linked not with overproduction crisis, exhausting of the market volume, as it can be observed in the western world, but with modern crisis of underproduction, unconformity of the processes of dismissals, distribution and employment of the working people, that is with those deep deformations, which had taken place in the previous economic system and the forthcoming economic policy.

Western economic schools take different view upon unemployment essence and reasons. Classical economic analysis doesn’t take unemployment for a serious economic problem, since unreasonable wages are considered to be unavailable in free market conditions.

Keynesian approach to the problem understanding takes unemployment reasons for the lack of aggregate social demand. By raising incomes or cutting taxes, the power is able of enlarging aggregate social demand, which can raise employment demand, and may lead, in turn, to decreasing unemployment level.

The unemployment may be resulted, on the other hand, in the outcome of labor market deformation and inflexibility. Thus, the principle measures referring unemployment overcoming should be creating more flexible wages structure, applying for stimulating means within the labor market, this by labor exchanges and re-training etc. may link an unemployed with vacancies.

Unemployment level and structure can be identified by aggregate technical-economic, managerial-productive, socio-economic and other factors. Employment regulating key problem rests with reaching optimal high effective labor, combined with reliable social guaranties in the unemployment conditions.

There are the following peculiarities of modern unemployment:
- its upgoing raise; changes in social-professional jobless people’ structure (not
only workers but specialists and managers lose jobs);
- changes in male-age related unemployed structure (more women than men,
more young people than mature ones have been among the unemployed); raise of
forced partly employed people as well as voluntary unemployed persons; raise of
unemployment term.

While analyzing regulating role and unemployment influence upon economic
processes, one should keep in mind that redundant unemployment may lead to
immense social-economic negative outcomes.

Employment regulating and unemployment protection problem has been one of
the greatest actual missions of state employment policy. Unemployment results in
various negative consequences.

1. Unemployment social outcomes
   - **Positive:** raise of social value of a position (people hold on their jobs, display
greater responsibility); leisure time increase; labor social significance increase.
   - **Negative:** crime escalation, social tension increase; physical and psychological
diseases rates escalation, labor activity decreasing.

2. Unemployment economic outcomes
   - **Positive:** creating labor force reserve; working people compatibility increase
(to be a stimulus for professional characteristics development); opportunity to train
oneself at the employment services expense.
   - **Negative:** depreciation of professional training; unemployed compensation
expenses; scale of living decrease; national income decrease (tax incomes decrease).

3. Unemployment psychological outcomes
   - scale of living change, environmental attitude changes, alarm-depression mood
increase, alcoholism, narcomania, suicide behavior.

Ukraine economy situation effect under the influence of the world financial-
economic crisis as well as domestic social-economic problems, social sphere situation,
population scale and standard of living, turned to be somewhat delayed and acquired
perceptible signs late in 2009 only.

Population total revenue index reaction upon the crisis phenomena had been
defferred to a certain extent.

According to the State Statistics Committee, population real income, which is
identified accounting price factor, increased up to 10,3% in 2009, reasoning by
inflation flash of the first part of the year, while nominal real income was 36,1% higher
than last year. Meanwhile, the real income dynamics had demonstrated discrete
declining tendency as compared with previous years (2008 – 12,8%; 2007 – 16,1%).

In our view, one should be looking forward to gradual problems’ increase,
connected first of all, with presence of some domestic labor market structural
disadvantages as well as social protection system imperfection:
- economically unreasonable and socially unfair, understated wages scale, considerable regional scaled wages differentiation, depending on the types of economic activities as well;
- actual pension reforms blocking along with worsening of active pension system financial situation;
- absence of systemic approach to state social guarantees formation, up-to-date social policy priorities instrument choice and its realization mechanisms;
- redundant number of officially declared privileges along with their actual goal-oriented giving non-observance;
- social policy ineffectiveness in solving problems of mostly unprotected population layers;
- irrational cash facilities usage, spared to social needs along with active increase of social protection and social insurance budget expenses (in 2009 State Budget similar expenses increased by 53,3%, while in 2008 – only by 16%).

Crisis within Ukraine national economy has become vividly observed in wages scale dynamics.

Slowdown of its advance in the second half of the year led to the situation when real wages monthly increase tempo for 2009 generally made 6,3%, while average nominal wages in December 2009 was 19,4% higher than the same index of December 2008, while the inflation level made 22,3%.

It’s the evidence of the real wages’ decrease in December by about 3%, - the situation hadn’t been observed since 1998, when they decreased by 12,9%. Along with this, in November of 2009 the greatest nominal wages decrease had been fixed up since 2001.

Due to traditional annual awards and bonus payoffs, average wages amount in December of 2009 had set up a record point of 2001 UA hrv. (+9,7%), though in comparison with the passed years same period such a growth was the lowest since 2005 (in 2008 the December wages were higher than that of November by 12,8%, in 2007 – by 15,7%).

Wages differentiation in the fields of economic activity had occurred. In particular, in December of 2009 construction workers’ wages were nominally lower by 8,7% than in previous year, in metallurgy, chemical industry, construction materials and transporting means production – they decreased correspondingly by 2,1%, 2,7%, 6,6%,8,0% as compared with the previous December of 2008.

In December, as compared with September of 2009, wages in production sphere decreased by 5,9%; including - in machine building field - by 18,1%, in metallurgy – by 18,7%, in chemical industry – by 12,9%, in coke production and oil processing – by 10,5%. Just food industry along with energy, gas and water production and distribution spheres had preserved positive wages dynamics.

Crisis phenomena in real economy sector had been observed in wages payment delays active growth. Total wages delays debts amount in December 1, 2008 had
reached 1736,7 million UA hrv, by that is by 2,3 times more than in December 1, 2008, at that - two thirds of absolute debts’ increase fell to November (drawing 3.2).

By December 1, 2009 unpaid wages amount had made up 8,3% of the general wages’ funds, assigned for November payoffs, as compared with 4,3% in the previous year that same date. The greater debts part (by early December) fell to industrial enterprises (60,5%), construction firms (12,2%), transport and communication spheres.

The number of workers, who didn’t manage to get wages in proper time, by December 1, 2009 had made up 6.1% of the total working staff in country economy (on December 1, 2008 the same index made up 1,5%).

Ukrainian population living standard decrease has been negative for general social state level. According to sociological public opinion poll, greater part of our population is obliged to cut their spending, while the third part has to save on food. In particular, 69,3% of respondents said their families had to reduce their charges as a result of the economic crisis.

32,8% of respondents said they had had to save on food products. In December 2009 39,5% of respondents confirmed they had felt consequences of wages payment delays; 16,6% of respondents said they had lost jobs, or had been given unpaid vocations.

The polling results confirm that material level reduction, social exposure, food prices rise, wages decreases along with wages, pensions and scholarships payment delays, losing jobs and others have taken the major position within social threats structure.

Yet in March of 2009 citizens of Ukraine considered basic public menaces to be: environmental disasters (67%); AIDS epidemics (60%); economic downfall (60%), anthropogenic disasters, mortal accidents (59%); global diseases, like avian influenza (59%), global climate warming consequences (51%).

Bank system trust reduction has been natural for the citizens under similar conditions. In December of 2009 Ukraine population had exposed extreme low trust to the banks: only 1% of respondents trusted banks completely and 16% mostly trusted. 35% didn’t trust banks fully and 32% - mostly distrusted.

Loss of population trust to power, in particular, to official declarations of overcoming or reduction word economic crisis consequences, had been the other disturbing tendency. According to the National Institute of Strategic Investigations:
- two thirds of citizens don’t trust Prime Minister’s declarations of full and timely wages, pensions and social assistance payoffs;
- two thirds of citizens have taken Prime Minister’s actions of overcoming economic crisis as ineffective, while 72% consider the Government to be incapable of overcoming the crisis;
- 80,7% of people don’t trust the Cabinet of Ministers’ declarations that gas and communal rates aren’t going to increase;
- about third part of respondents or their families’ members had already suffered from heating, electricity, hot water switching offs throughout the last two months.

**Conclusions.**

So, the principle guidelines of improving population social protection from unemployment are as follows:

- substantial expansion of professionally-oriented and consultative services to the population (not only to unemployed ones, but to those, who need job centers’ consultations prior to dismissals);
- widening scales of unemployed professional training and retraining in accordance with employees’ orders for actual job positions;
- providing for communal works amount widening in the social sphere;
- enlarging assistance scales for opening private businesses by means of preliminary training and further escorting, consultation services throughout the first years of individual business activity;
- apply for the up-to-date methods of informing the employees about working force proposals, while the population – of their demands.

Labor market policy transformation should be directed to supplying the population with worthy jobs, regardless of the residence place, as well as to stimulating population economic activity, development and realization of the labor potential. It should become an important factor of the further economic growth.

Ukraine has been assigned to find out its place within international labor market division system in close future and become active producer of competitive products. It’s impossible to solve Ukrainian labor market problems without setting up state employment managing, which embraces active and passive employment policy components.

Social protection system in employment sphere should embrace three interrelated levels – macro level, regional-field level and primary level – including their specific functions and their realization mechanisms. All the factors, that influence upon labor market reinforcement as well as formed behavior motives of pre-working age population, working or able-bodied non-working ones and disabled persons, should be reflected within the employment system management.
APPREACHES TO GETTING INTO ACCOUNT ECOLOGICAL LOSSES IN ECONOMIC INDEXES

Abstract. The article deals with the basic provisions of environmental economics and an approach to considering environmental damage in economic calculations. It was shown that environmental damage is not fully considered and it needs to review the current practice of economic calculations.

Keywords: environmental economics, sustainable development, environmental losses.

In modern conditions, complications of interaction processes of economic activities and environment while degradation of environmental indicators is one of the main problems of economic development. There is a need for a balanced ecological and economic system. In this regard, research and development of new approaches to the formation of economy structures considering environmental factors are important. Reducing the share of polluting economic activities and development of environmentally friendly ones are in line with international strategies for sustainable development.

The fundamental contradiction between economy and ecology exists only if the economy is equated to the desire to maintain a modern structure of production and employment, which for the production and economic interests are often neglected activities for the protection of the environment. [1]

The purpose of the study, which is to establish the main provisions of environmental economics and consideration of proposals for consideration of environmental damage in economic reporting, results in solving these problems: To show the basic principles of ecological economics, provide description of each of them and offer an approach to include environmental component in economic indexes.

Since economists started to include environmental factors in the economic models, there was considerable step towards building models of environmentally balanced economic system. Significant contribution was made by such scholars as G. Hoffman, AF Balatskyy, R. Rayatskas, GA Uholnytskyy, V. Gurman, V. Leontiev, M. Olyenyev, D. Ford, A. Ryumin and others. It should be mentioned the work of Ukrainian scientists in this area V. Glushkov, Y. Ermolieva, A. Bakaeva, I. Liashenko, V. Heyets, V. Hryhorkiva, N. Shor etc. Analysis of the predecessors in the field of ecological economics revealed shortcomings in the practice of economic calculations and propose an approach to consideration of these environmental component in economic indexes.

Ecological economics as part of the doctrine of the national economy is based on the analysis of external influences. Its appearance obliged achievements those sections
of the economy, which are exploring criteria for improving the well-being of society or the optimal conditions for the well-being.

**Definition 1.** Environmental Economics - an interdisciplinary discipline that studies the interdependence between social and economic systems and natural ecosystems to solve current problems of humanity and building a sustainable future. [2]

The focus of ecological economics is such basic problems:
A. sustainability as maintaining life support systems;
B. evaluation of natural resources and natural capital;
C. macroeconomic accounting of ecological-economic system;
D. ecological-economic modeling at the local, regional and global levels.

Sustainable development involves improving the quality of life of the world’s population without increasing the scale of natural resources to a level that exceeds the capacity of the Earth as an ecological system. Efforts to form a sustainable way of life provide an integrated approach to activities in three key areas (Fig. 1.):

![Figure 1. Sustainable development.](image)

Following issues of environmental economics is to evaluate ecosystem services. To achieve sustainability in economic accounting should include environmental services and natural resources as commodities. To do this, find out their value, which can be compared with the cost of labor created products and services.

Modern national accounts do not include data on cost of goods and services related to natural resources. This introduces some distortion in the existing indicators. For example performance anomaly - reflecting the fact that environmental destruction has no effect on GDP and its reproduction leads to an increase in GDP. Existing
indicators of national accounting can not install or operate an economy efficiently, or by ecological debt future generations.

Development of adequate environmental and economic indicators for macroeconomic accounting is crucial to the concept of sustainable development and is one of the priority research areas in environmental economics.

The task of economics is to show the environmental problems with the models develop a general economic mechanisms of action, and analyzing costs and profits, to offer the response, for example, in the form of economic-policy instruments. It should seek to harmonize the various environmental goals, as well as the set of environmental and other socio-political and economic-political goals and objectives.

Also, one of the areas of environmental economics is a comprehensive, multidisciplinary approach to quantitative ecological and economic modeling. For example, Leontief-Ford model allows balancing the resource consumption, production and emissions of harmful substances into the environment. Based on the ecological-economic "input-output" model we can also carry out prediction of the environment, or the volume of production in an ecologically balanced economy.

To date, there is a situation when the costs of some entities are partly shifted to others. This occurs, for example, when the value of free goods such as air and clean water is not included in the calculation of production costs in the goods making. Because of this production of goods society as a whole burdened with costs that are not paid by manufacturers, which have caused the damage. Thus, these costs are not included in the price and avoid the market mechanism, as the increasing demand associated with the depletion of resources, cannot be reduced due to the simultaneous rise in prices. The dilemma of this environmental problem actually exists because of the natural resources are treated as free resources, although they are limited in the meantime.

The growing shortage of some resources has a negative impact not only on consumption, but also in production. If you do not have enough good quality of the environment as a factor of production, the costs of expensive activity of cleaning it up can quickly exceed the profit from the apparent rejection of the use of preventive environmental activity.

These so-called negative results from the external influences come if a person or a group burdens the damage that cannot be refunded by the polluter. This effect is therefore called external because that human welfare is often due not only to the voluntary market relations (internal), but also actions that do not depend on the market (external).

External effects can occur from the production and consumption in the form of environmental pollution. Analysis of the results of the external effects of production shows that it is generally negative while pollution of air, water, soil, noise causes harmful to the environment.
It is obvious that environmental losses must be paid or reimbursed. In [3], it was considered the mathematical aspect of building models of the economy taking into account environmental factors by means of aggregation. Simulation results allow obtaining the following equality:

\[ py_1 = r_1 x_1 + r_2 x_2 + q y_2. \]  \hspace{1cm} (1)

where \( p \) – prices of goods, \( y_1 \) – volume of gross output (innatural form), \( y_2 \) – emission of harmful substances, \( q \) –price of harmful substances recycling, \( r_1 \) and \( r_2 \) – value added in production and disposal of harmful substances respectively, \( x_1 \) and \( x_2 \) – volume of gross national product of industry production and disposal of harmful substances respectively.

That is, the cost of the final product of material production in an environmentally balanced system should include not only production costs and the costs of recycling pollution, but also include the cost of environmental damage caused by pollution not recycled. If the production costs and the costs of activities to protect the environment traditionally are included in the cost of production, the last component - the value of pollution not recycled usually remains unpaid. And it is the external losses that were mentioned above not paid by the manufacturer.

Scandinavian countries, known for high levels of ecological culture, already apply a policy of additional taxes on polluting the environment good. Although these taxes are charged based on the environmental policies of the government of the country, and is not an objective pay for pollution equation (1) allow ground the real rate of ecological taxes and prices in ecological economy. This approach allows bringing people to responsibility for environmental pollution, to form a high ecological culture and adjust the environmental situation in the country by means of economic mechanisms.

In recent years, working on recycling pollution, governments of different countries assume fiscal measures to stimulate people to buy more environmentally friendly products. For example they stimulate people to buy cars with smaller engine capacity, and therefore less harmful for environment. So in France, one gram of automobile emissions in the range from 201 to 350 grams of CO\(_2\) per kilometer costs 2 euros, from 350 grams and above - 4 euros. And when you make a technical passport for engine of 420 hp and emission above 339 grams of CO\(_2\) per km. besides normal rate 800 euros you need to pay "environmental fee" 584 euros.

In Spain, the owners of vehicles pay the tax directly at the automobile sales centre while purchasing the car and this tax directly related to the volume of engine emissions. The government encourages the sale of environmentally-friendly vehicles. So if car emissions less than 120 g CO\(_2\) per km, the tax not paid. The maximum amount of environmental tax on new car is 15% of baseline value.
In Israel, the total tax, including VAT paid when purchasing the car reaches 117% of your car. The only country, where ecological tax when buying a car is higher than in Israel is Denmark. Wanting to limit the use of transport in favor of environmentally-friendly vehicles, the government of Denmark raised the tax on the purchase of motor vehicles to 175%.

All economic costs associated with the need to maintain an adequate quality of the environment can be divided into preventive costs - prepayment, economic damage and costs of liquidation, and the neutralization of compensation already committed environmental violations – after payment.

According to Western economists, the total national cost of guaranteeing the preservation of habitat quality and well-being of natural objects, may be 8-10% of GDP. Most raise the question of reasonable value of investments in the protection of the environment, bearing in mind that such investment does not explicitly lead to higher material standards of living. Unfortunately, this opinion is widespread. It is rooted in the concept of the old wasteful economic practices and is based on profound underestimation of the environmental condition of the economy. From the standpoint of eco-border reasonable cost is exactly where the volume of investments guarantees the stabilization of the quality of the environment and the basic processes of the biosphere. If society does not deem these costs reasonable, in the near future, scientists predict, they will amount to 40-50% of GNP.

We can conclude that including of external effects like pollution in economic parameters in general and in the market price of goods and services in particular is an objective necessity of the mankind development. By means of aggregation and ecological-economic modeling was obtained equation to account ecological factors in the value of the gross product. This approach is already used by governments in economic policy. Countries that care about the environment have assumed fiscal measures to stimulate sales of environmentally friendly products. Otherwise, the transition to an ecologically balanced economy is impossible.

References

AN ENTERPRISE SECURITY MANAGEMENT

Abstract. The article highlights the main problem to be solved in the context of economic security in a market economy. The necessity of further development of theoretical aspects of economic security of a company is justified.

Keywords: security, economic security, economic security management, threats.

Statement of the problem. The economy of our country is currently experiencing a very difficult period. Reliable protection in current conditions is a problem for all businesses regardless of ownership and type of an activity. The global economic crisis, the shortcomings of legislation, governmental economic reforms, outdated equipment and technology, incompetent staff, the pressure of criminal structures - all of these leaves its mark on the enterprise as a whole, and its development in particular. The successful functioning and economic development of Ukrainian enterprises largely depends on the improvement of their safety activities.

Formulation of the task. The purpose of this article is to summarize, deepen and develop the theoretical foundations of economic security of a company. Realization of this goal led to solve the following tasks: development of theoretical approaches of the category of "economic security", determination of the main tasks in the context of economic security of a company, research and summarize the theoretical and methodological support of economic security.

Based on the general principles of economic theory and research examining the sources were analyzed modern scientific approaches to the concept of "economic security of an enterprise," which allowed the conclusion of the above definitions in terms of not taking into account their permanent development of the enterprise in the economy.

Analysis of recent researches. An important aspect of effective management is understanding of the security of a company as an integrated complex phenomenon. The need of security inherent in any system, including an enterprise. Problem finding and implementation in practice of new forms and methods of management, development of security strategy would allow companies to prepare and implement appropriate measures to neutralize the external and internal elimination, recurring threats. Security is one of the most important conditions of the enterprise. Among the many studies the most common security today is the study of economic security of a
company. Despite the large number of such studies there is still no unanimity of opinion on the understanding of economic security, components and factors affecting it, ways to assess the level of economic security and more. The term "security" is used in many different sciences, including biology, economics, psychology and sociology. Capacity of security problems is growing. The evolution of the formation of economic thought in determining the theoretical foundations of economic security, you can explore the scientific writings of foreign and Ukrainian scientists - D.Lamber, P.Kinh, R.Nolan, L.Abalkin, A.Arhipov, O.Buvald, V.Sencha, C.Glaziev, V.Medvedyev, Ye.Oleynikov, O.Tamovtsev, I.Terehova, Ye.Chovushyana, O.Bilorous, V.Heyets, Z.Varnaliya, D.Luk Solovyanenko, S.Mocherniy, V.Muntiyan, A.Kozachenko, V.Ponomarev, A.Lyashenko, Ye.Panchenko, Hrytsenko, T.Kostyuk, O.Chausovskiy, Yu.Lysenko, T.Pasternak-Taranushenko and others. They are within their research, affecting issues related to the economic nature of the security of the state, region, company, with its subjects and objects, entity criteria, system performance and limit values, the functional interdependence of the components of economic security and areas of security, methodological and theoretical problems of assessment and analysis of national and economic security of Ukraine taking into account its current conditions and existing problems of development. These studies made significant progress in the development of scientific and practical aspects of solving the mentioned problems.

The main material. Despite the diversity and abundance of information in that field, many researchers consider this problem so that it is not worked out, with virtually every offer their definition of security options and mechanisms for its maintenance. In particular, the formation of substance to the category of "economic security" was too long: from narrow - the protection of trade secrets, to a wide - efficient use of resources to sustain the economy. However, most researchers consider economic security as a "condition" or "process" that simplifies its essence, or as a condition of protection against threats, or as a condition of use of corporate resources, or as a measure of harmonization of interests of the time and space. The dominant among these studies are those that consider economic security as a state of defense enterprises from threats. Causes of threats to economic security of firms may be different, but studies show that the most significant is a mismatch of interests of enterprises, carriers which are subjects of the two media companies - foreign and domestic. When economic security understand a set of measures (organizational, legal, operating conditions, engineering, information) to achieve a sufficient level of safety from the effects of different threats to internal and external environment.

On our point of view, economic security - it is about economic relations that reach the level of economic development, which is effective in meeting of the needs and guaranteed protection of the interests of all economic actors, even under adverse conditions of internal and external environment. The adoption of this definition indicates that economic security is a system category, which is characterized by the following elements: independence, stability, ability to self-development, the
probabilistic nature, purposefulness, contradiction, control. In addition, the perception of economic security as an integrated system allows you to select its subjects and objects and research positions with conflicting interests in the implementation.

With the stable functioning of enterprises in solving problems of their economic security focuses special attention on maintaining the normal rhythm of production and marketing of products for the prevention of material and financial loss to prevent unauthorized access to proprietary information and destruction of computer data bases to counter unfair competition and criminal activity.

The essence of economic security is to ensure sustained economic development of society to produce the necessary goods and services to individual and social needs.

The most important task of economic security are:
- evaluation of internal and external threats to enterprise security, business, projects and contracts;
- of business marketing (competitive intelligence and counterintelligence);
- training information and analytical materials on the markets, projects, contracts and partners;
- test goodwill and ability to pay contractors and partners;
- prevent threats and unlawful acts of unfair competition;
- test the reliability of personnel;
- business negotiations with debtors, minimization of accounts receivable;
- physical protection of facilities and top management;
- interaction with law enforcement and supervisory authorities;
- protection of confidential information and so on.

The threat of economic security can be defined in final form as a damage parameter which characterizes the integral as lower economic potential over time. Under threat is the total of the conditions, processes, factors of national economic interests that prevent the implementation or creating a threat to their business and enterprise. Manifestations of economic security threats at various levels of the hierarchy of organizational and economic structures have differences, despite the commonality of the destabilizing factors in a single economic space. These global factors include overall decline in output volatility in the financial system, increasing social tensions, the criminalization of society and the economy, further weakening the competitiveness and so on. Figure 1 presents a system to combat threats to the enterprise.

![System to combat threats to the enterprise](image)

Figure 1. System to combat threats to the enterprise
Conclusions. Thus, the conducted survey found that opinions of scholars differ on the understanding of economic security. This emphasizes the ambiguity and the need for further intensification of certain categories of economic security of the enterprise and its management should be based on the goals of successful operation and development of enterprise in all spheres of its activities and influence. In addition, promising basis for future studies consider a system of economic security, which will allow neutralize internal threats and their own company if its interaction with other entities throughout the life cycle.

References

Viera Čihovská

MARKETING FOR THE EUROPEAN MARKET

Abstract. In present time European Union includes many different countries, which are difference in economy development, size, cultural, tongues, religion, habits and history. The main aim of EU is to make up economy and currency union, which is development, competitive ability and could be successful in the global economy. The important task of the integration is to support competitive ability of all member countries and its companies and creating the common market, where can be european marketing helpful in this case.

Keywords: European Union, European Marketing, Marketing Conception, Global Marketing, Intercultural Marketing, Segmentation, Konvergention, Divergention
Introduction. The scale of economic and political integration of the European Union is unprecedented within the whole history of mankind and in many areas it exceeded the level of cooperation between territorial communities and some free federations. European Union gives the current configuration of European countries, modern and sustained nature. By the emergence and gradual enlargement of the EU is formed the common market, which forms a strong economic area without internal frontiers with the free movement of goods, persons, services and capital. Currently market represents 40 % of world trade and it is the largest internal market with fixed terms applied to all EU countries. It is alliance of 27 states, with their own traditions, manners, languages, culture and religion, into a multinational unit where the country differences intersected. Common market requires a specific marketing approach and the concept must take into account changeable market conditions, depending on country we do business. Slovakia’s entry into the European Union economic structures required and still require significant changes in activities, thinking and approaches of all participants on the market, to be ready for strong competitive pressure from big European and global companies. To analyze and study of the European marketing and selection of appropriate strategies for successful entry could eliminate these risks and can help companies to survive in the highly competitive European market space. The article contribution is related with the scientific grant VEGA 1/0251/08: “The research of factors and determinants that influence European environ and marketing strategies for Slovak firms at a common market of EU with the support of specific marketing instruments”, supported by Slovak Ministry of Education.

1. The concept of a European marketing

European marketing is a response to the emergence of large European market and extends the investigation of previous separated markets into the multinational and multi-cultural dimension. Extension of marketing application areas and its adaptation to different situations makes intensive confrontation of the current marketing with the internationalization and globalization of businesses. In relation with the markets, which differ by economic, demographic, social and cultural characteristics, the crucial question is to align customer requirements towards the needs of standardization, enabling productivity growth. As an answer to these questions is the concept of European marketing, as part of a global marketing approach, but its nature and implementation still open debates.

Euromarketing is a new concept of marketing applied the European Union observing the processes of unification and globalization. European marketing combines global and local approach, use the strategy of standardization with adaptation to cultural conditions and specificities within the European Union. It can be defined as the adaptation of marketing mix elements and strategies; it means product policy, distribution, pricing and communication policies up to the conditions of
common European market. The main euromarketing objective is to define properly the specificities and particularities of the European market together with taking into account different cultural conditions in countries and regions within the common European market.

Authors McDonald and Harris described European marketing as marketing close to international marketing, because it involves various decisions needed to sell products carried across the borders of the countries. Borders are barriers, which differentiate euromarketing from the marketing within domestic markets. EU countries have of course lower barriers as non-members countries. Members of euro zone use the same currency – Euro, which represents zero exchange rate risks and zero costs of currency transactions. The base of European marketing, according to the several authors, is to create and develop the tools to achieve such legal, economic, social and cultural conditions in European countries, which support mutual business transactions.

Transition from the national marketing approach to the European marketing illustrates table 1.

**Table 1: The transition from national marketing approach to an European marketing.**

<table>
<thead>
<tr>
<th>Reappraisal into European marketing approach</th>
<th>INTO</th>
</tr>
</thead>
<tbody>
<tr>
<td>FROM Local target markets</td>
<td>Pan-European target markets</td>
</tr>
<tr>
<td>FROM Geographical segmentation</td>
<td>Non-geographical segmentation</td>
</tr>
<tr>
<td>FROM National product orientated markets</td>
<td>Global or wide-european concept</td>
</tr>
<tr>
<td>FROM Local pricing</td>
<td>International pricing</td>
</tr>
<tr>
<td>FROM Local sales/distribution</td>
<td>European headquarter with local channels</td>
</tr>
<tr>
<td>FROM Local communication mix</td>
<td>Global communication strategy</td>
</tr>
<tr>
<td>FROM Local marketing structure and local activities management</td>
<td>Transnational structure</td>
</tr>
</tbody>
</table>


When we compare common European market with national ones, there are quite significant differences. These differences are not only in the level of competition, frequency of product variations, but also in different distribution systems. The European market brings more competition, but on the other hand, companies can realize economy of scale resulting from the market size. It also supports to create closer cooperation between firms and it could increase the efficiency of research and development activities. Likewise, there is assumed greater efficiency in logistics and distribution.

Development within the European market led into the creation of a new marketing management approach. The European Union is very interesting and specific case in the terms of international marketing, because it integrates complex marketing
environ with typical features of national, multinational and international characteristics. Some economic, legal, political or technological factors influencing the marketing mix for European Union countries can not be clearly determined whether are national or international in nature, because they represent combination of national and international policies and rules. The main changes had occurred in the macroeconomic environment and they helped to link internal (national) and international marketing. Euromarketing, from one side underlines the national characteristics of the market, on the other side it refers to the international aspects of the market. We undeline, that euromarketing is an intermediate step between internal and international marketing. It allocates the characteristics of internal (national) marketing, along with globalization and cultural diversification.

2. Strategic alternatives for company within the European market

Creation of common European market caused changes in the conditions crucial for implementing marketing strategy. Numerous changes in the European marketing environment together with the effects regarded decision-making businesses processes as: restructuration of markets, competitive strategies and marketing programs design etc. In terms of company marketing strategies, major impacts are having the following factors:

– Changes within the geographical coverage of the market.
– Opportunities on new markets.
– Changes in the pattern of demand.
– Changes within supply and distribution networks - logistics value-added chains.
– Changes in marketing programs.
– Higher societal and environmental costs.
– Changes in regulation and legislation.

Formulation of European markets marketing strategy requires the development of appropriate business strategy. For its construction, could be applied several approaches. H. Mintzberg recommends two main processes [Becker, 1999, p. 46]:

– Planning approach is based on detailed information collection, processing big quantity of environ data and implementation of detailed strategic plan that covers all aspects of corporate activities. Such strategies developing approach is for companies usually problematic due to the difficulty to obtain accurate data and to anticipate of future changes in the parameters outside the European market.

– Continuous approach means the adaptation of strategic plans based on current knowledge of the business environ with output in the proposal to adapt according the changes. This type of strategy can be characterized as an experiment in the sense that business tests the possible alternatives and evaluate their results to choose the most effective way of responding to changes within the marketing environment. The result of this procedure is called - dynamic strategy, assessing the
major changes in the environment and identifying issues that may affect the success of business. Taking into account the uncertainties in assessing the impact of many changes in the business environment in Europe seems to set a dynamic approach to European conditions is more appropriate as an integrated approach. Creation of dynamic type strategies can be observed in some companies as a form of efficient respond to changes within the competitive environ of automotive industry on the European market (GM/Volvo, Renault/Nissan). Dynamic strategy appears to be more suitable for the European market comparable with the integrated strategy.

An important part of the strategic plan is the formulation of specific competitive strategies that firm gain advantage over its competitors in the market. According to opinion of several European market analysts start-up companies could apply for the European market one of these three groups marketing strategies:

- action strategies in existing markets (defensive, offensive),
- new markets penetration strategy,
- market niches staffing strategy.

For existing markets, the company either defends or attacks. Usually defends the dominant firm to maintain and consolidate its position. These firms typically try to improve their offers, to cut costs and to prevent the entry of competitors on the market. The objective of defense strategy is to reduce the probability of attack by competitor, push him into marginal area and reduce the strength of his attack. Attack strategies are applied not only by the market leaders, but also by those companies that have low market share or just are entering it. The objective is to increase market share or successfully penetrate a new market. An attacker can attack leading company, if it is vulnerable and competitor feels strong enough to take leader position. Challenger could be focused on big company, or may attack smaller companies.

Business strategy focused on next development could be based on the expansion of business activities in foreign EU markets. Porter recommends use two basic strategies: low cost strategy and differentiation strategy [Porter, 1983, p.167]. The strategy choice depends primarily on the dynamics of the target market, on the nature of the sources, on the competitive advantage and on time period of operation to the market.

Lowest cost strategy means production at the lowest cost and hence the lowest price in the industry. This strategy could be particularly successful within markets which are characterized by high demand for standard products and where the manufacturer uses effects from the economies of scale of production or distribution. Such firm competitive advantage could be achieved through sustainable low input costs, with hight volume of production, by standardization of production or convenient location for the market and thus by achieving lower costs of distribution. Greater coverage of the market brings higher sales and lower per unit costs of production and distribution. The advantage could be also achieved by high flexibility for changes in business market environment or by building strong euro-brand which reduces the
marketing communication costs. Such strategy could be applied by large and financial strong companies.

_Differentiation strategy_ is based on the production of products, which due to their different properties over competing products meet the specific needs of target markets and therefore they are sought and valued by customers. Such products must have unique characteristics, which differ significantly from other products and are difficult to imitate. For these products, the producer may require higher prices, because he offers better value as the competition. Differentiation could involve both parts, core of product, i.e. its functional properties, exceptional quality and etc., also services associated with the use of the product. An important competitive advantage at differentiation is also a high image of a product or company.

_The market niches staffing strategy._ This strategy focuses on narrow defined customer segment, to meet the needs and desires of specific customers. This strategy could be used especially by small and medium-sized companies, concentrated on the segments where large firms unfilled vacancies. The strategy is successfully provided, when:

- in the original form product provides significant utility potential,
- introduction of the product requires only limited innovation of utility,
- risks associated with the product introduction on the market is low,
- the costs of placing the product on the market are also low.

The company with this strategy try to become a market leader, thanks to continuously lower costs and also due to lower prices or because of special knowledge which is difficult to imitate. The company could achieve own objectives in such way by focusing primarily on the area where is the unique and strong and do not split forces and do not focus on wide product lines.

Specifically, for the successful entering of the Slovak firms on the common European market, we recommend the following four strategies:

1. _Innovation Strategy_ - head to achieve a leading position on the European market. This strategy appears to be the most favorable solution for both, business and society. Creating new product ideas, new forms of operating and customer-driven innovation, the overall cost savings innovation mean the most prospective form of existence of the company in the conditions of developed European market. Innovation strategy, which entails creating new values for the target market is also the best strategy for averting potential attackers.

2. _Adaptation Strategy_ – marketing and sales of products are done mostly domestically and the European dimension has rather a complementary role. This the international marketing strategy consists in adapting the various elements of the marketing mix to the target markets within EU, brings higher costs, but also hope for valuation and higher market share. This strategy is build on the basic marketing premise that effective marketing programs are tailored to the unique needs of
different target groups of customers. Consumers in several European countries recognize different cultural values, have different needs, wants, purchasing power, preferences for products, pricing, communication patterns and buying behavior. Some marketers refuse excessive adaptation efforts, which only increase costs and weaken the global power brands. They recommended create so-called European, respectively global brand – the same products sell to all consumers the same way. They come out from the fact that Europe and the world, thanks to advances in communications, transport and travel is changing for a large market. Essentially, all consumers want the same quality products at lower prices.

3. **Cooperative Strategy** - a company with the help of partners from EU countries is entering the European market. The subject of expansion on foreign markets could also be various forms of co-operation, especially between small and medium-sized domestic firms and large European companies; also could be taken the form of franchising links, creation of joint ventures up to strategic alliances, mergers, foreign direct investment etc. This strategy can be recommended for our small and medium enterprises, it could also be applied at domestic area, when placing the competitive strengths of the company on the local market.

4. **“Ignorant” Strategy** – the inertia to the challenges from the common European market, the firm continues in establishing schemes formed for domestic market and use traditional channels of foreign trade. This strategy is applied by firms without multinational ambitions and small companies which continue to operate on the local market or companies that do not have sufficient financial resources or skilled workers, respectively necessary know-how to afford international expansion. From this perspective point of view, this strategy is difficult for small businesses, to sustain the intensifying competition in the domestic and foreign markets.

Choice of an appropriate strategy for expansion into the European market will be determined for every company by its business objectives, by financial capacity and offer (product mix), by the target customer segments etc.

**Conclusion.** Knowledge and application of European marketing enable companies to increase the probability of entrepreneurial success and achievement of marketing objectives on the EU market. It is an approach that does not leave the outcome of the business only on chance, but by the most diverse practices is systematically trying to build up appropriate conditions and assumptions, for example with the fact that is observing what customers want in the European Union, what they prefer, what are their desires, wishes and needs. A successful marketing strategy must comply with the following starting-points:

- **Perfect knowledge of the market and the environment** – the environment, in which the company wants to operate; by collecting required number of appropriate and relevant information from primary and secondary sources. If company wants to operate within the common European market has its focus on the collection of these information: general information about the country, specific characteristics of the
market growth rate, revenue potential, market size, etc. The basis for the opportunities analysis offered by the country is market research based on mentioned information. Each environment is characterized by different economic, cultural and legislative conditions. Particularly important for the marketing analysis are cultural terms, because different hobbies, tastes or lifestyles affect consumer behavior differently.

- **Market segmentation** – market segmentation is one of the cornerstones of successful marketing. Customers differ in their interests, needs, wants, income, residence etc.

- **Customer retention** – customer retention is very important. Presumption is the establishment of effective and positive relationships with customers by understanding their current and future needs, desires; creating product or service offers that will satisfy them. Customer satisfaction affects several aspects: the product (its design and processing), sales activity (marketing communication), after-sales activities (service, warranties and spare parts) and corporate culture at all levels of the company.

- **Analysis of competition** – in terms of price, quality and product innovation, product availability, service, service, etc.

- **Experiences marketing** – marketing led by impulses and emotions. The purpose is to offer several types of experiences for customers that lead to different approaches:
  - Sensitive marketing – divide companies and their products by unique styles and aesthetics aspects, which affect the senses (view, hearing, touch, taste, smell), for example cafes, shopping centers;
  - Sensational marketing – the internal feelings of the customer create an emotional experience associated with the brand; for example, Hallmark,
  - Thinking/meditation marketing – affect on the intellect in order to create experiences that help solve problems creatively, involving also consumers, for example, Microsoft.
  - Active marketing – focused on physical experiences of consumers and offer an alternative lifestyles, for example, Nike.
  - Relationship marketing – is beyond personal feelings and is associated with an individual sense of integration in the group, for example Harley Davidson.

Marketing oriented to European markets in the practical means use of three approaches:

- **Global approach** – usable in situations when could be identified universal consumer characteristics on national European markets (f. e. trends in rational meals);
- **Local approach** – usable at identifying different characteristics in consumer behavior in local markets, different economic and social levels of the individual markets (f. e., differences in GDP among EU members)
– Regional approach – usable at expanding markets with similar economic, cultural, historical or geographical characteristics (e.g. Scandinavian countries, German speaking countries, etc.).

References
EUROPEAN TERRITORIAL AND CROSS-BORDER COOPERATION IN TERMS OF PROGRAMMES AND PROJECTS CO-FINANCED WITH THE EU FUNDS IMPLEMENTED IN PODLASKIE REGION.

Abstract. The article presents some programmes and projects realized by Poland, as the European Union Member State, in frames of the cross-border, transnational and interregional cooperation. Under the financing perspective for the period of 2007-2013 Poland participates and manages two programmes within European Neighborhood and Partnership Instrument which objective is supporting the cross-border development processes. More and more different units and subjects are included in the group of cross-border cooperation programmes beneficiaries. They are mostly local government units of various levels, subjects created by the state and districts governors. An important element limiting broad promotion of the cross-border cooperation idea especially for non-governmental organizations is inability of getting the necessary information regarding this kind of cooperation by the potential beneficiaries. Proper diagnosis of the barriers’ influence level enables omitting many problems while looking for possibilities of participation in cross-border cooperation programmes and increases the chances for its successful implementation.

Keywords: cross-border cooperation, European Union Funds

Introduction. In the years 2007-2013 the interregional, cross-border and transnational cooperation will be implemented in frames of a separate objective of The European Union Cohesion Policy – the European Territorial Cooperation (ETC). Additionally cooperation with non-member states of the European Union is included in frames of the European Neighbourhood and Partnership Instrument (ENPI). Both the programmes are continuation of the cross-border, transnational and interregional cooperation programmes implemented in frames of the Community Initiative INTERREG III in the program period 2000-20061.

The aim of this text is to present programmes and projects realized by Poland, as the European Union Member State, in frames of the cross-border, transnational and interregional cooperation.

1. Review of the programmes implemented by Poland in frames of the cross-border, transnational and interregional cooperation

European Neighborhood and Partnership Instrument (ENPI) is a European Commission initiative with the main objective of developing cooperation between the

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1 In Poland from 1st May 2004
European Union and the partner countries outside the EU through provision of integrated and sustainable regional development. Its territorial range covers the following countries: Algeria, Armenia, Azerbaijan, Belarus, Egypt, Georgia, Israel, Jordan, Lebanon, Libya, Moldova, Morocco, Palestinian National Authority, Syria, Tunisia, Ukraine. The key support areas under ENPI include:

1) promoting political dialog and reforms,
2) strengthening national and any other institutions responsible for preparation and effective implementation of policies,
3) promoting environment protection and good management of natural resources,
4) supporting policies aimed at reduction of poverty,
5) supporting policies that promote social development, equality between men and women, employment and social protection,
6) supporting cross-border cooperation and promotion of sustainable economic, social and environmental development in border regions,
7) supporting policies that promote health, education and trainings,
8) promoting and protecting human rights as fundamental freedoms and supporting democratization process,
9) ensuring efficient and secure border management system,
10) promoting cooperation within the field of justice, home affairs as well as prevention and fight against terrorism and organized crime,
11) promoting the Communities’ participation in the activities related to research and innovation,
12) promoting cooperation between Member States and partner countries within the field of higher education, exchange of teachers, scientists and students,
13) promoting dialogue between cultures and people-to-people contacts.

Under the financing perspective for the period of 2007-2013 Poland participates and manages two programmes within European Neighborhood and Partnership Instrument. They are:

1) Cross-border Cooperation Programme Poland - Belarus – Ukraine,
2) Cross-border Cooperation Programme Lithuania - Poland – Russia.

The main objective of both programmes is supporting the cross-border development processes. Table 1 shows the list of priorities and measures of the Cross-border Cooperation Programme Poland - Belarus – Ukraine and the Cross-border Cooperation Programme Lithuania - Poland – Russia.

**Table 1. Priorities and measures of cross-border cooperation programmes**

<table>
<thead>
<tr>
<th>Cross-border Cooperation Programme Poland - Belarus – Ukraine</th>
<th>Cross-border Cooperation Programme Lithuania - Poland – Russia</th>
</tr>
</thead>
<tbody>
<tr>
<td>I. Priority</td>
<td>I. Priority</td>
</tr>
<tr>
<td>1. Increasing competitiveness of the border area: Measure 1.1. Better conditions for entrepreneurship,</td>
<td>1. Contribution to solving common problems and challenges: Measure 1.1. Sustainable environment use,</td>
</tr>
</tbody>
</table>
Measure 1.2. Tourism development,  
Measure 1.3. Improving access to the region.  
II. Priority  
2. Improving the quality of life:  
Measure 2.1. Natural environment protection in the borderland,  
Measure 2.2. Efficient and secure borders.  
III. Priority  
3. Networking and initiatives of local societies:  
Measure 3.1. Local and regional cross-border cooperation capacity,  
Measure 3.2. Initiatives of local Communities.


Under European Territorial Cooperation the following programmes are implemented:  
1) Baltic Sea Region Programme 2007-2013,  
2) Cross-border Cooperation Programme Poland-Lithuania 2007-2013,  
3) Central Europe Transnational Cooperation Programme,  
4) Interregional Cooperation Programme INTERREG IVC.  

Baltic Sea Region Programme 2007-2013\(^2\) is implemented under the third objective of the European Union Coherence Policy – European Territorial Cooperation. It is based on the experience of two previous programmes supporting cross-border cooperation in the Baltic sea region – Community Initiative „INTERREG II C“ (1997-1999) and „Neighbouring Programme INTERREG III B“ (2000-2006). The most important, strategic objective is supporting sustainable, competitive development and territorial integration of the Baltic Sea region through joining potentials over the borders. Therefore, the Programme fullfils objectives of strategies from Lizbon and Göteborg. Priorities of this Programme are:  
1) fostering of innovations,  
2) external and internal accessibility,  
3) the Baltic Sea as a common resource,  
4) promoting attractive and competitive cities and regions.

The overall strategic goal of the Cross-border Cooperation Programme Poland-Lithuania 2007-2013\(^3\) is to foster the sustainable development of the supported area through enhanced economic, social and territorial cohesion of the regions on both sides of the border. The specific objectives are:

To establish a region geared to the needs of competing in a global economy, achieve sustainable development of a region which is forward looking and attractive in terms of its quality of life, social equity, environment and its communication links.

Measures under this Programme concentrate in frames of three priority axis:

1) growth of competitiveness and productivity of the cross-border region (measures concentrate on: infrastructure modernization located close to the border, implementation of joint initiatives aimed at business promotion, improvement of the investment climate, business contacts strengthening, development of new technologies and innovations, introduction of European quality standards, business cooperation and contacts among businesses, promotion of tourism, preservation of cultural/historic heritage, elaboration of joint regional development documentation)

2) cross-border cohesion and enhanced overall quality of the region (measures concentrate on: establishment/improvement of joint services and infrastructure in the labour market, development in education, health and security areas, development of new and strengthening the existing cooperation networks in these areas, joint actions in tackling unemployment, solving emigration and minorities problems, preservation of biodiversity and natural resources, solving environmental problems),

3) technical assistance (the scope of supported measures include: elaboration of programme documentation, administration of calls of proposals and project implementation, programme management, monitoring and control, information-promotion activities, consultancy with socio-economic partners, establishment of databases, etc).

The overall goal of Central Europe Transnational Cooperation Programme\(^4\) is strengthening the transnational cohesion\(^5\), contributing internal integration\(^6\) and enhancing competitiveness\(^7\) of the Central Europe area. As the specific objectives the following are named:

1) improving competitiveness of Central Europe through strengthening innovation and accessibility structures,

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\(^5\) Territorial cohesion means adequate access of inhabitants and businesses to the basic services, regardless territory that they belong to.

\(^6\) Relates to removal of all barriers limiting free access in the meaning of physical, legal, economic and information ability.

\(^7\) Competitiveness in this programme includes „soft” factors of positive influence to business (quality of life, sustainable development, equity of sexes etc.) and also achieving economic prosperity and high quality of life.
2) improving balanced and sustainable territorial development through enhancing the quality of the environment and development of attractive cities and regions in Central Europe.

The measures under this Programme are concentrated in frames of the following priorities:

I. Priority 1 – Facilitating innovations across Central Europe (measures concentrated on: improvement of the framework conditions for innovations, building up capabilities to transfer and application of innovations, supporting knowledge development),

II. Priority 2 – Improving internal and external accessibility of Central Europe (measures concentrated on: improvement of internal connections in Central Europe, development of multimodal logistic cooperation, promotion of safe mobility under sustainable development rules, Information and Communication Technologies and alternative solutions for enhanced access),

III. Priority 3 – Responsible use of our environment (measures concentrated on: development of a high quality environment through managing natural resources and heritage and their protection, reducing risks and impact of natural and man-made hazards; support the use of renewable energy sources and increase energy efficiency, supporting ecologic, environmentally friendly technologies and activities),

IV. Priority 4 – Enhancing competitiveness and attractiveness of cities and regions (measures concentrated on: development of polycentric settlement structures, including the effects of demographic and social changes in urban and regional development, capitalization of cultural resources to make cities and regions more attractive).

In the programming period of 2007-2013 in frames of European Territorial Cooperation one only programme is implemented Interregional Cooperation Programme (INTERREG IVC\textsuperscript{8}), which covers the whole territory of the European Union as well as Norway and Switzerland. In frames of this Programme measures are enhanced geared at improvement of regional development policies effectiveness through promotion of innovativeness and knowledge economy, environment protection and risk prevention. The overall objective is improvement of the effectiveness of regional development policies and contribution to economic modernization and increased competitiveness of Europe in the areas of innovation, knowledge economy, the environment ad risk prevention by means of interregional cooperation. The specific objectives are:

1) improvement of regional and local policies in the area of innovation and the knowledge economy, focusing specifically on regional capacities for research and technology development, support to entrepreneurship and SMEs, support to business

development and innovation initiatives, promotion the use of ICTs as well as support to employment, human capital and education;

2) improvement of regional and local policies in the field of natural environment and risk prevention, focusing specifically on prevention and management of natural and technological risks, water and coastal management, waste management, biodiversity and preservation of natural heritage, energy efficiency and renewable energies, clean and sustainable public transport, cultural heritage;

3) enabling subjects at regional and local level from different EU countries to exchange their experiences and knowledge;

4) establishing cooperation between regions less experienced in a specific policy field and more experienced ones, with the aim of jointly improving the capacities and knowledge of regional and local stakeholders;

5) ensuring that good practices identified within interregional cooperation projects are made available to other regional and local subjects and are transferred into EU Structural Funds mainstream programmes.

There are two priorities under this Programme:

I. Priority 1. Innovation and the knowledge economy (sub-themes: innovation, research and technology development, entrepreneurship and SMEs, the information society, employment, human capital and education).

II. Priority 2. Environment and risk prevention (sub-themes: natural and technological risks, water management, waste management, biodiversity and preservation of natural heritage, energy and sustainable transport, cultural heritage and landscape).

2. Projects implemented in frames of cross-border, transnational and interregional cooperation programmes in Podlaskie region

Table 2 lists projects co-financed with the European Union Funds in frames of cross-border, transnational and interregional cooperation programmes in Podlaskie region. It’s worth noticing that opportunities of receiving undertaking funding was mostly taken in frames of Cross-border Cooperation Programme Poland-Lithuania 2007-2013 (22 projects in the total amounts of almost 50,5mln Euro) than other programmes. Under Cross-border Cooperation Programme Poland - Belarus – Ukraine 2007 – 2013 were only 7 projects in the amounts of 15mln Euro, under the Baltic Sea Region Programme 2007-2013 were 4 projects in the amounts of 0,6mln Euro, whereas under the Central Europe Transnational Coopreation Programme was only 1 project in the amount of 3,3mln Euro. Total amounts of all the implemented projects was about 70 mln Euro.9

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9 There were no projects of INTERREG IVC Program In Podlaskie region during publishing this text.
Table 2. Projects, co-financed with the European Union Funds in frames of cross-border, transnational and interregional cooperation programmes in Podlaskie region.

<table>
<thead>
<tr>
<th>Projects (original names)</th>
<th>Beneficiary</th>
<th>Tota value of the Project (EUR)</th>
<th>value of the contribution of the EU (EUR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>PROGRAM WSPÓŁPRACY TRANSNARODOWEJ LITWA-POLSKA 2007-2013</td>
<td></td>
<td></td>
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<tr>
<td>Poprawa infrastruktury drogowej na pograniczu pomiędzy samorządami Wilkowyszek i Suwałk</td>
<td>Powiat Suwalski Gmina Rutka-Tartak</td>
<td>1 124 838,00</td>
<td>956 112,30</td>
</tr>
<tr>
<td>Poprawa infrastruktury publicznej stref przemysłowych w rejonie transgranicznym Litwy i Polski</td>
<td>Miasto Suwałki</td>
<td>3 449 893,60</td>
<td>2 932 409,56</td>
</tr>
<tr>
<td>Drogi dla przyszłej współpracy pomiędzy gminami Puńsk, Suwałki i Samorządem Lądziai</td>
<td>Gmina Puńsk Gmina Suwałki Gmina Kasnopol</td>
<td>3 226 355,56</td>
<td>2 742 402,21</td>
</tr>
<tr>
<td>Drogi pograniczna - rozwój sieci współpracy samorządów Puńsk, Alytus, Krasnopol, Suwałki i Powiatu Sejnieńskiego</td>
<td>Gmina Puńsk Gmina Suwałki Gmina Kasnopol Powiat Sejneński</td>
<td>3 874 681,63</td>
<td>3 293 479,37</td>
</tr>
<tr>
<td>Rozwój współpracy w dziedzinie turystyki na pograniczu Polski i Litwy: wspólny marketing</td>
<td>Gmina Puńsk</td>
<td>265 377,36</td>
<td>225 570,75</td>
</tr>
<tr>
<td>Rozwój infrastruktury turystyki transgranicznej poprzez renowację Parku Przyrodniczo-leczniczego w Druskiennikach I Rynku Zygmunta Augusta w Augustowie</td>
<td>Miasto i Gmina Augustów</td>
<td>2 830 745,00</td>
<td>2 406 133,25</td>
</tr>
<tr>
<td>SPF 1</td>
<td>Euroregion Niemen</td>
<td>3 036 233,92</td>
<td>2 580 798,83</td>
</tr>
<tr>
<td>Kreatywność przemysłowa a możliwość zrównoważonego rozwoju regionów przygranicznych Polski i Litwy</td>
<td>Gmina Suwałki Gmina Kasnopol</td>
<td>1 401 087,85</td>
<td>1 191 094,66</td>
</tr>
<tr>
<td>Rozwój transgranicznej infrastruktury i współpracy kulturalnej w Druskiennikach I Augustowie</td>
<td>Miasto Augustów Miejski Dom Kultury w Augustowie</td>
<td>3 291 048,50</td>
<td>2 797 391,22</td>
</tr>
<tr>
<td>Rozwój ekoturystyki na pograniczu polsko-litewskim</td>
<td>Gmina Płaska</td>
<td>3 635 592,00</td>
<td>3 090 253,20</td>
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<tr>
<td>Poznanie obyczajów starożytnych Jaćwingów poprzez zrozumienie pozostałości ich kultury i prezentację wystaw archeologicznych</td>
<td>Muzeum Regionalne w Suwałkach</td>
<td>278 100,00</td>
<td>236 385,00</td>
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<tr>
<td>Bezpieczna Unia Europejska - wzmocnienie współpracy transgranicznej służb celnych Polski i Litwy</td>
<td>Izba Celna w Białymstoku</td>
<td>753 536,56</td>
<td>640 506,06</td>
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<td>SPF 2</td>
<td>Euroregion Niemen</td>
<td>4 554 349,89</td>
<td>3 871 197,40</td>
</tr>
<tr>
<td>Tytuł</td>
<td>Organizacja wykonawcza</td>
<td>Gmina Puńsk</td>
<td>KW PSP Białystok</td>
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<tr>
<td>Rozwój działań połączonych służb ratownictwa i ochrony przeciwpożarowej na pograniczu polsko-litewskim</td>
<td>Gmina Puńsk</td>
<td>Gmina Krasnopol</td>
<td>Gmina Płaska</td>
</tr>
<tr>
<td>Rozwijanie współpracy kultur europejskich poprzez zachowanie własnej tożsamości</td>
<td>Gmina Puńsk</td>
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<tr>
<td>Dolinami rzek - bezdrożami kultury</td>
<td>Gmina Zawady</td>
<td></td>
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</tr>
<tr>
<td>Współpraca w zakresie śródpoliska pomiędzy Polską i Litwą - zmniejszenie zanieczyszczeń wody w dorzeczu Niemna</td>
<td>Gmina Płaska</td>
<td></td>
<td></td>
</tr>
<tr>
<td>IV etap budowy Zintegrowanego Systemu Ochrony Ludności i Środowiska w układzie transgranicznym Polski i Litwy</td>
<td>KW PSP Białystok</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Uporządkowanie gospodarki wodno-ściekowej na pograniczu polsko-litewskim</td>
<td>Gmina Suwałki</td>
<td></td>
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<tr>
<td>Rozwój infrastruktury medycznej i współpracy w celu poprawy bezpieczeństwa zdrowotnego mieszkańców regionu przygranicznego</td>
<td>Szpital Wojewódzki w Suwałkach</td>
<td></td>
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<tr>
<td>Doskonalenia pogotowia ratunkowego przy wykorzystaniu współpracy instytucji ochrony zdrowia regionu przygranicznego</td>
<td>Szpital Wojewódzki w Suwałkach</td>
<td>Szpital Wojewódzki w Białymstoku</td>
<td>Wojewódzka Stacja Pogotowia Ratunkowego w Suwałkach</td>
</tr>
<tr>
<td>PL-LT 112. System zarządzania działaniami ratowniczymi i obsługi europejskiego Numeru ratunkowego</td>
<td>KW PSP Białystok</td>
<td>KW PSP Olsztyn</td>
<td>KM PSP Grajewo</td>
</tr>
</tbody>
</table>

**PROGRAM WSPÓŁPRACY TRANSNARODOWEJ POLSKA-BIAŁORUŚ-UKRAINA 2007-2013**

| Tytuł | Organizacja wykonawcza | Gmina Plaska | | | |
|-------|------------------------|--------------|-------------||
| Podniesienie atrakcyjności regionu transgranicznego poprzez włączenie zasobów etnokulturalnych do działalności turystycznej ("Wędrówka w etnobajkę") | Suwalska Izba Rolniczo-Turystyczna | | | |
| Rozwój infrastruktury transportowej wokół Kanału Augustowskiego | Gmina Płaska | | | |

<table>
<thead>
<tr>
<th>Kwota</th>
<th>Kwota</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 257 638,00</td>
<td>1 500 000,00</td>
</tr>
</tbody>
</table>
### Budowa infrastruktury drogowego przejścia granicznego Połowce-Pieszczatka – Etap III (granica polsko-białoruska) – powiat hajnowski Rzeczpospolitej Polskiej – obwód brzeski Republiki Białorusi

| Województwo Podlaskie | 8 896 100,65 | 8 000 000,00 |

### Rozwój współpracy instytucji medycznych polsko-białoruskiego przygranicznego w obszarze immunoterapii gruźlicy narządów oddechowych

| Specjalistyczny Zakład Opieki Zdrowotnej Gruźlicy i Chorób Płuc w Białymstoku | 1 139 151,86 |

### Rozwój współpracy w celu poprawy bezpieczeństwa zdrowotnego mieszkańców polsko-białoruskiego obszaru przygranicznego

| Samodzielny Publiczny Zakład Opieki Zdrowotnej Wojewódzki Szpital Zespolony im. Jędrzeja Śniadeckiego w Białymstoku | 1 317 973,92 |

### Komunikacja bez granic - tworzenie transgranicznej sieci informacyjno-turystycznej

| Suwalska Izba Rolniczo-Turystyczna | 297 000,00 |

### Modernizacja infrastruktury dydaktycznej dla współpracy polsko-białoruskiej na rzecz osób niepełnosprawnych

| Powiat Hajnowski | 781 654,29 |

### PROGRAM REGION MORZA BAŁTYCKIEGO 2007-2013

| BSR Innoreg – Strengthening Innovation Governance in Baltic Non-Metropolitan Regions through Transnational Cooperation | Podlaska Fundacja Rozwoju Regionalnego | 119 663,00 | 101 714,00 |
| BSR Quick – Qualification, Innovation, Cooperation and Keybusiness for Small and Medium Enterprises in the Baltic Sea Region | Izba Rzemieślnicza i Przedsiębiorczości w Białymstoku | 100 000,00 | 85 000,00 |
| Rail Baltica Growth Corridor RBGC | Politechnika Białostocka Miasto Białystok | 44 021,60 | 37 418,30 |
| 56 619,60 | 48 126,70 |
| TiF Trans in Form – Transforming rural regions by launching scenarios, new narratives and attractive urban design | Miasto Suwałki | 279 000,00 | 237 150,00 |

### PROGRAM WSPÓŁPRACY TRANSNARODOWEJ DLA EUROPY ŚRODKOWE

| Adaptive management of climate-included changes of habitat diversity in protected areas HABIT-CHANGE | Biebrzański Park Narodowy | 3 301 748,77 | 2 600 508,78 |

Source: own work based on Kostecka L., Fiedorczuk M., Gardocka-Jałowiec A., *Zintegrowana baza projektów realizowanych w ramach programów operacyjnych i inicjatyw wspólnotowych wdrażanych w województwie podlaskim w latach 2004-2006*
The above comparison shows clearly that many different units and subjects are included in the group of cross-border cooperation programmes beneficiaries. They are mostly local government units of various levels, subjects created by the state and districts governors. A large percentage of the beneficiaries are non-governmental non-profit organizations, economic, trade and craftsman chambers, higher schools, public institutions of education, research or culture.

Summary. Considerations included in this article indicate that the cross-border cooperation might be broad in its substantial scope and multi leveled. Defining the level of territorial division and possible areas of cooperation is important to define the frames of common activities. Potential opportunity of broadening socio-economic contacts is also important in case of the EU eastern regions. It regards especially the chances for local societies cooperation for their region promotion, getting foreign investors and also using experience of regional cooperation to develop contacts with the neighboring countries. Taking into account the identified endemic resources of a specific region makes possible creation of the bases for cross-border cooperation aimed at accelerating development processes of the region.

An important element limiting broad promotion of the cross-borded cooperation idea is inability of getting the necessary information regarding this kind of cooperation by the potential beneficiaries. This problem regards especially to non-governmental organizations which very often have no knowledge about possibilities of participation in different programmes. Implementing programmes that include foreign units raises many concerns of social and legal nature deriving mostly from scarce experience in cross-border cooperation, historical ballast and therefore lack of trust.

The problem in staring the cooperation may also include no reliable information regarding potential of an organization and its possible foreign partners that is necessary for this type of projects implementation. Therefore subjects often give up looking for a partner to prepare a common application for funding, especially if there is an additional language barrier. Problems regarding financing should also be named here since many non-governmental organizations or local government units have no financial resources to cover the required part of costs. Proper diagnosis of the above barriers’ influence level enables omitting many problems while looking for possibilities of participation in cross-border cooperation programmes and increases the chances for its successful implementation.
References

UDC 658.5:621.311

V. Davydenko, PhD in Technical Sciences
Volyn Institute for Economics and Management

PECULIAR FEATURES OF INFORMATION SPACE FORMATION FOR MONITORING OF THE PUBLIC WATER SUPPLY ENTERPRISE PERFORMANCE

Розглянуто принципи формування єдиного інформаційного простору для моніторингу ефективності функціонування підприємства комунального водопостачання як складної ієрархічної виробничої системи.

Ключові слова: ефективність функціонування, моніторинг ефективності, інформаційний простір.

Рассмотрены принципы формирования единого информационного пространства для мониторинга эффективности функционирования предприятия коммунального водоснабжения как сложной иерархической производственной системы.

Ключевые слова: эффективность функционирования, мониторинг эффективности, информационное пространство.

Considered the principles of the formation of a common information space for
monitoring the efficiency enterprise of water supply as a complex hierarchical production system.

**Keywords**: the efficiency of functioning, monitoring of the efficiency, information space.

**Problem outline.** Efficient performance is an important component of economic development and competitiveness of any company. Effectiveness of enterprise performance is a type of effectiveness characterizing the efficiency of an entity as an economic system and providing a comprehensive assessment of the rational use of its resources, thus reflecting the ratio of the effect (outcome) to the cost of raw materials, energy, material, labor and financial resources used to achieve this effect during a certain period. An important aspect of ensuring the business entity effective functioning is to monitor its activities not only as an economic system, but also as a complex production system taking into account all components of its functioning, production efficiency and rational use of available resource potential.

**Analysis of recent research and publications.** To ensure both efficient economic activity and competitiveness, the enterprise should promptly detect adverse trends in its development. One of the conditions for successful solution of this issue is monitoring of the enterprise external and internal environment [1]. The purpose of monitoring is to optimize management activities in order to increase the enterprise efficiency on the whole. Monitoring is a type of management activity that provides surveillance of the state, parameters and characteristics of a particular object in order to form the information base concerning its behavior and making reasonable managerial decisions. [2] The system of the industrial enterprise monitoring allows to provide, in the real-time mode, independent assessments of trends in its development considering peculiarities of its functioning. Timely submission of all relevant information at all levels of production is one of the factors that can significantly improve its efficiency, the degree of validity and relevance of decisions made.

To receive information representing various objects of the production system: the enterprise on the whole and its individual components (ratio system/part of the systems) is a complex task that has to be solved, in the first place, for successful monitoring and obtaining data, significant in terms of improving the enterprise efficiency as an economic entity.

**The goal of the article** is to develop key aspects of information space formation for monitoring the efficiency of water supply public utilities company.

**Basic research materials.** Present-day water supply company is a set of certain structural elements forming a complex hierarchical system that performs water withdrawal, distribution and drainage. It is a geographically diversified production system which contains a number of complex production facilities: pumping stations,
intake and water treatment plants, etc. Each hierarchical level is characterized by certain peculiar features of technological process, the rules of its organization and laws controlling operation modes. The public water supply and sewage system is a complex dynamic system with clearly ordered hierarchical structure which develops in space and time and has an extensive network of connections [3]. The thing common to all levels is the target product – water, i.e. there is one task determining the integrity of the system – to transfer the target product with minimal cost. The extent to which this task is performed defines the production cost, affects the company competitiveness and directly depends on production process organization efficiency and production system operation.

Increased popularity of the methodical trend dealing with the issues of control systems process organization and their construction – Business Process Reengineering (BPR) – confirms the importance of production process itself, as the main object of management, while planning the industrial enterprise operation [4]. Thus, production process yielding the product which, for a public water supply company, is drinking water prepared and transferred into the network for consumers, as well as used water entering the drainage system to be transported and treated at wastewater treatment plants, should be considered as one of the main objects used for monitoring of the entire enterprise efficiency.

Monitoring is an integral part of the current control process and should be carried out regularly to ensure the required information about the state of the object [2]. If one considers monitoring of the enterprise performance as a set of procedures, then it is a continuous process of information collection and analysis that allows one to take necessary decisions aimed at enhancing the effectiveness of its operation.

The task of the enterprise monitoring system is to track processes and performance of the enterprise operation in a real-time mode, to make operational reports on the results of its work at regular intervals and to compare planned results with those actually achieved. To support a decision one requires monitoring information not in its original form (i.e. statement of facts) but in the processed form (with assessment and analysis), which results from interacting complex actions (data collection, systematization and processing, preparation of reports in appropriate formats) [1].

Thus, the monitoring system should be viewed as an information base which is a part of information support used for diagnostics and forecasting of the enterprise state as an economic entity.

Monitoring should be considered in two aspects [5]: as research technology and as a means of information support for production system management.

Monitoring is a specially formed tool of management information support used to control, evaluate, analyze and forecast the state of management object based on a continuous process consisting of information processing lifecycle procedures
The system of information and procedural support used to perform the tasks of production system performance monitoring is a combination of different types of primary data and techniques that ensure secondary information needed to solve the problems. Information is considered to be primary when it characterizes the phenomenon under study at the level of technological devices, processes and production, while secondary information is a generalized characteristics (aggregated value) of the phenomenon under study, resulting from primary information. Methods and procedures include general provisions on how to solve the question under study and perform various work tasks related to information collection, selection, processing and presentation in order to solve specific tasks. As for its sources, information may be external (data coming from different levels of management which is the basis for specific problems setting and solving) and internal (data about company: enterprise actual performance indicators, process equipment characteristic, etc.).

Monitoring managerial character is revealed through its function of servicing the processes of decisions preparation and making as only when the required information is available, meeting completeness, accuracy and timeliness requirements, one can effectively plan, organize implementation, control and regulate managerial processes [5].

The main task of monitoring is to get information about the object and form bases of actual data according to the objects. Current control depends on how databases according to monitoring objects were formed. Information must be complete, accurate and updated, as well as accessible to users (experts at the enterprise who carry out control). To facilitate databases formation one should specify information according to enterprise objects [2].

It is impossible to address such multiple tasks without introduction of complex information systems at the enterprise. The first step towards the creation of an effective system used to monitor the functioning of the industrial enterprise as a complex production system, being a business entity, must be to create an information space the mission of which is to facilitate management tasks solution.

Subject activity is determined by a combination of qualitative and quantitative characteristics and attributes that distinguish each subject and reveal its condition as a result of interaction with other subjects. As a result, the activity is determined by constant (technical) characteristics and properties of subject functioning and variable over time (dynamic) characteristics and parameters of operation. Information space construction presupposes a formalized description of the subjects in the process of information exchange by means of a set of qualitative and quantitative indicators inherent to these subjects using certain description techniques [6].

The information field of the object, the public water supply and sewage enterprise, is a specially organized set of attributes (indicators) of its constituent...
entities which, together with quantitative and qualitative values (parameters of these attributes) allow to distinguish one subject from another. The data domain subject is one of the structure-forming elements, singled out on functional grounds and explicitly described by a list of parameters [6] which reproduce the system of its initial state quantitative indicators and can be used to characterize its performance efficiency.

Each data domain subject (pump installation, pump station, water conduit, hierarchical level, water supply system, enterprise) can be represented as a set (tuple) [7]:

\[ Sub \equiv (name, St, Fn), \]

where \textbf{name} is the name of data domain subject; \textbf{St} is a set of state parameters; \textbf{Fn} is a set of functioning parameters.

The basic entities of information space include [7]: production system elements; types of elements; parameters; types of parameters; types of parameter properties; types of relations between parameters and objects. The information field, formed this way, displays sets of subjects in the subject area and designation of attributes (characteristics) which are combined in order to represent the target state of the data domain itself.

The set of objects of information space data domain consists of a set of processes and a set of processes components [4]. Any type of the object (process or process component) corresponds to a specific set of types of properties, i.e. characteristics. In a dynamic environment the values of some of the process characteristics change and they describe its condition at each specific discrete moment. The processes components characteristics change much less often and are considered to be conditionally constant. Therefore, some processes characteristics are a time function, unlike the characteristics of processes components. The set of objects properties (characteristics of objects) consists of a set of processes characteristics and a set of processes components characteristics. In their turn, the characteristics of processes comprise temporal, quantitative and financial characteristics, as well as processes identificators. Identificators and temporal characteristics of processes are not a time function as opposed to quantitative and financial characteristics. Among processes components characteristics it is necessary to single out identificators, technical and operational characteristics. The set of relations between objects consists of a set of structural, functional and pragmatic relations [4]. Pragmatic relations are the elements of information retrieval algorithm, they indicate the sequence of information sampling in order to answer the user’s query.

One peculiar feature of public water supply enterprise information space formation, due to territorial branching and hierarchical structure of the water supply and sewage system itself, is a large number of multilateral information flows that ensure not only information consumption and accumulation but also expanded reproduction. The advanced information infrastructure based on adequate
information technologies is essential for effective functioning of the enterprise management system.

It is impossible to conduct monitoring of complex manufacturing system performance without using modern software and information tools. A prerequisite for water supply system efficient operation is the automated process of collecting data on electricity consumption, the volume of water pumped by pumping stations, water consumption for own needs at each hierarchical level [3]. The information stored in the system database is the key to analytical problems effective solution and support while approving decisions concerning technological process management. ACS equipped with PCs simplifies information collection and processing at each of the data domain objects. Their connection to the INTERNET will provide connection between management objects checkpoints and the enterprise central server (Figure 1) and will allow data consolidation in a single system.

Fig. 1. Information transfer between the server and checkpoints at management objects

To realize the administrative feature of the enterprise performance monitoring on the central server it is necessary to install WEB-service (WS) Vodokanal, allowing to perform real-time output information processing procedures, create databases, draw up reports and issue control actions.

When organizing monitoring, a special attention should be paid to monitoring environmental factors of the public water supply company functioning that have a significant impact on the efficient organization of the production system mode. Water consumption is one of these factors. Water supply regime must be in line with water consumption regime as much as possible. Otherwise, it is not possible to ensure the effective functioning of the enterprise on the whole. Therefore, WS Vodokanal should contain the block of external information processing dealing with consumers’ needs in water, depending on certain conditions – technical, social, climatic and economic.
Introduction of information technology for production system performance monitoring based on Web-oriented systems with open source code (the systems which can be transferred to new software and information platforms and adjusted in accordance with the requirements of a particular structure may be implemented with minimal costs [5]) provides an opportunity of information space formation for monitoring the efficiency of a public water supply enterprise as a complex manufacturing system and a business entity simultaneously.

Conclusions. The enterprise performance monitoring should be considered both from the perspective of techniques used to investigate the business entity state and from the perspective of production system management information support. The procedure of monitoring system information field formation should take into account a hierarchical structure of water supply-sewage, connections between production processes and their components and environmental conditions in which the company operates. Realization of transfer of information flows between data domain objects and the central server based on Web-oriented systems will create a common information space and enable information processing and control actions issuing in real time, which will produce a positive impact on improving the performance of public water supply enterprise.

References

Michal Fabuš,
Miroslav Kohuťár

**MOTIVATION - THE DETERMINANTS OF JOB PERFORMANCE OF HUMAN RESOURCES IN THE ENTERPRISE**

**Abstract:** Motivation is currently among the concepts that are very popular. Be well motivated and be able to motivate others - this is currently valued by every employer, but also the employee. Properly motivated people have their own clearly defined objectives, and expect their efforts to achieve the following objectives. Often have a capable and educated staff to achieve goals that businesses currently already provide enough nowadays. Performance of employees of any enterprise is in fact largely reflects upon how they are motivated. Employee performance depends not only on their knowledge and skills but also their work effort, perseverance, determination and even enthusiasm, with which his work is performed, on their motivation.

**Keywords:** motivation, job performance, human resources, planning, employee, employer

**Prologue**

The secret lies in the motivation of finding harmony between what a people as an individual considers their internal purposes and between what should be done for the company.

Such people are a great asset for the company because they are responsible and appreciate the fact that their work is meaningful and necessary leads to meet their own needs, as well as the needs of the company itself. An important factor is motivation and their confidence in the leadership of the company. If the work performances of employees are considered unsatisfactory, this in practice is largely to blame their lack of motivation.

Relevant to business should be to access their individual employees. Every employee has yet other needs, requirements and expectations, often because what
motivates one employee may be discouraging the other, so you must first know the causes of disincentives and then begin to address.

Motivation is an internal process that reflects the will and desires to make some effort leading to the achievement of significant subjective goal or outcome. According to this definition, directly related to the motivation of behavior, or to his speech - is talking about dealing motivated. [3, p.55]

Well-motivated people, people with clearly defined objectives, which took steps, are expected to lead to achievement. Such people may be motivated by themselves and if that means they're going in the right direction to achieve what they want to achieve, so this is the best form of motivation. [2, p.220]

**Own Work**

At ERS Profession Ltd. Bratislava and BAU Profession Ltd. Bratislava survey was conducted among employees, perceived as motivation in the direction of his employer, the elements of motivation would like to appreciate if and how the employer give feedback on job performance, as well as pay their employees.

On base by pursuing a survey questionnaire method with line managers and their staff in the companies of the survey results were more than interesting and inspiring mainly for both employers as well as for the employee and should be reflected in the plans of education, as well as career plans, What are the pillars that support human resources development. Summarizing the specific facts and generalization of results from completed surveys were taken the following measures:

- Companies concerned should strengthen elements of motivation, constant training of its managers, which should be above all reflected in these plans are responsible for human resources in conjunction with line managers.
- Line Managers utilized in some cases suppress motivation and improvement suggestions from employees because they consider onerous and unnecessary for them to society, which clearly shows that they are not set properly managing the company’s articles.
- Training line managers and employees should set the human resource managers, so as to ensure compatibility of education, motivation, effectiveness, efficiency of the individual segments and work with human resources.

Most of us, however, cannot motivate myself to motivate and needs some stimulus from outside. This initiative can provide an organization through various incentives, rewards, training courses and other benefits that an enterprise within its means and capabilities to provide the employee. But it is mainly managers who must also play a major role in motivating employees to achieve that employee’s work for the company will pay the best they are able to pay for their work in favor of the employer.
As a result of stress and motivation to restore equilibrium there is instrumental, i.e. subjectively purposeful behavior. It occurs when the motive is strong enough, the vision of an attractive target, because experience is required effort, assessed as real entities, if the situation in which an individual is favorable, at this step to achieve the objectives and the reaction completes the reduction theme, or satisfaction needs.

A team is also creating conditions for the subsequent "initiate" the new theme (other needs - such as meeting the needs of the rest is re-"again encouraged by" the need for social contact with other people. [3, p.56]

The work incentives can be elaborated in two ways. The first way is characterized by the fact that people motivate themselves, the essence of this motivation is the fact that search and also carried out activities that meet their needs, or maintain at least the fact that the following steps carried out by its expected to meet predetermined objectives. The second case as we finalize the work incentives is that they will be motivated management who will provide them with benefits such as a fair salary, promotion, praise, and various employee benefits.

In the past, Herzberg (1923-2000), accompanied by his team found that there are two types of motivation and internal motivation and external motivation.

– Internal motivation, "are factors that people create themselves and affect them to behave a certain way or to be issued in a certain direction. These factors are responsible (the feeling that work is important and that we have control over their own capabilities), autonomy (freedom to act), the opportunity to use and develop their skills and abilities, interesting and challenging work and opportunities to advance in the hierarchy of job functions." [2, p.221]

– External motivation "is what is done for people to get them motivated. It consists of remuneration, such as a raise, praise, or promotion, but also penalties such as disciplinary control, withdrawal of salary, or criticism."[2, p.221]

In general, therefore we can say that internal motivation are factors that people create themselves and affect them to behave a certain way or to be issued in a certain direction.
**Conclusion**

Ability to effectively motivate their employees gives managers much greater chance to overcome common problems associated with managing people. The basis for the managerial capability are usually certain personal characteristics, especially emotional intelligence, the ability to empathy (empathy) and management experience for the selection of persons to lead management posts should always play a key role. The ability to motivate is to obtain or improve the development of appropriate targeted.

Therefore, the managers of each enterprise's important to know at least the basic principles and types of motivation for workers to access their motivation to work was based mainly on their own knowledge in the field of employee motivation. The good employer is now considered to be one employer, an employee who can convey a sense of achievement. To employee satisfaction is good business to invest any money but also time. The relationship between satisfaction and performance of employees paid directly proportional. This means that the employee is satisfied, the greater the incentive given to ever-higher performance and better for the employer. An important factor in motivating employees is primarily employee trust in top management.

At present, many enterprises are using the method where the control manager of its employees does not in fact as to whether the task of creating, they simply enter the work tasks, knowing that employees are with your job on your own to the satisfaction of its, but also the satisfaction of the employer.

**References**

MODELING EXPECTATIONS OF EQUITY MARKET PLAYERS BASED ON RISK NEUTRAL VALUATION

Abstract: In this paper we find a risk neutral measure \( Q \) of the underlying asset \( S \) at the time of option expiration in form of sum of two lognormal distributions which would correspond to heterogeneous market expectations of all market participants. We calibrate this model based on both put and call option prices for S&P500 index in time range of July, 2011 to March, 2012 with respect to heterogeneous distribution of market players expectations toward future distributions of the S&P500 index.

Introduction: From the point of view of non-professional investors the microstructure of equity markets can be modeled as combination of “bulls” and “bears” in some proportion. This proportion defines/infers local market moves in upper or bottom directions. Institutional investors should not ignore such views as when non-professionals start to dominate in specific financial market. They might be the most important drivers of actual market shifts.

Therefore, it is important to have adequate measures for proportion and specific views of these two groups of investors in each point of time. Such measures would not just provide a dominated direction of the market moves, but would also provide a clue for dynamics of such moves.

An especial importance of these measures would be the possibility of evaluation of future prices of derivatives with underlying assets from equities that would help in effective portfolio management too.

Depending on the assumptions investor makes about the future probability distribution of the underlying asset \( S \), he would pay different prices \( F(S) \) for derivatives based on this asset \( S \). Since investors are, in general, risk averse, they would typically demand a compensation for the risk to own an option. Thus, in general,

\[
S_0 \neq \frac{1}{1 + R} \times E^P[S],
\]

where \( P \) – objective probability measure, and \( R \) is a risk free interest rate. One of the methods to evaluate options is finding a risk neutral measure \( Q \), which is called a martingale measure, for which

\[
S_0 = \frac{1}{1 + R} \times E^Q[S].
\]

If \( Q \)-dynamics of the underlying asset \( S \) is defined by stochastic differential equation
\[dS(t) = R \times S(t)dt + \sigma \times S(t)dW,\]

then for estimation of the European call option \(C\) we obtain well known Black-Sholes and Merton (BSM) formula:

\[C = \frac{1}{1 + R} \times E^Q((S - K)_{+}).\]

The assumptions of BSM model are in direct contradiction to the basic assumptions of market microstructure of having driving forces based on proportion of “bulls” and “bears”.

In this paper we find a risk neutral measure \(Q\) of the underlying asset \(S\) at the time of option expiration in form of sum of two lognormal distributions which would correspond to heterogeneous market expectations of all market participants.

We also calibrate the model based on both put and call option prices for S&P500 index in time range of July, 2011 to March, 2012 in respect to heterogeneous of market player expectations toward future distributions of the S&P500 index. In other words we estimate parameter \(\alpha\) from the following specification for risk neutral probability density:

\[F_Q(x; \alpha, \theta_1, \theta_2) = \alpha \times f_{LN}(x; \theta_1) + (1 - \alpha) \times f_{LN}(x; \theta_2),\]

where \(f_{LN}(x; \theta_i), (i = 1,2)\) - probability density function of lognormal distribution with parameters \(\theta_i\).

Theoretical background

In modern financial literature typically there are two different approaches to option pricing. One has a logic that “locks in” an expected option payoff, while the second one “infers” such cash flows. Method that uses a “lock in” of the future cash flows logic assumes an arbitrage free pricing, and one that “infers” such cash flows assumes an existence of the risk neutral valuation.

Arbitrage free pricing

Under “arbitrage free pricing” approach a future value of the option is “locked in” either via “delta hedging” or a “replicating portfolio” approach.

A “delta hedging” approach comes from a proposition that it is possible to create a portfolio of \(\Delta\) shares and one call option sold which would be identical in value to any of the market outcomes (giving it goes up or down) in one period. On this way one can construct a “delta hedging” portfolio which has a no-risk known future value in one period.

A similar to “delta hedging” approach there is also known as “replicating portfolio” approach. Under this approach a portfolio created consisting of \(\Delta\) shares and \(B\) cash borrowed at risk free rate \(r\) which would be identical to future cash flows of one call option on the underlying stock. Such position created is known as “replicating portfolio” since its cash flows replicate the ones of the call option. Therefore, under
arbitrage free assumption such “replicating portfolio” must be priced exactly like an option it replicates.

**Risk neutral valuation**

Prices of assets depend crucially on risk as investors typically demand a premium for bearing more uncertainty. If all investors would be (they are not!) equal in evaluating future uncertainty a price of an asset would be represented by the following formula: $S_0 = \frac{1}{1+r} \times E_T^p[S]$ where $E_T^p[S]$ is an expected value/payoff of the security $S$ at time $T$, under a probability measure $P$, and $r$ is a risk-free rate. In fact, this equation does not comply with our observation that investors have a consensus for the future distribution of the asset $S$ payoffs.

An idea of risk neutral valuation approach is to find such an unique “risk neutral” measure $Q$ which would price asset $S$ and any derivative product $P(S, K_i)$ on $S$ accordingly to the formula:

$$p_0 = \frac{1}{1+r} \times E_T^Q[P(S, K_i)]$$

In fact a general risk neutral valuation theory extends these conclusions to a wider case. It is that risk-neutral measure $Q(x_1, \ldots, x_n)$ with the basis variables $x_i$ can be used to price *any* asset on the market if there are known dependencies of such asset prices from these basis variables $x_i; S = S(x_1, \ldots, x_n)$. In such case current prices of all market assets are derived with the same formula:

$$S_0 = \frac{1}{1+r} \times E_T^Q[Q(x_i)]$$

Such variables $x_i$ are also referred as *arrow securities* as they define future market conditions.

**Proposed Method**

We believe that market expectations are built into current option prices and assume that market players derive their bids from their expectations of the future payoffs. We also assume that there exists risk neutral measure $Q$ which reflects a shared/consensus vision of the market players for the future price outcomes of the underlying security (an index in our case). In fact finding such a measure is a final objective of the method. We also make an assumption for the structure of such risk neutral measure based on our view of the underlying market microstructure (bulls/bears combination):

$$F_Q(x; \alpha, \theta_1, \theta_2) = \alpha \times f_{LN}(x; \theta_1) + (1 - \alpha) \times f_{LN}(x; \theta_2),$$

where $f_{LN}(x; \theta_i), (i = 1, 2)$ – probability density function of lognormal distribution with parameters $\theta_i$. Each $\theta_i$ has in fact 2 parameters behind for lognormal distribution – its mean $m_i$ and a variance $v_i$. It is possible to extend this method by replacing lognormal distributions with other acceptable types, like Beta or Gamma distributions.
Using an optimization methods and series of derivative prices (call and put index options) we obtain a series of parameterized risk neutral measures Q which can be analyzed for the following questions:

a) What is a market disagreement (if any) for the future market outcomes (difference in means of 2 lognormal components of the Q)

b) What is a split of the market between “bulls” and “bears” (if present)

c) Is there a correlation between external events and answers to the first two questions (market disagreement and “bulls”/“bears” split)

**Obtained Results**

In order to test the method we have taken daily closing index option prices for the period of first quarter of 2012 with the same maturity and variety of strikes.

As a result we have obtained the following surface for the risk neutral measure in the axes of dates and index values:

![Surface diagram](image1)

We also obtained the following split of “bulls” and “bears” (α):

![Bulls/Bears split](image2)
We can also observe level of market disagreement when comparing first and second median of the LogN components of the Q:

It is worth to note that there is a correlation between a lower LogN mean and $\alpha$ parameter of double lognormal distribution form of Q. This can be explained by the following argument: as lower expectations of the "bears" as lower their influence to the market prices.

**Conclusion**

With this paper we've tried to address a topic of analyzing the current market mood that plays an important role in empirical finances and specifically in trading. It is sometimes hard to impossible to deduce on what is happening on the market and what is a general attitude of market players toward the future market outcomes.

One of the possible solutions for this is to construct a “shared” by all market participants risk neutral measure Q for the future market outcomes. We believe that such risk neutral measure is built into current option prices and is the only major factor that explains current prices dynamics.

We try to avoid major pitfalls which have predictive models that try to derive “objective” option prices from far from the real assumptions, like stochastic behavior of the market returns with zero mean and constant volatility over the longer periods. Instead we assume that current option prices are given and provide the most objective and fair source of the information about future market positions. We also assume that option prices adequately reflect market player opinions in regard to future payoffs on these options.

From the results obtained for SPX Call Option prices analyzed on the date range of Q1/2012 we can conclude that it is worth to assume that microstructure of the market consists of pessimists and optimists. We may also conclude that expectations of these two groups of the future market conditions strongly correlate with current
market levels – which is quite intuitive and indirectly confirms the correctness of the method.

It is important to note that method suggested can be also used to gauge who dominates the market and what is a specific split of optimism and pessimism currently persist.

For the period of the first quarter of 2012 it was noted that there is a negative correlation between the level of expectations of pessimists and their influence to the market. One of possible explanations of this phenomena is that there exists a third group (neutrally oriented investors), and when this group joins pessimistic camp an average pessimistic expectations will grow, while their influence also grow. In return, when this neutral group joins optimistic camp, then influence of the pessimistic camp reduces and also average pessimistic expectations also reduce.

There could be quite a few potential applications of the described method for practical investing. In particular, it is possible to use this method to compare market expectations with own investor expectations and serve as a “double check” for the investment decisions. In opposite when market expectations deviate from own investor’s view it creates an opportunity for trade.

References
PROJECTS AND PROJECTING THE PUBLIC INFORMATION SYSTEM

Abstract: At the time, which is characterized as information society, information is a significant prerequisite not only for a high prosperity of the company or institution, but also it creates an inevitable prerequisite for the development of society as a whole. The paper deals with such types of information systems, which fulfill a public function and serve for providing the information, in which the public is interested. In the contribution, the process of projecting the public information system, the functional and process approach concept. Here, the emphasis is placed mainly on the process project approach and the discussed issue of management of this kind of project. A significant contribution of the work is the processing of the case study of the specific IS public project of the Information centers for entrepreneurs, carried out by the Chamber of Commerce in the Czech Republic. In the specific examples, the project managerial processes and project production processes are clarified, of which well processed analysis is an inevitable prerequisite for the success of the project of the public information system.

Projects and projecting the information system solve the development of the specific information system or its parts. This part is made up of the specific functional area (task, assignment) or the stage of the development of the information system, the public IS. The concept and definition of the category of the public information system can be found in Act No. 365/2000 Coll. Information systems of the public administration (public information systems). The definition of the required concept is given in §2 letter u), where as a public information system is meant such an information system, which provides services to the public (here, there is a reference to §3 Art. 2).

It follows from the given above that in the process way of thinking, the public information system is (or its part) an output and result of the solution of the specific project of the information system (or several projects). It arises from the methodology of the development of the information systems [1] that it is about a much formalized process of one’s implementation of the information system into the final use for the end user groups – the public. The theory of the project management provides a general framework within the project of the public information system for the derivation of the methodological recommendations, which are specific for the role of the system support of one’s application of the information system.

The process of projecting the public information system is rather an extensive process and these issues can be viewed from many perspectives. In some aspects, the social aspect can prevail, along with psychological and organizational one. From a
different viewpoint, one’s managerial processes can be discussed, possibly, the effort of concentrating on the relation of the developed IS and the information strategy of the submitter. Then, the IS projects can be developed from these fundamental objectives of the organization along with specifying the methodologies, the methods and tools for the development of the respective IS.

In the public IS projects, one cannot proceed from the classical entrepreneurial strategy, since our goal is the IS development based on the social order. The social order comes from the social need for the creation and the application of the IS product for clearly defined target groups. In practice, the social need and the respective benefit are codified in the specific development and programme documents. These are then the basis for the social placement of the demand declared in the specific call for submitting the proposals of the public IS projects.

From the point of view of the use of the term, projecting it is necessary to emphasize that the term project contains naturally all stages of the project realization. It applies also in the case of the socially placed IS projects. The role of the submitter and the investor is not executed by one’s own enterprise, but usually a certain subject equipped with the authority of the submitter of the social order. The application of the control project mechanisms and the process of determining the feedback are obvious at this point.

**Functional and process approach concept**

The philosophy of the functional approach was generally defined as early as 1776 by Adam Smith in a book National wealth. It proceeds from the notion of separation, divisibility, where the processes of the industrial production should be broken down into the simplest partial operations so that these would be easily feasible by less qualified employees. In the developed concept of the functional approach according to Jan Truneček [2], the functional approach focuses on the outputs (results), what basically means the orientation on the consequences and not causes. It is evident that the evaluation of the results does not have to reveal the causes of inefficiency, in project management it leads to the excessive number of coordination and project activities. Figuratively, this approach in the management of human resources in projects leads to a static pyramid of the organizational structure, formed solely by linking up activities and occupying project posts with clearly defined project rights and responsibilities. Moreover, in my opinion, the greatest drawback of this approach concept is fundamentally contrary to the individual users’ needs. It is oriented inwards the project, and not outwards. In accepting it, we stress the static structures, and not dynamic views. During its implementation in IS projects, the investor is not principal, or the IS user but rather the own structure of the projected IS.

On the other hand, the process approach concept is not oriented on the results but on the causes. It presupposes that the causes of the low-quality outputs are wrongly set and ongoing processes within the system. When applying it to project management, the following concept emphasizes the quality setting-up of managerial
project processes for the purpose of eliminating the inefficient project activities (processes). The term process is its essential element. Once again, we can apply the general definition of the process in the work by Jan Truneček.

What are meant by the process are the mutually interconnected partial activities, which, in sequence, transform the inputs into the required outputs. It is a flow of work, which proceeds from one man to another. The outputs form the initial sources (raw materials, capacities, information, documents, knowledge, and outputs from suppliers...), the outputs are, at the same time, the final results [6]. In project understanding, then the results of the project activities. We can define processes both on the level of the enterprise's activity and on the level of project activities, which lead to the solution of the specific project including the project of the public IS.

According to literature [3], each process divided into partial process. Next, the activity presents a partial activity, which is done by a certain employee within the process. These activities can be linked up in such a manner, so that these could be carried out by specific employees.

From the viewpoint of project management, this approach has significant impacts on setting up the project team. It presupposes project thinking, but also a project way of work. In the solver's project teams, the categories as the integration of project activities are stressed along with the main and secondary processes, inputs and outputs of processes, impacts and results. Individual solver's project teams can solve partial project activities; they can be capable of self-management, self control and even self-organization.

According to my own experience with the IS project management, the process approach concept is, due to the above given facts, the principal requirement of the quality project management. These facts have their practical impacts also in the developed methodology of PRIS [4]. It principally is about the requirement for a clear determination of output and input process parameters and process adaptability. What I mean by process adaptability is its response to the change of inner conditions, to the situation in the environment. The processes mustn't be formed once for good, it is necessary to secure the requirement for sustainability already at the beginning of project management. In IS projects, it does not only mean the sustainability of data, the supervision over securing the technology functionality, but rather the implementation of new processes reflecting new situations.

The way towards overcoming these troubles is a consequent use of the process approach concept and its working out in the respective project methodology.

From the process viewpoint it can be noted that the project is a one-time transformation of inputs (information, environment, material, money, abilities and skills of the people participated) into outputs (target products), by means developmental activities, arranged into stages, steps and tasks) and coordinated by
managerial activities. Developmental and managerial activities designate project activities, and their role is obvious from the following picture (1).

![Diagram showing project activities and managerial activities]

**Picture 1 – the process of understanding the project**

In order to carry out the project successfully, we have to manage it. It is necessary to elaborate a scenario or a draft – project plans for a successful project management. So that these were applicable, and would stand a chance of success, they have to be imbedded in broader circumstances of the project environment. The strategy of the project has to be created. The strategy, or its lack, is often a cause of the failure of the project.

**Process project management of information centers for entrepreneurs**

**Characteristics of the project**

The project Information centers for entrepreneurs (InCE) has the aim to establish the centrally managed, clearly defined network within the regional and departmental structure of the Czech Chamber of Commerce in the Czech republic (CZChC), which will be able to provide the topical and demanded information for small and middle sized enterprises (SMEs) directly or after defining the problem by means of the reference to the specialized company or a respective institution.

Providing commercial and non-commercial services by means of this chamber network.

Offering the nationwide network to other subjects (state, banks, entrepreneurial subjects, associations, and so on) for carrying out their objectives oriented primarily on the segment of SMEs.
The goal of the project is to make complex general information and departmental information accessible to entrepreneurs, and in cooperation with experts of the Chamber of Commerce to solve specific environmental situations of SMEs, i.e. by means of the nationwide network of the Regional information centers (RIC), the Departmental information centers (DIP) or by self-access internet connection to the IS. The project of the Chamber of Commerce in the Czech Republic is in line with the concept of the foreign policy of the Czech Republic. The project was placed into a programme “The support of strengthening competitiveness of industry in the Czech Republic” by the manager of the Ministry of Industry and Commerce (MIC) of the Czech Republic; nevertheless its scope and utilizable are multi-departmental. It fulfils fundamental measures of the state assistance by increasing competitiveness of small and middle sized enterprises, and mainly by means of:

- Supporting programmes of small and middle sized enterprises, which assist entrepreneurs in implementing their entrepreneurial goals, and in contributing to the increase in their economic stability,
- Creating favorable conditions for entrepreneurship, mainly with the approach to financing and accessing information, consulting and educational services,
- Continuous updating tools and systems of support in accordance with the EU rules.

The subject of the submitted programme is the formation of the system of the Information centers for entrepreneurs (hereafter only ICE), which respects the conclusions of the carried out Analysis of the needs of SMEs. The presupposed outcome is intensifying and improving everyday two way communication between the public administration and entrepreneurs. Initiating one’s own activity of these centers (in cooperation with all partners) and securing overall knowledge of all small and middle sized enterprises (despite the expanding use of the internet, there are still a number of small entrepreneurs in some micro-regions without more noticeable access to information) will considerably contribute to the efficiency of providing supports and for increasing the absorption ability of the Czech economy.

At present, 78 regional information centers are working in the project, 14 Regional coordination centers (RCC) and 18 Departmental coordination centers (DCC). In the system more than 27 000 answered replies are stored, which form the basis of knowledge base of the project.

The division of the project processes

In this chapter, managerial project processes connected with one’s own project management of the InCE project are depicted along with production project processes (main and supportive production processes), which cover one’s technology, outputs and users’ outputs (out of which 6 cover main processes of specifying the needs of the entrepreneur, the collection of requirements, its qualification and escalation,
processing and distribution of results). The other production processes are defined as supportive ones and serve the administration, development and management of particular areas of the information system.

**Project managerial processes**

The project managerial processes are linked with one’s own project management and project methodology (methodologies). The sense of the methodology in relation to the project managerial processes does not lie in a detailed description of the steps during the IS development, but rather in the analysis of substantial factors of the IS establishment process. In the context of the IS understanding it deals with a complete process of the IS development, which is inseparably connected with the stages of the IS life cycle.

I am speaking of the methodology in the singular form; I mean a set of methodologies of a lower level when defining it. So it means then the application of the principal of the general into specific methodologies, which are included in it. Thus, I emphasize the acceptance of the individual partial project methodologies (e.g. IS sustainability methodology) in the overall methodology of the formation of the IS project. So that the methodology would be used for the IS development in a project manner, it is necessary to define the following requirements, which are made for it. The requirements are precisely defined in Literature (9). The methodology:

- Has to clearly specify the set of values, on which its based, or which it intends to achieve (e.g. minimal IS formation costs, a short period of a solution, the inclusion of the social aspect into the solution),
- Has to determine the procedure of the solution, so that the entire process of the IS development could be planned,
- Has to determine the priorities of the solution (what and when is crucial),
- Should recommend methods, techniques and tools, which are suitable for a use during particular stages of the project solution.

A significant aspect for determining methodologies is its users’ and application’s targeting. It means that methodologies are meant for specific project roles, for specific project elements.

If we understand IS methodologies as a way of securing the efficiently of the IS development, then, from the system position, it is necessary to define general principles of this viewpoint of the IS methodology. In other words, if we define the fundamental rules for specifying the procedure and contents of the IS life cycle, we will define the degree of generality with respect to the degree of specificity and variants of the given and specific solution (method, technique, tool) during the specific developmental stage.

An example of the project methodologies are the given below project managerial methodologies of the InCE project (see table 2).
Table 1 – InCE project methodologies

<table>
<thead>
<tr>
<th>The name of the document</th>
<th>Record</th>
<th>Place of a deposit</th>
<th>Time of a deposit</th>
<th>Related documentation/Remark</th>
</tr>
</thead>
<tbody>
<tr>
<td>The methodology of emergency mode</td>
<td>ICE</td>
<td>ICE (Information center for entrepreneurs)</td>
<td>10</td>
<td>In the electronic form</td>
</tr>
<tr>
<td>Training methodology</td>
<td>ICE</td>
<td>In the electronic form</td>
<td>10</td>
<td></td>
</tr>
<tr>
<td>Control methodology</td>
<td>ICE</td>
<td>In the electronic form</td>
<td>10</td>
<td></td>
</tr>
<tr>
<td>Methodology of allocating resources for the project</td>
<td>ICE</td>
<td>In the electronic form</td>
<td>10</td>
<td></td>
</tr>
<tr>
<td>Administration methodology of commercial services</td>
<td>ICE</td>
<td>In the electronic form</td>
<td>10</td>
<td></td>
</tr>
<tr>
<td>Accreditation rules of RIC (Regional information center), and DCC (Departmental coordination center for entrepreneurs) (+ project and protocol)</td>
<td>ICE</td>
<td>In the electronic form</td>
<td>10</td>
<td></td>
</tr>
<tr>
<td>Operation methodology of RCC (Regional coordination center)</td>
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<td>In the electronic form</td>
<td>10</td>
<td></td>
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<tr>
<td>Methodology of accounting operations of RCC</td>
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<td>In the electronic form</td>
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<tr>
<td>Operation methodology of RIC, RC</td>
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<tr>
<td>Accounting methodology of RIC operations</td>
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<td>In the electronic form</td>
<td>10</td>
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<tr>
<td>Operation methodology of DCC</td>
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<tr>
<td>Accounting methodology of DCC operations</td>
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<tr>
<td>Methodology of the handbook formation</td>
<td>ICE</td>
<td>In the electronic form</td>
<td>10</td>
<td></td>
</tr>
</tbody>
</table>

Project production processes

The main aim of this project stage is identifying the key production processes of the public information system of InCE by means of the object analysis of the users’ project outputs. At the same time, it is necessary to secure their inner structure and activities, which are provided by them, along with mutual relations, external circumstances, inputs and outputs and owners. The outcome of the project activities is a well-arranged system of the production processes, which is a core of the project formation of the public information system project.

In the project Information centers for entrepreneurs, the following main (key) production processes have been identified:

- Process 1 – specification, formalization, contact
- Process 2 – detection and collection of requests
- Process 3 – qualification of the request
- Process 4 – escalation of the request
- Process 5 – processing of the request
- Process 6 – distribution and processing of results
In a more detailed way, the main production processes (owner, activities, inputs and outputs) are characterized in the following table (2).

**Table 2 – main production processes**

<table>
<thead>
<tr>
<th>No</th>
<th>Owner</th>
<th>Carried out by</th>
<th>Activities</th>
<th>Inputs</th>
<th>Outputs</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Department of InCE</td>
<td>Entrepreneur RIC operator</td>
<td>A specification of the problem, A specification of the profile, A comparison of the problem with the mission of InCE, A contents revision of the problems solved</td>
<td>Problem/ need</td>
<td>Straight requirement, Extranet registration</td>
</tr>
<tr>
<td>2</td>
<td>Department of InCE</td>
<td>Entrepreneur on the internet</td>
<td>Contacting, entrepreneur - RIC – telephoning, visit, internet, email, A comparison of the requirement with the database of life situations and standard IR topics solved, A specification of the requirement by means of the internet form</td>
<td>A requirement considered and specified by the entrepreneur</td>
<td>A reference to the similar requirement or life situation previously solved Specifications of the required background research - A new requirement (form)</td>
</tr>
<tr>
<td>3</td>
<td>Department of InCE</td>
<td>Call center operator, Call center analyst</td>
<td>A control comparison of the requirement with the database of life situations and topics solved, The allocation of the analyst, The consideration of the content compliance of the requirement with the content of InCE, A consideration of labor content, A modification of comprehensibility, Acceptance/rejection</td>
<td>A new requirement</td>
<td>A rejected requirement with the reason (reference) „Approved” – qualified and specified new requirement.</td>
</tr>
<tr>
<td>4</td>
<td>Department of InCE</td>
<td>Call center analyst</td>
<td>The division into partial tasks and solvers’ delegation, Escalating partial tasks</td>
<td>An approved requirement</td>
<td>The submitted requirement for solving (with the allocation of partial tasks of DCC)</td>
</tr>
<tr>
<td>5</td>
<td>Department of InCE</td>
<td>DCC expert Call center operator RCC operator</td>
<td>A check of dates A change of assigning solvers A definition of the solution Aggregation of partial solutions</td>
<td>Settlement days Escalated qualified requirement Partial instructions for the solution (fulfilling partial tasks)</td>
<td>A requirement of the solution (a change of the solver) The consolidated instruction for the solution (text, references, contact, info, paid services offer..)</td>
</tr>
<tr>
<td>---</td>
<td>-------------------</td>
<td>---------------------------------------------</td>
<td>-------------------------------------------------</td>
<td>-------------------------------------------------</td>
<td>---------------------------------------------------------------------</td>
</tr>
<tr>
<td>6</td>
<td>Department of InCE</td>
<td>Automatic system RIC/ DCC according to process 2</td>
<td>The documentation of the result Contacting the entrepreneur Handing over the result</td>
<td>The consolidated instruction for the solution Specified background research</td>
<td>Background research sent The consolidated instruction for the solution of the requirement sent Publishing into guaranteed information (GI)</td>
</tr>
</tbody>
</table>

In the following project stage, it is necessary to identity the supporting production processes of the public information system, which comes from the necessity of the project activities aimed at securing the general information and technology activity of the system, the relation to the inner information sources and also to the security requirements of data stored and resources administration.

In the InCE project, the following supporting production processes have been analyzed:

- Process 7 - administration and development of knowledge base
- Process 8 – administration of information resources
- Process 9 – interface administration for the external system
- Process 10 – administration of IT infrastructure and data security
- Process 11 – administration and management of material, financial and human resources

For completing the model of the production processes it is necessary to finish the analysis of the project production cases in a detailed classification. It means the carrying out of the breakdown of the main production processes into particular subprocesses. This decomposition process is often especially time demanding and it calls for considerable analytical experience – chiefly in projects of the public information systems. The aim of the job is to secure the complete, consistent process and project...
model of supporting processes, which forms the essential analytical output for the following modeling of the information system.

As an example, I am presenting table (4) – breakdown of the main process 2 – detection and collection of requirements.

**Table 3 – breakdown of the process into sub-processes**

<table>
<thead>
<tr>
<th>Sub-Process</th>
<th>Owner</th>
<th>Carried out by</th>
<th>Activities</th>
<th>Inputs</th>
<th>Outputs</th>
</tr>
</thead>
<tbody>
<tr>
<td>A specification of the requirement by the internet form</td>
<td>RC</td>
<td>RIC operator RIC</td>
<td>An entry into a WWW form</td>
<td>A specified requirement</td>
<td>A reference to the problem solved</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Entrepreneur – WWW interface</td>
<td></td>
<td></td>
<td>A new requirement for processing</td>
</tr>
<tr>
<td></td>
<td></td>
<td>registered entry</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personal contacting RIC</td>
<td>RC</td>
<td>RC operator</td>
<td>An entry into a WWW form – extranet</td>
<td>A specified requirement</td>
<td>An entry of the entrepreneur</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Telephone contacting RIC</td>
<td>RC</td>
<td>RC operator</td>
<td>A telephone contact</td>
<td>A specified requirement</td>
<td>An entry of the entrepreneur</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>An entry into a WWW form – extranet</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Conclusion**

So that the public information systems would fulfill their function efficiently, their projecting and operating have to be appropriately supported by an organized process of the system support – the process approach. The process of the system support is part of management and its tasks (activities) are aimed at the analyzed project processes. Projecting the public IS is connected with project managerial processes, and these are linked with one’s own project management and project methodology. If we understand the IS process methodologies as a way of securing the efficiency of the development of the public IS, then, from a system position, it is necessary to define general principles based on the project managerial processes and project production processes.

**References**

THE PLACE OF ORGANIC AGRICULTURAL PRODUCTION IN THE AGRICULTURAL SECTOR OF UKRAINE

Abstract. The article is considered the value of organic agriculture in Ukraine. Determined the demand for organic products in Ukraine. Considered the development of organic production from ancient times to this day. Defined promising directions of development of organic production in Ukraine based on analysis of best practice farms and official data. The results of analysis of statistical data on the life of rural areas based on the integral indicator. Recommendations to improve organic agriculture in Ukraine. Defined perspective directions of development of organic production in Ukraine based on analysis of best practice of agricultural enterprises and public data.

Key Words: organic farming, ecological agriculture, organic food, agriculture in Ukraine

Organic agriculture - a promising area of agriculture, which is characterized by a range economic, social and environmental benefits. Despite on the perspective of organic production in Ukraine, increasing its share in the agricultural production, great opportunities expansion of domestic output to foreign markets, barriers to its operation and development is the lack of legislative control, lack of reasonable economic parameters, which significantly inhibits growth creation of organic farms and diversification of businesses in agriculture, undeveloped infrastructure market for organic products. All this leads to the fact that Ukraine does not use her chances on the world market of environmental products.

A prerequisite for the start of scientific research and research in organic agriculture has become a progressive trend of destruction and environmental pollution worldwide. Characteristic for the second half of the twentieth century
development of technology, intensification agricultural production, it chemicalization to meet the growing demand for food have led to environmental degradation in agriculture (Shuvar, Ivan, et al., 2009). An additional motivation for the development of organic agriculture is the rising prices of fertilizer and pesticides, achievement in biotechnology and genetic engineering in agriculture master national agency, the low level of domestic medicine and health care. In search of environmental management methods in agriculture makes use of human food that may endanger her health, generations health through the remains of the components of plant protection products, transgenic components. In this regard, the growing of crops became more important, which have brightly expressed dietary and medicinal properties. Cultivation of organic agricultural products in Ukraine is relevant because of the accident at Chernobyl, the consequences of which Ukrainian try to be healthier by eating organic food. One of the negative consequences of the tragedy became a trend towards more deaths than births population. Socio-economic crisis in 1991 has reinforced these processes, and also low standards of living, unsatisfactory environmental situation, political instability.

The current economic difficulties have created the preconditions for the transition to the introduction of energy-and cost-friendly technologies. The development of agriculture, which denies or is such that rapidly restricts the use of synthetic fertilizers, pesticides, may be attractive for a lack of funds for their purchase. Reducing the amount of fertilizers and pesticides leads to significant reduction in contamination of soils, water resources, crop production and have a positive effect on health. Domestic research show that the use of such technologies make receiving not only the best quality natural products, but the yield is often hot lower than under intensive management (Shuvar, Ivan, et al., 2011, 198-253).

Research Federation of Ukraine show that modern domestic consumer market of organic products in Ukraine began to develop from 2006-2007, reaching in 2008, 600 thousand euros in 2009 - 1.2 million euros in 2010. rising to 2.4 million euros, and in 2011 - to 5.1 million (Official website of the IFOAM).

National sociological surveys indicate a significant potential as to Ukraine on the establishment and functioning of the health food market. Specifically, 82.7% of respondents want to consume such products every day, but the willingness to buy it showed only 49.5% (Baschuk L., et al., 2010, 15-37). People are aware of the benefits and necessity of consumption of healthy food, but overpriced cost in comparison to similar products makes it inaccessible for many citizens of our state, particularly by low income.

Today in Ukraine there is a demand for organic products. Specifically, 14% of respondents have agree to pay a higher price for organic produce, understanding that its composition does not contain hazardous pollutants, while 39% do not agree to overpay for such products as compared with a similar, and 46% of respondents agree
sometimes to buy organic products, particularly for their young children and sick relatives.

Over the last decade in Ukraine has repeated trend similar to that was observed in 40-70s of last century. Absolute growth of mineral fertilizers per 1 ha in 2010 compared to 2000 increased by 45 kg active substance and was 58 kg / ha (Agriculture in Ukraine in 2010, 2011, 105), and the proportion of fertilized area in farms increased by 32.5%, representing 54.0% of the total area in the reporting year. Such benefits of humus mineralization over its reproduction has led to significant losses of humus in the soil. In particular, for 25-30 years humus content in soil decreased in all areas of the country, and medium black Ukraine moved into the category of humus (less than 6%) (Nelep V., 2004).

The growing trend of mineral fertilizers in Ukraine could lead to the violation of natural cycle: water pollution - excessive growth of algae and plankton formation, soil pollution - by changing its agrochemical properties, fertility, changing the balance of nutrients.

On the basis of statistics about emission of pollutants into the air from stationary and mobile sources of pollution, the volume of solid waste in landfills and landfills Ukraine, wastewater from sewage treatment plants, waste pesticides at the end of the year and taking into account indicators of population density and number of farms, based on the integrated index (ranged set, compiled from figures in the order of their attractiveness for organic production) compiled map life in Ukraine before placing them on organic agriculture (figure 1). The most suitable proved to be the western part of the country, while the least fit - east of the country.

Figure 1. Suitability regions of Ukraine to organic agriculture

Analysis of domestic organic production allowed us to focus on the main aspects of its development.

Strengths:
- farmers that produce organic products strictly comply with the standards of
IFOAM and periodically are inspected by relevant authorities by regarding compliance with these requirements;

- many of the agricultural famers that are engaged in production of agricultural products by traditional methods, have no need to wait for clearing soil from synthetic fertilizers or remedies that are appropriate conditions for the transition of enterprises to organic production method;

- 40% of organic products are exported abroad, where there is great demand for it;

- availability of fertile soils and sufficient human resources;

- reduction the rates of application of fertilizers, pesticides and other synthetic materials is a positive factor for the development of organic production;

- transition to organic agriculture initiated various projects;

- existence of NGOs and associations involved in the development and promotion of organic production;

- certification of organic products in accordance with the provisions of the EU, IFOAM standards allow to label products as organic appropriate marking "BIOLan", EU, Switzerland, USA etc. and be sure of high quality product and reliable origin.

Weaknesses:

- economic losses incurred by farmers through awkwardly launched organic production is one of the factors of decline of the enterprise or its return to the previous traditional method of agricultural production;

- scientific researches in Ukraine are at an primary stage that makes it impossible fully appreciate the benefits for the consumer and producer of organic products;

- lack of awareness about the availability of organic produce, its essence, the benefits of consumption;

- poor communication between government agencies and research institutions in the field of organic production;

- terms of bank loans for farmers are unprofitable;

- difficulties in certification of enterprises, because experts do not make records of all daily transactions, payments and financial transactions. It does not allow inspecting authority to ensure the veracity of activity. In addition, the high cost of certification and lack of certification organizations;

- lack of organic seed, sufficient equipment, fertilizers, biological agents for protection against pests and weeds.

Features:

- using best practices of world leaders in organic production, their experience of production and marketing activities;

- increased confidence and interest to the Ukrainian organic products after passage of the Law of Ukraine "On organic production " and promotion of organic products through the media;
- opportunity to develop organic production, with the assistance of foreign organizations and projects that are created jointly with the Ukrainian authorities and farms in the area of research of organic agricultural products in Ukraine;
- the possibility of financial investment, success of which depends on the legal framework and stability of the political situation in the country;
- development of internal and output on the international market for organic produce;
- lack of competition that is in the market of organic produce, reveals a wide ground for its producers.

Hazard (risk):
- global climate change and natural disasters in the world;
- unstable situation in the country;
- lack of legal framework for the regulation of production, market development of organic products and their certification;
- absence from the state qualified quality control of organic products that produce and sell, and also the processing sector of organic products;
- floating prices for organic products;
- increased competition - the emergence of new foreign manufacturers in the domestic market to establish the low prices for organic products that will force domestic producers to lower their profits;
- staffing problem that manifests itself in the unwillingness of the rural population to work on the ground;
- the risk of cancellation of farm subsidies.

The national experience of organic agriculture has shown that soil technologies require less time tillage compared with conventional, less fuel and ten times less fertilizer (Shykula M., 1998, 627), which helps to increase crop yields (Voloshka V., 2003, 82). This should encourage farmers to switch on organic production and consumers - to change their idea of a healthy lifestyle.

Evidently, there is need for the Law of Ukraine "On organic production", which clearly define the legal, social and economic principles of organic agriculture, the requirements for growing, producing, processing, storage and other processes. Law opens good prospects for manufacturers and consumers of organic products in Ukraine it will raising the agricultural sector to the next level by developing the market for organic produce and enhance the authority of the state in the world.

Summary

Thus, the requirement of increasing food security of Ukraine, creating conditions for public access to organic food and, consequently, improve the health and welfare of society is fully justified. This should be a top priority in the development of state standards and the adoption of laws relating to agriculture and allied sectors with it. Looking for the high demand of organic agricultural products, promoting a healthy lifestyle is important to develop a systematic approach for creating a market of organic
produce and state control over its operation, to approve the rules of production, certification and standardization of organic products.

References

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DEVELOPMENT OF THE HUNGARIAN AGRICULTURE AND FOOD INDUSTRY AFTER THE EU ACCESSION

Abstract. The 2008 crisis affected the food industry to a lesser extent, which can be linked to the fact that the decrease in demand was the lowest for the products of the food industry. The negative trends continued: production and employment are on the decrease. As a result of the crisis domestic sale has decreased dramatically. The decline in the output of the food industry can be considered minor. If we also consider that export grew by 4.8%, then the whole picture is more favourable. Another positive fact is that the income-decline trend ceased in 2009 in the food industry sectors. Beside the expansion and aggressive business policy of multinational companies, the preference of lower quality imported goods, and the repression of the Hungarian small and medium sized food producers, the output of the food industry was also negatively influenced by the shrinking market and the increased expenses caused by high raw materials prices, which
was not realised in the price of finished goods. Together with this the price-depressive effect of retail trade also played a role in achieving weak profits in the sector.

**Keywords**: Agriculture, food industry, budget

**Introduction**

On 1 May, 2004 Hungary became part of the internal market of the European Union together with other nine countries. Most periodical differences in connection with the internal market have already expired, most of them on 31 December 2006 and 2007. These exemptions on the whole had no great effect on the operation of the internal market. In connection with the free movement of labour after the seven-year-long derogation period elapsed Hungarian citizens have been able to work without restriction in the whole of the Union since 1 May, 2011 since Austria and Germany allowed the citizens of the countries that joined in 2004 to find employment.

Hungary in the internal markets of the EU

In relation to foreigners buying agricultural land in Hungary it was possible to lengthen the transitional period with a further three years on condition that the land prices in Hungary did not reach a level that would allow the opening of the Hungarian agricultural land market without any disturbances after the seven-year-long derogation period. Hungary did exploit this opportunity and in December 2010 it requested the lengthening of the temporary prohibition with another three years. The European Commission approved of the request in December 2010 thus the moratorium on farm land purchases may remain in effect for another three years by 30 April, 2014. The first Central- and Easter European countries to join the EU had been invited one year prior to their accession to participate – with an observer status - in the work of the institutions involved in decision making procedures. (Naturally they had no right to vote.) Consequently the representatives of the Hungarian Parliament and that of the government took part in the work of the EU institutions and they could form their opinion. Although the EU was not obliged to consider these opinions and observations it can be stated that Hungary has been actively participating in the development of the internal markets of the community since 2003.

Before the enlargement in 2004 it was in the interest of the existing member states to make as many provisions of law as possible without the prospective members. These were decisions that were not unimportant for the countries wishing join. Among other rules were the new legislation on public procurement; the directive on the public takeover bid; the regulations on the free movement of EU citizens and the legal status of the residence permit holder citizens of third countries. After Hungary’s accession the decision making activities in connection with the internal markets first reduced in quantity then it gradually changed in its nature. Although some important rules were made during the Dutch presidency and the Luxembourg presidency in 2004 and 2005 respectively, most of them were amendments.
Since our accession, with respect to the internal markets, the process during which the primary legislation that ensured the effectiveness of the Four Freedoms can be regarded as accomplished from the time of the acceptance of the framework directive. At the same time the EU rules and institutions became more modern. It, nevertheless, must be admitted that the practical effectiveness of the Four Freedoms – especially the services and the free movement of labour are rather debatable. The fulfilment of the internal markets, without doubt contribute greatly towards the improvement of relations with neighbouring countries and it facilitates the situation of Hungarians living abroad and their connection with the mother country.

**Analysis of recent studies**

In the recent years many papers, books were published of the accession to European Union. The eastern enlargement of the EU is discussed in details by economists, politicians, entrepreneurs. The arising questions range from cost and benefit estimations Baldwin and Portes 1997, through factor movements to institutional questions. Some papers is to estimate the effect of EU enlargement on the trade patterns. The EU enlargement process are evaluated from the point of view of candidate countries and also from that of EU-15 countries.

**Research methodology**

In this paper I analyse the development of the Hungarian agriculture since the EU accession, the development of the most important animal population, the number and division of Hungarian farms according to size, the agricultural labour utilisation. Then I evaluate the development of the Hungarian food industry, then, the state of the food industry within agribusiness. Finally, I analyse the challenges of the agriculture and food industry.

**Results**

Hungary's share of the common budget

One of Hungary's main aims with the accession to the European Union was have a significant share from the sources of the common budget. The subsidies were meant to facilitate the modernisation process in Hungary and contribute greatly to improvement of competitiveness. As a result our real economic convergence to Western European levels would accelerate for which there are a number of positive examples in the history of European integration (e.g. Ireland).

In the 2007 – 2013 financial periods the financial allocation for Hungary reached €31.7 billion (at 2004 prices) of which €22.6 billion came from cohesion policy supports and €9.1 billion came from agricultural and rural development funds. During this financial period Hungary was obliged to pay €8.3 billion to the Union. Therefore our balance in total is positive by about €25 billion. (Supposing we manage to utilise all sources.) In Hungary's GDP it represents a 4.6% sources and approximately 1% expenditure ratio.

If it is compared to the 2004-2006 period, it can be stated that Hungary annually received EU sources that in average equal with 2.2% of the GDP, along with about the
same levels of paying in. The fact behind this even balance is that during the EU negotiations between 1 May, 2004 and 31 December 2006 was not allowed to participate. On the other hand Hungary could defend its interest as a member state with full powers during the 2007-2013 budget debate. Overall, therefore Hungary received considerably more and more easily utilisable development subsidies in the 2007 – 2013 financial periods than during the two and a half year after our accession. It must be admitted though that the extent of the subsidies was lower than expected, what is more certain aspects of the budgetary agreement has had a negative effect on Hungary.

The state of the Hungarian agriculture

About half the size of Hungary’s territory is used for field crop production. As for its ratio, crop production has a 2/3 ratio while animal husbandry has a 1/3 ratio (2008). If we consider that this ratio was 50-50% in 1990 then it becomes obvious that there is a negative tendency in this respect. The importance of the crop production sector, which produces lower added value, has increased at the expense of animal husbandry.

The most important crops in Hungary are wheat and maize whose sawing area reached an average of about 1,1-1,1 million ha respectively even after the accession. The sawing area of sunflower and the industrial crops is also significant and the ratio of rape has been increasing dynamically. (Table 1.)

<table>
<thead>
<tr>
<th>Plant</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wheat</td>
<td>1 173</td>
<td>1 130</td>
<td>1 074</td>
<td>1 111</td>
<td>1 130</td>
<td>1 146</td>
<td>1 011</td>
<td>980</td>
</tr>
<tr>
<td>Barley</td>
<td>331</td>
<td>316</td>
<td>292</td>
<td>321</td>
<td>329</td>
<td>320</td>
<td>287</td>
<td>260</td>
</tr>
<tr>
<td>Grain maize</td>
<td>1 190</td>
<td>1 197</td>
<td>1 215</td>
<td>1 078</td>
<td>1 191</td>
<td>1 177</td>
<td>1 117</td>
<td>1 256</td>
</tr>
<tr>
<td>Industrial crops</td>
<td>662</td>
<td>709</td>
<td>743</td>
<td>807</td>
<td>860</td>
<td>869</td>
<td>839</td>
<td>890</td>
</tr>
<tr>
<td>Rape - turnip rape</td>
<td>104</td>
<td>122</td>
<td>142</td>
<td>225</td>
<td>246</td>
<td>260</td>
<td>258</td>
<td>233</td>
</tr>
<tr>
<td>Sunflower seed</td>
<td>479</td>
<td>511</td>
<td>534</td>
<td>512</td>
<td>549</td>
<td>535</td>
<td>501</td>
<td>574</td>
</tr>
</tbody>
</table>

Source: Eurostat 2012

Taking the limits of animal husbandry into consideration first and foremost the optimal utilisation structure of agricultural land should be developed. It is probable that the animal stock of 2008 will not change positively for at least another five years since its development is highly capital intensive, furthermore the – often excessive – environmental regulations do not facilitate competition, they rather hinder it. Because of the two latter facts the development of livestock breeding is not attractive even for foreign investors abounding in capital. The aim of the production structure cannot be anything else but to ensure the whole volume of domestic food requirements and to capitalise on foreign opportunities. Taking the structural shift into consideration at present 1.6 million ha arable land and 0.6 million ha meadow-pasture would be required to feed the livestock that could maximally be produced – in case of real
market demand. Therefore it must be determined how many hectares of agricultural land should be used for food and animal feed production. (Magda 2010)

There has been a decrease in all of the more important species of animals in Hungary since 2004. The cattle population dropped from 723 thousand at the time of the accession to 694 thousand. The pig population reached 4 million in 2004 but by 2011 it was only 3 million. The sheep population has also decreased dramatically: from 1,397 million in 2004 it decreased to 1,081 million by 2011. The number of lying hens has also decreased in a similar way. (Table 2.)

Table 2. The development of number of the most important animal population (1000)

<table>
<thead>
<tr>
<th>Species</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total of cattle population</td>
<td>723,0</td>
<td>708,0</td>
<td>702,0</td>
<td>705,0</td>
<td>701,0</td>
<td>700,0</td>
<td>686,0</td>
<td>694,0</td>
</tr>
<tr>
<td>Cows</td>
<td>345,0</td>
<td>334,0</td>
<td>322,0</td>
<td>322,0</td>
<td>324,0</td>
<td>312,0</td>
<td>309,0</td>
<td>327,0</td>
</tr>
<tr>
<td>Total of the pig population</td>
<td>4 059</td>
<td>3 853</td>
<td>3 987</td>
<td>3 871</td>
<td>3 383</td>
<td>3 247</td>
<td>3 169</td>
<td>3 025</td>
</tr>
<tr>
<td>Sheep total</td>
<td>1 397</td>
<td>1 405</td>
<td>1 298</td>
<td>1 232</td>
<td>1 236</td>
<td>1 223</td>
<td>1 181</td>
<td>1 081</td>
</tr>
</tbody>
</table>

Source: Eurostat 2012

In Hungary the crop producing sectors dominate the agricultural production output and it usually significantly surpassed the output value of livestock breeding sectors. During the examined period the output of crop production showed a rather hectic tendency (between €3.3 and 4.8 million) while that of livestock breeding was more even at the value of around €2.3 million. (Table 3.)

Table 3. Hungary’s agricultural accounts (at current price million Euros)

<table>
<thead>
<tr>
<th>Title</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Crop production</td>
<td>3 804</td>
<td>3 315</td>
<td>3 333</td>
<td>3 896</td>
<td>4 655</td>
<td>3 216</td>
<td>3 470</td>
<td>4 791</td>
</tr>
<tr>
<td>Livestock breeding</td>
<td>2 169</td>
<td>2 232</td>
<td>2 151</td>
<td>2 260</td>
<td>2 563</td>
<td>2 136</td>
<td>2 177</td>
<td>2 500</td>
</tr>
<tr>
<td>Agricultural produce</td>
<td>5 973</td>
<td>5 548</td>
<td>5 484</td>
<td>6 156</td>
<td>7 219</td>
<td>5 352</td>
<td>5 647</td>
<td>7 291</td>
</tr>
<tr>
<td>Agricultural services</td>
<td>383,17</td>
<td>406</td>
<td>359</td>
<td>343</td>
<td>438</td>
<td>356</td>
<td>339</td>
<td>341</td>
</tr>
<tr>
<td>Agricultural output</td>
<td>6 356</td>
<td>5 955</td>
<td>5 844</td>
<td>6 500</td>
<td>7 657</td>
<td>5 709</td>
<td>5 987</td>
<td>7 633</td>
</tr>
<tr>
<td>Non-separable secondary activities</td>
<td>200</td>
<td>160</td>
<td>167</td>
<td>187</td>
<td>185</td>
<td>144</td>
<td>127</td>
<td>131</td>
</tr>
<tr>
<td>The output of agro-business</td>
<td>6 557</td>
<td>6 116</td>
<td>6 011</td>
<td>6 687</td>
<td>7 843</td>
<td>853</td>
<td>6 115</td>
<td>7 764</td>
</tr>
<tr>
<td>Intermediate consumption</td>
<td>4 165</td>
<td>3 901</td>
<td>3 822</td>
<td>4 414</td>
<td>5 156</td>
<td>4 160</td>
<td>4 116</td>
<td>4 630</td>
</tr>
<tr>
<td>Gross added value at basic price</td>
<td>2 391</td>
<td>2 214</td>
<td>2 188</td>
<td>2 273</td>
<td>2 687</td>
<td>1 693</td>
<td>1 998</td>
<td>3 133</td>
</tr>
<tr>
<td>Depreciation</td>
<td>766</td>
<td>806</td>
<td>806</td>
<td>884</td>
<td>941</td>
<td>873</td>
<td>912</td>
<td>913</td>
</tr>
<tr>
<td>Net added value at basic price</td>
<td>1 625</td>
<td>1 408</td>
<td>1 381</td>
<td>1 388</td>
<td>1 745</td>
<td>819</td>
<td>1 085</td>
<td>2 220</td>
</tr>
</tbody>
</table>

Source: Eurostat 2012

Hungary’s agricultural area is rather fragmented from the point of view of farming. The 116 thousand farms comprise 84% of the total number of agricultural farms, but the area cultivated by them is only 600 thousand hectares. On the other
hand the 6500 large farms (over 50 ha) cultivate 73% (3985 ha) of the agricultural land.

30% of farms are not involved in livestock breeding, at the same time farmers with a 0 to 5 large-animal unit livestock comprise almost 70% of all the farms. Nevertheless almost ¾ of the total livestock is kept by farms with more than 50 large animal units. Farms smaller than 20 ha have a very important role in the pig sector where more than one third of the total number of pigs can be found and also in the poultry sector where 70% of the total poultry stock is kept. (Törőné 2012) (Table 4.)

### Table 4.

<table>
<thead>
<tr>
<th>The number and division of Hungarian farms according to size</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Title</strong></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Farm 1000</td>
</tr>
<tr>
<td>Division of farms %</td>
</tr>
<tr>
<td>Total area of farms 1000 ha</td>
</tr>
<tr>
<td>Average size of farms (ha)</td>
</tr>
<tr>
<td>Distribution of livestock (%)</td>
</tr>
</tbody>
</table>

Source: Törőné Dunai 2012

Labour use in Hungary decreased from 554 thousand labour units in 2004 to 437 thousand in 2010. The decrease in the non-paid labour use was 22% while in the paid one it was 18%. It is a distinguishing feature of Hungary that the ratio of part time and seasonal workers is highly significant. This is shown in table 5.

### Table 5.

<table>
<thead>
<tr>
<th>Agricultural labour use in Hungary (Annual thousand labour units)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Title</strong></td>
</tr>
<tr>
<td>Total</td>
</tr>
<tr>
<td>Non-paid</td>
</tr>
<tr>
<td>Paid</td>
</tr>
</tbody>
</table>

Total: Eurostat 2012

In 2010 171.8 thousand people were employed in agriculture, forestry, and fishing, which amounted to 4.5% of the total labour force of the national economy. Altogether the weight of agriculture in employment has decreased. (Popp – Székely 2011)

**The situation of the Hungarian food industry**

The output of the Hungarian food industry was rather stable during the examined period and represented an average €9 billion production value. Almost 80%
of the food industry production was given by intermediate consumption and one fifth of it came from its gross added value. (Table 6.)

Table 6. Hungary’s food industry accounts (million Euros)

<table>
<thead>
<tr>
<th>Title</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Food industry output</td>
<td>8 860,7</td>
<td>8 913,9</td>
<td>8 822,2</td>
<td>9 196,4</td>
<td>10 023</td>
<td>8 783,0</td>
<td>8 892,3</td>
</tr>
<tr>
<td>Intermediate consumption</td>
<td>6 854,3</td>
<td>6 879,0</td>
<td>6 860,0</td>
<td>7 158,5</td>
<td>8 007,2</td>
<td>6 789,7</td>
<td>6 964,0</td>
</tr>
<tr>
<td>Gross added value at basic price</td>
<td>2 006,5</td>
<td>2 034,8</td>
<td>1 962,2</td>
<td>2 037,9</td>
<td>2 016,3</td>
<td>1 993,3</td>
<td>1 928,3</td>
</tr>
<tr>
<td>Depreciation</td>
<td>455,4</td>
<td>482,0</td>
<td>497,6</td>
<td>545,3</td>
<td>558,5</td>
<td>524,9</td>
<td>539,9</td>
</tr>
<tr>
<td>Net added value at basic price</td>
<td>1551,1</td>
<td>1552,8</td>
<td>1464,6</td>
<td>1492,6</td>
<td>1457,8</td>
<td>1468,4</td>
<td>1388,4</td>
</tr>
</tbody>
</table>

Source: own calculation based on Eurostat 2012

The ratio of people employed in the Hungarian food industry compared to the whole of the national economy decreased from 3,4% in 2004 to 3,0% (by 2010). This meant a decrease of 16 thousand people in the sector. (Table 7.)

Table 7. The number and ratio of people employed in the Hungarian food industry

<table>
<thead>
<tr>
<th>Title</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ratio of people employed in food industry %</td>
<td>3,4</td>
<td>3,3</td>
<td>3,6</td>
<td>3,2</td>
<td>3,1</td>
<td>3,4</td>
<td>3,0</td>
</tr>
<tr>
<td>Number (1000 people)</td>
<td>140,8</td>
<td>139,5</td>
<td>149,6</td>
<td>135,6</td>
<td>127,4</td>
<td>136,1</td>
<td>124,9</td>
</tr>
</tbody>
</table>

Source: Eurostat 2012

The importance of the Hungarian agriculture decreased further after the EU accession. It can be clearly seen from both the agricultural and the food industry indicators. The share of agriculture in output decreased from 4,8% in 2004 to 3,8% by 2011 and there is a similar trend in added value. The output of the food industry has also decreased by 1 percentage point compared to 5,4% in 2004. (Table 8.)

Table 8. The share of the Hungarian agriculture from the output and the added value (%)

<table>
<thead>
<tr>
<th>Title</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>The share of agriculture from output</td>
<td>4,8</td>
<td>4,2</td>
<td>4,0</td>
<td>4,0</td>
<td>3,9</td>
<td>3,8</td>
<td>3,8</td>
</tr>
<tr>
<td>The share of agriculture from gross added value</td>
<td>4,8</td>
<td>4,2</td>
<td>4,0</td>
<td>4,0</td>
<td>3,8</td>
<td>3,2</td>
<td>3,6</td>
</tr>
<tr>
<td>The share of food industry from output</td>
<td>5,4</td>
<td>4,9</td>
<td>4,6</td>
<td>4,4</td>
<td>4,5</td>
<td>4,7</td>
<td>4,4</td>
</tr>
<tr>
<td>The share of food industry from gross added value</td>
<td>2,9</td>
<td>2,7</td>
<td>2,5</td>
<td>2,4</td>
<td>2,2</td>
<td>2,6</td>
<td>2,3</td>
</tr>
</tbody>
</table>

Source: Eurostat 2012

The previously described tendency holds true not only for Hungary. The decreasing weight of agriculture and the food industry characterises the Visegrad countries in general since their accession to the EU.
The state of the food industry within agribusiness

Agricultural economy and agribusiness have a more important role in the national economy than agriculture. Agricultural economy involves not only agriculture, forestry, and fishing, but also food processing as well, while agribusiness includes all activities that come before or follow agricultural processes.

Agribusiness can be divided into five components:

1) Agricultural inputs (expenditures) and the manufacturing of machinery, and equipment; providing business and communal services for agriculture (this component will occasionally be referred to as the supplier sector).

2) Agricultural production.

3) Processing food and non-food products.

4) Wholesale and retail activities.

5) Catering and hospitality.

In Hungary the contribution of agriculture to the gross domestic product is 4%. The food industry has a share of about 3% in the GDP. Other activities (artificial fertilizer and pesticide production, agricultural machinery and component production and distribution, as well as agricultural trade, transportation, education, research, etc.) represent another 4-6% in the GDP thus agribusiness has a share of about 12% in the GDP. (Kerek - Marselek 2009 and Kapronczai 2011)

The structure of agribusiness can be examined on the basis of output, gross added value, and the development of the number of employees in the sector. (9. Table)

The table reveals the unanticipated fact that the share of the food industry is very small in GDP, added value and employment.

Table 9.

<table>
<thead>
<tr>
<th>National economy tendencies, %</th>
<th>On the basis of output</th>
<th>On the basis of gross added value</th>
<th>On the basis of the number of employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture</td>
<td>5,4</td>
<td>4,2</td>
<td>4,0</td>
</tr>
<tr>
<td>Food industry</td>
<td>6,2</td>
<td>4,7</td>
<td>4,2</td>
</tr>
<tr>
<td>Agriculture and food industry together</td>
<td>11,6</td>
<td>8,9</td>
<td>8,2</td>
</tr>
<tr>
<td>Other industry</td>
<td>44,5</td>
<td>42,9</td>
<td>44,2</td>
</tr>
<tr>
<td>Services</td>
<td>43,9</td>
<td>48,2</td>
<td>47,6</td>
</tr>
</tbody>
</table>

Source: Kovács G. 2010

In an international comparison the food industry contributes to the output of agribusiness in a minor way. In the case of Hungarian agribusiness all indicators imply that agriculture has the least weight. With respect to output agriculture represents 39,5%, the food industry 32,4%, while food trade 17% within the Hungarian agribusiness. (Figure 1.)
The share of different sectors from the agribusiness output

Source: Kovács G. 2010

However, the weight of certain sectors is less favourable within agribusiness considering the gross added value. The ratio of the food industry is only 21,1%, while that of agriculture is almost 40% (!). Thus most of the added value is created in the production sector and not in the processing industry, which characterises most Western European countries. (Figure 2.)

The share of certain sectors from the gross added value of agribusiness

Source: Kovács G. 2010

Within agribusiness 32,2% are employed in agriculture and 22,8% are employed in the food industry. The ratio of people employed in the service sector (hospitality and trade) is 38,5%. Thus within agribusiness there are two additional workplaces for every one in agriculture. Figure 3. shows the ratio of employees in certain sectors.

The share of sectors in the employment in agribusiness (%)
Altogether it can be stated that Agriculture dominate agribusiness from all respects but the food industry – despite its efficiency problems – is the second most significant sector.

**Conclusions**

The challenges of the agriculture and the food industry

The Hungarian agriculture and food industry have serious operating and competitiveness problems. These problems are extremely complex and often amplify each other. The inadequate competitiveness can be traced back to the following underlying problems: the deficiency of funds in the sector, excessive indebtedness, the expensive credits and loans compared to the profitability of the sector, and the very low level of expenditure on research and development. Besides, capital is scared away by the continuously changing and unforeseeable economic and legal environment. The most important question about the future of the food industry is whether it will remain as a primarily basic material producing industry or will it be able to evolve into a sector that is capable of producing goods with higher added value. A negative tendency observed in the Hungarian market is the abundant appearance of the often low quality products which are cheaper than the domestic ones. In the previous period the output continuously decreased and domestic markets were lost. Therefore these domestic markets must be regained! In order to achieve these Hungarian consumers must be made aware that if they choose domestic products they help safe domestic workplaces.

As the National Rural Strategy claims Hungary’s agricultural production is profit and export oriented. Besides, it must be able to supply the local markets with healthy products, and be sustainable and efficient in a way that it could meet sustainability requirements. (Marselek – Takácsné 2011)

Horizontal cooperation and efficiently operating vertical production paths are absolutely indispensable for the food industry to be able to respond to the challenges of globalisation and the continuously changing economic environment. The latter is one of the determining factors of weak competitiveness. Integration would decrease risks (or
it would be shared more evenly) and the advantages of the economies of scale could be better realised.

Governmental interventions (e.g. in improving the labour market situation of the sector) have a key role in the enhancement of competitiveness. Besides, cooperation among professional organisations must also be created as this is the only way to adequately react to political challenges (CAP-reform, trade liberalisation, agricultural budget, etc.).

The future improvement of the productivity and efficiency of agricultural production can be expected among others from strengthening and development of family farms. Family-based farming which has combined with the domestic sphere may offer an alternative solution in backward regions and there is the conceptual possibility that other potentials and capabilities arising from the rural characteristics (rural-, eco-, health tourism, landscape preservation, and conservation tasks) may assert themselves. (Vasa 2010)

References
Eurostat Database
BRAND PERCEPTION OF TOURISM ESTABLISHMENTS ON THE EXAMPLE OF TRAVEL AGENCIES

Abstract: Tourism businesses and establishments are an important part of the tourism system. Their existence is indispensable and they are considered as a subsystem together with whole tourism participants. Tourism marketing has significant role. One of the tools and competitive advantage of travel agencies is their brand. Travel agencies take the advantage of all the components of marketing and the marketing mix. The main aim of the paper is to point to the brand and image perception of young people, on the example of travel agencies. In this paper there were set out several research methods to solve the marketing-oriented problem. The main method was the questionnaire.

Key words: Image. Brand in marketing. Tourism Establishments. Travel agency. Tourism services

Introduction
The sphere of tourism as we know has a multidisciplinary character. This is why we can look on it through different sciences. One of those is inherently marketing, which is the important part in the development, promotion and sale of products. The trends in tourism change. The preferences begin to have another character and more and more young people travel. The reasons why they travel are different. In the past longer stays were preferred by middle age tourism participants, who participated mostly in family groups. In last years the trends show, that people prefer to spend shorter stays at one place but at contrast more times per year on different ones. This is also one of the motivating factors of tourism services providers, how to adapt their products to the tourism market demand. Because of wide scale of tourism product and strong competitive surrounding, establishment should build their positive image and strong brand. Knowledge of the presence of the brand in the mind of the customer determines the strength of the brand. Brand may not only attract, but also put off by the customer. Currently, the brand connects with Internet marketing. Internet marketing is a potent competitive tool to attract new customers.

Analysis of recent studies of tourism and marketing linking
Tourism establishments are considered as a tertiary sphere, which differs by providing mainly services, which are bound to human potential and not by the
material production. „The global product approach deals not only with products as direct results of economic activities but all products (diversions, goods and services) that are enjoyed or bought by visitors”. In this occasion, we European statistics determine another term of tourism supply, which should result from the definition of tourism. Thus it can be defined as the supply of all assets, services and goods to be enjoyed or bought by visitors and occasioned by the journeys of visitors. (Eurostat-Community Methodology on Tourism Statistics, 1998). Establishments oriented to the tourism clients/participants who are interested in travelling and accompanying phenomena provide tourism services. Up to the Slovak author Orieška (2010, p.33) tourism enterprises and institutions are created in the target areas in order to use the primary offer”. It depends on natural and anthropogenic potential. In general all the establishment that full fill and complement the primary offer can be called „material-technical base. Tourism services are defined as heterogeneous set of useful effects that meet the needs of visitors. They have a cross-section character. „In parallel with the growth of the tourism and hospitality industry worldwide, consumer expectations and demands for quality are rising while consumer tastes are varying on the one hand, and competition among the firms, both nationally and internationally, is intensifying on the other“ (Uher, Pullmanová, 2011). They are provided not only in tourism industry but they are also involved in other sectors of national economy (Ministry of transport, construction and regional development, 2012). Modern tourism has arisen from a number of causes. It is needed to restore the connection with nature, the growth of education or making contact with people etc. Tourism development affects economic, climatic and demographic factors as well as the basic conditions of peace and favorable international situation (Štefko et al., 2012).

Part of the marketing services is marketing of tourism. Marketing is about identifying and meeting human and social needs. One of shortest definitions of marketing is the process of 'meeting needs profitably'. Current marketing thought argues that all companies are in fact service companies and that we need to use a service perspective for marketing as the main or dominant focus (Kotler et al., 2009). The most powerful means of marketing communication in tourism is the brand. People express themselves through their brand choices.

A brand is a name, symbol, logo, design or image, or any combination of these, which is designed to identify the product or service. A successful brand is an identified product, service, person or place, augmented in such a way that the buyer or user perceives relevant unique, sustained added value that matches their needs most closely. Services branding, co-creation and brand touch points are all areas of branding that are growing and demanding marketing manager’s attention (Kotler, Armstrong 2008). Branding can do several useful things, all of which help to ensure the success of the product or service. It can:

- reinforce a good reputation;
- assure quality;
- convey a perception of greater worth, allowing a product to be priced higher;
- grant the buyer a sense of affirmation and entry into an imaginary community of shares values (Healey, 2008, p. 10).

**Travel agencies and their operating on the tourism market**

Travel agencies perform on market as a part of tourism subsystem. They were created to fulfil tourism participants’ needs, and to create interesting, quality product, combined or based on travelling. What’s concerning the history of travel agencies they „has been established along with the development of business travel, which largely began in the 20th the 20th century. Originally, travel agencies were oriented to customers from the middle and upper social class. During the post-war boom appeared on the market services oriented to clientele, which at that time belonged to the working class.” (www.cestovnekancelarie.net). Among the most famous belongs obviously Thomas Cook, founded in Great Britain at the end of 19th century.

In Slovak conditions, the first travel agency that operated in the common/joint state Czechoslovakia was ČEDOK. This agency provided its services to their customers since 1920. „Čedok as a first tour operator in Europe brought discovering of interesting residential places by unusual means of transport” (Šambronská, 2012, p.34). After separation, its brand and name changed into SATUR that offers its products until present times. Great expansion of travel agents in Slovakia started mainly after 1989. Democracy brought other possibilities that people started to benefit from. All over the territory, travel agents were founded. Nowadays there exist almost in every town of the country.

In general, it is quite tricky (it need to be circumspect) while dealing with the travel agencies terminology, because it is not the same in all European countries. For instance „cestovná kancelária” in Slovak term is translated to English mutation as Tour operator/Travel agents. It performs as a tourism business entity, whose activity depends on business license. It must follow the law- Act no. 281/2011 Z.z, which determines conditions of tours, business conditions of travel agents and travel agencies up to the Civil code. Its principal activity is to organize, supply and sale of tours to the ultimate consumer, with which it has in its own name to a contract for the acquisition of the trip. According to the thematic focus of the tour is a general or specialized travel agency, according to the type of tourism travel agency focusing on domestic tourism, active foreign tourism (travel agency), or outbound tourism (outgoing travel agency), the number of employees or sales volume achieved by small, medium-sized or large travel agency (Act no. 281/2011 Z.z).

On the other hand we have travel agency that operates on very similar principle but if differs in offered services that are not own product, so it means travel agency-in Slovak „cestovná agentúra” only sells the products of tour operators. Travel agent’s or travel agency represents as well a tourism business entity, operating up to the same law- Act no. 281/2011 Z.z. In fact the travel agent provides only intermediary services.
The third kind of tourism products provider in this sphere is *Tour operator* (tour operator) which means a tourism business entity. Its main workload is to organize and sell tourism products consisting of attractive destination, convenient transport services, high quality accommodation, catering and additional services. It sells the products in its own catalogue or through other providers - travel agencies.

In international terminology there exist one more category called „Wholesaler“. It can be an organization that usually creates and markets inclusive tours and FIT's for sale through travel agents. Often used interchangeably with "tour operator," but several distinctions might be drawn:

1. a wholesaler presumably sells nothing at retail; a tour operator often does both;
2. a wholesaler does not always create his or her own products; a tour operator virtually always does;
3. a wholesaler is less inclined than a tour operator to perform local services.

What is concerning travel agencies and tour operators there exist worldwide and state organisation that associate these tourism service intermediaries. As one of the most famous, we can accentuate to *ECTAA* - Group of national travel agents’ and tour operators’ associations within the European Union. Its main aim is actively cooperate with European Union institutions and international organizations to ensure that their interests and special requirements are taken into consideration (see more www.ectaa.org). In Slovak conditions, there exist *SACKA* - Slovak Association of Travel Agents and Travel Agencies, which acts as a voluntary independent association of tour operators, travel agencies and other companies and institutions involved in tourism. It tries to help to tourism development, promote and protect the interests of its members as well as promote their business and enhance their professional status (see more www.sacka.eu).

**Research methodology**

Because as we mentioned before the brand of travel agency or tourism establishment plays important role, *the main aim of the article was to point to the brand perception of young people, on the example of travel agencies.*

As the most important method to obtain the information from the respondent was chosen questionaire. The next method, which was used to evaluate the findings, was T-test that on the base of mathematical statistics verified the research problem. As statistical programme in which the data were processed was Statistica.

The research was focused on perceptions of young people in tourism sphere and the sample consisted of 159 respondents. Proportion of women and men was not proportional and included 121 young women and 38 young men. Young people represent potential future or present clients. Nowadays however they mostly belong from psychological point of view to the „allocentrics” which means the category of young people around 20 to 30 years old, or in other words youngsters.
The terminology of allocentric group points out that they are mostly teenagers who use many opportunities that brings their age. The way of those consumers behaviour discusses mainly for instance student’s card, accommodation in Youth Hostels, buying low cost airlines tickets and visiting places with student’s discounts. Nevertheless, in the near future are extremely important group of travellers who mostly participate on tourism performance in general. All the respondents were university students. So from mention we can conclude that the age and gender were the main predictors.

The structure of questionnaire consisted of closed and opened questions. The scale of responses was conceived in the range five-level Likert scales that were definitely yes, yes, don’t know, no and definitely no. The research results counted with significance level $\alpha = 0.05$.

**Research discussion**

Proportion of women and men was not proportional and included 121 young women and 38 young men, which got the total number 159 respondents. The description of research sample of age and gender is in Table 1. All the respondents were in the age of 19-27 years.

<table>
<thead>
<tr>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>19 years old</td>
<td>4</td>
<td>2,51</td>
<td>2,51</td>
</tr>
<tr>
<td>20 years old</td>
<td>40</td>
<td>25,16</td>
<td>25,16</td>
</tr>
<tr>
<td>21 years old</td>
<td>31</td>
<td>19,50</td>
<td>19,50</td>
</tr>
<tr>
<td>22 years old</td>
<td>16</td>
<td>10,06</td>
<td>10,06</td>
</tr>
<tr>
<td>23 years old</td>
<td>47</td>
<td>29,56</td>
<td>29,56</td>
</tr>
<tr>
<td>24 years old</td>
<td>19</td>
<td>11,95</td>
<td>11,95</td>
</tr>
<tr>
<td>25 years old</td>
<td>1</td>
<td>0,63</td>
<td>0,63</td>
</tr>
<tr>
<td>26 years old</td>
<td>47</td>
<td>29,56</td>
<td>29,56</td>
</tr>
<tr>
<td>27 years old</td>
<td>1</td>
<td>0,63</td>
<td>0,63</td>
</tr>
<tr>
<td>Men</td>
<td>38</td>
<td>23,90</td>
<td>23,90</td>
</tr>
<tr>
<td>Women</td>
<td>121</td>
<td>76,10</td>
<td>76,10</td>
</tr>
<tr>
<td>$\Sigma$</td>
<td>159</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: own processing

**Brand perception of young people**

Among the travel agencies that were offered in the questionnaire were chosen by random selection and included 12 home tour operators (in Slovak terminology CK)/travel agents: Satur, Aeolus, Fifo, Firo, Globtour, Fero tour, Tip travel, Seneca tour, Orostours, Kartago tours, Hydrotour, Medina tours; one foreign: Ruefa Reisen and 1 travel agency Travel (in Slovak terminology CA). The travel agencies with longest tradition and operating in Slovakia were Satur (as the first one that was founded from ČEDOK), Seneca tours, Orostours, Seneca tours, Aeolus and Fifo travel. The order of Slovak travel agencies based on the strength of their brand from the perspective of the consumer presents a Graph 1.
Table 2: Perception of travel agency brand

<table>
<thead>
<tr>
<th>Travel agencies</th>
<th>(N_i)</th>
<th>Average</th>
<th>Min.</th>
<th>Max.</th>
<th>Std. Dev.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Satur</td>
<td>159</td>
<td>1,943</td>
<td>1,000</td>
<td>5,000</td>
<td>1,086</td>
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<tr>
<td>Travel</td>
<td>159</td>
<td>2,723</td>
<td>1,000</td>
<td>5,000</td>
<td>0,980</td>
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<tr>
<td>Aeolus</td>
<td>159</td>
<td>3,421</td>
<td>1,000</td>
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<td>0,895</td>
</tr>
<tr>
<td>Fifo</td>
<td>159</td>
<td>2,867</td>
<td>1,000</td>
<td>5,000</td>
<td>0,968</td>
</tr>
<tr>
<td>Firo</td>
<td>159</td>
<td>2,830</td>
<td>1,000</td>
<td>5,000</td>
<td>1,026</td>
</tr>
<tr>
<td>Ruefa Reisen</td>
<td>159</td>
<td>3,232</td>
<td>1,000</td>
<td>5,000</td>
<td>1,044</td>
</tr>
<tr>
<td>Globtour</td>
<td>159</td>
<td>2,635</td>
<td>1,000</td>
<td>5,000</td>
<td>0,964</td>
</tr>
<tr>
<td>Ferro tour</td>
<td>159</td>
<td>3,314</td>
<td>1,000</td>
<td>5,000</td>
<td>1,013</td>
</tr>
<tr>
<td>Tip travel</td>
<td>159</td>
<td>3,018</td>
<td>1,000</td>
<td>5,000</td>
<td>1,009</td>
</tr>
<tr>
<td>Seneca tour</td>
<td>159</td>
<td>3,037</td>
<td>1,000</td>
<td>5,000</td>
<td>1,030</td>
</tr>
<tr>
<td>Orostours</td>
<td>159</td>
<td>2,893</td>
<td>1,000</td>
<td>5,000</td>
<td>1,016</td>
</tr>
<tr>
<td>Kartago tours</td>
<td>159</td>
<td>1,805</td>
<td>1,000</td>
<td>5,000</td>
<td>0,957</td>
</tr>
<tr>
<td>Hydrotour</td>
<td>159</td>
<td>1,836</td>
<td>1,000</td>
<td>5,000</td>
<td>1,011</td>
</tr>
<tr>
<td>Medina tours</td>
<td>159</td>
<td>2,962</td>
<td>1,000</td>
<td>5,000</td>
<td>1,018</td>
</tr>
</tbody>
</table>

Source: own processing

Graph 1: Travel agencies – Box and Whisker Plot

From the information in above Table 2 and Graf 1 it is possible to get to the conclusion that the average evaluation of travel agencies was 2,72. Kartago tours reached the best evaluation with the average value 1,805. Even though it is not the travel agency with the longest tradition (operates since 1994), its perception is good through high quality product. The agency is focused on residential and sightseeing tours products from which there are 5 European destinations and 10 exotic destinations as for example Jamaica, Dominican republic, Cuba, Kenya, Cape Verde islands and so on. The second travel agent considered as the best was Hydrotour, which operates since 1994 and belongs among the most important tour operators in Slovakia. It is focused especially on different residential stays in summer and winter season. The third significant one was Satur, which belongs in the tourism field of travel...
agencies among the oldest ones and as it was mentioned before, it was founded of ČEDOK - Czechoslovak travel and transportation agency.

The travel agent considered as the one with the lowest perception and weakest brand was Aeolus. Even though it operates since 1993, its brand does not play strong example.

In Table 3 and Graph 2 are presented the results of brand impact when choosing a travel agency. Likert-type scale ranging was from 1 (strongly agree) to 5 (strongly disagree).

**Table 3: Brand impact on the choice of the travel agency**

<table>
<thead>
<tr>
<th>Options</th>
<th>Frequency</th>
<th>Percent</th>
<th>ValidPercent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>20</td>
<td>12,58</td>
<td>12,58</td>
<td>12,58</td>
</tr>
<tr>
<td>2</td>
<td>84</td>
<td>52,83</td>
<td>52,83</td>
<td>65,41</td>
</tr>
<tr>
<td>3</td>
<td>35</td>
<td>22,01</td>
<td>22,01</td>
<td>87,42</td>
</tr>
<tr>
<td>4</td>
<td>19</td>
<td>11,95</td>
<td>11,95</td>
<td>99,37</td>
</tr>
<tr>
<td>5</td>
<td>1</td>
<td>0,63</td>
<td>0,63</td>
<td>100,00</td>
</tr>
<tr>
<td>Σ</td>
<td>159</td>
<td>100</td>
<td>100</td>
<td>x</td>
</tr>
</tbody>
</table>

Source: own processing

On the basis of Table 3 and Graph 2, we know that 20 (12,58%); 84 (52,83%) young people while choosing a travel agent are affected by the brand. 35 (22,01%) young people cannot to assess whether their brand. According to 19 (11,95%) young people in choosing a travel agency brand is not important at all. On the basis of the processed results, we can say that for young people brand is a very important factor. Young people when buying products and services are influenced by the brand and price. The vast majority of up to 52% focus on the strength of brand of travel agency while choosing the product. Strong brand of travel agency is a quality guarantee for consumers.

**Graph 2: Brand Impact on the choice of the travel agency**

Source: own processing
Table 4 deals about all used variables and suggestibility. From it we can get to conclusion that brand is a strong factor in choosing a travel agency. Table 4 and Graph 3 show statistically significant differences in the choice of brands of travel agency from the perspective of respondents.

**Table 4: Brand suggestibility up to the variables**

<table>
<thead>
<tr>
<th>Variable Brand suggestibility</th>
<th>N</th>
<th>Average</th>
<th>Std. Dev.</th>
<th>t</th>
<th>p</th>
</tr>
</thead>
<tbody>
<tr>
<td>Men</td>
<td>38</td>
<td>2,5000</td>
<td>1,00</td>
<td>-1,198</td>
<td>0,232</td>
</tr>
<tr>
<td>Women</td>
<td>121</td>
<td>2,3057</td>
<td>0,82</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: own processing

Graph 3: Brand suggestibility

Based on the results presented in Table 4 and Graph 3, we state that when choosing a travel agency brand affects more women than men. In examining the relation between the variables, there are no statistical significant differences (statistically significant relationship wasn't confirmed - p > 0,05).

Slovakia disposes a relatively large number of travel agencies. Travel agencies must use the multiple marketing tools in order to keep on the market. It is not enough when travel agency has a good advertising and brand. Each travel agency should come out and build on its image. The good and strong name of the travel agency is a big competitive advantage. Managers and staff of the travel agencies must have good communication skills. Up to the Slovak author Ferencová (2012, p.16) communication capabilities are universal capabilities necessary for every social contact and every profession, including the profession manager. The work of managers is demanding and requires from them a great deal of knowledge and experience, concerning especially planning and coordinating.

**Conclusion**

From all mentioned information and from the research we can conclude that brand plays important role in tourism industry. Brand perception of travel agents and
travel agencies in Slovakia is mostly connected with the duration of its operating. Important part of any travel agency is marketing and marketing communication. As a part of the marketing of travel agencies is currently the brand concept, which plays a very important role. In the light of the results, we can clearly point resonance of need for change and visibility of travel agencies brands operating in Slovak Republic.

Slovak consumers when choosing a travel agency focus on the reputation of a travel agency. For Slovak consumers the brand is on the second and third place. Travel agencies miss an attractive brand that would arouse the interest of their customers’ as well as travel agency’s offer.

References
CONGRESS TOURISM IN SLOVAK CONDITIONS AND ITS IMPORTANCE IN REGIONAL DEVELOPMENT

Abstract. Congress tourism as a kind of tourism represents important part of tourism industry. Its importance increases year by year and tourism service providers began to implement the idea of congress services providing into the accommodation establishment. Organizing conference events has a significant impact on the economic development of the region as well. Its economic benefit is significantly effective while comparing with other kinds of tourism. Active presence on them brings many benefits. The main aim of this paper is to point to the current situation of congress service providers in Slovakia. It brings brief overview about the number of establishments in each of eight regions offering conference services.

Key words: Congress tourism. Accommodation establishment. Events. Regional development.

Introduction

Tourism plays important role from different points of view. Business is no exception. In the last century there was created an idea of combining tourism and travelling with educational motives. This was a reason why hotel establishment started to equip hotels with special spatial and technical facilities, but the situation constantly changes. Accommodation services with different kinds of additional facilities face nowadays to difference problems. One of the problem appeared in 2009 when the world crisis impact influences the tourism sphere as well. „Turbulence in the
world economy affected tourist industry all over the world at the very beginning of the crisis. Companies and individual travellers considerably cut their expenses on hotel and catering services the consequences of which had serious affect on tourist industry” (Šenková, 2010). Thanks to importance of this kind of tourism we can say that it helps hotel industry to survive and it supports regional condition. Since in the development of congress tourism are interested private and public entities congress tourism is an important factor in regional development and it may act as image making factor of the place, region or the country, where congress events takes place (Orieška, 2007). A significant benefit of congress tourism is its time of organizing. The season doesn’t play important role. It is popular among accommodation services providers, because it successfully fills hotels capacities during the off-season. It is usually held in spring or autumn season, when hotel facilities need to fulfill their free states.

The power and number of congress events increases since the world crisis attacked the tourism sphere as well. Up to the Business Travel index the number of congress tourism reservations reached the number as in the times before world crisis, that were economically significant, especially in 2008. What’s concerning the world’s situation Davidson (Conference trends) states that „Europe still out-performs all other world regions, with almost 60% of all international association meetings. The rapid growth in the number of convention centres means more choice and more competitive prices for meetings planners in the U.S. Fear of recession is a top concern for 40% of meeting professionals in the U.S. (compared to 24.1% in Europe and 22.8% in Canada)“.

**Analytical view to the theory of congress tourism**

Congress tourism is one of the fastest developing branches of tourism nowadays. More and more companies organize their work sessions externally from their premises. Therefore, within this article we try to focus on range and quality of provided congress services in Slovakia. Besides characterizing basic terms, we also explain congress tourism; events of this nature, material and technical conditions and organizations specialized in providing congress services.

Since the earliest days of antiquity, people have travelled in order to trade and do business in distant markets. Business tourism is composed of all travel for business-related purposes: from small, half-day meetings of a few colleagues, to vast gatherings of several thousand members of the same professional association attending their annual conference for 4 or 5 days. Such meetings help the wheels of business and industry to turn smoothly, enable the exchange of new ideas, and help generate new solutions to the many challenges facing the world today (Davidson, 2006). The congress and incentive tourism belongs for long time to the most profitable forms of tourism when we are looking on it from the economic aspect. This part of tourism is very important for all the countries with developed tourism competing with each other in this field. Congress tourism is also one of the most stable forms of tourism, because it is profitable, it is creating jobs and finally also very
important part is that it strengthens the primacy of the country (SACR, Slovak convention bureau, 2008). The development of congress tourism rises together with the need for exchange of information, which cannot be obtained only by communication technologies. Attention which is payed on congress tourism by organizers, also travel agencies, accommodation and catering facilities, demonstrates its sights, not only technical, but also social and economic terms (Orieška, 2007).

In that kind of tourism it is necessary to create economically oriented strategy, which can later on support the destination development. Congress tourism services are demanding as we mentioned before but its income brings back in very short time the equipment and installation costs. Accommodation and other establishments that offer congress services should establish strong politics focusing on high quality services. Euroagentur states (2007-2012) that one of the priorities of business strategy is providing services for conference, congresses and other social events. Services have to be on a suitable level with guarantees and professional approach in organization such an important and significant activity. Not only the basic offer on the establishment is important, but the significant importances play supporting additional programs in close surrounding.

We consider that congress tourism is one of the most resistant in economic variations, as in the development of long-term economic pressures, and do not show much, recession or changes in foreign exchange rates. Congress participants spend much more - times the cost of other tourists. It is a common name for business meetings, conferences, trade fairs and exhibitions with informative-cognitive function, which is unlike other types of tourism takes place during working hours. The European literature is presented as part of a segment of the tourism market MICE (Meetings, Incentive, Conventions and Events/exhibitions). Business meetings (meetings) have different forms and are associated with work or mean the ways of making business contacts, training and presentations of new products, including incentive trips.

Economically oriented tourism means especially business meetings, conferences, trade fairs and exhibitions - congress tourism.

Unlike other types of tourism it is performed in working time and it has different forms associated with business trips where the main goal is to establish business contacts, train management, presentation products, stimulate workers.

Congress tourism can include different kinds of events. They depend on depend on the accompanying phenomena of events. In general up to the number of participants we can divide congress events to:
- Up to 50 participants: seminar, colloquium, round table, working group, discussion group, training, consultation
- From 50 to 300 participants: conference, symposium, meeting
- Above 300 participants: congress (which should have special requirements regarding the time duration, the number of participating countries and so on.)
Comparing with other types of tourism, the convention events are rarely offered in travel agencies catalogues, whereas organizers are turning directly with the experts. Necessities for this type of tourism are conference rooms with amenities as a complex part that means congress hotels and cultural and social centres.

As a good inspiration, we can see some advices or few points that are very important if we want to achieve goals and be successful in this area:

1. Give information – early, because it can be very hard for business visitors to change their agendas (travel dates, tickets. etc.)
2. Sell the destination – it should be the priority for organizers to present the place, where the conference takes place, as good as possible, it also means a good advertising, and if everything is done right, everyone is satisfied.
3. Package attractive offers – it means that we have to consider and give good prices – promotional offers, because congress tourism is not a cheap matter, and participants have to pay personal expenses and also we have to take in mind market prices, location and services.
4. Measure the benefits – that means taking care to measure the benefits of business visitors. If there are good conditions, also visitors would like to come back to our country and may also bring some new visitors, and this is really important not only for business tourism, but for economy of the host country as well (www.businesstourismpartnership.com).

The importance of congressional events increases not only professionally, but also economically. Congress tourism accelerates the transfer of technical information and becomes a tool for the intensification and increasing the efficiency of tourism.

**Congress tourism in slovak regions conditions- research methodology and discussion**

The main aim of the article is to point to the current situation in the field of Congress tourism in Slovak conditions in 8 upper region units.

To full fill the main aim of the article there were states 3 sub aims as follows:

– identify the congress accommodation establishment
– compare the number of congress possibilities (congress hotels) in 8 regions of Slovakia
– compare the number and show the proportion of accommodation establishments in total and congress hotels in mentioned regions.

The article was based on the combined method of *Field research* and *desk research*, which worked with the current data on the internet and web sites of each of the congress accommodation establishment. To access the issue of congress tourism, the theoretical part of the article was based on *scientific abstraction* of domestic and foreign bibliography. Here are described the fundamental bases of economically oriented tourism, congress tourism specifically. Field research consisted of structured interview, which discussed the problem with the responsible employees of the hotel establishments. Desk research included work with the descriptive method with the
available data of congress service possibilities from available sources. To evaluate obtained information there was used comparative method to see the differences among the regions and mathematic-statistical method to express the finding in the tables and charts. It is necessary to mention, that there exists no total list of whole accommodation establishment of this kind in Slovakia. The research was held in 2011.

* * *

The importance of personal contact in various spheres as business, scientific, medical and others created idea of organizing events as congresses, conferences, symposiums, workshops, round tables, exhibition, fairs and so on grows. Slovakia as a country with great natural potential hidden in mountains, natural, mineral or thermal sources, caves, culture and so on has a lot what to offer to the tourism participants. Slovak congress tourism doesn’t have long tradition comparing in west European countries but the trends in it are already changing. It is influenced by needs of participants of economically oriented tourism and their organizers. The number of accommodation establishments increases and it adjusts according to market demand. In the last years the participant used to stay in average 3 nights on the event. Last trends show reducing the length of stay to 2 nights. Congress tourists become more and more experienced which requires high-quality service and provider’s readiness.

Because of this kind of tourism performance, in the words of Čujková (2012) Slovak agency for tourism considers congress tourism as strongly important that’s why it has created Department of congress tourism, which main responsibility is to move Slovakia from the position of one of the least known convention destinations in Europe to interesting, attractive and competitive destination. This brings a tremendous challenge for the future.

Up to the law (Vyhláška- in Slovak) no.277/2008 of Ministry of Economy of the Slovak Republic (which deals about classification markings on lodging and their classification in categories and classes) we recognize „congress hotel” which should be from 3 to 5*. It is defined as accommodation establishment which is designed to implement congressional events especially congresses, conventions, conferences or seminars. It has to be equipped with special rooms and facilities. To be called congress hotel it has to full fill minimum number of points given for a special congress services that are: size of rooms, technical equipment, translation services etc.

Orieška(2007) states that in Slovakia we should pay attention for the further development in particular:

− Creation of the material and technical conditions for the organization of congress events (in order to increase the complexity of service participants)
− Congressional events as a tool of the image of Slovakia
− Organizational and technical training for conference and events education of professionals for congress tourism - organizing and supporting social programs, conference events - improving access to venues, conference events.
Because this article points to the linking of congress tourism establishments and regional development, it is necessary to start in this part with it. This topic was mentioned in a number of domestic and foreign publishing outlets. In general we can agree with the statement that „Regional development is directly related to the legislation of the country, as well as taking into account the importance of the development of the area under the National Development Plan, supported by national legislation and EU regional policy“ (Bačík, Gburová, 2010). Regional policy and regional division of Slovak republic has been influenced by the matter, that Slovakia is a member state of European Union and its regional policy. After few years after decentralization is still not clear at all, which competencies belongs to each part of self-governing regional department. There are still some problems, which have an influence for the regional policy in Slovak republic (Euroreport,2008). Regional policy of European Union has became an important tool by which integration aims to solve these problems (Michaeli et all, 2010).

„Administrative divisions of independent Slovakia underwent many suggestions and possible breakdown. Their common feature was made to strengthen and expand the scope of the powers of local governments“ (Pullmanová-Švedová,2010). Since the year 2002, Slovakia is divided into 8 self-governing regions, which are called by the Constitution (Higher Territorial Units). The territory and borders of the self-governing regions are identical with the territory and borders of the regional departments. Also known as a "kraj" /in Slovak language/ or shortcut "VÚC". The main difference is that organs of self-governance, with an elected chairperson and assembly, while the organs of regional departments /kraje/ are appointed by the government.

Existing regionalisation of Slovakia, as it is well known, shows that Slovak republic has a structure of 8 self-governing regional departments (namely in the cities mentioned in the chart below):

**Chart 1: Regional division of Slovak republic**

<table>
<thead>
<tr>
<th>Region</th>
<th>Area (km²)</th>
<th>Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Bratislava region</td>
<td>2 052.5</td>
<td>602 436</td>
</tr>
<tr>
<td>2. Trnava region</td>
<td>4 147</td>
<td>554 741</td>
</tr>
<tr>
<td>3. Trenčín region</td>
<td>4 502</td>
<td>594 328</td>
</tr>
<tr>
<td>4. Nitra region</td>
<td>6 343.8</td>
<td>698 867</td>
</tr>
<tr>
<td>5. Žilina region</td>
<td>6 809</td>
<td>688 851</td>
</tr>
<tr>
<td>6. Banská Bystrica region</td>
<td>9 455</td>
<td>660 563</td>
</tr>
<tr>
<td>7. Prešov region</td>
<td>8 974</td>
<td>814 527</td>
</tr>
<tr>
<td>8. Košice region</td>
<td>6 755</td>
<td>791 723</td>
</tr>
</tbody>
</table>

Source: based on Slovak Statistical office information, 2012

Situation of congress services in Slovak regions (upper regional units) differs. The reasons why it is like so can be various. First of all, location can be the first what decides. Bordering countries can influence the demand and intensity. The others can be for instance infrastructure, transport connection, economic factors etc. The interest on it can increase by easier possibilities how to get to it.
Next part (charts and graph) of the article shows current numbers of accommodation establishments that provide in their offer of congress possibilities in Slovakia. Chart 2 shows the number of 3, 4, 5* establishments and their total number in each region of Slovak republic.

**Chart 2: Number of accommodation establishments with congress possibilities**

<table>
<thead>
<tr>
<th>Region</th>
<th>3*</th>
<th>4*</th>
<th>5*</th>
<th>Σ</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bratislava region</td>
<td>12</td>
<td>18</td>
<td>4</td>
<td>34</td>
</tr>
<tr>
<td>Trnava region</td>
<td>15</td>
<td>11</td>
<td>*</td>
<td>26</td>
</tr>
<tr>
<td>Trenčín region</td>
<td>10</td>
<td>8</td>
<td>*</td>
<td>18</td>
</tr>
<tr>
<td>Nitra region</td>
<td>13</td>
<td>7</td>
<td>1</td>
<td>21</td>
</tr>
<tr>
<td>Žilina region</td>
<td>15</td>
<td>15</td>
<td>*</td>
<td>30</td>
</tr>
<tr>
<td>Banská Bystrica region</td>
<td>16</td>
<td>8</td>
<td>*</td>
<td>24</td>
</tr>
<tr>
<td>Prešov region</td>
<td>17</td>
<td>15</td>
<td>1</td>
<td>33</td>
</tr>
<tr>
<td>Košice region</td>
<td>7</td>
<td>6</td>
<td>*</td>
<td>13</td>
</tr>
</tbody>
</table>

Source: own processing

**Graph 1: Proportion of accommodation establishments with congress possibilities in 8 Slovak regions**

Source: own processing

As can be seen in the chart 2 and graph 1, the highest number of accommodation establishments with congress possibilities is situated in Bratislava region with the number 34. Just behind Bratislava region there is Prešov region with 33 establishments. The limit of thirty fills as well Žilina region with 30 establishments. The other to the twenty limits is Trnava region with 26 establishments, Banská Bystrica region with 24 and Nitra region with 21 establishments. The lowest number in the present is in Trenčín region with 18 and Košice region with the number of 13 establishments. When we deal with the problem why is it so or if we talk about substantiation of identified knowledge/information, we expect that the highest number in Bratislava region arises because of convenient location of the state’s capital. Short distance between the city of Vienna and Bratislava as well as two airports-
Bratislava airport and Swechat favors the city and provides new opportunities. Bratislava became very important business place with state as well as international importance. It is economically strong with low rate of unemployment, because of the working possibilities that the capital has. The lowest number was found in Košice region where expected reason is a quite disadvantageous position of the region and bordering with economically weakest regions of bordering countries. The infrastructure plays also important role. The connection with Košice is provided through air, railway and bus transport, but the intensity of the flight to Košice and the destinations from where the flights come is not sufficient. Even though Prešov region is also located on the east part of Slovakia but the natural potential of High Tatras moves this kind of tourism forward. It attracts tourists and brings with it the development of congress services as well.

Graph 2: Proportion of 3* accommodation establishment by regions

From the processing of 3* accommodation establishment can be seen that the highest number of them is located in Prešov region. The total number is 17. Just behind there are Banská Bystrica, Trnava and Žilina region. The lowest number was found in Košice region. While comparing the number 3, 4 and 5* hotels, the majority is in this group. The total number of congress establishments exceeds one hundred.

Graph 3: Proportion of 4* accommodation establishment by regions

Source: own processing/processing
Situation of 4* hotels with congress facilities is average. Comparing with 3* hotels the number is lower. In 3* stars the number was 105 and 4* was 88, so that means 17 hotels less. Majority of the hotels is located again in Bratislava region. The same number appears in Žilina and Prešov region. The lowest number is one more time in Košice with 6 hotels which is close to Trenčín and Banská Bystrica region with 8 hotels.

Graph 4: Proportion of 5* accommodation establishment by regions

Source: own proceeding/processing

The lowest numbers appeared in the last category with 5* hotels. Because of the low number, graphical display is more difficult to read. In some of Slovak regions there are no accommodation establishments with congress tourism facilities. Among those belong Trnava region, Trenčín region, Žilina region, Banská Bystrica region and Košice region. In total there are only 6 hotels of 5* quality. The highest number shows Bratislava region, in Prešov and Nitra region there is one congress hotel in each.

Chart 4: Proportion of accommodation establishments in total and congress establishments in Slovak regions

<table>
<thead>
<tr>
<th>Region</th>
<th>No. of accommodation establishments</th>
<th>No. of congress hotels</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Bratislava region</td>
<td>241</td>
<td>34</td>
</tr>
<tr>
<td>2. Trnava region</td>
<td>276</td>
<td>26</td>
</tr>
<tr>
<td>3. Trenčín region</td>
<td>259</td>
<td>18</td>
</tr>
<tr>
<td>4. Nitra region</td>
<td>324</td>
<td>21</td>
</tr>
<tr>
<td>5. Žilina region</td>
<td>944</td>
<td>30</td>
</tr>
<tr>
<td>6. Banská Bystrica region</td>
<td>422</td>
<td>24</td>
</tr>
<tr>
<td>7. Prešov region</td>
<td>720</td>
<td>33</td>
</tr>
<tr>
<td>8. Košice region</td>
<td>359</td>
<td>13</td>
</tr>
</tbody>
</table>

Source: own processing and information of Statistical office 2012
Graph 5: Establishments’ proportion up to 8 regions

[Graph showing establishments' proportion up to 8 regions]

Source: own processing and information of Statistical office 2012

While comparing this number with the total accommodation establishment with the number of congress ones, we can conclude that they represent quite small volume or extent of total establishments. As we reported previously, congress tourism and its equipment is demanding matter and not each of the hotels can afford it.

**Conclusion**
We can get to conclusion that it is more than necessary to pay attention to the Congress tourism establishments and their services as an important supporting factor of regional development. It represents attractive kind of tourism that is more and more in development process and sought by this segment of participants. It brings economical benefit that can support the regional economy and development in different meanings. By now congress tourism wasn’t a strong part of tourism sphere in Slovakia but as its importance worldwide increases, the idea grows as well in here. There are some new aspects, which can help and also bring some positive changes.

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LEADERSHIP AS A POTENTIAL TO INCREASE COMPETITIVE ADVANTAGE

Abstract. In most research papers “management” and “change” belong among those factors that affect companies’ competitive advantage. This article explains that leadership is the immaterial tool to ensure effective management during change. Leadership does not mean replacement of classical management, but rather completes the full concept of management. It is not a new type of work; it is a new quality of work with people. Seven habits and four imperatives of highly effective people make an effective framework of leadership potential to increase the competitive advantage.

Keywords: management, change, competitive advantage, leadership, management, habit, imperative, principle, authority, mobility, trust

Basic starting points

Basis for our hypothesis are conclusions of the research at the University of Tomas Bata in Zlin (Trnka, 2004). They divide factors influencing the competitive ability of a manufacturer into two groups: inner and outer factors. One of the inner factors is management (company culture, working environment, management styles, reward & benefit system, motivation, relationship to environment)

Second basis is a model of contemporary competitive advantage by Ostrava author (Mikolas, 2005 and 2011). He explains: "How do we characterize company's contemporary competitive advantage and how do we examine it and how do we measure it? There are no simple answers to contemporary complex problems of companies' competitive advantage. In essence everything concentrates into two notions – power (or degree of power) and mobility (or ability and possibility of change), or a synthetic term competitive force.

Then one can just ask a pragmatic question: How to adequately formulate, describe and measure the degree of authority and mobility of a company? The answer is: We have to measure the rate and extent of change that the company's competitive force enables.
To sum up: The author of this article has two basic notions for leadership as a potential increasing competitive ability – “management” (inner factor of competitiveness as stated above) and “change” (relates to competitive force).

We live in a breaking age where the old age is almost gone, but the new one is not fully in position. We are entering a so-called information-knowledge age that alters the previous industrial age. In this period we particularly sense a pressure on productivity (“more for less”) and at the same time many people realize that massive potential is wasted. We live in a massive turbulent environment where breakthrough social and economic changes take place and these changes affect every part of our lives.

We can sense that changes are happening everywhere. However, changes are nothing new and the necessity to know how to manage these changes is not new either. What is new in changes these day is quantity (prevalence) of changes and their pace.

Leading in change became not only important, but also urgent requirement of our age – and leadership offers an alternative.

**Management and leadership**

Change is the greatest challenge for leadership. The ability to lead in crucial changes is the most important task of a leader – leading personality.

Leadership is about changes and improvements of great extent. Therefore it is very important for a leader to understand the change itself, but also its process and importance. And it’s also important to understand the impact to the organization (its moral condition) should the change wasn’t implemented.

It’s a paradox in some way that leadership arose in a place where we wouldn’t expect it at all and where management is dominant.

The first book on leadership was written by John Adair (also the first professor on leadership) from the British Military Academy more than 40 years ago. He showed (and experience confirmed it) that for a successful leading of a war, not only order, discipline and orderliness is needed – but also one more important element: leadership.

This approach was introduced to business field 20 years later. Standard management (based on paradigms of orderliness, commands and management) was not sufficient for competitive ability in changed conditions, and leadership had to be introduced.

We could write a lot to characterise the differences between management and leadership, but we will state just six key differences:

- a) To manage means to achieve that people do what is needed to do.
- To lead means to achieve that people want to do what is needed to do.
- b) Management is about the ability to do things right.
- Leadership is about the ability to do the right things.
- c) Management focuses on work efficiency.
Leadership focuses on work usefulness.

d) Management are "things related" activity.
Leadership is "people related" activity.
e) Manager prefers use of the "push" principle.
Leader prefers use of the "pull" principle.
f) Manager uses mostly stimulation (outward impulses).
Leader uses mostly motivation (inward motives).

**Few basic ideas for leadership**

Most of these ideas come from a great book of an American author COVEY, F. R., *The Seven Habits of Highly Effective People*. The extent of this article doesn't allow explaining all seven habits, therefore just few basic ideas.

The centers of life of a good leader (leading personality) are principles that help him to manage himself better and therefore to lead others better. (*People die, but not principles. Principles carry over.* A. Lincoln).

A person who will learn how to live according to the principles and who will use these principles in all important areas of life will more easily find "instructions" how to live happily and usefully.

A solid life center with principles is a prerequisite for a leader to lead him himself (self-leadership). The art of leading yourself is then a good prerequisite for the art of leading others.

The following figure structures the seven habits of a highly effective leader in a clear and interesting way. The first three habits help him to get rid of dependence on circumstances and unhealthy or useless relationships and to reach independence. The next three habits then lead up from "private" independence to creating a healthy atmosphere in a team that is lead and that lead to interdependence. Both groups of habits – "private" and "public" – are essential for effective life and work of a leader.

![Seven Habits Diagram](image-url)

Source: Covey, 2007
Habit is a way of behavior that contains three overlapping components: knowledge, skill, will.

"We first make our habits, and then our habits make us." (S.R. Covey)

Habit is developed by repetition.

"Sow a thought and you reap an action; sow an act and you reap a habit; sow a habit and you reap a character" (Samuel Smiles)

A person who wants to be a good and successful leader must be effective and he must handle personal effectiveness. The roots of true effectiveness lie in our character.

"Our first energies should go to our own character development, which is often invisible to others, like the roots that sustain great trees. As we cultivate the roots, we will begin to see the fruits." (S.R. Covey)

Charismatic leaders transform their followers by changing their own goals, values, needs and ambitions. In order to achieve this, they present two crucial things to their followers: their own values and identity. Leaders provide vision, inspiration, they give sense and purpose to business and they are also a kind of a moral compass.

Covey adds a seventh habit to the six habits (see figure above). He calls this habit: "Sharpen the Saw" – it is a habit of regular renewal of strength, i.e. obligation to take care of oneself. In other words: not focusing only on golden eggs (product) but also on the goose that lays them. The renewal should take place in 4 dimensions (4L):

- physical (live) – exercise, nutrition, stress handling
- mental (learn) – reading, ideas, planning, writing
- spiritual (legacy) – values and commitments, study, meditation
- social (love) – service, empathy, synergy, inner security

And in the end, we could state four imperatives of an exceptional leader (Covey, 2007), almost without any extra comment, only in a chart easy to remember:

1. Inspire Trust!
2. Clarify Purpose!
3. Align Systems!
4. Unleash Talent!

The ability of a leader to create trust is crucial. Other abilities follow this ability to create trust – communicate with your team, set up goals, set and adjust key systems, develop talent and solve problems. Trust influences everything that leader does. A manager reaches results without trust only through commands. We develop trust from inside out, i.e. leader has to first work on own trustworthiness and only then trust in relationships can be developed.

Trustworthiness has two components – character and competence

**Conclusion**

Modern age requires the ability to manage changes, to lead in change. It is a crucial factor of the quality of leadership. Leadership in calm times is totally different from leadership in times of rapid changes. It is complicated because of the pace and complexity of changes which means change of paradigms.
Business School Ostrava understood this need of modern age – two years ago it started to teach leadership both in Bachelor and Master Programs. We want to raise not only good managers but also exceptional leaders. Our age and competitiveness require bold and wise leadership.

References

The article is devoted to application of low budget forms of marketing for the promotion of higher schools’ education services. The essence of the notion - “guerrilla” marketing has been revealed, simultaneously its application experiences have been outlined on the example of a non-state owned higher school. Special attention has been paid to the promotion of a higher school via public nets.

Key words: “guerrilla” (low budget) marketing, public net, flash-mob, virus marketing, direct marketing.

General problem setting up and its association with significant scientific and practical assignments.

Nowadays the customers have been overloaded with information of goods and services. There’s an advertisement everywhere – in mass media, on big-boards and in means of transport, on banners, leaflets, inside the elevators etc. Such kind of overloading makes people ignore it. As a result, advertisement obtrusiveness is going up while its effectiveness falls down. Thousands of UA hryvnas for advertisement expenses have been wasted. Substantial advertisement effectiveness falling has become a reality for the highly-monopolized Ukrainian markets, where marketing activity makes at most the only principle index of competitive advantages. While the economic crisis condition, due to funds absence, advertising activities’ rising has become impossible for most operators of various goods’ markets. [1.]

This is why the problem of searching definite forms of interacting with a customer, enabling to embrace the “primary audience” totally and for fewer expenses simultaneously, has been rather acute. This problem turns to be particularly significant for higher schools, with their tough competition, whereas the limited promoting and communication funds have been laid according to the leftovers. The “guerrilla-type” (low budget)marketing has been one of the forms, enabling to promote schooling services for lesser expenses. Low-budget marketing turns to be effective for “target” audience – young men, since they have been involved into the majority of its forms, for instance, flash-mobs or while commenting on a certain information in some types of social nets. Thus, but for economic attractiveness, the “guerrilla-type ” marketing has got one advantage more – it has been designed for
higher schools’ studentship’ primary audience as it possesses an aptitude to generate customers’ demands.

**Latest researches and publications analysis.** Lots of information on the “guerrilla-type” marketing positive influence upon enterprise activity results can be found out in scientific literature. This can be surveyed in local and foreign scientists works. S.Hill and H.Rifkin both have laid the fundamentals of promotion non-standard methods in their works. [2]. B.Schmitt, D.Rodgers and C. Vrocos have also contributed substantially into developing of “guerrilla-type” marketing methods’ promotion. Accounting existing economic environment, being connected with Ukrainian markets’ lagging from the foreign ones, local scientists have investigated low-budget marketing forms as well. These types of investigations have been realized by T.Dibrova, L. Balabanova, H.Holdstein, I.Ivanov, O.Katayev, N.Yazvins'ka. By now, the problem of choice and application of alternative promotion methods has been acute and it requires further investigations purposing higher schools’ promotion process.

**Work’ subject setting up (setting up an assignment).** The work subject is effectiveness evaluation, as well as denoting peculiarities of the “guerrilla-type” marketing application by the higher schools. Work subject’ setting up requires solving of the following assignments:

- to detach the peculiarities, inherent in low-budget marketing forms usage within higher educational establishments;
- to analyze information spreading dynamics by means of social nets;
- to work out recommendations as to low-budget marketing forms for application of higher schools’ services promotion as well as for school image improvement.

**Basic material of investigation description along with complete substantiation of the scientific outcomes gained.**

Mass media advertisement frequently fails in getting desired effectiveness. Thus, TV viewers often use advertisement pauses to watch through other TV channels or do their own affair. It’s expensive and ineffective for the majority of schools to use similar way of advertisement. As actual investigations have shown, local TV channels attract but a little number of higher school’ students, whereas national TV channel advertisement location takes a medium all-add position, which reduces its effectiveness. As to radio-advertisement - it can be effective only on condition of influencing both upon parents and school-leavers, who can be potential future students’ candidates. It means that there arises a need of two advertising clips’ creation and their further disposition at least at two radio stations or more. Besides, radio stations’ geographical active range can’t sometimes be covered, which enlarges their number automatically and thus the advertising campaign cost. We assume that this problem can be solved by means of “guerrilla-type” marketing.

This type of marketing has existed ever since the old ages. Concrete samples of cheap adds can be found out even in old Greek and Roman chronicles. But nowadays,
in crisis conditions, particularly in the institutions and organizations, like educational establishments, having limited funds, this type of marketing originally becomes the only affordable way of influencing upon potential customers and acquires a new actuality.

The “guerrilla marketing” notion was first invented by Jay Conrad Levinson in 1984. He suggested using entrepreneurship and inventiveness instead of great financial expenses for communications, while alternative low-budget advertising media instead of high seller’s price ones. [3]

Ell Rice and Jack Trout, positioning theory’ authors, suggested their own conception for “guerrilla marketing”. They would recommend smaller firms keep their narrow product or consumer advantages’ niche, while acting within the market area, being uninteresting for greater companies. [4]

Presently the term “guerrilla marketing” has been frequently used mostly for denoting “low-budget marketing”, which effectiveness has been based on non-standard solutions. That’s why, low-budget advertisement and marketing forms have been called “guerrilla marketing”, which helps promote the goods and services effectively, thus attracting new clients and collecting revenue with no substantial investments. [5, 38]

The “guerrilla marketing” has got a number of peculiarities, which makes it be different from the other advertisement kinds. It can be distinguished by denying traditional mass media advertisement as main promotional instrument. Cheaper advertising media or non-traditional advertisement channels should be applied to instead. The greater part of low-budget marketing techniques turns to be efficient right at once or in a short time. According to our observations, similar promotion way uses certain methodical instruments, enabling to attract new clients quickly.

The “guerrilla marketing” techniques often remain invisible for a competitor, and therefore can't be copied. “The guerrillas” prefer maintaining profitable mutual partnership with their competitors.

Besides, definite principles are typical for the “guerrilla marketing”, like:

1) marketing formation basing not on own experience, but accounting real demands, advantages or peculiarities of the target customers’ behavior;
2) gaining competitive advantages in its niche aiming to enlarge loyal customers’ number while creating marketing strategies;
3) longing for long-term relations with every client.

There can be the following advantages of the method:

- primary audience acquires clear and quite narrow profile;
- emotional influence upon the clients is being increased;
- there exists opportunity of advertisement placement in non-traditional and unexpected places;
- there's an opportunity of suggesting unexpected idea where no one awaits it;
information can be combined with amusement entertainments thus bettering primary audience’ attitude;

- advertisement effect is being increased should it be witty.

At the same time, non-traditional ways have been risky, connected with a short term of such advertisement’ life and little time for reading it, that’s why greater techniques turn resultative either at once or in a short time [7, p.33]

According to International Marketing Group poll concerning the low-marketing instruments practice, few instrument groups, to be used in high schools effectively, could be singled out. TV marketing, distributions, round-tables discussions, on-line conferences have been among frequently appreciated ones. The main reason for it seems clear – “personal” audience can thus be easily found out, influenced on and reasonably evaluated as to its effectiveness.

Among those displeased with low-marketing instruments’ efficiency there are complaints for Internet (blogs efficiency have been long to look forward to; lack of primary audience; Internet hasn't been working for sales but for image); discount cards (there’s a great number of them that’s why a customer doesn’t differ one of another).

Conducting definite action, that mass media would wish to speak about themselves, is one of effective “guerrilla” techniques. "Flash-mob" marketing instrument, meaning unexpected people’ appearance in the planned place on definite reason, can be one of such instruments. “Flash-mob” actions can be particularly actual for higher school advertisement, since the students, who used to participate in everything new and interesting actively, can be involved into them. Crowd of people, making something unified right amidst the street, attract mass media attention as well as passers-by and surrounding people, who wish to know what’s going on in the higher school.

"Mobile marketing” (various marketing communications, using cell phones) enables to conduct advertisement campaigns directed to solving this kind of problems, referring to brand, its image and higher school’s positioning within school servicing market [6]. As VIEM experience shows, the effectiveness of sending SMS messages via cell phones makes about 60,5% at an average. For instance, information of VIEM Open-Doors Day attracted only 35% of the respondents, about discothèque – 85%, about students’ scientific conference with a list of prizes attached – 60%. As it might be observed, such a technique is a little cost one, since SMS messages can be sent free via Internet. Although, in spite of all positive features of the said method, serious problems can arise while cell phones number database coping. Greater part of students wouldn’t like to inform their phone numbers while polling or they don’t allow using their personal data.

Low-cost marketing, involving students’ participation in various TV or radio-shows, has been of high efficiency. For instance, Lux-FM Radio “Pryvit v Obid” (“Hello in Lunchtime”) music-show’ greeting costs 5 UA hrv.; this program has been enjoyed
by young and mature people, it’s broadcasted in the lunchtime. Such a method enables to improve recognizability of the brand, especially of small-size higher schools, having no long history.

Method of sticking printed advertisement leaflets and posters, referring holding various events at higher schools, like Open-Doors’ Days, conferences, short-term courses or others, have been widely spread in Ukraine. This is a low-cost method, because simultaneously with enlarging the copies printed, their price substantially goes down. The most advantageous number of printed copies, as experience shows, should exceed 5000 -10000.

Despite all advantages as wide covering, advantageous price, an aptitude to bring maximum information to primary audience, this method isn’t deprived of the shortcomings. A poster doesn’t hang long on the message boards near houses or on the bill-boards. Throughout the day time it can be stuck over with another leaflets or torn off by the communal workers. That’s why to get necessary effect, multiple sticking should be used.

Lately there appeared a new communicative means to contact with a customer as the graffiti. It is likely to be quite a cheap way of self-declaration to the audience. School brand logotype recognizability can also be assisted by graffiti. Planting flowerbeds exposing school logotype, can be effective kind of “guerrilla marketing” as well. All these help the formation of a higher school positive image. There is at least a student at school who mastered the art of graffiti or floristics. Making up of similar logotype works for environment as well as forms corporative spirit within students’ community.

“Virus marketing”, i.e. a computer virus type technology, by means of which one can propagate information, has been also effective for educational establishment. Received information influences upon a person so heavily that he becomes infected with an idea of content spreading and turns into an effective retranslator himself. “Virus content” can acquire various forms here – video, photo, flash-games or texts [1].

Except “Virus marketing”, such kinds of communication as blogs and group participation in social nets also produce good results. These are used to create positive image of a school. Belonging to the groups helps in spreading out information about events to be held at the higher educational establishment. Internet forums’ information displacement of various events, propagated by school workers and students, can also be effective.

Social nets’ working takes particular position among all “guerrilla marketing” techniques. “Facebook”, «Вконтакте», «Одноклассники» represent a direct school outlet to primary audience. By communicating via social nets one can spread out professional orientation geography, either form or improve educational institution image and acquire free bulletin-board to make friends with the customers. This kind of advantages has been extremely important since our investigations showed that the candidates and their parents would choose a school to enter being informed by their
acquaintances (46%), from Internet (28%), from other different sources (26%), each of them taking part of not more than 5%. So, basing upon investigations we consider the principle goal of a higher school to become familiar to its primary audience by means of the Internet and social networks in particular.

Let’s cite VIEM Facebook’ statistics for an example (a “webpage” further on): (www.facebook.com/viem888) website was opened on 01.04.2012. Let’s analyze Website figures’ dynamics hereinafter (Diagram 1):

**VIEM “Facebook” Website figures’ dynamics (01.04.2012 – 01.07.2012)**

<table>
<thead>
<tr>
<th>№</th>
<th>Measures</th>
<th>01.05.2012</th>
<th>01.06.2012</th>
<th>01.07.2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Website News (total number)</td>
<td>3928</td>
<td>1318</td>
<td>1184</td>
</tr>
<tr>
<td>2.</td>
<td>Fans’ friends (unique users)</td>
<td>6527</td>
<td>10019</td>
<td>11864</td>
</tr>
<tr>
<td>3.</td>
<td>Involved Users (unique users)</td>
<td>438</td>
<td>269</td>
<td>126</td>
</tr>
<tr>
<td>4.</td>
<td>Total number (unique users)</td>
<td>5365</td>
<td>3437</td>
<td>1760</td>
</tr>
<tr>
<td>5.</td>
<td>Propagation amount</td>
<td>5189</td>
<td>3302</td>
<td>1602</td>
</tr>
</tbody>
</table>

Diagram 1 “Website News” index illustrates messages total number, left on VIEM website. A total number of such messages for 3 months made 6430.

“Fans’ friends” index includes a number of those users’ friends, who sympathize with the web-site. Such sympathy can be expressed in positive evaluation of the site itself as well as information placed on. Besides, unique users, that is, every person is accounted only once, irrespective of the calls’ number, have been concerned. For 3 months fan friends’ total number has exceeded 11864 from 0.

“Involved Users” index means any kind of strain or the unique users’ messages. There have been 883 persons for 3 months.

“Total Number” index shows the number of persons, who looked the materials through and have been associated with VIEM web-site anyway. Only unique users have been taken into account. For 3 months the number of such users has reached 883 persons.

“Propagation amount” is an index, denoting a number of people, who were website visitors and observed at least a unit of information in each other’s mails. These news mails include marking of the web-site as one they enjoyed, notes on the web-site wall, questions’ answers, note like “I like”, comments on or distributing messages or other publications, answers on events’ invitations, mentioning of the web-site, evaluations or the like. Only unique users have been concerned. Total amount of these made as many as 10093 persons.

VIEM page work dynamics in “Facebook” as to enlarging or reducing the users’ number is in direct proportion with the intensity of news on the page. What is important here, that in spite of invitations of a page lessening, connected with reducing of VIEM events in summertime, about 12 000 visitors called at our “Facebook” page, i.e. about 4000 persons per month. Taking into account low-budget expenses of this marketing technique, the advantage of its functioning can be measured in thousands of
hryvnas, saved in advertisement campaigns.

This example is used by us to prove the “guerrilla marketing” effectiveness, as one of communication instrument between subject and object of the education services’ market. This form of communication is capable of ensuring all interested persons with professional information [8,82].

The investigations’ conclusions and outlines of the further researches in the selected field.

1. Low-budget or “guerrilla marketing” makes an effective form of communication with higher educational institutions services’ customers.

2. The essence of this type of marketing lies in its efficiency and high profitability. The results of its instruments’ implementation produce quick effect.

3. For the “guerrilla marketing” instruments’ implementation, considerable personnel efforts, connected with creativeness, inventiveness as well as innovations, unknown to the competitors, are needed.

4. There exist lots of “guerrilla marketing” successful patterns associated with savings and gaining substantial profits by higher schools. That’s why it makes sense to apply for such activities in the advertisement campaigns.

5. Low-budget marketing instruments enable to turn to certain primary audience and demonstrate own competitive advantages, unapparently for competitors and thus avoid copying.

6. Working in the Internet, in social networks in particular, is low-budget marketing’ one of the most effective instrument. It’s using enables to save time and money while working with primary audience thus involving it into higher school’ events. Social networks’ page works activate users, encourage them to make comments. It enables to clear out primary audience’ range of interests and demands, to react upon them correspondingly.

7. To make a social network’ page attractive, amusing for the users and attracted more friends, it should be filled with interesting events as well as actual, timely and true information, addressed to primary audience.

8. Social network page is capable of performing professional orientation role.

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MACROECONOMIC EXPERIENCES OF HUNGARY SINCE THE ACCESSION TO THE EUROPEAN UNION

Abstract. This paper analyses some macroeconomic aspects of the accession of Hungary to European Union. Accessing the EU Hungary accepted the obligation that after the necessary preparation time it would satisfy all criteria of the third stage Economic and Monetary Union and introduce the Euro. In compliance with it the Hungarian law and legislations, especially the ones concerning the National Bank of Hungary, were brought into line with EU requirements. One of the important elements of the convergence programme is the preparation of the accomplishment of the Maastricht criteria. Since the beginning of the crisis the budget deficit did not grow significantly in Hungary. However, Hungary has never been able to accomplish, since its accession to the EU, the Maastricht criteria on the 3% deficit, therefore there has been an excessive deficit progress in place against us. One of the important elements of the convergence programme based on the Széll Kálnán Plan is the stable and steady decrease of the national debt. Together with its EU membership Hungary accepted the obligation that it would strive to join ERM-2 exchange rate mechanism when shaping its exchange rate policy. This decision created the total financial independence of the monetary policy thus the central bank could focus solely on inflation when deciding on its monetary policy. Convergence or catching up in a narrow sense means that the real economy performance of less developed countries et closer to that of the more developed member states.
Hungary has an open economy, the rate of foreign trade compared to the performance of the economy is very high. Owing to this fact the export is a determining factor in the growth of the economy. In Hungary 80% of the GDP is given by the commodity and service export. There is a similarly high value in import.

**Keywords**: accession, convergence, economic impacts, exchange rate, factor mobility, external trade

**Introduction**

When accessing the EU Hungary accepted the obligation that after the necessary preparation time it would satisfy all criteria of the third stage Economic and Monetary Union and introduce the Euro. In compliance with it the Hungarian law and legislations, especially the ones concerning the National Bank of Hungary, were brought into line with EU requirements. The independence of the central bank and the prohibition of monetary financing are guaranteed by law and state organisations are precluded from having access to the resources of financial institutions. The EU standards were taken into consideration and in harmony with them the organisational and operational standards on monetary and exchange rate policy remained in place. (Oblath, 1999)

Hungary, unlike Denmark and Great Britain, does not have the right to opt-out that is we are obliged to introduce the Euro. Since its accession Hungary has been participating in the activities of the European System of Central Banks and also in the work and decision making aiming to formulate Integrated Guidelines (IG). In compliance with EU regulations Hungary has made its convergence program every year since 2004. (Erhart, 2009) On the basis of the Council and the Committee it has established that there is excessive deficit in the country and the rules of excessive deficit procedure must be applied. The Council issued a recommendation on 5 July, 2005 about the tasks to be completed in order to terminate excessive deficit. The Council suggested that our country submit the modification of the updated convergence program by 1 September, 2006 in which it presents its measures which are concrete, structured, and completely consistent with the country’s medium-term adjustment path. In the autumn of 2006 the new government submitted the revised programme. The Council judged the program focusing on the consolidation of the budget was suitable to terminate excessive deficit. In July 2007 it established that Hungary had taken the necessary measures in order to terminate excessive deficit.

The 2007 and 2008 convergence programmes confirmed the aims of the 2006 program stabilizing the already achieved results. The programme submitted in December 2008 – reacting to the unfolding crisis – contained the more rapid decrease of the financing needs of the budget. The 2008 program also considered (together with the Council) that the budget deficit would go beyond the 3% Maastricht threshold level. However, owing to the crisis the budget deficit which had been decreasing since
2006 started to rise again and in 2009 it reached 4.5% of the GDP. Then the Council reinterpreted the previous situation and in its recommendation issued in July 2009 it obliged Hungary to terminate excessive deficit by 2011.

Analysis of recent studies
In the recent years many papers, books were published of the accession to European Union. The eastern enlargement of the EU is discussed in details by economists, politicians, entrepreneurs. The arising questions range from cost and benefit estimations (Baldwin and Portes 1997), through factor movements (labour and capital) (Sinn et al. 2001) to institutional questions (Steinher, 2000). Some papers is to estimate the effect of EU enlargement on the trade patterns (Benedictis et al, 2005). The EU enlargement process are evaluated from the point of view of candidate countries and also from that of EU-15 countries.

Research methodology
In this paper I analyse the development of the Maastricht criteria since the EU accession, the development of the closing-up of the real economy, the state of labour mobility and the development of external trade with the EU. In details the four indices (budget deficit, national debt, inflation and long-term interest rate). Then I evaluate the development of the closing-up of the real economy and the exchange rate policy since 2004. Then, the state of factor mobility is compared to the European Union. Finally, I analyse the external trade of Hungary after joining the EU. The investigated period is between 2004-2011.

The results
The development of the Maastricht criteria since the EU accession
One of the important elements of the convergence programme is the preparation of the accomplishment of the Maastricht criteria. Since the beginning of the crisis the budget deficit did not grow significantly in Hungary. However, Hungary has never been able to accomplish, since its accession to the EU, the Maastricht criteria on the 3% deficit, therefore there has been an excessive deficit progress in place against us. Figure 1 shows the development of the Hungarian budget deficit measured to the GDP. (Bozsik, 2011) (The horizontal line shows the reference level.)

The level of the Hungarian budget deficit was increasing continuously from the 59% level in 2004 and in 2010 it exceeded 80% of the GDP! The increase of the national debt became dynamic since the beginning of the crisis. This is attributable basically to two things. On the one hand macroeconomic demand dropped significantly due to the crisis thus nominal GDP grew only slightly which was unfavourable for the public debt/GDP quotient. On the other hand the Hungarian government took a €20 billion loan from the IMF, World Bank, and European Union which significantly exceeded its financing needs. It is true that by this move Hungary obtained a sufficient reserve to fulfil its obligations even amid extreme market conditions. Because of the high national debt the repayment of interest became one of the largest items of expenditure of the budget. In 2009 for example it reached HUF1153 billion, which was
4% of the GDP! What is more, since the national debt of Hungary is based on foreign currencies the changes in the exchange rate have a serious influencing effect. Figure 2 shows the development of the Hungarian national debt in relation to the GDP since our accession to the EU. (The horizontal line indicates the Maastricht reference level (60%) here as well.)

Fig 1. The development of the Hungarian budget deficit in ratio to the GDP %

![Graph showing the development of the Hungarian budget deficit in ratio to the GDP from 2004 to 2011.](source: Created by author based on Eurostat (2011) data)

Fig 2. The development of Hungarian national debt in relation to GDP %

![Graph showing the development of Hungarian national debt in relation to GDP from 2004 to 2011.](source: Created by author based on Eurostat (2011) data)

One of the important elements of the convergence programme based on the Széll Kálmán Plan is the stable and steady decrease of the national debt. The major part of the revenue from the pension reform is spent on the reduction of the national debt. Concerning the medium-term budgetary objective the Hungarian government aims to achieve a 64% level in relation to the GDP by 2015. In 2012 September the national dept was 77.7% in Hungary.
Since 2000 the Netherlands, Finland, and Germany have produced most often the lowest inflation rates. Between 2000 and 2007 the reference rate varied between 0.8% and 1.9% but in 2008 it rose to 2.6% and it 2009 it fell to -1% (because prices decreased in Spain, Portugal, and Ireland). Therefore the maximum 1.5% difference from this value was an extremely great challenge for Hungary. Hungary has never been able to fulfill the inflation criteria since its accession to the EU, what is more the Hungarian inflation values moved in a significantly more uneven manner than the Maastricht reference rates. Until 2006 the rate of economic growth was explicitly high in Hungary and the inflation trends were also favourable. After that, however, the substantial increase of the energy- and food prices in the world market played an important role in increasing inflation in Hungary. From the end of 2007 factors that moderated price increase came into prominence. It was facilitated by the fact that the country got onto the growth path designated in the convergence programme. The economic recession caused by the 2008 crisis resulted in the decrease of the price level but in respect of inflation we have not been able to reach the reference level. Inflation was very high in 2009 (5.6%). It is noteworthy because the economic recession was a great deal higher than the EU average, thus the demand effects should have pushed prices down to the greatest extent in Hungary. The reason for this enduring high level price index is that the tax rate was increased in the past years (regarding primarily VAT). During this period the exchange rate of HUF did not change significantly thus did not affect inflation seriously. Figure 3 shows the development of inflation in Hungary.

Fig. 3.

The development of the Hungarian inflation performance since the EU accession

![Figure 3](image)

Source: Created by author based on Eurostat (2011) data

The central bank’s inflation target in the medium-term is 3%. In the 2011-2015 convergence program the government also counted with a 3% inflation. Hungary could not reach the Maastricht reference level in the case of the long-term interest rates either. Interest rates are influenced by the inflation and also by how the state of a given economy is judged by the markets. Long-term interest rates have been quite volatile in the past seven years. Figure 4 shows the hectic changes in the Hungarian exchange
rates. It is clearly visible that in the rising interest rates the market seriously calculated the price of the Hungarian market risks at the beginning of the crisis.

The development of the long-term Hungarian interest rate in relation to the Maastricht criteria

Source: Created by author based on Eurostat (2011) data

Maastricht convergence criteria

The comprehensive Table 1 shows the development of the Maastricht criteria in Hungary since 2004. It can be stated that Hungary has not showed convergence since the EMU accession and its EU membership. In respect of the national debt it even moved away significantly from the 60% Maastricht reference level.

Table 1

<table>
<thead>
<tr>
<th>criteria</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>deficit/GDP (%)</td>
<td>-6.4</td>
<td>-7.9</td>
<td>-9.3</td>
<td>-5.0</td>
<td>-3.7</td>
<td>-4.5</td>
<td>-4.2</td>
<td>-3.2</td>
</tr>
<tr>
<td>national debt/GDP (%)</td>
<td>59.1</td>
<td>61.8</td>
<td>65.7</td>
<td>66.1</td>
<td>72.3</td>
<td>78.4</td>
<td>80.2</td>
<td>80.6</td>
</tr>
<tr>
<td>inflation (%)</td>
<td>6.8</td>
<td>3.5</td>
<td>4.0</td>
<td>7.9</td>
<td>6.0</td>
<td>4.0</td>
<td>4.7</td>
<td>3.9</td>
</tr>
<tr>
<td>interest rate (%)</td>
<td>8.2</td>
<td>6.6</td>
<td>7.1</td>
<td>6.7</td>
<td>8.2</td>
<td>9.1</td>
<td>7.3</td>
<td>7.6</td>
</tr>
</tbody>
</table>

Source: Eurostat 2011

Thus in the present situation it very much seems – contrary to the previous more optimistic ideas – the introduction of the euro will be postponed considerably, which can be further delayed by the uncertain effects of the current crisis. Furthermore, the Euro Zone is currently fighting for its own existence.

Exchange rate fluctuation

Together with its EU membership Hungary accepted the obligation that it would strive to join ERM-2 exchange rate mechanism when shaping its exchange rate policy. Selecting the exchange rate is the common responsibility of the government and the Monetary Council of the National Bank of Hungary. However, the national bank is solely responsible for controlling the exchange rate. At the time of our EU accession
formally the +15% exchange rate system was applied with a HUF 282.36 medium rate, which is in compliance with the ERM-2 mechanism. Although this 30% interval (between HUF240 and HUF325) provided a broad scope for action for exchange rate fluctuations but it also carried its dangers. On the one hand since Hungary is a small and open economy this exchange rate interval allowed the risk of serious speculation and on the other hand it also hindered the National Bank of Hungary in achieving its inflation targets. Considering all this and in compliance with the decision of the government and the Monetary Council Hungary switched over to the independent floating of the Forint on 25 February, 2008. This decision created the total financial independence of the monetary policy thus the central bank could focus solely on inflation when deciding on its monetary policy. Since our accession the HUF/Euro exchange rate fluctuated between HUF265 and HUF290 with the exception of some short periods. (Figure 5)

![Graph of HUF/Euro exchange rate](image)

**Fig. 5. The development of the HUF/Euro exchange rate between 2001 and 2010**

Source: Created by author based on KSH 2011 data

**The development of the closing-up of the real economy**

Convergence or catching up in a narrow sense means that the real economy performance of less developed countries get closer to that of the more developed member states. The most often used index number to measure the performance of the real economy is the GDP per capita in purchasing power parity. Hungary's real convergence to the EU27 average made very little headway during the first eight years after our EU accession. Considering GDP per capita in 2004 Hungary stood at 63% of the EU average and by 2011 this figure rose only to 66%. In 2004 the GDP measured at purchasing power parity (PPP) per capita was 13 600 Euro/capita which rose to 16 500 Euro/capita by 2011. Hungary's economy was very sensitively affected by the crisis. The first three years after the accession showed a 4-5% growth and after a two-year stagnation the economy fell back by 6.8% in 2009. In 2010 and 2011 there was a slight increase again. The comprehensive Table 2 shows the development of the main macroeconomic indicators since the EU-accession.
Table 2

The main macroeconomic indicators of Hungary

<table>
<thead>
<tr>
<th>Indicator</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP (in million PPS at current price)</td>
<td>137812</td>
<td>143331</td>
<td>150045</td>
<td>154517</td>
<td>160349</td>
<td>152259</td>
<td>158080</td>
<td>164905</td>
</tr>
<tr>
<td>GDP/capita (PPP in Euro at current price)</td>
<td>13600</td>
<td>14200</td>
<td>14900</td>
<td>15400</td>
<td>16000</td>
<td>15200</td>
<td>15800</td>
<td>16500</td>
</tr>
<tr>
<td>Economic growth (%)</td>
<td>4,9</td>
<td>4,0</td>
<td>3,9</td>
<td>0,1</td>
<td>0,9</td>
<td>-6,8</td>
<td>1,3</td>
<td>1,7</td>
</tr>
<tr>
<td>Unemployment rate (%)</td>
<td>6,1</td>
<td>7,2</td>
<td>7,5</td>
<td>7,4</td>
<td>7,8</td>
<td>10,0</td>
<td>11,2</td>
<td>10,9</td>
</tr>
<tr>
<td>Employment rate (%)</td>
<td>56,8</td>
<td>56,9</td>
<td>57,3</td>
<td>57,3</td>
<td>56,7</td>
<td>55,4</td>
<td>55,4</td>
<td>55,8</td>
</tr>
<tr>
<td>Current balance of payments (GDP %)</td>
<td>-8,3</td>
<td>-7,2</td>
<td>-7,4</td>
<td>-7,3</td>
<td>-7,3</td>
<td>-0,1</td>
<td>1,2</td>
<td>1,4</td>
</tr>
</tbody>
</table>

Source: Eurostat 2012

The table reveals that compared to 2004 there was improvement regarding only one indicator. The -8,3% deficit of the balance of payments in 2004 totally disappeared by 2010, what is more the account balance was positive in 2011.

The state of labour mobility

The flexibility of factor markets plays an important role in fending off asymmetric shocks. The flexibility of capital markets is given due to the nature of capital, what is more the Hungarian economy has by now integrated into global capital markets. Furthermore, in order to fulfil EU requirements – apart from temporary restriction on land purchase – Hungary has implemented a total capital market liberalisation. In connection with the international integration of the labour market we have to mention labour market flexibility. The mobility of the Hungarian work force – comparing it to Europe – is average. The net migration rate was 16 migrants/1000 population in 2009. (Pula, 2005) International observations strongly question the cardinal importance of labour mobility (or its positive effects!) concerning the adjustment to asymmetric shock.

The Hungarian labour market is flexible in European Union respects. Basically it is characterised by a high degree of wage adjustment. The costs of hiring and firing workers are fairly low in Hungary that is the protection of employees is low. Employees are moderately organised and trade unions are weak. Only about 20% of all people employed in Hungary are members of a trade union, while this figure is 50% in the EU! These factors enable employers to adjust wages to company revenues in unfavourable circumstances. Labour market processes were unfavourable. Since the EU accession until 2008 the unemployment rate was between 6-8%. However, due to the crisis it rose above 11% by 2010. The truly unfavourable fact is that Hungary had the lowest employment rate in the EU in 2011 (55,8%).
The Area of Trade and Services

Hungary has an open economy, the rate of foreign trade compared to the performance of the economy is very high. Owing to this fact the export is a determining factor in the growth of the economy.

The development of the foreign trade of Hungary since the EU accession

In Hungary 80% of the GDP is given by the commodity and service export. There is a similarly high value in import. The situation in the Hungarian foreign trade has been favourable since 2004. The value of export grew by 65% between 2004 and 2011. Export reached €80 billion 70% of which was realised on EU markets. Import also started to grow dynamically after the accession. The welcome fact is that the value of Hungarian export surpassed that of import since 2011 and the balance of foreign trade has been outstandingly favourable for the past few years both in EU and regional comparison. In 2011 the balance of payments showed a 1.4% positive balance. However, the Hungarian foreign trade greatly depends on market demands – especially on German demands. That is precisely why one must be very careful about predictions on the sensitive European economic crisis situation. Figure 6 clearly shows that there is a strong connection between our total foreign trade and our EU foreign trade trends.

![The development of the Hungarian foreign trade (in euro)](image)

Source: Bozsik 2011

Within the total foreign trade the ratio of the domestic trade with the European Union is very high permanently considering both the export (78%) and import (69%). It is shown by Table 3.

<table>
<thead>
<tr>
<th>Indicator</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>EU export/total export</td>
<td>79</td>
<td>76</td>
<td>79</td>
<td>78</td>
<td>78</td>
<td>79</td>
<td>77</td>
</tr>
<tr>
<td>EU import/total import</td>
<td>71</td>
<td>68</td>
<td>71</td>
<td>70</td>
<td>68</td>
<td>69</td>
<td>68</td>
</tr>
</tbody>
</table>

Source: Bozsik 2011
Considering the foreign trade with the European Union the ratio of trade within the sector has increased since 2000 and the inter-company connections have also developed. Our export, furthermore, is characterised by a high degree of specialisation and high technology level. High technology level processes are less prone to markets shocks of different origin. The high rate of trade within the industrial sector facilitates the harmonisation of business cycles since the effects of supply or demand shocks connected to the sector will presumably be symmetrical among the member states.

Fig. 7.

The development of the Hungarian foreign trade (in euro)

Source: Bozsik 2011

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Table 4

The development of the Hungarian foreign trade with the European Union (%)

<table>
<thead>
<tr>
<th>Indicator</th>
<th>2004</th>
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<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
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<tr>
<td>EU export/total export</td>
<td>79</td>
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<td>78</td>
<td>79</td>
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</tr>
<tr>
<td>EU import/total import</td>
<td>71</td>
<td>68</td>
<td>71</td>
<td>70</td>
<td>68</td>
<td>69</td>
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References

After empirical time series analysis, it can be stated that:

1. Hungary has never been able to accomplish, since its accession to the EU, the Maastricht criteria on the 3% deficit.
2. The increase of the national debt became dynamic since the beginning of the crisis and it exceeded 80% of the GDP in 2010.
3. Hungary has never been able to fulfil the inflation criteria since its accession to the EU, what is more the Hungarian inflation values moved in a significantly more uneven manner than the Maastricht reference rates. The reason for this enduring high level price index is that the tax rate was increased in the past years (regarding primarily VAT).
4. Hungary could not reach the Maastricht reference level in the case of the long-term interest rates either.
5. Hungary switched over to the independent floating of the Forint on 25 February, 2008. This decision created the total financial independence of the monetary policy thus the central bank could focus solely on inflation when deciding on its monetary policy.
6. Hungary’s real convergence to the EU27 average made very little headway during the first eight years after our EU accession. (From 63% (in 2004) to 66% (2011).)
7. The mobility of the Hungarian work force – comparing it to Europe – is average. The Hungarian labour market is flexible in European Union respects. Basically it is characterised by a high degree of wage adjustment.
8. Hungary has an open economy, the rate of foreign trade compared to the performance of the economy is very high. Owing to this fact the export is a determining factor in the growth of the Hungarian economy.
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UDC 811.111 = 26

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Volyn Institute for Economics & Management

RELATING TO METHODS OF EXTRA-CONTEXTUAL GRAMMAR INFORMATION IDENTIFICATION IN ENGLISH VERB TENSES TRANSLATION OF ECONOMIC TEXTS

В статье представлено мнение автора о роли и месте внеконтекстной грамматической информации в граматико-лексических превращениях в переводе, отдельные приемы ее выявления в узком контексте, в частности, в процессе анализа категории времени английского глагола.

Author’s outlook upon the role and place of the extra-lingual Grammar Information within translational Lexico-Grammatical transformations as well as some
methods of its identification in the narrow context has been presented in the paper. The point particularly concerns English Verb Tense category.

**Key Terms:** Grammar Information; Contextual and Extra-Contextual Grammar Information; Pre-Translational Grammar Analysis; narrow context; Cognitive, Semantic, Communicative Translation Levels.

**Problem setting up.** Ukraine has been enduring the interest rise as to the translator’ profession. The reason for it is obvious – a new country status, as that of independent state, which had maintained diplomatic relations and developed cooperation with lots of significant foreign partners.

Our state has always been conscious of translation significance for the local cultural advance in particular. Although translator/interpreter profession had been installed in the USSR more than 50 years ago, it has now been getting through certain problems due to the lack of future specialists’ modern training methods.

At that, valuable methodical experience, accumulated in such translation science educatory centers as Kyiv, Kharkiv, Lviv, Dnipropetrovs’k, Crimean, Zaporizhzhia national universities, Kyiv Linguistic University etc., has regretfully been distributing at best just among their own faculty colleagues.

The attempts of bringing colleagues of the Kyiv Taras Shevchenko National University, who pioneered in this speciality training in Ukraine, round to idea of becoming coordinator and basic methodic center, wherein periphery educational institutions’ teachers could master their methods of teaching students, have failed by now. Instead, some noble scholars of this distinguished high school have been repeatedly complaining of the decay of training qualified translators/interpreters in Ukraine(2).

That’s why, regional educational institutions’ overwhelming number, training translators/interpreters, have been left to their own resources and are obliged to teach students mainly literary translation aspect, which has been substantially described in methodical works, instead of training them in methods and techniques of translating economical, business, informational etc. texts, minding Grammar, Lexical and Stylistic difficulties along with developing students’ scientific research activities.

Throughout certain period the Volyn Institute for Economics & Management Philology Department faculty has been dealing with training translators. For all that, teaching students Grammar aspects of translation has made but a serious problem resulting from their unformed skills of analyzing Tense forms’ situation or a sentence Grammar, verbs’ Semantics, narrow-context situation or inability to search extra-contextual information.

As a result, the students have been rather slow in acquiring the analysis skills; they translate author’s text and mind inadequately, thereby causing inaccuracy, a sort
of “lack-of-translatability” in translation.

**Paper Objectives.** This paper is objected to exposing certain personal techniques of training students while pre-translation analysis of Grammar aspects, dealing with the Verb tenses category in the economic texts. Multiple translation approach can’t be estimated here as one containing all possible information one may acquire while the analysis.

**Presenting basic material.** Grammar forms’ cognitive sense has been known to be incapable for revealing true phrase sense without expressive-effectual aspect analysis as well as connotation information, to be transmitted by means of these forms. In his work “Structure and Content of Training Translators at a Lingual Higher School” L.Latyshev writes the following:

“One should keep in mind that translation, ordinarily, is accompanied with content componential and sometimes even sense nuances losses. As a rule, these losses are miserable. A translator intends to avoid substantial losses, but sometimes fails to do it (though not so frequently). But a different thing may occur: invisible translation losses may have been taken for unsubstantial ones. Even qualified translators can’t be able to predict all potential communicative demands, which future text commentator may apply to.

Usually, a translator would account on average (“normal”) commentator level, but sometimes it happens that translation user looks for something very special, the only one he’d like to find out in the context, and it’s the very particular thing he requires; this “the very” transfers from the SL text into translation and looks as a miserable (or complete, regular, standard) translation loss.(1, p.6-7)

Similar idea seems to have reason, since a translator should long for uncovering a phrase, a sentence or a text true sense, providing for the detailed contextual analysis, containing, besides, almost every time an extra-contextual information, which can be significant in sense and forms, hidden away from the translator’s direct eye and whence it is rarely analyzed.

The Verb has always been the most capacious Grammar category. Verb’s semantic and stylistic capacity has been specified, to great extend, in the organic interaction and reciprocity of tense and voice categories, characterizing its entire system in general. An appropriate outcome of these lingual facts results lies in wide opportunities of the Verb forms’ functional transpositions, along with their metaphoric usage, minding artistic-figurative purposes.

Verb forms’ stylistic functions are mostly uncovered within the context as well as in syntactical interconnection between the forms and Grammar categories.

In our view, particular significance should also be attached to translation levels (cognitive-semantic-communicative), which are capable of uncovering connotation

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10 Lack-of-translatability – “недоперекладність”(авт..)
information, inserted into corresponding part of speech’ Grammar categories, moods and voices more completely.

Thus, within pre-translation analysis procedure a translator deals with two kinds of Grammar information – the one which can be identified throughout superficial analysis (morphological analysis of a sentence mainly) and the tense related analysis uncovering reasons why this or that tense is used.

The second kind of analysis is likely to possess specific interest should we manage to find out proper sense information, hidden under a simple, continuous or perfect Verb tenses’ surface.

Any tense form has been known to be used in some definite cases. Can’t any significant translator’s cognitive data be covered beneath the case of tense usage? The people never use tenses for no reason, but do it subconsciously. The phrase “I live in Kyiv” may mean various things: - “Я з Києва.”; “Я живу в Києві постійно.”; “Зараз я живу в Києві.” etc. Similar details may attach certain definition to the sentence, should we account indicators’ absence and the fact of an action in its context. In case the phrase means to state that the person would like to stress out the fact of action, the sentence should be realized like: - “Фактом є те, що я живу в Києві.” Thus we affirm that hidden information can possess lexical meaning should be embodied into the transformation of Addition.

Let us name correspondingly both kinds of information – Contextual Grammar Information and Extra-Contextual Grammar Information. Contextual one includes Verb categories data (tense, gender, number etc.) Extra-lingual one requires comprehension of the case of tense usage in a sentence itself, that is, understanding of why the tense is used and the character of the action (What kind of action can be meant as indefinite, continuous or perfect?), particularly in cases when the sentence is deprived of any indicator.

Let’s suggest the simplest example:

1. My dad leaves tomorrow morning.
2. My dad is leaving tomorrow morning.

Both sentences’ translation like - Батько йде завтра вранці. – contains but a part of information, which students accept graphically, without tense-aspect form analysis. What else hasn’t been accounted in similar way of translation?

Both sentences express this or that kind of futurity, whence translation of the verb – leaves- just by Ukrainian Present Tense (-йде-) is somewhat irreciprocal, whereas the first sentence contains a planned action, while the second – just an intension to fulfill it. Thus, translation version like - Батько йде/поїде завтра вранці. – includes just a generalized information with no intention (desire, wish etc.) exposing or scheduling to move somewhere.

That is, transference of a sentence exact meaning from extra-contextual point of view should include inserting certain additions into the translation variant, like - точно, за планом, згідно взятим на себе зобов’язань, повинен, мусить etc. All
these won’t comprise obligation itself, to be transferred by Modal Verbs, for instance, but emphatic exactness relating to accepted decision. That’s why an adequate version of a sentence - My father leaves tomorrow morning. - should be comprehended as follows: - Батько завтра вранці точно(неодмінно) йде/поїде.

Relating to the second sentence rendering – a translator should apply for the intention, desire or wish to accomplish the action, so he may turn to the additions like - збирається, планує, має намір, хоче etc.

So, in our view, this sentence can be rendered into Ukrainian like - Батько збирається/хоче іхати/поїхати завтра вранці.

Neglecting classical Verb tenses norms is often common for American business correspondence and economic texts’ translation.

For example:

The National Association of School Superintendents is holding its national convention in Atlantic City in August.

Suggested translation variant:

В серпні у м. Атлантік Сіті відбудеться з’їзд Національної Асоціації керівників навчальних закладів.

Take a note, that translation version doesn’t consider intention (as Present Continuous should mean for the future action) but a planned action instead. So, this variant of translation into Ukrainian can be estimated as partial, incomplete one. Vice-versa, complete translation should preferably include a wish, desire or intention to do an action.

В серпні в м. Атлантік Сіті планується проведення з’їзду Національної Асоціації керівників навчальних закладів.

One more example:

They are opening a new hotel and have asked us to submit quotations for furniture and equipment in accordance with the attached list.

Full sense translation:

Вони збираються/планують відкрити новий готель і звернулися до нас з проханням надіслати розцінки на меблі та обладнання відповідно переліку у додатку.

Thus, Grammar information of both types should preferably be accounted in TL translation at any rate, as one, which considers interlingual Grammar differences more completely.

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IMPROVEMENTS IN CLASSIFICATION METHODS OF ACCOUNTING EXPENSES AND CALCULATING PRIME COST IN INPUTS MANAGEMENT SYSTEM

Problem setting up. Market relations development results in demands increase to effective inputs management at the enterprises, wherein prime cost makes a basis of calculation. Accordingly, making managerial solutions effective will result in improving methods of expenses calculating and calculating production prime cost. It's for the selection of expenses and prime cost calculating method, combined with planning and analysis, that achieving tactics and strategy purposes of the enterprise activities becomes possible.
Latest researches’ analysis. Throughout lots of years improvements in the classification of expenses and prime cost calculating have been within the research focus. A number of home and foreign scientists contributed substantially into this problem research: M.Bilukha, F.Butynets’, S.Holov, K.Drury, A.Kuzminskiy, P.Couper, V.Ivashkevych, L.Napadovs'ka, V.Sokolov, V.Sopko, M.Chumachenko.

The subject of the paper is solving the problem of the enterprises’ expenses managing effectiveness by means of improvement in the classification of expenses and prime cost calculating methods in market conditions as well as uncovering peculiarities of their practical application in farming.

Presenting basic material. Today scientists haven’t been unanimous relating classification of expenses and prime cost calculating methods, wherein they apply for different criteria. On P. Bezrukikh and A.Kashayeva’ point, two separate directions in forming methods of expenses and prime cost calculating in market conditions should be allocated:

- productive expenses and prime costs calculating should correspond demands of prime costs’ managing;
- expenses control should be realized not at the end but in production procedure course[1. p.110].

Professor A.Yaruho [2, p.120] suggests to classify expenses calculating modern systems according to: a) expenses norming degree; b) completeness of expenses’ exposing. According to expenses norming the systems can be subdivided into factual, noted (normal, granted, stable) and normative (standard) ones. According to expenses exposing completeness the systems can be: complete ones (when all expenses are noted) and partial (when just a part of expenses is noted).

O.Korolyova suggests considering three classification signs: calculation periodicity; expenses control operability; complicity of including expenses into production prime costs. Wherein, the said classification signs are estimated independently of each other [3, p.16] M.Vrublevskyi suggests the following: normative way; summarizing production expenses way; way of by-production expenses exclusion from total production expenses amount; proportional production expenses distribution way; way of direct calculation; calculation combined way.

I.Basmanov, in his turn, substantiates using both methods of expenses calculation: standard and non-standard. In standard accounting turns into means of production expenses control, while in non-standard one – it only fixes up last events and facts. In both cases the accounting objectives remain the same.[5. p.65]

T.Karpova points out thee methods of accounting and calculating production prime cost: standard costing, process costing and job order costing [6. p.191]. The same view belongs to Y.Tsal-Tsalko, who stresses that four methods of expenses’ analytical formation according to the calculation objectives have been met within economic entity managerial activities more frequently: job order costing, standard costing and process costing (regular one) [7. p.259]. Though, similar classification, in
our view, is far from perfection, since the first calculation methods (job order costing, standard costing and process costing) are differentiated in accordance with accounting objects, while the last – in accordance with standards’ using level. We consider that common signs should be taken for classification basis.

Expenses calculation methods classification, suggested by Y.Hilde, is also worth of paying attention to:

1) methods where existing expenses norms (job order costing, regulatory costing) aren’t used in accounting;

2) methods, under which expenses are divided into expenses within the norms and abnormal ones: job order costing- normative and regulatory-normative costing[8].

L.Napadovs’ka says that expenses grouping according to the objects of their calculation(job order, regulatory) can be estimated as a way of breaking expenses between production objects, but not as a method of expenses investigation[9, p.156].

Hence we could suggest that normative accounting can be used in both regulatory and job order prime cost calculating. We back the I.Basmanov’ idea, who said that conception grouping in accordance with their general signs should make the basis of any scientific classification.

In one case, the basis of acting classification is focused at the object of production expenses calculating (regulatory or job order), while in the other one – expenses calculating method, the way of their cognition. The attempts to classify accounting methods just according to their objects lead first to the classification of expenses calculation objects, but not to the methods of expenses cognition according to these objects, and secondly, to denying normative method, since no new expenses calculation objects are being created, because the orders and norms remain the same [10, p.65].

Depending on complicity of coverage the production expenses with accounting we single out complete prime cost, including constant or changeable components and incomplete one – calculation is being executed just on the basis of changeable expenses. And depending on prime cost accounting and control efficiency, actual expenses, used for cost information reporting and normative prime costing which proceeds doing normative, planned calculation, are defined.

One should note that all methods - process cost accounting system, job order and normative are based on the ground of complete allocation and reckoning towards overhead production expenses prime costing. This approach is called full absorption costing.

Full-Absorption costing is a calculating method which provides for including all (changeable and constant) production expenses into the prime cost.

In this connection we should note M.Chumachenko’ idea that all calculation systems and methods inherit limitedness, inconsistency and terminology messing. He says that one shouldn’t identify regulatory, process-costing and normative with expenses’ complete allocation, since these methods can be used in expenses
incomplete allocation conditions either. Secondly, expenses full calculation method concerns just production expenses, but not all kinds of expenses. Thirdly, calculating on the activities ground characterizes just a certain approach to expenses full allocation [12, p.5].

On the basis of literature studied and investigations conducted, we do suggest executing expenses calculating classification as an integrated accounting procedure, wherein production peculiarities, character, place and composition should be centered:

- according to expenses calculating and control efficiency;
- according to the fullness of expenses coverage;
- according to accounting objects.

Thus, we suggest the following classification of prime cost expenses accounting (diagram 1):

1. In accordance with accounting efficiency and expenses calculation:
   - normative method;
   - factual method.

2. In accordance with fullness of expenses including into production prime cost:
   - standard cost;
   - direct cost.

3. In accordance with expenses accounting object:
   - process-normative;
   - process-actual;
   - order-normative;
   - order-actual;
   - process "standard cost";
   - process "direct cost";
   - order "standard cost";
   - order "direct cost".

**Conclusions.** Thus, the investigation realized enables us to arrive at the following conclusions: Suggested expenses accounting and production prime cost calculation methods classification can provide for agricultural enterprises to concretize accounting objects and optimize expenses range to work out organizational model of expenses control. These methods are flexible and simple in using and can provide for necessary information and enable to take efficient and strategic managerial decisions. Methods of accounting expenses for production along with the methods of prime cost calculation are directed to different goals achievement, which proves their originality and necessity of existence of every one of them at the agricultural enterprises for making expenses calculation system effective one. Any of them has its advantages and shortcomings. While practice, one should account agricultural production organizational-technological processes as well as the type of management. In this case one should run a level of their negative sides and
apply for the positive ones effectively, which will help realize advantages inserted. So, the expenses and prime cost calculation methods classification suggested for the agricultural enterprises may become an effective instrument for expenses management and business processes support.

Scheme 1. Classification of Expenses and Prime Cost Production Calculation Accounting Methods

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INTER-ORGANIZATIONAL INTERACTION AS A MARKETING STRATEGY FOR THE DEVELOPMENT OF THE HANDICRAFTS SECTOR

Abstract. A revival of handicraft culture may be observed in Lithuania. In a modern society handicrafts are thought to be a part of leisure time, a hobby instead of a necessity as earlier. However, the craftsmen are beginning to combine the results of creative inspiration with economical benefit – the possibility to sell their creations. Assuming that the primary motive of handicraft lovers is the materialization of creativity, masters mostly concentrate to creative-productive process and do not give significant attention to the development of activity. The craftsmen often do not know how marketing decisions and collaboration with other organizations functioning in the same sector could change the business possibilities. Masters obtain materials and spread their creations rather primitively. Due to this reason the organizational interaction – benefit trades between material providers, creators and creation sellers is becoming especially relevant.

The article presents an empirical research made. The results of this research show that without taking care of the efficiency of organizational interaction and joint marketing decisions, organizations reach lesser economical benefit. According to the results of theoretical analysis and empirical research, a model of inter-organizational collaboration enabling the motivating the balanced development of handicraft sector is proposed.

Keywords: handicraft marketing, inter-organizational partnership, model of inter-organizational interaction, Lithuania
Introduction

A revival of handicraft culture is observed in Lithuania. Despite the fact that handicrafts are thought to be a part of leisure time, a hobby instead of a necessity, the craftsmen are increasingly often combining the results of creative inspiration with economical benefit. When attempting to sell their creations, the craftsmen do it rather primitively. The masters bring their creations to specialized souvenir shops or sell their handicrafts in the interned, communicating with potential customers with the help of social networks. The masters not only do no use the possibilities marketing provides, but often have no knowledge on their existence at all. The primary motive of craftsmen is the materialization of personal creativity. Due to this reason masters mostly emphasize the creative-productive process and do not give significant attention for activity development. So, an issue requiring theoretical insights and practical solutions – the realization of handicraft sector development – characterizes itself as with an undoubted relevance. In addition, the organizational interaction in handicraft sector (the benefit trades between handicraft material providers, creators and sellers) also becomes very important.

An attention has to be given to the fact that the problematic of organizational activity in handicraft sector is poorly studied not only in Lithuania, but also abroad. From Lithuanian authors, the articles of Aleksandravičius and Klupšas (2009), Ramanauskienė and Vagonis (2010), Atkočiūnaitė et al. (2008), Ramanauskienė et al. (2008) may be mentioned as those speaking about the organizational interaction between rural tourism and crafts organizations. However, particularly the activity and relations with material providers and handicraft sellers of handicraft sector organizations and individual handicraft manufacturers have not yet been studied. The abroad authors worth mentioning are Kreidi (2006), Rothgang, Trettin (2003), Suzuki (2005), Lebendiker (2011). Their works are especially valuable; however, having cultural differences in mind, the recommendations in separate countries may not be transferred directly.

The goal of the article is to present a research made, that proves the necessity of inter-organizational interaction and marketing decisions for a harmonious development of handicraft sector.

The first two parts of the article reviews the scientific literature that examines the content of organizational interaction forms, problems with inter-organizational interaction and the meaning of organizational interaction for marketing efficiency. In the third part, the results of a survey made between the leaders of handicraft sector organizations are presented. The leader opinion analysis allowed to highlight the common characteristics of handicraft sector inter-organizational interaction and to form argued conclusions and recommendations that would create the theoretical presumptions for the development of handicraft sector in Lithuania.
1. Outlines of inter-organizational collaboration efficiency

An adequate comprehension of organizational interaction content is required to ensure an efficient interaction between organizations. Speaking about horizontal inter-organizational interaction, six basic forms may be pointed out: coopetition, networks, cooperation, partnership, alliance and integrated collaboration (Raisiene, 2009).

Coopetition (a derivative term formed from two words: competition and collaboration) is characterized as a beneficial mutual dependence and joint membership that motivates organizations to unite with each other to create and maintain a unified structure, when all the interacting sides take the responsibility as members of a bigger social subject (Astley, Fombrun, 1983). This kind of interaction motivates organizations to create progress and develop (Bengtsson, Kock, 1999). Coopetition does also provide a possibility to create and control relations by forming presumptions to gain access to beneficial resources controlled by other organizations and in that way gain an advantage against third-party organizations (Yami et al., 2010).

Organizational networks are certain relation structures that include the participants with in different volume and intensity. Such structures may be sectorial, intersectorial, inter-governmental. They are created to solve particular problems and lately – to implement policies (McGuire, Silvia, 2009). The main goal of organizational network is to exchange mutually beneficial and important information (Mandell, 2001).

Cooperation is a union of organizations when the exchange between the interacting organizations are permanent and include social, informational, juridical and economical resources, and organizations’ goals are partly united. Although cooperation is associated with development, most often it only gives access to resources: expertise and market knowledge. Due to a reason that organizations exchange basic expertise, cooperation enables them to save money and resources when creating new products (Bengtsson, Kock, 1999). The bigger the volume of cooperation (the more interacting sides are involved) is, the more goods are created and the wider the influence of joint work for the welfare of society is (Vigoda, Gilboa, 2002).

Partnership is defined as a form of organizational interaction designated to implement social, economical and political programs or solve problems (Raisiene, 2009). The partners commit to share resources, expertise and risk (Ridley, 2001). Speaking about social partnership, it should be marked that the biggest value is created by a joint activity of organizations functioning in different sectors (Seitanidi et al., 2010). If the market value (competitive advantage) is emphasized when commercial organizations choose partners, the non-profit organizations put stress on equalization, when neither partner can be changed or eliminated due to its unique position (Samii et al., 2002).
An *Alliance* is an inter-organizational interaction based on joint interests, when a service, product and relation system is created by exchanging ideas, social and economical resources (Raisiene, 2009), giving access to physical and financial resources or receiving support for a status reached from the corresponding institutions (Lin et al., 2009).

*Integrative collaboration* includes a close collaboration of individuals during the process, when a mutual trust exists both personally and in professional area. This form of inter-inter-organizational interaction is designated to reach goals in long-term perspective by being guided by united needs of interacting subjects, exchanging all the inter-organizational resources, specific knowledge, experience, risk, responsibility and pay, in that way creating the effect of synergy (Raisiene, 2009).

Different forms of inter-organizational interaction are characterized by different characteristics. After evaluating the common characteristics of inter-organizational interaction, a prognosis can be made about what results of joint work could be expected in the future (Raisiene, 2009). Knowledge on forms of interaction reveal the possible differences in the goals of interacting sides, level of involvement into joint work and exchanged resources.

The results reached may satisfy, partly satisfy or dissatisfy the subjects of interaction. If the results satisfy organizations, the development of separate organizations may be observed, not only the development of inter-organizational interaction between them. Positive experience is transferred to relations with other organizations; positive attitudes towards collective activity are strengthening amongst organization members. However, partly satisfying or dissatisfying results form negative attitudes towards collective activity amongst organization members. As a result, the development of collaboration culture is slowing down (Raisiene, 2009). It is important to comprehend that nowadays not only individuals, but also organizations are not able to function isolated from others. Due to this reason, relations of one or another nature must connect the organizations. So, when interrelations are being planned (even if it is only an exchange of information), the ability to adequately evaluate joint goals, possibilities and commitments is important.

Too little attention to planning the joint activity of organizations, evaluation of possibilities and coordination of actions creates obstacles for strategic decisions, interrelations, routine operations and agenda, as well as negatively impacts the final results of joint and separate activity of organizations. Poor interaction results are also destined by a lack of experience in implementing the joint inter-organizational activity (Raisiene, 2011). The expectations of interacting organizations may not be satisfied due to the differences between the interacting sides and indetermination of situation (Vlaar et al., 2006; Kelly et al., 2002). Lasker et al. (2001) states, that high competition for resources or clients, the organizations’ or leaders’ resistance to interaction goals and activity may be the factors not allowing to attract and preserve partners. The most important is that the problems caused by dissatisfied expectations of interacting sides
cause the delay of new product development, low volume of sales and unreached scale economy (Chao, 2011).

The evaluation of interaction between craftsmen and handicraft sector organizations could help identifying the existing problems with sector development and preparing to solve them properly.

2. The influence of the marketing on the development of inter-organizational collaboration in handicraft sector

Handicrafts could be called pieces of art. That is why referring marketing principles when speaking about handicraft business and strengthening and development of handicraft sector on the whole is purposeful. Marketing in handicraft business includes the creation of handicrafts and consumer satisfying services related to them, handicraft commercialization and maintaining competitiveness.

Atkočiūnienė et al. (2008) emphasizes poor use of marketing in handicraft business as one of the obstacles for development of handicraft sector. In Lithuania, handicraft marketing is executed without regarding the specific product characteristics and target segments. What is more, there is a lack of knowledge on organizing fairs. Gupta (2012) indicates that craftsmen have little information about the consumer needs. The problems of insufficient marketing use in handicraft sector that are partly caused by ineffective inter-organizational interaction are also noticed. The possibilities for craftsmen to take part in the market are not ensured enough and the efforts of craftsmen and public organizations do not assist with the creation of handicraft marketing strategy (Atkočiūnienė et al. 2008). The current inter-organizational interaction and - most importantly - its results do only partly satisfy the interested actors’ of the handicraft sector. Gupta (2012) suggests educating craftsmen in areas of marketing and business development and collaborating with non-governmental organizations as a solution to this problem. To accomplish this, training for craftsmen in the said areas should be organized and marketing communication should be strengthened (by taking care of elements such as product catalogs, fairs and exhibitions). Ayvari, Jyrama (2007) draws attention to the fact that handicraft production is oriented to customers’ strengthens inter-organizational relations. New ideas and information about the consumer needs are obtained not only from the customers themselves, but from the participants of marketing channels as well. To sum up, the organizations are interested in close interaction to create a product that would have a demand in the market.

Berger et al. (2004) marks that organizational interaction is beneficial for all the participating countries: inter-organizational structure provides non-profit organizations with financial and voluntary help, marketing advices, help in areas of technology and communication. Organizations seeking profit (and the products and services that generate their income) stimulate the entrepreneurship of non-profit organizations and develop their skills of marketing appliance when non-profit
organizations are included into the process of creation and management of the product.

In other words, if marketing tools were used effectively, they would help to improve the results of handicraft organizations' activity, to satisfy the interested actors better and to ensure a harmonious development of the sector.

3. The results of a research on handicraft sector inter-organizational interaction and development

The goal of the research was to evaluate the features of inter-organizational interaction in handicraft sector and to determine the main possibilities and problems of handicraft sector development.

Methods of standardized interview and deep interview with leaders of Lithuanian handicraft sector organizations were used for the research. According to the data of the State Enterprise Center of Registers and Fine Crafts Association of Vilnius, there are 78 organizations functioning in handicraft sector in Lithuania. The majority of them are individual companies.

Leaders of 12 handicraft sector organizations were selected for a standardized interview. The organizations distributed as the following: 2 handicraft production companies, 2 craft supply companies, 2 handcrafters’ associations, 6 handicraft galleries and shops. The essential criterion was the size of the company. The organizations that have two or less employees including the leaders were not selected for the research.

3 organizations participated in the deep interview. Organizations that represent different sectors were chosen. The reason for that was the desire to better understand the needs and provisions of different interested actors from the perspective of joint activity. An important criterion of the selection was the lifetime of the organization. The presumption was that only a lifetime of two or more years could ensure that a permanent interaction with craftsmen and other organizations is formed and maintained. The organizations that participated in the interview were as following: The Fine Crafts Association of Vilnius that promotes the collaboration and reciprocal relations between fine crafts; JSC „Aukso avis” that merchandises the accessories and interior details created by Lithuanian artists (along with handicraft merchandising the organization teaches the old textile crafts); NGO „Mes esame” - information center-store that carries out the realization of production made by Lithuanian organizations of disabled people.

The standardized interview helped to determine the common tendencies of handicraft sector organizations’ development and to identify the existing problems of inter-organizational interaction. The deep interview allowed to better understand and to describe the causes of the problems in detail.

The initial interest of the research was to identify what kind of reciprocal inter-relations of the organizations could be characterized in the handicraft sector. The respondents were asked to mark the most and least common features. The
respondents had to evaluate each feature according to the Likert scale, where 1 point is absolutely uncommon, and 5 points – very common. Despite the fact that the main characteristics of integrative collaboration, partnership and cooperation based on the works of Raisiene (2009), Vlaaro et al. (2006), Kelly et al. (2002), Brutus et al. (1998), Samii et al. (2002), Keast et al. (2007) were given in the questionnaire, the respondents were not told that it is being spoken about particular forms of inter-organizational interaction. The questionnaire also included open questions which were used to determine the problems that occur during interaction between handicraft organizations.

At the start of the research, a presumption was made that cooperation is the most common type of inter-organizational interaction due to nature of their activity. Having analyzed the data of the interview it was discovered that the survey participants marked the characteristics of partnership the most often when describing their organizations’ relations with other organizations. The average of evaluation of the selected characteristics was 4.26 points. That allows making an interim conclusion that leaders of handicraft sector organizations think that their organizations are very closely related to the organizations they have general affairs with when making business of their organizations.

However, a detailed analysis of research data has shown and the results of in-depth interview confirmed that when reciprocal connections between organizations are maintained, no joint goals are set. Moreover, the related organizations are poorly involved into decision making processes. Due to the fact that discussing and purposefully reaching for goals is more common to more integrated forms of inter-organizational interaction, the research results show that there is an existing gap between the leaders’ comprehension and evaluation of inter-organizational relations and the actual realization of inter-organizational interaction. This gap is one of the factors slowing up the development of handicraft sector.

The cooperation is inherent to real inter-organizational relations in handicraft sector in Lithuania. This is shown by the claim of respondents that the most important features of inter-organizational relations are: a continuous maintenance of exchange process (the importance of the feature was evaluated by 4 points), attention given to the work results of represented organization and effective management (4.8 points). Due to the work results of represented organizations and the management in general is attributable to vertical subject interaction, it could be assumed that collaboration is based not on horizontal, but on separately emerged informal vertical (in other words hierarchical) organizational relations in the handicraft sector in Lithuania.

It is important to note that the surveyed handicraft organizations’ leaders evaluate the interaction as very beneficial. The importance of the factor for the development of organization was evaluated with 4.3 points. As stated by the respondents, reciprocal inter-organizational relations enable them to create a more
qualitative product or service and to more effectively reach their consumers. Joint marketing decisions emphasized as very effective in this case also.

The most benefit gained from inter-organizational interaction in handicraft sector was marked by handicraft clubs, associations, and unions. The least benefit was marked by handicraft manufacture companies. However, representatives of manufacture companies indicated that there is a lack of knowledge on potential benefit from inter-organizational interaction. Due to this reason, they could not unambiguously evaluate the benefit of existing relations with other organizations.

The survey results have shown that reciprocal relations and results of joint activity only partly satisfy the organizations. The respondents indicated that different organizations’ goals and interests, important differences of organizations’ experience, size and organizational culture, lack of organizations to interact and the lack of funds and knowledge on the interaction’s possibilities prevent the development of inter-organizational interaction. A mutual interaction that helps to jointly solve commonly existing problems is uncommon for business and non-profit organizations. The business organizations dominate in decision making in all cases. The development of handicraft sector is also slowed down by poor interaction with the society: the handicraft sector manufacturers and distributors do not carry out market researches. Only the handicraft material providers are interested in their clients’ needs. It is totally uncharacteristic for handicraft organizations to unite and to create a common product with joint efforts of different organizations.

The in-depth interview revealed that handicraft organizations have almost no continuous or long-term relations with each other maintained, and the inter-organizational interaction is very fragmented. In addition, reciprocal relations are not considered important by the organizations. Basically, all the effort is put only to ensure close relations with product sellers. Handicraft organizations leaders evaluate the efficiency of inter-organizational interaction exclusively in an economical approach. The benefit of interaction is appreciated through the financial prism only. The activity perspectives and development possibilities are evaluated following short-term profit criteria without evaluating the benefit of growth in a long-term perspective.

During the interview, leaders of handicraft organizations noted that an intense competitive struggle makes organizations to work individually and sometimes to make urgent decisions that later prove to be of low value. Due to a lack of trust and not seeing common goals, private sector organizations establish links with each other more heavily. It is natural, that commercial organizations give more attention to the needs of customers and distributors whereas non-profit organizations seek to satisfy the creators’self-expression and society’s cultural needs. Having formed the key network ties and having identified the uniting goals, benefits would be seen by everyone: the interacting organizations, clients and most importantly – the handicraft creators.
Discussion

The research has shown that inter-organizational interaction in handicraft sector in Lithuania is usually initiated after a particular need was crystallized and includes a narrow area of interest. Long-term goals and benefit in further perspective is practically unplanned.

The most widely spread form of inter-organizational interaction is cooperation. Despite the leaders of handicraft sector organizations thinking they maintain intense reciprocal connections with other organizations, a deeper analysis of research results and the results of interview have shown that there is a gap between the leaders’ comprehension and evaluation of organizational relations and the actual realization of inter-organizational interaction. This gap is one of the factors that slow down the development of handicraft sector.

The gap is also significant when speaking about leaders’ attitude to the benefit of inter-organizational relations and a real establishment and maintenance of these relations. On the one hand, no special effort is given for the development inter-organizational relations because the benefit of inter-organizational interaction is mostly evaluated following short-term economical criteria. However, when speaking theoretically, the respondents evaluate the interaction positively because effective reciprocal relations are said to create a possibility to create a more qualitative product and to reach the consumers more effectively. Unfortunately, a possibility to sell handicrafts in a larger scale and to reach a higher number of customers is lost if handicraft creators do not establish relation networks with handicraft shops. It is also regrettable that there is no attention given to the creation of joint marketing decisions.

The fact that handicraft organizations are not characterized by stable relations with each other is negatively influencing their own development possibilities. Conversely, allied relations with handicraft distributors would enable the exchange of information about handicraft market, would stimulate the realization of more ambitious, more progressed and more effective marketing decisions when managing the trademark, developing marketing communication, setting the price and properly positioning handicrafts.

A model of inter-organizational interaction is proposed to comprehend the reciprocal relations between handicraft sector organizations (Figure 1).

According to this model, an external environment of organizations that has particular influence on the specific organizational environment is being formed based on the public culture. Common and specific environments cause the factors of the internal organizational environment that makes the assumptions to functioning economically and effectively. In consequence of a desire to realize the requests of their stakeholders, various organizations (concerned with handicraft making and distribution) working in the public, non-profit and private sector are interacting. In that way, there are formed assumptions to create mutually beneficial interaction in a long-term period.
The customers and other secondary stakeholders make demands for handicraft artistic performance, location of marketplaces and accessibility of information about products. Due to this reason, the handicraft organizations must manage an adequate quantity of resources to be able to satisfy the market needs. A lack of resources may prevent the organizations that poorly participate in the interaction from reaching their goals. The available resources and presumable benefit influence the extent and intensity of inter-organizational relations and the choice of interaction form (coopetition, networks, cooperation, partnership or integrative collaboration). Finally, the qualified coordination and management of processes is needed. Only effective management conditions desirable results of inter-organizational interaction. Relevant results of inter-organizational interaction create primary stakeholders' perception of positive experience and encourage willingness to pursue collaboration. Additionally, results of inter-organizational activity indirectly shape the secondary stakeholders' needs.

A closer interaction between handicraft sector organizations would ease the search of economically beneficial decisions and would motivate organizations. By combining forces it would be possible to optimize the inter-organizational processes of
management. By applying join marketing strategies, the development of handicraft sector would be more successful and sustainable. It is important because sustainability becomes increasingly integrated in the core business of the companies (Aanstot et al., 2012). Porter and Kramer (2011) emphasize a shift to a creation of shared value (CSV). CSV focuses on creating economic value in a way that it also creates value for society by addressing its needs and challenges. Proposed inter-organizational interaction model allows adjusting of needs of handicraft organizations and society.

References

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DEVELOPMENT OF ANALYTICAL TOOLKIT FOR MANAGEMENT OF LOGISTIC COSTS OF ENTERPRISE

Analytical toolkit of logistics costs management is suggested. Composition indexes are offered for the analytical toolkit of management of logistic costs. The set of methods in the analytical toolkit for the enterprise logistical costs management is generalized. The possibility of combined application of such methods is researched.

Keywords: logistics costs, analytical toolkit, indicators, analytical forms, methods, conditions, compatibility.

Increasing of logistic expenditures is conditioned by in tensifying of competiveness and severe struggle for the market at the home as well as at the international level. It requires regular searching for competitive advantages one of which is the optimization of logistic expenditures. That is why the working-out and
implementation into practice financial and management accounting the methods of information formation concerning the expenditures associated with the activity of an enterprise logistic systems is very important.

The great number of scientific works of the famous scientists in the field of economics is dedicated to the investigation of these problems.

Among the theoretical workings-out one must distinguish the works of such home and foreign scientists as: M. O. Aclander, Y. Ponomaryva, W. Chunrai, I. Johnson, D. Wardlow, F. Butynets, B. Valyyev, L. Napadovska, V. Paliy, B. Anikin. These authors paid much attention to the instruments of formalization and marking decisions in the logistic systems, evaluation of logistic operations effectiveness, determination of the place and role of expenditures in enterprise activity management, ensuring of economic effectiveness of their formation e.t.c.

Along with this the problems of financial and management accounting of logistic systems’ operations and the formation of information for the management require further research.

The aim of the article is to substantiate theoretical approaches, tendencies and conceptions concerning the development of logistic systems for the determination of the essence of financial and management accounting of logistic operations and their subjects and the working-out of recommendations on optimization of information in the system of accounts.

It is determined by the scientists that the crisis state of the most of the home enterprises is connected with the use of traditional methods of management. Such the situation requires the changes in approaches to the expenditure management. The necessity of formation of the contemporary management conception conditions the development of logistics as a brand-new scientific branch.

It is found out that the inadequacy of categorical – conceptual apparatus concerning the logistic expenditures accounting and the absence of the criteria of their identification is still the subject of discussions.

In economic literature the notion “logistics” is considered as the method of organization and management of financial, informational, fiscal flows in the spheres of supply, manufacturing and realization aimed to the achieve the maximum effectiveness of activities. That means that one of the main essential characteristics of “logistics” definition is that the flow is the object of management. In particular, the flow means the volume of resources changing in the result of regularly repeated operations during the process of formation and the use of an enterprise assets [1]. The expenditure, accounting to the accounting standards 16 [2], mean the decreasing of economic profits in the form of assets’ departure and increasing the liability leading to the reducing of property asset. Thus scrutinizing the “expenditures” notion from the point of view of the theory of flows management one should consider them as the alienable ones deviated into expenditures connected with the process of enterprise resources supply; manufacturing of products; investment and sales activities. Thus, it
is reasonable to interpret “logistic expenditures” notion as alienable flows of resources appearing while providing with supply, manufacturing and saling production and conditioning the formation and use of enterprise’s assets.

Generalization conducted have shown that not all the expenditures connected with resources’ flows are logistic, but only those of them appearing as the result of logistic managerial decisions formation.

Logistic managerial decision is chosen from several alternative variants of involving and use of resources for the obtaining concrete logistic effect. Logistic effect is final result of decision realization related to the resources volume, directions, rates, period and place of their formation and use [1]. Because of this the problem of determining the structure of production cost and specific weight of logistic expenditures in it appears.

Taking into account the fact that accounting has the function of providing relevant data on all essential aspects of an enterprise’s economic activities, in general and some certain information connected with the expenditures on logistic operations, the necessity of defining the order of adequate information for identification the expenditures on logistic processes arise. The rise of necessity of adequate information formation is conditioned by the fact the acting systems of logistic expenditure accounting are reckoned among other expenditures, administrative, in particular, making it difficult to analyze them in details, take into account the results and consequences of managerial decisions made, as well as evaluate their influence on the general effectiveness of enterprise’s work.

Taking into account mentioned above logistic expenditures must be classified in such a way: the first characteristic – according with the phases of productive – economic process – that is: expenditures connected with resources supply; expenditures connected with transferring pecuniary flow in the production process; expenditures connected with transferring in the sales process.

In particular, the expenditures on informational processes of supply; expenditures on getting customs clearance of pecuniary supply connected with fulfilling logistic operations; expenditures directly connected with acquiring supply and bring them to the state suitable for the use and fulfilling logistic functions; expenditures on keeping supply; on their becoming obsolete (natural losses, partial and full loss of the products’ consumer value, supply overevaluating); expenditures on supply exhausting – the absence of products’ supply on which the demand exists; expenditures on the fines and other financial payments caused by not following the established parameters of logistic processes (fines on not following terms of delivery, on delivery of the goods of inadequate quality, because of non-fixed-term regulation of obligation); potential revenue lost (price reduction in the case of neglecting the terms of delivery, inadequate quality or assortment) must be referred to the expenditures connected with delivery.
Expenditures on buging semi-finished products and complectation connected with fulfilling logistic operation; those ones on services of the sphere of non-financial production (education, health care and social guardianship) connected with carrying-out logistic functions; expenditures on amortization of purposeful basic funds of industry used in logistic processes; consuming of materials, fuel and energy in logistic processes as well as in transport, storage, manipulations, information, transporting; those ones on maintaining and exploiting equipment connected with carrying and logistic functions; expenditures from defective goods and other productive expenditures connected with carrying-out logistic functions; monetary expenditures on tax payments for real estate, rent payments connected with carrying-out logistic functions, on consuming materials, energy used in informational processes connected with carrying-out logistic functions; on collateral services, informational, telecommunicational (sending and transmission of data) in particular; other expenditures, for instance, rent and leasing payments of informational equipment renting connected with carrying out logistic functions must be referred to the expenditures connected with transporting pecuniary flow in the production process.

Expenditures on packaging materials for packing finished products; those ones on maintaining basis funds and other material non-circulating assets connected with carrying-out logistic functions; expenditures on transporting finished products, transportation-expeditionary services connected with carrying-out logistic functions; expenditures on guarantee maintenance and repairs; fines and other financial payments arising with the logistic processes functioning (fines caused by goods damaging during transporting); monetary expenditures on tax payment (payments on vehicle rent) connected with carrying-out logistic functions; those ones of transport links realization, that is the choice of distribution channels (unpurposeful trips' liquidation); expenditures on mechanization and automation of manipulation and storage processes; expenditures on storage; general use storehouse expenditures in which logistic operations are carried-out must be referred to expenditures connected with transferring in sales process.

The second characteristic of classification - by the places of coming into being - is intended for forecasting and decreasing logistic expenditures and give possibility to increase the responsibility of the supervisors, direct executors according to the results of their work, diminish non-productive expenditures, improve fiscal state of an enterprise.

Classification of expenditures according to the third characteristic into conditionally-constant and conditionally-changeable is the spread instrument of expenditures management in different models of logistic systems. The complete calculation of production cost price and the calculation using the directcosting method principally differ in method of logistic expenditures including, and the approach indicated as in defining of logistic expenditures is characterised by some retrospective relation, which, in its turn, doesn't allow to make decisions efficiently and to calculate
the possible variants of events' development. Thus, there arises the problem of thorough planning, distribution, accounting, control and analysis of logistic expenditures which at the manufacturing enterprises make the largepart in general total combination of expenditures.

Therefore, the classification mentioned above provides the reducing of obvious expenditures making non-obvious expenditures impossible. The introduction of proposed classification of logistic expenditures to the system of fiscal and managerial accounting will favour the substantiation of logistic expenditures' formation and accelerate the revealing of the reserves of their decreasing.

But it must be mentioned that the classification considered can be defined as typical, but not a single one since the distinguishing these or those expenditures of expenditures' groups depend on a rind of logistic system, tasks of management and optimization in the concrete logistic links [3].

As is generally known, it is impossible to create the ideal logistic system for all the enterprises. It will be unique for every enterprise since its aim is to achieve the concrete strategic tasks of an enterprise.

Taking into account the existence of great number of logistic activities' variants and expenditure classification considered above there arises the necessity in defining the objects of accounting and working—out the recommendations on their accumulation in the system of accounts and generalization in accounts.

It must be mentioned that acting nomenclature expenditure bills according to as 16 doesn't correspond to the requirement of logistic operations' accounting. As it was mentioned above in the system of accounting logistic expenditures are included to the other corporative expenses, there arises the need to synthesize additionally such the operations from different informational sources. That is why it is necessary to work—out the methods of logistic expenditures' accounting allowing to classify such the expenses according with the elements of the acting charts of accounts and as.

The research in this field allows to define that the from the point of functioning of the whole logistic system, the generalization in accounting of operations connected with this system should be accomplished accounting to the fields of activities in the context of expenditures' bills.

That is why logistic expenditures must be generalized according to the synthetic accounts on:
- expenditures connected with resources' supply;
- those ones connected with transferring of pecuniary flow in the production process;
- expenses connected with transferring in sales process;
- expenditures connected with logistic administrating (according to the place of appearance).

The research in the field of importation optimization concerning the logistic expenditures' accounting allowed to work—out recommendations on the
improvement of the chart of accounts of business accounting of assets, capital, obligations and economic operations with the aim of effective management of enterprise's logistic activities.

For the improvement of logistic operations’ accounting the creation at the enterprises of the managerial accounting system enabling managers to obtain the information for the logistic expenditures’ analysis and make affective managerial decisions is necessary and efficient. The problem of working – out managerial accounting is connected with methodical base principally differing from the methods and technologies of financial accounting. Every enterprise must create independently such the base and regulate its functioning presupposing these problems in accounting policy [4].

Conclusion. As the result, the research of the system of logistic activities allowed to come to conclusion about the hecessity of classification of logistic expenditures to the needs of financial and managerial accounting in concrete logistic links; make changes in the acting plan of accounting of business accounting concerning accumulating the information on logistic expenditures; detailed elaboration of logistic operations in operative regima in managerial accounting subsystem.

In perspective the working – out of recommendations concerning the formation of report information reffered to logistic operation will be the object of further scientific investigation.

References
PROBLEMS AND PROSPECTS OF TOURIST BUSINESS IN UKRAINE

Tourism as an incentive for country's economic development requires efficient management at the state level. The important principle of regulation is combination of tourist and city-building trends. Such approach is explained by the necessity of locality social, engineering and transport infrastructure further development, increasing natural-recreational and historical-cultural potential of the country while obtaining maximum economic benefits.

The burning problems of tourism in Ukraine are underdeveloped infrastructure, inefficient marketing policy, technological backwardness and low quality of this industry personnel procurement. It is possible to create a favourable environment for tourism activation with the help of city-building processes efficient management.

Such activities as building new tourist objects and reconstruction of the functioning ones, city-building and architecture monuments restoration, complex improvement and development of tourism infrastructure present both social and economic significance. They also belong to the tasks of city-building police realization with the purpose of county's constant development. The article deals with strategic directions of tourism development in Ukraine. Influence of tourist business on economic processes and development of other branches is investigated. The paper proves the necessity of planning tourism and city-building policy simultaneous realization as a tool of provision socioeconomic benefits.

Key-words: tourism, economy development, city-building policy, tourism management.
Problems outline in general and its connection with important scientific and practical tasks. The characteristic feature of the late 20th-early 21st centuries is the fast development of tourism, the most democratic and international sphere of social activity. The impetus was provided at the First International Conference “Tourism as an Influential Power for Peace Preserving” (Vancouver, 1988). It was the first time when there was a call for expanding and advertising tourism as a guarantee of peace and security affecting citizens of different countries, their economy, cultural heritage, traditions, religion and crafts.

Tourist industry gains more and more significance for Ukraine economy and social sphere development; it demonstrates quick integration into the world tourist industry. Tourism development in Ukraine influences to a great extent such economic sectors as transport, trade, communications, building, agriculture and consumer goods production. It is one of the most promising vectors of economy structural transformation. The important factor of tourist industry development is natural-recreational and historic-cultural potential of the country which in its turn reveals direct dependence on the level of city-building processes management.


Goal statement. The aim of this paper is to investigate the problems of tourism development in Ukraine and the ways of their solution by enforcement of state regulation of such branch and activation of tourism and city-building policy simultaneous implementation.

Main material with study results obtained. Tourism is gaining more and more significance for the international relations, being the incentive for improvement of economic state of the countries and particular regions. International tourism is a permanent source of currency inflow increase and revenues to the state budget. Moreover, it is a stabilizing factor for sound and solid relations between countries and an efficient tool for the country to gain higher prestige in the international community and business circles.

The process of tourism market development in Ukraine led to, on the one hand, to rapid tourism market saturation, increased number of travel agencies and higher
qualitative and quantitative indicators of their operation. On the other hand, the market situation is highly unstable in the time of recession, the demand for tourist services is subject to significant seasonal fluctuations, there is greater competitiveness and lack of resources causing challenging managerial problems at the enterprises of the tourism industry [1].

In the framework of world tourism fast development there is a natural question as for the role of Ukraine in the world tourist services market. It should be noted that, judging objectively, the country possesses all preconditions for the intensive development of home and foreign tourism: geographical position and relief peculiarities, favourable climate and the treasures of natural, historic-cultural and tourist-recreational potential. Unfortunately, the situation is not that optimistic. Ukraine seems to be an outsider in the world tourist market. Nowadays Ukrainian citizens are similar to investors in the foreign countries, this factor being the sorest point in the whole tourist industry.

Undoubtedly, the reasons for such situation should be searched for in the complex socioeconomic situation in the country, non-regulated tourist industry incentive mechanisms, absence of such industry efficient development strategy both at the national and regional levels. Though we consider this problem to be much more global. One may affirm that inefficient and unreasonable usage of corresponding resources is a problem point in the tourist industry and that present state of tourist industry development does not correspond to the potential existing. It is the central question with differentiated structure which consists, in its turn, of other, more specific questions. The latter being the absence of developed infrastructure, low service quality, lack of quality advertising information, heavy tax burden etc.

Though all the country’s territory has sufficient tourism development potential the number of foreign tourists visiting its separate parts is very different. It is explained by irregular development of tourist infrastructure (Table 1).

<table>
<thead>
<tr>
<th>The number of tourists and visitors who used services of the tourism industry entities in 2010, according to the regions, people [2]</th>
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<tr>
<td><strong>Ukraine</strong></td>
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<tr>
<td>Autonomous Republic of Crimea</td>
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<td>Vinnytsia</td>
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Factors fostering development of foreign tourism which is not adequate to natural, resource, historic-architectural and recreational potential of Ukraine may be found in the interior, industrial domain as well as in the exterior (mostly generally economic) one. The main industrial factors are the following:

1. Insufficient level of tourism infrastructure network and objects development, their poor correspondence to the world standards. It should be mentioned that only about 10% of Ukrainian hotels satisfy international standards, Ukrainian roads are in poor condition. Consequently, one of the effective means to accelerate tourism development in Ukraine is infrastructure development in the network of international transport passages.

2. Absence of highly qualified and professional coordinated system of activities which aims at introducing Ukraine tourist product in the world market bringing considerable results.

3. Technological backwardness of the industry. Tourist technologies which are of extensive use in the developed countries are practically not used in Ukraine.

4. Low level of service conditioned by the general qualification of the industry personnel. Nowadays Ukraine lacks a proper system in the tourist industry for training and re-training personnel as well as clear qualification requirements adequate to the world standards.

5. Insignificant scale (even with comparison to the average indices in the countries of CIS) of normative, legal and organizational provision of tourist activity which is largely explained by a permanent administrative reform in Ukraine.

The main exterior factors deferring tourism in Ukraine are: unfavourable character of existing conditions for tourist business brought to life by weak and
unexpected implementation of economic reforms, absence of investment required for tourism development, both home (because of a continuing economic crisis) and foreign (due to unfavourable investment climate). These very interior and exterior factors may be the base for anti-crisis industry proposals development and may serve as goalposts for further trends of its development.

At present stage the development of tourist industry management system should include such issues as improvement of management structure, implementation of state policy in this industry by means of coordination central and local executive authorities and business entities activity. Taking into consideration international standards and other countries’ experience dealing with tourism activity improvement is of great importance.

Creation of favourable organizational-legal and economic environment for this industry development, formation of a home tourist product which is competitive in the world market on the basis of Ukraine natural and historic-cultural potential usage, protection of its socioeconomic interests and ensuring its ecological security are impossible without city-building processes efficient management.

The main tasks of authorities responsible for territorial development with the purpose of country’s high tourist and recreational potential development are: support of recreational development, creation of national parks, natural monuments and preserves completed system; restoration of architectural, historical and ethnographical monuments; making new tourist itineraries.

To realize the city-building police and the simultaneous tourism development the following major tasks should be solved:
- to implement efficient mechanisms of tourist industry development financial-economic regulation;
- to determine ways, forms and methods of entrepreneurship development stimulation in this sphere;
- to create the efficient investment policy model in the tourist industry taking into consideration socioeconomic interests of the state;
- to upgrade tourist industry management organizational structures;
- to ensure rational usage and renewal of natural and historic-cultural environment;
- to adopt ecological regulations and to approve admissible norms of tourist resources exploitation, to work out the mechanism of their effect and to introduce practical management;

The strategy of tourist industry development in Ukraine lies in the development of state policy in the tourist industry as one of the priority trends in national culture and economy development.

The basis of state policy in the tourist industry should comprise the following factors:
- state stimulation of home and foreign (incoming) tourism, including tax system improvement;
- provision of tourist services inner convertibility by means of their quality improvement and making the assortment range wider, improvement of tourist servicing system;
- gradual privatization of tourist objects with their infrastructure;
- state financing with the purpose of reconstruction and renovation operating tourist objects;
- involving funds of business structures and tourist activity entities to develop tourism infrastructure (roads, border passages, water supply and drainage system, service entities and so on);
- organization of short-term recreation suburban areas, creation of new recreation areas having national and local significance;
- assistance to organization of ecologically clean agricultural products production to meet tourists and holidaymakers' needs in high quality foodstuffs;
- involvement of private sector, particularly in the countryside, in recreational tourist entrepreneurship and auxiliary activity in the sphere of tourism (rural green tourism);
- creation of favourable conditions for active tourism development (health-improving, ecological, adventurous etc.);
- state assistance to Ukraine tourist product promotion into the international market by means of inter-state agreements and programmes;
- creation of modern informational marketing service in the sphere of tourist business;
- carrying out scientific-research, project and investigation works devoted to the topical problems of recreational tourist enterprises development, usage of natural and historic-cultural potential of the country, creation of Tourism in Ukraine geoinformational system etc.

In addition to this it is necessary to realize a range of scientific-organizational programmes with the aim of provision ecologically admissible scale and speed of recreational tourist areas development.

In the first place it is necessary to develop home tourism: rural, ecological, health-improving and sport, religious, extreme, hunting, tourism for children and youth and many other trends. Among the trends mentioned above special attention should be paid to the rural green tourism – a kind of tourism which presupposes rest in the rural, resort or nature preserving area with the exploitation of properly equipped private houses or other accommodation premises.

Ukraine is traditionally perceived as an agricultural country, one of the European grain producers with preserved rural way of life, rich cultural heritage, amazing nature and welcoming hosts. Therefore development of rural green tourism
will accelerate establishment of its other kinds and foster solution to the main socioeconomic problems of rural areas:
- employment of rural population;
- increase of personal incomes and rise in rural inhabitants level of life with relatively little financial expenses;
- improvement of private houses and villages, development of engineering and social infrastructure;
- making the assortment of homestead economy richer;
- realization on the spot of personal homestead economies products as ready foodstuffs;
- encouragement of local monuments protection, preservation of local customs, folklore, crafts;
- upgrading cultural and educational level of rural inhabitants etc.

So, the significance of tourist business is constantly growing. This fact is connected with its increased influence on international relations development, improvement of economic situation in the country and separate regions, possibility to get more currency inflows. Due to consistent economic and cultural policy between different nations of the world tourism appear to be a stabilizing factor of establishing and developing relations between the states, an efficient tool for the country to gain higher prestige in the international community and business circles.

Tourism exerts beneficial influence on the process of economy diversification as it provides a full range of works for economy system adjacent branches which take immediate part in servicing tourists during their travel. This holds true about retail trade, public catering, hotel sector, domestic service, communications, souvenirs and other tourist products manufacturing, rural economy, building, advertisement industry, excursion activity, culture and entertainment. So, there is a harmonic development of city-building, city-servicing and city-providing spheres, implementation of city-building programmes, and resumption of works at the incompleted objects at the building sites (resulting from more active investment activity).

Judging objectively, Ukraine possesses huge tourist potential which, unfortunately, is used not very effectively. To stimulate tourism development in Ukraine and to enforce the state regulation there was developed Tourism Development Programme [4].

The main objective of the programme is formation of a home tourist product which is competitive in the world market which may fully satisfy tourist needs of the country’s population and ensuring on this basis complex development of the regions provided ecological balance and cultural heritage are preserved.

The main tasks of the Programme is to guarantee steady tourist industry development and increase of its share in macroeconomic indices; increase of citizens’ level of life and creation of additional workplaces; growth of tourist industry expected
revenues share in the state budget; making the image of the state more positive at the international level. The Programme defines the following trends in tourism development:

- industry management system upgrading;
- improvement of tourist activity normative and legal base;
- making resource base of tourism more solid;
- enlarging the scope of international cooperation in the tourist sphere;
- tourist service range enrichment and its quality improvement;
- improvement of transport service;
- increase of recreational resources and cultural heritage objects exploitation efficiency;
- amelioration of information and advertising materials;
- conducting effective innovation activity and establishing research tourism base;
- improvement of personnel procurement.

In Ukraine the state continues to control and administer tourist and recreational resources in local communities and in most cases does not arrive at great efficiency. For instance, in a series of legislative acts and international documents tourism, natural environment, architectural monuments and city-building, historic heritage are considered as an integral complex. However this complex is administered by a number of ministries and agencies. For example, sanatoriums located on the region territory are subject to Health Care Department; museums, historical and cultural monuments – Culture Department; recreational zones, hunting and other kinds of recreational tourism – Ecology and Natural Resources Department; architectural monuments, their preservation and city-building – Architecture and City-Building Department, allocation of sites for tourist complexes and their registration – Land Resources General Department and in addition to this there are many other departments and agencies actually dealing with tourism though it is not their main activity.

Nowadays tourist industry continues to function separately from cultural heritage and natural environment this factor standing in the way of its transformation into an effective industry of the economy. Therefore, without drastic changes of the management system one can expect the further deterioration of cultural heritage monuments and natural environment preservation. What is more, considerable improvement in resort and tourist activity is impossible. We believe that it is time the single executive body were established managing historical, cultural and natural environment and resort and tourist activity. We also suggest that some functions performed by separate ministries and agencies at present were transferred to local authorities. It will reflect the adopted international practice where in such developed tourist states as Germany, Greece, Great Britain, Canada, South Africa, Turkey etc. central executive bodies perform merely supervision and coordination functions while all other issues are regulated by local executive bodies.
Conclusions. Tourist and cultural industry which resorts in its activity to architectural heritage monuments and natural recreational resources is capable of attracting financial potential of tourist, hotel, health-improving and other recreational enterprises with the aim of preservation and restoration these monuments. Thereby, along time with tourism development programme realization it is vital to implement principles of stable society development and to activate city-building processes.

Apart from increasing revenues to the state budget the tourist industry has a number of socioeconomic advantages: development of social, engineering and transport infrastructure of territories and localities; creation of city-building ensembles, landscape complexes and recreational zones; preservation of architecture and city-building monuments as well as historical environment which are the main trends in country’s city-building policy realization [3].

Thus, efficient management and establishing in the regions and Ukraine as a whole modern and highly effective tourist and resort-recreational industry will foster economic and social growth of many regions including depressed ones and will provide new jobs and complex investment. It will also promote revival and preservation of cultural heritage monuments, responsible attitude to the environment. Moreover, it will completely change the style and the way of life of our citizens. Thereby, such complex approach to recreational-tourist sphere management may guarantee necessary protection, preservation and usage of historical cultural environment and transformation of recreational-cultural sphere into one of the priority trends in regional development and national economy structural upgrading.

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PROTECTION FROM UNFAIR COMPETITION

At the present stage of economic and legal reform, a fundamental component of market reforms is the development of a competitive environment, the protection of
which is guaranteed by the Constitution of Ukraine and provided considerable array of economic and legal regulations. However, the broader regulatory framework doesn’t prove in itself that Ukraine really established and is operating an effective legal mechanism that provides a combination of market competition ensuring the rights and legitimate interests of entities as well as the interests of society and the state. Weak and inadequate measures of legal liability significantly reduce the effectiveness of legal rules to protect competition. So one of the important areas of economic and legal research is a conceptual description of the legal responsibility for violations of the competition.

Economic competition is the driving element of the market economy, which provides a balance of personal and private interests of market forms the basis of social stability in society. Trying to build a socially oriented market economy country at the constitutional level has recognized the need to protect competition and guarantee this protection.

At the present stage of economic and legal reform, the development of a competitive environment is a fundamental component of market reforms, the protection of which is guaranteed by the Constitution of Ukraine and provided considerable array of economic and legal regulations. However, the broader regulatory framework doesn’t prove in itself that Ukraine really established and operating an effective legal mechanism that provides a combination of market competition ensuring that the rights and legitimate interests of entities as well as the interests of society and the state. Weak and inadequate measures of legal liability significantly reduce the effectiveness of legal rules to protect competition. So one of the important areas of economic and legal research is a conceptual description of the legal responsibility for violations of the competition. It is a scientific task is cardinal in nature, since it requires a systematic study of a wide range of fundamental issues: the legal analysis of competitive relations that are the subject of legal protection features of their structure, definition and classification of anticompetitive offenses; systematization and improvement of means of legal liability for anticompetitive violations.

During the last ten years the legal foundation of economic competition is established in Ukraine's legislation. However, the presence of an extensive system of legal norms for the protection of economic competition does not ensure the efficiency of their application. System is only effective when the processes of law reflects the state of the law. It should be noted that the development of economic competition by using a focused state influence on the competitive relationship with the Designated Authority in Ukraine. Note that the functions of state administration in the field of competition are divided among several government agencies with different legal status and different in Ukraine, sometimes duplicating powers. So far no effective means of interaction of state bodies in the sphere of economic competition are worked out, the mechanisms and forms of state control over compliance with competition law, prevention, detection and suppression of competition offenses are flawed from the
system of measures of administrative responsibility for competitive offense. Under such conditions a need to study the institutional and legal framework for competition becomes vivid.

Competition is an organic element of the functioning of the market. It is practically impossible to have healthy economic competition outside the market, and without the use and development of the mechanism of competition it is impossible to have market equilibrium and complete market. However, the competitiveness among businesses for consumer demand in the market can be as good faith, and such methods of competition harm consumers, competitors and the society in general. In this case we are talking about unfair competition - something extremely undesirable for the Ukrainian state during the construction of market relations that meet international standards.

Research and theoretical basis of the research can be found in the works of famous scientists who have studied some of the conceptual aspects of the problem. From these studies, first of all, should be called out works of O.V.Bezuha, Z.M.Borysenko, V.N.Vorozheykina, V.V.Halkina, I.I.Dahna, V.I.Eromenka, LA R.Biloiy, I.A.Balyuk, O.A.Zhydkova, Yu.V.Zhuryka, A.I.Ilnatyuk, V.V.Kachalina, D.A.Kerimova, N.M.Korchak, O. Kostusev, N.I.Kleyn, V.K.Mamutova, M.M.Maleinoyi, S.B.Melnyk, N.O.Saniahmetovoyi, L.N.Semenovoyi, K.Yu.Totyeva, M.I.Titova, T.H.Udalova, I.A.Shumylo and others.

The purpose of this paper is to investigate consumer protection as an important result against unfair competition on the domestic market.

The modern market economy is a complex mechanism, which consists of a large variety of industrial, commercial, financial and information structures that interact on a background of extensive law business and are united by a common concept - market. Competition is the key concept that expresses the essence of a market economy. It is the hub of the whole system of the market economy.

Etymologically, the term "competition" comes from the Latin word konkurerere - encounter [5]. Competition is the struggle of different entities in order to achieve goals. Such type of economic relations as competition appears when producers of goods act as independent entities. Their dependence is associated only with market conditions, the desire to win the competition position in the production and marketing of their products.

Competition is adequate market form of economic rivalry. Thus being an economic category competition is primarily a rivalry between the participants of the market economy for better conditions of production, purchase and sale of goods.

Competition promotes a certain kind of thinking entrepreneurs. Lack of "fair", "healthy" competition leads to monopoly of production and consequently the growth of the shadow economy which has nothing to do with the legitimate conduct of business. However our realities suggest that we do not always face the civilized market.
But there is an unfair competition. For the first time the term "unfair competition" was used in France in the early nineteenth century, although the phenomenon arose much earlier since the formation of market relations. [7]. First interpretation of unfair competition was filed in Article 10 of the Paris Convention for the Protection of Industrial Property of 1883, in which it was stated that the act of unfair competition is any act of competition, which is contrary to honest practices in industrial and trading activities. Thus legislators and practices under the unfair competition understand competition contrary to honest practices in the areas of industry and commerce. Some authors have described as unfair competition any action consisting in using fraudulent means in economic competition. [6]

Rod motivation enterprises was only the desire to maximize profits for a long time. However in the nineteenth century it becomes clear that methodological losses approach to treat profits as the sole and absolute motive enterprise. Today changing understanding of what entrepreneurs are guided are not only purely mercenary motives, but also the desire for self-actualization. Thus the competition has become the key to the emergence of entrepreneur’s incentives to obtain other values [6].

Competition as a competition between the undertakings for obtaining benefits to other entities creates conditions for selecting the best consumer goods manufacturer best quality, promotes displacement producing inefficient enterprises, stimulating technological progress, the rational use of resources.

However as it turns out an increased competition between business entities leads to the use of market participants in their own behavior noncompetitive action. In highly competitive markets increases the unpredictability of behavior of economic entities, which in turn causes an imbalance of certain production processes, inputs, prices [4].

The desire of entrepreneurs to achieve certain advantages in business activities at a much lower cost than under conditions of fair competition becomes the cause of the so-called unfair competition.

In Ukraine, unfair competition is a special type of violation of competition law. It according to the Law of Ukraine "On Protection Against Unfair Competition" includes any act of competition contrary to trade and other fair customs in business.

Unfair competition harms both consumers and the market. In a competitive market, consumers have become acquainted with the advantages and disadvantages of products offered and choose those that can fully meet their needs. Ideal position in the market - is the presence of advertising and the ability for the consumer to objectively evaluate products and make an informed decision on buying.

Consumers have the right to good quality goods, trade services, product safety and necessary, accessible and accurate information about the quantity, quality and range of products. Such competition rules of art. Since the Law of Ukraine "On Protection of Consumers’ Rights. Consumer protection and unfair competition are closely related concepts.
According to Art. 42 of the Constitution of Ukraine "the State shall ensure the protection of competition in business. Not allowed abuse of dominant market position, unlawful restriction of competition and unfair competition"[1].

The system of protection against unfair competition today is sufficiently developed and includes a regulatory - legal framework - competition law, supervisory activities in the sphere of public authority with the special status of the Antimonopoly Committee of Ukraine, as well as activities of state bodies, entities, their volume 'unions, consumers and the public, regulated competition law. Therefore one of the main consequences of fighting unfair competition to protect the interests of consumers [6].

Behavior entities concerning misleading especially designed for the consumer, because in this case the possible adoption by consumers of such decisions (concerning the purchase of goods and services) that are detrimental to their own interests. The consumer has the right to require the seller (producer, artist) to the quality of his acquisition (work performed, services rendered) meet regulatory requirements, conditions of contract, as well as information about goods (works, services) provided by the seller (producer, performer ). Purchased goods (work, services) should be high-quality and safe for life and health of everyone.

Therefore, to improve the system of protection of businesses from unfair competition in Ukraine the following measures should be taken:

1. To improve the system of protection of entities, namely: improving logistics and staffing, eliminate corruption, improve coordination between these agencies in the fight against unfair competition.

2. Applicable laws and regulations that define unfair competition action entities. The presence of the competitive situation is the main feature of anticompetitive offenses on this occasion to emphasize the further improvement of the Law of Ukraine "On protection from unfair competition."

3. To modify the rules of domestic law in the direction of the approximation with the European Community and ratify international agreements have not been ratified.

4. To improve measures liable for anticompetitive violations. Important area of economic efficiency and legal penalties is the development and adoption of guidance calculating fines imposed by competition authorities for committing anti-competitive offenses. The criteria for this calculation shall be the amount of pecuniary damage and duration of the offense. In order to improve the use of economic, legal and civil compensatory sanctions seems appropriate to develop and adopt methods of calculating losses caused anticompetitive offense and definition of public bodies who have to give expert opinion on the extent of damage and the existence of a causal link between actions of the offender and the damage.
5. To conduct information outreach, aimed at highlighting the benefits of fair competition for businesses and for consumers order to protect them from unfair competition.

In general, to effectively protect the interests of businesses from unfair competition should not just fight with her legislative and administrative measures and create conditions under which it would be unprofitable to violate the rules of fair competition.

References
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3. Law of Ukraine "On Protection of Consumer Rights" from 12.05.1991 № 1023-XII and

UDC 658.016.4

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BUSINESS PROCESSES REENGINEERING AS A TOOL INCREASING COMPANY MARKET VALUE

Розглянуто реінжиніринг бізнес-процесів як спосіб вдосконалення бізнес-систем виробничих підприємств. Окреслено підходи до здійснення реінжинірингу з позицій збільшення ринкової вартості підприємств.

Ключові слова: корпоративне управління. бізнес-процес, реінжиніринг, ринкова вартість підприємства.
Рассмотрен реинжиниринг бизнес-процессов как способ совершенствования бизнес-систем производственных предприятий. Определены подходы к осуществлению реинжиниринга с позиций увеличения рыночной стоимости предприятий.

Ключевые слова: корпоративное управление. бизнес-процесс, реинжиниринг, рыночная стоимость предприятия.

Consider re-engineering of business processes as a way to improve business systems manufacturing companies. Outlined approaches to reengineering of positions to increase the market value of companies.

**Keywords:** corporate governance. business process reengineering, the market value of the enterprise.

Problems outline in general and its connection with important scientific and practical tasks. Development of market transformation processes in Ukraine creates preconditions for the development of an open stock market acting as a regulator of capital transfer from low production sectors to those providing high efficiency of business processes.

However, the low profitability of domestic manufacturing companies do not promote the increase of their market value and, thus, makes it impossible to use stock market instruments (for instance, equity issue) to realize development objectives. Due to this fact business owners and managers become interested in management tools and techniques increasing business market value. One of such tools is the change of conceptual approaches to organizational architectonics formation, for instance using the concept of business processes reengineering.

Analysis of recent research and publications suggesting solutions to this problem. Many researchers have dealt with the issues of business processes reengineering methodology development. These issues are highlighted in the works by D. Harrington, K. Esseling and H. Nimwegen, V. Ryepin, V. Efremov, V. Ivlyev, T. Popova, M. Firsova, S. Rubtsova, S. Yakovenko, S. Ildemenova, E. Oyhman and others. It should be noted that, within the framework of the general concept, each author focuses on various aspects of business process reengineering development and implementation. Thus, unlike M. Hammer [1], who stressed that reengineering involves destruction of the whole existing business model and development of a new one, D. Harrington, K. Esseling and H. Nimwegen suggest that only some processes should be reengineered [2], E. Oyhman, E. Popov [3], S. Yakovenko [4] and others believe that the most important thing in reengineering is to consider business processes computerization. However, the impact of reengineering on enterprise market value increase is not thoroughly studied.
Topicality of the problem of telecommunications enterprise corporate management study and insufficient theoretical and practical elaboration of this problem preconditioned the required research and determined the subject matter of this paper.

Goal statement (task setting) to study and determine the possibility of re-engineering techniques use to raise the market value of industrial enterprises.

Main material with study results obtained. Management of the vast majority of domestic manufacturing enterprises, established in the Soviet time, is based on the structural and functional approach in which responsibility for certain functions performance is clearly structured and assigned to relevant functional departments. The main shortcomings of this approach are [5, p. 36]: division of work performance techniques into separate, usually unrelated, fragments that are performed by different structural units of the organization; the lack of a holistic description work performance techniques; blurred responsibility for the end result and control over the technique in general; lack of focus on an external customer, as well as internal parameters of intermediate results.

The above and other shortcomings are particularly noticeable at large enterprises where a great number of various processes, different in their character and goals, take place. Functional management splits production processes into fragments, thus making it more complicated for managers to find methods enhancing processes effectiveness and, consequently, product competitiveness. This problem is recognized as relevant by national scholars as business cannot exist and develop in a competitive environment without a significant improvement in those areas that determine final product competitiveness.

M. Hammer and J. Ciampi single out the factors which make organization managers undertake reengineering [1, p.34]: crisis developments, when the company is experiencing difficulties in doing its business and the company management believes that business can continue only when substantial improvement or even changes in its nature are made; the current state of business processes is satisfactory but the forecasts concerning their development are not positive; the organization is thriving and, while increasing its productivity, strives to be ahead of the game; in order to achieve this business processes are re-planned according to a new scheme which is, in the top managers’ opinion, much better than the previous one; it is also possible to design other promising business processes.

One of the ways to create an efficient business management system today is to use the process approach within includes the popular concept of business processes reengineering. The reengineering concept is based on organization business processes optimization. In general, a business process is defined as a structured set of actions designed to manufacture a certain product (service) for a particular customer or market [6]. Within any business process, resources are used at the input and the product is created as a result of activity. Therefore, business processes reengineering
is aimed at singling out and substantial improvement of key business units which can provide competitive advantage for the organization. It can be a rational organization of the manufacturing process allowing to obtain high quality products and maintain leadership regarding costs (costs minimizing). It can be personnel management which effectively channels staff activities in the right direction, thus making it possible to achieve organizational goals. Reengineering may also apply to marketing policy which increases product competitiveness by specific means – through pricing or non-standard methods of sales promotion. At the same time adequate readjustment of other units of the control system has to be provided. Basically, this is the concept of reengineering.

Although the concept of reengineering has arisen within the process approach to management, one can clearly see its connection with the system approach. The systems approach treats each organization as an open system being in the state of dynamic balance with the environment. Thus, increased competitive opportunities of the organization, its dynamic and integral development is ensured not by one element only but it is the resulting synergy of all of its constituents involved in business processes. Obviously, in order to improve the organization business processes one must take into account relations between the elements involved in their implementation, explore their mutual influence and determine the nature of dependence on the environment.

Consequently, the essence of business processes reengineering is primarily to drastically restructure the way business is conducted. As a result of successful reengineering the company achieves a significant, skyrocketing increase in efficiency (ten and hundred times more). Therefore, reengineering is ranked next to such fundamental discovery in the field of production organization and management as a the principle of labor division which contributed to more than a hundredfold increase in its productivity [7]. However, reengineering strives to review the postulates of narrow specialization effectiveness and blurred responsibility the latter causes in production and management. Reengineering aims at formation of thorough and complete business processes the managers of which assume the responsibility for such processes from beginning to end. In the course of re-engineering business processes are “compressed”, their implementation is transferred to the unit where they can be performed in the most effective way.

Reengineering is different from other ways of business improving primarily in terms of its methods and techniques. In the first place it is meant to determine what the company should really do and only then – how it should do it. Therefore, it provides an engineering approach to development of the company and processes implemented in it, i.e. the company is regarded as an object which can be built, designed or redesigned according to engineering principles.

Unfortunately, most entrepreneurs are not “process oriented”: they focus on tasks, certain operations, people, structures, but not on processes. At the same time
they overlook the main purpose of business process which is to deliver ordered goods to the customer while receiving the greatest benefit. Some tasks, included in this process, are very important, but performance of each separate task does not have any value in itself if the whole process does not result in the goods being purchased by the client. Hence, effective reengineering requires abstraction from the existing functional organization of business and re-evaluation of company management nature and existing methods.

Understanding of a business process nature and adequate evaluation of its effectiveness and efficiency are key factors for successful reengineering. M. Hammer defines the process as a work flow passing from one person to another, and in case of large processes – from one department to another [1]. The product life cycle comprises three types of processes: basic, auxiliary and organizational. However, it is important to distinguish between the process in general and the business process. Business processes are processes carried out in order to meet the consumer’s needs and their distinguishing characteristic is that their result is exchanged for buyers’ money [7].

Typically, business processes reengineering is carried out in such major areas [5, p.67]:

- business process horizontal compression. It means refusal from “assembly line” technology according to which simple tasks or working procedures are performed at each workplace. Instead, the optimal options for operating procedures (operations) integration are designed. Due to such integration, business process becomes as if “compressed” that can make it substantially faster. In addition, work becomes more meaningful which allows the staff involved to improve it on a continuous basis;

- business process vertical compression. It means transition from vertical to mostly horizontal coordination of activities which significantly enhances the way the firm responds to external and internal changes, and senior management does not have to deal with the problems that are more effectively and quickly solved on a horizontal level;

- determination of business “extra” functions and their delegation to other firms. The functions are considered to be extra when it is more costly for the organization to realize them than to buy them on the market. Such functions do not create any competitive advantage for the firm. In order to identify such functions the “value chain” is analysed and the links ensuring the greatest company added value are defined. Other links are transferred outside the company. This approach started to develop in the 90s of the last century and was named outsourcing. Outsourcing involves external resources use in order to perform management and production tasks of the company. Primarily, it is transfer of some functions or their elements to specialized partner firms for their effective performance. For example, manufacturing companies attract specialized organizations to develop production capacity increase projects or to conduct a large-scale marketing research. Attracting external sources is
profitable when the company management carefully selects the operations which can be performed better “outside”, as well as reliable partners for their implementation. Outsourcing is particularly common in the information services sector. Most frequently it is needed for the following reasons:

- the need to concentrate resources on the main activities without dispersing resources on the second-rate ones;
- the desire to get quick access to modern information technologies without spending time on hiring/training own staff capable of creating and using information systems;
- the wish to reduce costs required for qualified performance of any production or management task.

Thus, trying to improve its efficiency, the organization is looking for ways to improve relations within the organization, with its external environment, in the industry and on the market. Therefore, reengineering can lead to changes in the type of organization business system. According to the definition by V. Efremov business system is a system of “organization of people’s activities directed at establishment and realization of consumer values in the society with a certain commercial advantage” [8].

The efficiency of business system elements interaction determines the competitiveness of the organization and, ultimately, the price of the relevant business. The business systems type and structure are defined by the way the organization is integrated in the business environment; insourcing and outsourcing ways of integration are most common for manufacturing companies. The integration of the insourcing type presupposes that all internal organization activities, related to production and product distribution, are performed entirely by the organization itself. The integration of the outsourcing type involves attraction of foreign companies for certain internal activities performance [8]. Thus, in the course of reengineering one must determine what type of a business system is more efficient in terms of final results. Current trends in business processes organization are to bring outside the company those components of the product manufacturing process that give the least added value. Hence, a business system which used to function as an insourcing one can be redesigned as outsourcing one if the analysis of its components shows that bringing certain stages of the business process into outsourcing will provide benefits in quality or costs. To set the areas of business process improvement one should analyze the “value chain” showing the sequence of added value creation in the course of business process individual stages [9, p.28]. While studying the value chain, it is possible to detect the links forming the greatest added value which are most useful for customer satisfaction. In our opinion, it is the ability of companies management to enter the outsourcing network as a link which creates the biggest added value and makes it possible to significantly increase company market capitalization. Unfortunately, a large number of domestic manufacturing companies enter into the value chain with foreign
companies as a link with low added value, as evidenced by the structure of prices of the finished product sold by most joint ventures.

**Conclusions.** Thus, the top-priority task of business processes reengineering at manufacturing enterprises is to single out the links where the greatest added value is formed and, hence, to significantly improve their performance in order to enter outsourcing networks as a key player who reserves the largest share of profits. This will increase the market value of the company and create new opportunities for its future development. How to single out these links at manufacturing plants of various industry groups and to determine the ways to improve their work should be the subject of further research.

**References**

Zdenko Stacho Ing., PhD.

**PROPER SETTING OF PERFORMANCE EVALUATION DECREASES OVERALL LABOUR COSTS**

**Abstract:** Personnel management comprises many fundamental functions, while their significance has currently been growing continuously. One of its functions is
employee evaluation focused on performance of employees and fulfilment of tasks resulting from requirements of a particular position. Properly set evaluation enables organisation to develop systematically knowledge, skills, attitudes, value orientation, creativity, cooperativeness and further characteristics of each employee. In addition to employee development itself, evaluation has a positive impact on whole system of human resources management, which subsequently results in increased effectiveness of whole organisation and, if interconnected with remuneration system, it results in savings of labour costs of organisation. With regard to the aforementioned, fact that organisations operating on the market in the Slovak Republic neglect employee evaluation sounds significantly negative. It is mainly pointed out by the fact that although almost 80% of organisations declare existence of a formal employee evaluation, only 41% of them provide an opportunity to employees themselves to participate in their evaluation. We were finding out extent to which organisations deal with employee evaluation within our research focused on identification of present level of human resources management in organisations operating in Slovakia.

**Keywords:** human resource management, education of employees, development, performance, employee evaluation.

**Introduction**

Current era has brought intense changes to economic system, and impacts of integration and globalisation processes require maximum flexibility and adaptability of economic subjects as well as people in working process. People do not want to accept passively what is being offered anymore, they want to participate themselves in the feeling of satisfaction and fulfilment at work. In order to fulfil their needs regarding education, remuneration and thus overall motivation, it is necessary to monitor them regularly. Also for this purpose, it is important for organisations to conduct evaluation.

Some people think that working performance evaluation equals to working performance management. However, working performance evaluation can be defined as a formal assessment and evaluation of employees, most commonly on annual basis; and working performance management is a continuous, much broader and more complex process (Armstrong 2009).

Main objective of working performance evaluation is to find out maximum utilisation of skills, knowledge and interest of each employee (Arthur, 2010).

Working performance evaluation represents a crucial personnel activity focused on finding out how employees perform their job, how they fulfil tasks and requirements of their working position, what their working behaviour is, and what their relationships are with co-workers, customers and other persons they are in contact with in relation to their work (Koupek 2004). Employee evaluation reflects also how a superior employee is able to work with people and how they are subsequently able to use knowledge obtained within evaluation to reach strategic
objectives (Toth 2010). Evaluation should also comprise communication, most often between direct superior and evaluated employee, focused on evaluation of information obtained upon evaluation. (Sedlák 2008) It should involve accentuation of positive features of working performance and social behaviour of employee, and reference to found insufficiencies. (Stachová 2011) The given implies that appropriate evaluation should provide an opportunity to clarify facts about evaluated and evaluator with regard to the fact that each of them can have different perception and thus also standards in evaluation of individual activities (Wagnerová 2005). This way may prevent occurrence of misunderstandings and ambiguities within decisions of superior employee and their correct understanding and carrying out by subordinate employees (Livian – Pražská, 1997). However, it is essential that employee evaluation does not stick only to stating of working performance positive and negative features and mutual explanations. Regarding found positive features, it is necessary to motivate employee to continue with the given behaviour, and regarding found insufficiencies, it is necessary to ensure employee support in their elimination (Stýblo 2003). The most appropriate form of support is usually to provide employee an opportunity to educate. Further education opportunity provision is also suitable as a form of motivation, since this is how organisation shows employees that they are so valuable for it that it is willing to invest financial means in them, which subsequently implies that it counts on them also for the future, whether at currently occupied position or at a higher position after higher education completion. (Urbancová, Königová, 2010).

The given implies that objective of evaluation from the point of view of employee is to obtain information on their work evaluation, their prospect in organisation, possibilities of their personal development and possibility to share this information (Kocianová 2010). In case employee evaluation is effective and acceptable for all participants it can encourage such employee development that is considered as positive also from the point of view of organisational culture (Kachaňáková 2010). It is within implemented organisational culture where employees are declared also ways how to behave in organisation and what behaviour is considered as appropriate (Deal et al. 1982.) It can also be claimed that if activities of employees are evaluated positively, they fix the given behaviour pattern, respectively behaviour, and act accordingly also in the future. (Kachaňáková – Stachová 2011)

There are many studies focused on finding out how organisational culture influences performance. All these studies, as well as our research, are linked by a presumption that there exists a certain connection between organisational culture and performance, while organisational culture has a key role in reaching strong performance (Stachová - Kachaňáková, 2011). Research conducted in eight different countries with participation of more than 90,000 respondents showed that up to one fifth of employee performance is explainable by differences in organisational culture (Urgra, Obdržálek, 2009). If an organisation’s performance is to be as strong as possible it is necessary that organisational culture content is consistent with outward
environment, industry conditions and organisational strategy (Corbett, Rastrick, 2000). However, for practical application of the given statements it is necessary that top managers in organisations start to consider organisational culture to be a real tool that can be consciously and systematically influenced (improved, cultivated, managed), and through which it is possible for the given organisation to ensure long-term reaching of required performance (Cagáňová et al., 2010).

Systems of personnel activities, including evaluation, represent the key tool for creation of desirable culture, respectively behaviour in organisation (Lukášová 2010).

The given characteristics of employee working performance evaluation directly implies significance of evaluation impact on education, remuneration and carrier management of employees. That is why we focused, within our research, on the analysis of current status of employee evaluation in organisations operating in Slovakia. Results obtained in the research are provided in this contribution.

**Material and Methods Used in the Research**

Aim of the article is to present results of the research executed in 2010, aimed predominantly at finding out whether and how human resources management is currently implemented in organisations operating in Slovakia. Regarding extent of the given issue, the research was divided into ten partial objectives, while one of them was to identify whether organisations deal with employee evaluation and whether its results are subsequently used upon remuneration, education and carrier development.

<table>
<thead>
<tr>
<th>Size structure of the analysed organisations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of employees in organisation</td>
</tr>
<tr>
<td>Share of organisations in %</td>
</tr>
</tbody>
</table>

Source: Author

Comment: Set of respondents comprised 239 organisations operating in Slovakia, while the main condition posed on the organisation was the size of at least 50 employees. Overall size structure of interviewed organisations is given in (Table 1), implying that organisations with the number of employees between 50 and 300 were the most represented in the research.

Within research focused on finding out whether organisations deal with employee evaluation, we were particularly interested in whether they had established a formal system of employee evaluation, whose opinion is required upon obtaining information within formal evaluation system and which methods of working performance evaluation are preferred in organisations. All information was dealt with in relation to individual employee categories, i.e. management, specialists, administrative employees and manual workers. We were subsequently interested in whether employees were familiarised with evaluation results and whether they had an opportunity to comment on them. Last but not least, we also focused on spheres in
which organisations use information obtained through employee working performance evaluation.

**Analysis and Evaluation of Research Results**

Objective of employee evaluation is working performance permanent enhancement based on whole human resources management system improvement through better knowledge of evaluated employees, their tasks and activities (Kachaňáková et al. 2008). In this respect, within our research, we were predominantly interested in whether interviewed organisations deal with employee working performance evaluation, i.e. whether they had established a formal system of evaluation. 80 % of organisations answered the given question positively. We do not consider this state to be ideal with regard to the importance of evaluation function.

<table>
<thead>
<tr>
<th>Have you established a formal system of evaluation?</th>
<th>% of organisations in 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>positively answering organisations in %</td>
<td>70</td>
</tr>
</tbody>
</table>

Source: Author

With regard to the given fact, the following part of this article will analyse only organisations declaring that they deal with evaluation of their employees actively. To find out whether evaluation system is focused on all employees or only selected ones, we posed the following question: “Do you have a formal employee evaluation system for the following employee categories?” Answers of organisations are shown in (Table 3).

<table>
<thead>
<tr>
<th>Do you have formal evaluation system for:</th>
<th>% of organisations in 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Managers</td>
<td>82</td>
</tr>
<tr>
<td>Specialists</td>
<td>74</td>
</tr>
<tr>
<td>Administrative employees</td>
<td>79</td>
</tr>
<tr>
<td>Manual workers</td>
<td>76</td>
</tr>
</tbody>
</table>

Source: Author

Answers of interviewed organisations implied that employee evaluation is conducted for the management position in the greatest extent. More than 60 % of interviewed organisations stated that they had established employee evaluation system for all categories. With regard to information on who is evaluated, we were also interested in who evaluates. Theory and practice usually coincide that the most competent person to evaluate employees are their direct superiors. They should also conduct final evaluation of all supporting materials for evaluation, whether they had been compiled by themselves or submitted by anyone else. They should also lead final interview and propose measures resulting from evaluation. (Koubek 2007). Superior at the same time gets overview of results of all their subordinates, which represents a
necessary precondition for right decisions in such spheres as remuneration, education and carrier (Kachaňáková et al. 2002). However, employee evaluation can be conducted also by other persons from the given organisation or external ones, for instance senior superiors, subordinates, colleagues at the same working position or customers. Self evaluation or assessment centre have been broadly used recently. Each of the given evaluation forms has advantages as well as disadvantages and they cannot be used for all working positions equally. It is up to organisation which evaluation form it chooses, however its objective should be the greatest possible objectivity of evaluation results. Three-hundred-and-sixty-degree feedback is considered to be the most comprehensive evaluation form, within which employee is evaluated by a broad scale of criteria and evaluators. Three-hundred-and-sixty-degree feedback is a relatively new feature, however interest in is has been increasing. (Armstrong et al. 2004). Kubeš, Spillerová and Kurnický emphasize, in relation to three-hundred-and-sixty-degree feedback, that it enhances and increases objectivity of employees’ views of themselves (Kubeš et al. 2004). Within our research in organisations operating in Slovakia, we were also finding out whose opinion is required to obtain information upon working performance evaluation. Answers to this question are shown in (Table 4).

### Table 4

<table>
<thead>
<tr>
<th>Whose opinion is required upon evaluation of:</th>
<th>Managers</th>
<th>Specialists</th>
<th>Administrative employees</th>
<th>Manual workers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct superior</td>
<td>66</td>
<td>82</td>
<td>78</td>
<td>75</td>
</tr>
<tr>
<td>Senior superior</td>
<td>31</td>
<td>26</td>
<td>21</td>
<td>18</td>
</tr>
<tr>
<td>Employees themselves</td>
<td>23</td>
<td>26</td>
<td>23</td>
<td>16</td>
</tr>
<tr>
<td>Subordinates</td>
<td>7</td>
<td>5</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Colleagues</td>
<td>10</td>
<td>12</td>
<td>9</td>
<td>8</td>
</tr>
<tr>
<td>Customers</td>
<td>10</td>
<td>13</td>
<td>5</td>
<td>12</td>
</tr>
</tbody>
</table>

Source: Author

The given implies that direct superiors are used to evaluate employees in the greatest extent, in all employee categories. Senior superiors are used in a significantly smaller extent, or self evaluation is conducted. Only 3 % of organisations stated that they conduct evaluation through three-hundred-and-sixty-degree feedback.

Within the research, we were also interested in which evaluation methods are most often used to evaluate working performance in individual employee categories, since they represent a tool for consistency encouragement upon employee evaluation, and they can contribute to elimination of two crucial evaluation problems - subjectivity and formalism (Stýblo et al. 2009). Results are shown in (Table 5).
**Table 5**

Answers to question: „Which of the following methods to evaluate working performance do you use for individual employee categories?“

<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>Evaluation scale</td>
<td>25</td>
<td>30</td>
<td>27</td>
<td>28</td>
</tr>
<tr>
<td>Evaluation reports</td>
<td>18</td>
<td>23</td>
<td>16</td>
<td>13</td>
</tr>
<tr>
<td>Evaluation based on norms (standards) fulfilment</td>
<td>21</td>
<td>26</td>
<td>20</td>
<td>41</td>
</tr>
<tr>
<td>Evaluation of key events</td>
<td>18</td>
<td>17</td>
<td>10</td>
<td>6</td>
</tr>
<tr>
<td>Evaluation questionnaire</td>
<td>16</td>
<td>19</td>
<td>18</td>
<td>15</td>
</tr>
<tr>
<td>Comparison evaluation</td>
<td>7</td>
<td>12</td>
<td>10</td>
<td>12</td>
</tr>
<tr>
<td>Evaluation interview</td>
<td>30</td>
<td>35</td>
<td>29</td>
<td>21</td>
</tr>
<tr>
<td>Self evaluation</td>
<td>20</td>
<td>20</td>
<td>15</td>
<td>10</td>
</tr>
<tr>
<td>Manager audit</td>
<td>10</td>
<td>3</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>Evaluation based on objectives fulfilment</td>
<td>52</td>
<td>51</td>
<td>40</td>
<td>32</td>
</tr>
<tr>
<td>Assessment centre</td>
<td>5</td>
<td>3</td>
<td>2</td>
<td>2</td>
</tr>
</tbody>
</table>

Source: Author

The given implies that evaluation based on objectives fulfilment is used in the greatest extent, in 40 % - 52 %, to evaluate management, specialists and administrative employees; evaluation interview follows, in 29 % - 35 %. Evaluation scales are quite often used, in 25 % - 30 %; evaluation based on norms fulfilment is used in 21 % - 26 % and self evaluation in 15 % - 20 %. To evaluate manual workers, evaluation based on norms (standards) fulfilment is most often used, in 41 %; followed by evaluation based on objectives fulfilment and evaluation scales, used in 32 %. Other methods are used in a significantly smaller frequency.

With regard to the fact that evaluation is performed for the purpose of achieving permanent enhancement of working performance based on continuous development of skills and overall competence of employees, as well as their appropriate working behaviour, it is essential not to perceive it as something unwanted. It is therefore important to discuss its consequences with evaluated employees and, on their basis, to set up individual objectives for employees. (Čambáš 2009). For this purpose, assessment of evaluation should follow necessarily after evaluation conduction, and evaluated employee should unconditionally participate in it, since they have a right to be familiarised with obtained results as well as they should have room for comments. Within our research, we were also finding out whether employees of analysed organisations have such a possibility. Answers to this question imply (Table 6) that 41 % of interviewed organisations stated that employees have a possibility to comment on the results of working performance evaluation. 18 % of organisations stated that their employees have no possibility to comment on these results (while they have not even been familiarised with them), 21 % stated that employees have been familiarised with evaluation results, however, they do not have a possibility to comment on them,
which implies that 39 % of employees are evaluated but evaluation itself is not discussed with them. In 20 % of organisations, working performance evaluation is not conducted at all, as already stated in the introduction. However, as already stated, if organisational evaluation system is supposed to be effective, it needs to comprise an evaluation interview, where results of evaluation should be discussed with employees (Lukášová 2006). Evaluation results should imply clearly further direction bringing benefit and meaning to both involved parties (Horáková, 2011).

Table 6

**Answers to question: „Do your employees have a possibility to comment on the results of working performance evaluation?“**

<table>
<thead>
<tr>
<th>Do your employees have a possibility to comment on the results of working performance evaluation?</th>
<th>Positively answering organisations in %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes – they are perfectly familiarised with evaluation results and have a possibility to comment on them</td>
<td>41</td>
</tr>
<tr>
<td>No – evaluation results are only for evaluators</td>
<td>18</td>
</tr>
<tr>
<td>Evaluation results are communicated to employees but they have no possibility to comment on them subsequently</td>
<td>21</td>
</tr>
<tr>
<td>We do not conduct working performance evaluation</td>
<td>20</td>
</tr>
</tbody>
</table>

Source: Author

The last question of our research was focused on finding out in which spheres information obtained upon working performance evaluation are used. Results are shown in (Table 7).

Table 7

**Answers to question: „In which of the following spheres is information obtained through employee evaluation used?“**

<table>
<thead>
<tr>
<th>In which of the following spheres is information obtained through employee evaluation used?</th>
<th>Positively answering organisations in %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Remuneration</td>
<td>72</td>
</tr>
<tr>
<td>Education and development</td>
<td>33</td>
</tr>
<tr>
<td>Carrier growth</td>
<td>40</td>
</tr>
<tr>
<td>Personnel planning</td>
<td>26</td>
</tr>
</tbody>
</table>

Source: Author

Table 7 implies that information obtained through employee evaluation is used in the greatest extent, in 72 %, within employee remuneration. In a significantly smaller extent, in 40 %, they are used within carrier growth planning; they are used within employee education and development planning in 33 %; and they are used in a smaller extent, only in 26 %, within personnel planning.

**Conclusions**

Working performance evaluation represents a process in which organisation evaluates performance as well as competence and working behaviour of employees. If this evaluation is well-prepared and conducted its results can mean impact for individual employees, managers and whole organisation. Due to this reason, fact that
organisations operating in Slovakia dealing with evaluation system do not try to obtain as comprehensive view of employees as possible (through obtaining information from all people who get in contact with the given employees, and from employees themselves through 360-degree feedback) upon obtaining information, but usually obtain this information only from direct superiors sounds quite negative. Although it is a direct superior who is generally considered to be the most competent person, since they know situation at the workplace of evaluated employee best, they can provide them also with partial, informal feedback regarding achieved working performance and it is them who is supposed to set up objectives for the following periods in cooperation with the employee. However, it is not possible to consider such one-side obtaining of information upon employee performance evaluation as sufficient. Analysis of using individual evaluation methods of employee working performance showed that so called traditional evaluation methods, i.e. evaluation based on performance and evaluation based on norms (standards) fulfilment, are most often used. We can evaluate positively that methods like evaluation scales, evaluation interview and self evaluation have gradually started to be used also in organisations operating in Slovakia. Obtained information implies that working performance of organisational management is most often evaluated, and individual methods are used in the greatest percentage upon its evaluation, although even these values cannot be considered as sufficient with regard to modern human resources management.

One of the fundamental evaluation principles is a need to familiarise evaluated employee with evaluation results and to provide them room for comments regarding their view of evaluation. Based on this, discussion should be lead between evaluated person and their direct superior about found state and subsequent improvement of the found state. Due to this reason, finding that in more than 59 % of interviewed organisations, employees do not have a possibility to comment on the results of working performance evaluation, and 18 % of them is not even familiarised with this evaluation sounds negative. It is therefore impossible to fulfil evaluation objectives in these cases, implying that up to 59 % of interviewed organisations do not conduct effective evaluation of their employees, respectively they do not have an evaluation system at all.

With regard to significantly negative finding resulting from answers to the fifth question, we attach to docent Kachaňáková’s statement that working performance evaluation works too often only as a kind of bureaucratic system where personal unit has the main role rather than line managers. It focuses predominantly on the past and on what was wrong, not on looking forwards and dealing with future needs of employee development. Employee evaluation is applied individually in most cases, and it is only a little interconnected with organisational needs. Line managers often refuse it as something requiring much time and not having a significant meaning. Employees are irritated by shallowness with which managers often conduct it, lacking necessary skills or only wanting to fulfil the task without problems (Kachaňáková 2003).
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FEATURES OF THE ACCOUNTING OF PURCHASE AND SALE OF FOREIGN CURRENCY

In article features of reflection in the accounting of operations on purchase and sale of foreign currency are considered. The innovations which have occurred at legislative level in this sphere are analysed. The main changes in a technique of reflection of these operations in system of accounts of accounting are shined.

The features of reflection in account the operations from a purchase and sale of foreign currency are considered in the article. Innovations that took place at legislative
level in this sphere are analysed. Basic changes in methodology of reflection of these operations in the set of accounts are reflected.

**Keywords:** foreign currency, profits from realization of currency» book value of currency, purchase of currency, sale of currency.

Problem statement in a general view and its communication with important scientific and practical tasks. Revival of the international economic relations available in each country of own national currency demands for realization of the external economic operations to carry out purchase, sale and currency exchange. Any subject of managing at an exit to the international market faces foreign currency: exporters have a need of sale of currency revenue for the purpose of its converting in hryvnia, and at importers - need of purchase of currency for the purpose of carrying out calculations with contractors. Therefore it is expedient to pay attention to rules of reflection of operations on currency purchase and sale in the account and the taxation of the specified operations, especially in the light of the last innovations. After all at the end of 2011 the Ministry of Finance the next changes in П (C) BU, Book of accounts of accounting and the Instruction on its use are made. And the part from them concerns our subject of research.

Analysis of the last researches and publications. With foreign currency works of such scientists as Yu.A.Kuzminsky, L.O.Kadurinoi, V.V.Sopka, F.F.Butintsya, I.V.Zhiglo, V. G. Linnik, V. M. Parkhomenko, Ya.D.Krupky, V.Ya.Savchenko, Village F are devoted to research of problems of the accounting of operations. Chairman and others. However the question of the accounting of purchase sale of currency demands today detailed consideration as introduction of new rules made changes to a technique of reflection of these operations in system of accounts of accounting. Formulation of the purpose of article. The purpose of article is research of the main changes which have occurred in provisions (standards) of accounting and other normative documents, regulating an order of the accounting of operations on purchase and sale of foreign currency, for the purpose of harmonization of accounting and requirements of the tax legislation.

Statement of the main material of research. Implementation of foreign economic activity by the enterprises assumes emergence of calculations between the subject of managing - the resident and his foreign partner. Types of such calculations can be the most various: with foreign suppliers, with foreign buyers, with intermediaries (transport, insurance companies, customs applicants, customs) etc. The enterprise is free in a choice of forms of calculations, considering various economic factors and complexity of implementation of such calculations. However, in each of the listed cases to the enterprise not to do without foreign currency.
Types of the currency markets

<table>
<thead>
<tr>
<th>Interbank currency market</th>
<th>Direct interbank currency market</th>
<th>International currency market</th>
</tr>
</thead>
<tbody>
<tr>
<td>set of the relations in the sphere of trade in foreign currency in Ukraine between:</td>
<td>set of the relations of subjects of the market, subjects of the market and National bank, and also National bank and its clients in the sphere of purchase and sale of foreign currency to Ukraine for non-cash to hryvnia during functioning of System of confirmation of agreements</td>
<td>set of the relations in the sphere of trade in foreign currency outside of Ukraine between subjects of the market and foreign contractors, on behalf and at the expense of subjects of the market cany out trade in foreign currency outside of Ukraine</td>
</tr>
<tr>
<td>1) subjects of the market;</td>
<td>2) subjects of the market and their clients;</td>
<td>3) subjects of the</td>
</tr>
</tbody>
</table>

Pic.1.

Types of the currency markets according to the legislation of Ukraine On one of these specified types of the enterprise don’t act as subjects of the currency market. This role is carried out by authorized banks, financial institutions and NBU [7]. The enterprises act as clients. There are directions realize the needs for foreign currency subjects of managing can’t, they use intermediaries. Such specifics of functioning of the currency market forms features of the organization of the relations in the sphere of purchase, sale and an exchange of currency transactions and their reflections in the account.

Historically it developed that agrees with (C) BU of operation on purchase and sale of currency were considered as realization of assets and were displayed it is developed as a part of the income and expenses. Such display led to emergence of the considerable income and expenses of operating activities at the enterprises which systematically sold currency, and answered an order of reflection of such operations in tax accounting.

Since 01.04.2011, dates вступления owing to the ІІІ section of the Tax code of Ukraine (further -NKU), changed rules of reflection of operations on currency purchase and sale in tax accounting, in particular, ceased to be displayed separately.
the income of realization of foreign currency and its balance cost in tax accounting. So, by subitem 153.1.4 of NKU it is defined that in case of acquisition of foreign currency the structure, respectively, expenses or the income of the reporting period joins a positive or negative difference between a rate of foreign exchange to hryvnia on which the foreign currency, and a course by which balance cost of such currency is determined is got. Similarly, in case of implementation of operations on sale of foreign currency the structure of the income or expenses, respectively, joins a positive or negative difference between the income of sale and balance cost of such currency. [3].

Besides, NKU operates with concepts which balance cost of foreign currency and cost of foreign currency for date of commission of operation had no interpretation in provisions (standards) of accounting of D. So, the term "balance cost of foreign currency" for tax accounting means the cost of foreign currency determined by an official rate of national currency to foreign currency, for date of reporting balance. And the term "cost of foreign currency for date of implementation of operation" means the cost of foreign currency determined by an official rate of national currency to foreign currency, for date of commission of operation [4]. In accounting the concept of prime cost of the realized foreign currency which was defined by a way of recalculation of foreign currency to monetary unit of Ukraine at the rate of NBU on date of sale of foreign currency, plus the expenses connected with sale of foreign currency met only. That is standards of the tax legislation didn't correspond to a technique of the accounting of operations on purchase and sale of foreign currency that caused certain difficulties for accountants.

For elimination of the specified divergences a number of essential changes in the main normative documents regulating an order of the accounting of currency transactions of D P (C) BU 15, P (C) BU 16, Book of accounts of accounting and the Instruction on its use was brought. Let's consider the main innovations concerning a subject of research.

First of all, to П (C) BU 15 is entered the new term «balance cost of currency». As it understand cost of the foreign currency defined on an exchange rate of monetary unit of Ukraine to foreign currency for date of commission of economic operation or for date of drawing up of balance. Thus mis term in the account unites in itself at the same time two concepts NKU D «balance cost of foreign currency» and «cost of foreign currency for date of implementation of operation». So, now in standards of the account and in the tax legislation it is used identical approaches to interpretation of economic concepts.

The following changes concern that the sum of balance cost of currency don't admit neither the income at the moment of receipt of proceeds from sales of currency, nor expenses on the moment of its write-off. Such the approach considerably simplified a technique of the accounting of operations on purchase and sale of currency and reduced quantity of correspondence of accounts which are necessary for
making for reflection of these operations. After all the scheme of accounting records looks now:

upon currency purchase:
- D-t of 333 of K-t of 311 for the sum of the transferred hryvnias for purchase of foreign currency;
- D-t 312 - K-t of 333 for the sum of an equivalent of the received foreign currency determined by a course NBU;

at currency sale:
- D-t 334 - K-t of 312 for the sum of an equivalent of the transferred foreign currency on the sale, determined by a course NBU;
- D-t 311 - K-t of 334 for the sum of the received proceeds from sales of foreign currency.

According to such scheme of records there are no correspondence for display of the income and expenses, namely:
- D-t 311 - K-t of 711 for reflection of the income of realization of foreign currency;
- D-t 942 - K-t of 334 for display of prime cost of the realized foreign currency.

Such approach reflection of purchase and sale of currency corresponds also international registration to rules. After all by reporting drawing up according to the International Financial Reporting Standard the income and expenses are turned off and reflected on net - a basis as profit or a loss. **MSBU 18** "Income" defines the term "income" and demands, that the enterprise estimated it at fair value which is received or subject to receiving, considering any trading discounts and discounts from the volume, provided by the enterprise. The subject of managing during the usual activity carries out other operations which are not creating the income but are accompanying on the primary activity which is bringing in the income. To represent results of such operations it is possible by reduction of any income by the sum of the related expenses arising at the same operation.

Besides, the enterprise represents on net - a basis of profit and the losses arising from group of similar operations, for example profits and losses on exchange differences or profit and losses from the financial instruments withheld for sale. However the subject of managing submits such profits and losses separately if they are essential [2].

Also in Π (C) BU were made changes concerning reflection of the expenses connected with purchase and sale of currency of D now they join on in other operating expenses (account 949), and are a part of administrative expenses (account 92). Thus, differences between a course of the interbank currency market behind which actually acquired currency, and a course NBU for date of acquisition will be reflected by the following record:

- D-t 92-K-t 333
As a result of such innovations in provisions (standards) of accounting, the relevant standards of the Instruction No. 291 regarding application of subaccounts 711 and 942 [1] were modified:

Table 1

<table>
<thead>
<tr>
<th>subaccount</th>
<th>subaccount name</th>
<th>purpose of the subaccount</th>
</tr>
</thead>
<tbody>
<tr>
<td>711</td>
<td>«Income of realization of foreign currency»</td>
<td>information on the income of realization of foreign currency is generalized</td>
</tr>
<tr>
<td></td>
<td>«Income of purchase and sale of foreign currency»</td>
<td>information on the income of purchase and sale of foreign currency, in particular positive difference between the price of purchase sale of foreign currency and its balance cost is generalized</td>
</tr>
<tr>
<td>942</td>
<td>«Prime cost of the realized foreign currency»</td>
<td>balance cost of the realized foreign currency for realization date is reflected</td>
</tr>
<tr>
<td></td>
<td>«Expenses on purchase sale of foreign currency»</td>
<td>information on expenses on purchase and sale of foreign currency, in particular negative difference between the price of purchase sale of foreign currency and its balance cost is generalized</td>
</tr>
</tbody>
</table>

Conclusions from this research and prospect of further researches. So, brought in П (C) BU of change can be considered as approach to tax accounting either to international or in both at the same time. Besides, it simplifies process of reflection of operations on purchase and sale of foreign currency on accounts of the account and provides is curtailed reflections of such operations in accounting and financial statements.


Hana Vykopalova, Prof. PhDr., CSc.

PUBLIC POLICY AND ITS REFLECTION IN THE BEHAVIOR OF COMPANIES AND INDIVIDUALS

The importance of public policy. Effect of the economy and economic changes on individuals. Symptoms of behavioural and societal impacts. Theories explaining the relationship between achievement motivation, education of children, the theory of trying to clarify the causes of poverty, the theory of work motivation and needs. Meaning, communication and social interaction. Sense of safety as a category of individual and social interaction. Unemployment, crime and homelessness as a result of unemployment.

Keywords: Public policy, economics, economic growth, individual and social behaviour, economic development, cultural anthropology, achievement motivation, personality development, poverty, economic conditions, self-fulfilment, point of influencing behaviour, communication and interaction, feelings of safety, unemployment, crime, homelessness

Introduction

Public Policy (Public Policy, policy sciences), like a multidisciplinary science researching the contents of various policies, and also the causes and reasons, solves a number of important social impacts and their consequences on the general population. Specific policy (policy) is always influenced by the specific economic and social situation in the country and takes place under certain conditions and relations. Among the major issues appearing in the present days, in many developed countries, as well
as in economically developing countries is the question of the impact the economy as a key factor affecting the behaviour of individuals, as well as a whole. They are thus questions of economic development and economic growth, which are among the most discussed social issues and related behaviour of the population for which specific impacts can be traced to any individual. Every economic system has different impacts on humans and due to the existence and functioning of many different economies can be very difficult to reach some generally valid conclusions. However, it is known that all economic changes are in its consequences related to each individual who responds to them and for these changes adapts its behaviour, which is then echoed in the society. The negative economic impacts in the form of crisis brings with it a logical series of social impacts such as unemployment, poverty, deprivation, which strengthens the incidence of crime, homelessness and other social negative phenomena.

Public policy and social behaviour

The part of all economic systems is a person, and that is why so many researchers focus their research on economic change and individual behaviour and trying to explain how individual and general conditions can affect both economic and uneconomic behaviour. A major issue, which is appearing in a number of research papers already in the 70s of the 20th century, is the emphasis placed on the historical dimension of economic development and the level of individual behaviour, including the determination of the effects of cultural anthropology. The economic process is a continuous process. The historical development shows that countries, which under certain conditions reach a certain stage of progress, then decline and need to start-up a new development process at a later time. As an example, is a massive development and expansion of cultural and economic development of the Aztec empire. In the expansion of this culture played a significant role the individual, cultural, anthropological and economic factors.

The importance of these influences was trying to point out in studies of many researchers. For example, McClelland’s Economic Theory [1] underlined the importance of the hypothesis that cultures differ in the degree, to which support personal transformation, focused on the need for high performance. Some of its results, such as the relationship between education and upbringing of children and achievement motivation, or the relationship between achievement motivation and economic growth in the state where the emphasis was on progress and prosperity reflected in access to education and work towards profit of each individual, as a symbol of the culture. Long-term research results were compared with the sophistication of the culture in ancient Greece and pre-Columbian Peru at the time of economic prosperity. McClelland's statement regarding the need for high performance or the achievement motivation is a result of economic development that allows and encourages personal development. To the similar conclusions came in their studies also Cover and Johnson [2]. Other researchers had focused on question of the value
system [3] of a certain culture, which they considered as an important means for achieving objectives and social development. Many researchers, many decades ago, have pointed to the negative consequences of high economic development, such as the Holmes and Rahe [4], which is the number of stressful events acting in developed economies, causing the occurrence of physical and mental disorders caused by stress. Galbraith [5] concluded that the cause of poverty associated with lower levels of development, is the connection of the human addiction to the social situation and the absence of expectations of a higher living standards. In the case, that the culture encourages expectations of higher living standards, there is greater aspiration for recovery of this culture. In addition to monitoring and research, many of the researchers based their consideration on knowledge of global historical experience.

Economic conditions affect behaviour, but also the attitudes that are reflected into behaviour. This means, that the subject of evaluation is satisfaction and well-being, satisfaction with economic and social system of the country and their own perception of economic conditions. Studies, that have been implemented in this area, suggest to a correlation between satisfaction and income, corresponding to satisfaction with work, depending on income, other income the possibility of, etc. , With a strong influence in perceptions of justice or injustice of their own economic situation, i.e. how people explain their economic situation. Poor people perceive the cause of their condition structurally, i.e. assign it rather to external influences (or state control of the economy) than their own internal efforts (motivation, skills). This also explained effect of point influencing behaviour (locus of control), Strumpel [6].

Factor that significantly influences the behaviour of each individual, but society as a whole, is the work. The work is an essential factor in socializing, including elements of self-fulfilment and social interaction is a means for obtaining social status, usually associated with some external and internal reward. The issue of work motivation is associated with a variety of needs theory, with the most famous of them is a motivational theory of Maslow AH [7], which is based on an effort to explain the update and implementation of their own individual potential due to their own organization needs. Why, the individual realizes specific needs in a certain order is related to the dynamics of individual behaviour that is influenced by feelings of satisfaction or distress. Invoked feeling of deprivation moves a certain need on top position and the behaviour of individuals is so focused on their satisfaction. If the needs are satisfied, the importance is declining and other needs of the next higher level are stimulated. In the contemporary advanced society, are the social needs that have their own hierarchical level and the lack of satisfaction is perceived by some individuals as highly problematic. It is, for example, issues of communication and interaction, which is implemented in developed societies, anonymously, through telecommunications networks, internet and using social networks. A number of public institutions, including the banking sector, is trying to limit personal contact with their clients (for reasons of security and economic) and prefers the impersonal contact via
communication technology in the form of reinforcement, i.e., faster and cheaper services. This "reinforcing behaviour" under the influence of social learning causes the adoption of certain behaviours that are later applied to other situations and environments. The absence of personal social contact produces feelings of anonymity, increasing the possibility of criminal or delinquent behaviour. One of the most debated issues in the context of increasing anonymity is a question of safety and perceptions of safety by an individual or company. And again it is possible to come out of from many published theories, pointing to the fact that a person is particularly affected by emotions, ideas and thoughts, that are reflected in the perceptions and feelings, and which affecting behaviour and ways of enhancing [8].

A feeling of safety is closely connected with the state of human consciousness, in which he does not feel threatened, it is a subjective mental state enabling fulfilment, integration into society, safety future, the absence of risks to health and basic subsistence needs. State of safety, is related to an objective perception of safety, associated with the economic effects and safety influences on the level of the wider society. There is also links to individual and subjective factors with objective factors and society as a whole.

The work as an essential means of self-fulfilment and social integration also related other phenomena of contemporary developed societies, among which dominates as the most important phenomenon - unemployment. Certain highly developed countries have a high rate of unemployment, occurring particularly at low ages. From this perspective, there arises a significant risk to the inability to integrate into society, restrictions on work motivation and reducing the economic level, including the anchoring of such patterns of behaviour that do not support motivation to work and disrupt the daily routine. Several studies have previously pointed out that unemployment in many people causes deterioration of mental status, increased anxiety, depression, decreased life satisfaction and overall indifference. These effects are more extreme, if the motivation to work is higher. These consequences are manifested more intensely in relation to job applicants in productive age, accompanied by symptoms of psychological vulnerability and fear of poverty and disease [9]. Loss of work is one of the factors affecting a person in terms of psychological, social and economic. Any loss of work and adaptation to new conditions is one of highly stressful events in human life, which also applies to retirement and adaptation to new working conditions.

Lives of people without work is a complex problem of each individual, but as well as the whole society. Again, depends on the economic level of the individual or society, how they will satisfy the basic life and social needs and how it will set the standard of living, which again corresponds with the behaviour. Increased crime and violence is a sign of absent or inefficient function of economic instruments and low living standards. Long-term unemployment, family instability, prolonged by poverty,
social exclusion associated with life crises are factors that predict homelessness, which is another complex and long-term problem of every society.

Conclusions

Purpose of this short reflection, is to point out some important ideas and theories known for decades from the perspective of contemporary society. To think about the importance and impact of the public policy and especially what role play individual factors, social and economic, from the perspective of social and individual prosperity. As important, from this perspective, were selected categories such as work, economic conditions, company and individual.

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POPULATION’ EMPLOYMENT: ITS PROBLEMS AND WAYS’ SOLVING WITHIN MODERN ECONOMIC DEVELOPMENT CONDITIONS

Annotation: Solving population employment problem and thus ensuring it with jobs, assisting creating country’s material wealth, has been one of the most significant aspects of raising Ukraine’ economic processes.
**Key Words:** population employment, population social safety net, social insurance, pension provision.

**Introduction.** Population employment provision has been a basic component of our country’s economy. Exacerbation of a crisis in Ukraine has been following by unemployment and part-time employment rise. Nowadays effective employment regulation, which can help creating productive forces with socially oriented balanced market economy of Ukraine and Volyn’, remains actual.

**Assignment setting up.** The research has been subjected to ground scientific-methodical processes of population employment provision in market conditions and finding out its peculiarities for rural community.

Subject realization provided for solving of the following assignments:
- to identify rural community employment principle guidelines;
- to find out the rural community employment realization contents.

**Results.** Population employment problems and their solving take one of the top-priority positions in the economy. Society economic advance depends on their accurate regulation. Social progress rise has been affected by the factors denoting social and personal phenomena, which, in their turn, influence upon population prosperity advance. Unemployment increase was not registered in the Volyn Region throughout 2009-2011. If a number of persons, who’d got unemployed status officially in 2010 exceeded 26940, in 2009 – 39208. In the second half of 2010 an increased number of applications to the Population Employment Centers had been observed – from 4800 in July to 7915 in December. Similar tendency had been registered throughout nine latest years.

In early 2011 a number of those, who were sent on leave at own expense, made as many as 1600 persons. About 5000 persons have part-time work. Those measures had been undertaken by over than 70 Volyn enterprises ‘managers.

Drastic decrease of vacancies, suggested by the employees, can be observed. For the last 3 months in our region it resulted in employments’ number fall that made correspondingly 2385, 1979 and 1546 persons. So, the level of registered unemployment in early 2011 made 4,13%. Economically active population segment should be offered servicing, enabling to accelerate job hunting not just in Volyn employment market, but in the other regions. This should be amended with automatic employment suggestions’ choice in the night time thus helping employment officers to get a list of person, for whom PC system found a job by the work-time beginning; the “Trud” (Labor) State Employment Service interactive internet-portal, wherein one can allocate a résumé, to get vacancies’ information as well as enjoy servicing of “Job Hunting” (730) mobile service, which enables to receive vacancies’ information from the greatest in Ukraine database, renewing daily, by cell phone SMS.
We have to support the unemployed, who mastered new professions or improved their professional skills, launched their business and those employees, who created jobs and assisted training unemployed ones at their enterprises. Throughout the years of 2009-2010 in Volyn region 55 million hrv (UA) of dotation had been allocated to employees for training 7,5 thousand unemployed persons.

One time unemployment reliefs to do own business had been granted to almost 3500 unemployed persons. For the expense of the Ukraine State Social Insurance Compulsory Unemployment Fund 22000 persons had been trained in Volyn area. 40000 persons had been involved into public (communal) works. Employment Center Fund money should be directed to unemployment material help, unemployed training and retraining as well as to employees’ dotation according to acting treaties. In Volyn Region no debts exist in unemployed help’ pays.

On bringing Ukraine Law “On Amendments to Some Ukraine Laws Referring the Influence of World’ Economic Crisis upon Population Employment Sphere” into effect, conflicting situation arouse in getting the status of unemployed for rural territories citizens, who were considered to be the members of personal rural husbandries. This is why they can’t be registered as unemployed at the urban employment centers. It’s necessary to investigate thoroughly every person’ occupation, should he be associated with possession of land.

Anti-crisis measures can help normalize employment by means of landowners’ voluntary insurance, any work in farming obligatory registering, fulfillment of ecological and upgrading communal urgent works as well as rural small bizzes’ state support. These will be a real support to jobs’ legalization, creating new jobs, justice in social protection and consumerism tendencies’ getting over.

Anti-crisis legislation will assist national market protection from extra workers immigrants from abroad. By February 1, 2009 almost hundred foreign citizens got the right for employment in our Region from the Regional Employment Centre. They all work as chefs, consultants, managers and workers. But the qualified personnel’ outflow from Ukraine becomes more and more alarming and threatening. Just according to official personnel agencies’ data, more than 400 Volyn citizens have been working abroad last year. Major part of Ukrainian immigrants has been aged by 40.Among them the men dominate, having found jobs in agriculture, construction, working industries, hotels, restaurants, commerce, transport and communication of Poland, Slovakia, Czech Republic. The most valuable, which any nation possesses, has been manpower resources; the development of natural resources, however rich they would be, other than developing any industry or raising society living standards’ is impossible.

Let’s examine Volyn rural population’ economic activity throughout 2009-2011 (see Table 1).
Examining Table 1, we can note the Volyn Region rural economically active population rise in 2011 compared with 2009 by 1900 persons, which made 0,79% (along with this, during the same period the able-bodied age had been decreased by 0,5 thousand persons, which made 0,23%, while the elder able-bodied aged number increased by 2,4 thousand persons that made 9,64%). Rural population employment number, compared with 2009, increased by 13,8 thousands persons, that made 6,52% (along with this, the number of able-bodied age rural population decreased by 99,0 thousands persons, that made 52,97 %, while the number of elder able-bodied aged decreased by 12,7 thousand persons, that made 51,42%). As a result, rural population employed number in 2011 compared with 2009, increased by 13,8 thousand persons, that made 6,52%(at the same time, the number or rural able-bodied population decreased by 99,0 thousand persons that made 51,42%).

It resulted in a Volyn rural population decrease in 2011 compared with 2009 by 11,9 thousand persons that made 40,75%(this concerned only able-bodied aged persons). As we see, the number of economically passive population in 2011 compared with 2009, decreased by 7.7 thousand persons that made 6,79%(along with this the number of able-bodied aged persons increased by 0,4 thousand persons that made 0,59% while the number of elder able-bodied aged persons decreased by 9,1 thousands persons that made 20,18%).

The principle guidelines of state governing should be working out and effective stimuli introduction of multi-sector economy formation accelerating, thus enabling to widen employment scales as well as employers’ choice of appropriate kinds of...
employment, responding aptitudes and interests of everyone; purposeful economy state sector formation, of its entrepreneurship and non-entrepreneurship sectors aiming to keep the jobs; real and overwhelming small business and medium entrepreneurship’ support, establishment and development of municipal property; working out of a regional complex program for jobs’ making and preservation, designed to normalize population life sustenance conditions [1]; preparation of organizational and legislative bases for similar programs’ implementation, setting up its information provision and financing mechanisms; launching up compulsory social examination of all programs designed to evaluate its influence upon employment conditions and regional social problems’ lessening, social partnership improvement due to including creation and keeping jobs into all kinds of treaties [2]; assisting in personnel adaptation to structure and quality changes as well as public works’ enhancement [3].

The suggestions relating to measures of influence upon Ukraine population employment stabilization can be as follows:

- economic policy orientation on employment assistance by means of setting up professional training centers;
- unemployment decrease due to subsidiary and dotation programs’ launching;
- effective employment market establishment, which assumes wages rise while the lift of national economy;
- implementation of educational services’ market mechanism to be formed in accordance with economy personnel demands;
- preserving perspective jobs due to setting up special state subsidiaries to the workers’ wages, amounting as much as 50%;
- untimely wages paying situations’ overcoming and debts’ returning, reasoning by maintaining the precedence of liabilities’ payments with the existing Law help (as provided for МОП Convention №173 “Relating to workers demands’ protection in case of employer’ insolvency”);
- development of the adaptation training system, firm’ personnel training, increasing control of fulfillment and keeping citizens’ social guaranties and labor rights, granted by definite legislation.

References


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