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STUDENTS AND ENTREPRENEURSHIP: AN EXAMPLE

NIKOLA KNEGO¹

ABSTRACT. This paper is the result of lectures given over a number of years on the practical course "Establishment and Business of Small Enterprises" carried out during the second year of professional graduate studies in Trade at the Faculty of Economics & Business, University of Zagreb. The purpose of the course is to make students more familiar with the place, role and importance of small enterprises and crafts, or/ and with the small economies within a country's economy. It is up to the students to present the problems related to the establishment or operation of crafts, small and medium-large enterprises by using practical examples. At the very beginning, those taking the course are required to answer a questionnaire divided into three parts, which aims to provide an in-depth knowledge of their eventual goals in starting up a personal business, an assessment of personal attributes and assessment of business skills and knowledge. This was also carried out at the start of the summer semester in 2007/2008. The results of this survey will be presented in this paper.

Key words: students, entrepreneurship, survey, practical course "Establishment and Business of Small Enterprises", business goals, personal attributes, business skills and knowledge.

1. INTRODUCTION

The term entrepreneurship most frequently means starting up new businesses. The definition of the term «new business» is something that could be discussed. A question could be raised as to what kind of new business: a new business that has never been started anywhere before or a new business that has not been started before in either a specific or broader territory or market. This could imply a country or some part of it, going all the way down to the local level. The term entrepreneurship, depending on how we understand the term "*new business*", can be approached either in a broad or narrow sense, more or less restrictively. It is clear that there are very few businesses that could satisfy the term entrepreneurship in the sense that would mean the starting up of a new business that has never before been started anywhere else.

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There are also some other restrictions in understanding the term entrepreneurship. They can apply to the minimal number of people employed for such a business or the minimal duration for such work.

All of the above can significantly lessen the number of businesses started, which could be categorized under entrepreneurship or entrepreneurial undertakings.

We would select an extensive approach to entrepreneurship that implies the undertaking of business regardless of whether anything similar has ever been undertaken anywhere before, and regardless of how many are employed by this work or the actual duration. Entrepreneurship would mean starting up work, discarding the potential limitations mentioned previously.

Practice has shown that people starting up a business can be divided into three categories. The first category includes all those who have always had and practiced the attitude that they would not work for others, but for themselves, and eventually, others for them, depending on the size of business. The second category includes those that would never have taken steps to becoming entrepreneurial if they had had slightly more favorable conditions working for others. The third category includes those that understood that they had to undertake something, particularly in transitional countries², as the only way of survival for themselves and their families.

The first group has the fewest entrepreneurs, and most entrepreneurs are those that have been forced into self-employment by circumstances of life.

2. METHODOLOGY USED

The key problem of entrepreneurs on the Croatian market is their inadequate education. There is a practical course called the "Establishment and Business of Small Enterprises" as part of a two-year professional graduate studies program in Trade at the Faculty of Economics, University of Zagreb, which deals with the practical problems of small economies (small economies = small enterprises + medium-large enterprises + crafts). The 30-hour course is offered during the second year in the fourth semester. It is a compulsory course. The aim is to provide practical knowledge related to the establishment and business of crafts and small and medium-large enterprises.

Each new generation of students is first surveyed, after which they are presented with the results of the survey. This paper will present the results of a survey obtained during the year 2007/2008.

² Croatia also offers such an example, where extreme cases show that it was possible to come to work for years and not to receive compensation. Some workers understood the situation either sooner or later, and a certain number of entrepreneurs exit these ranks, seeking to provide for themselves and their families.

The survey contains three separate questionnaires. They are: 1. assessing your aims; 2. Assessing your personal attributes, and 3. Assessing your business skills and knowledge.³

2. 1. The period of the survey and the numbers surveyed

The survey was carried out in Zagreb on February 25, 2008. The survey covered 72 students, 20 men and 52 women. See Graph 1 for survey structure. In the survey, the share of the women's student population was 2.6 times greater than the men's share. The female gender is becoming predominant in social science studies, including economic studies. This is opening the question of women in entrepreneurship, as well as in management, in greater measure.⁴

2. 2. Survey material

The survey material consists of three questionnaires:

1. Assessing Your Aims;⁵
2. Assessing Your Personal Attributes⁶ and
3. Assessing Your Business Skills and Knowledge.⁷

2. 2.1. Questionnaire I

Questionnaire I was made up of ten questions. This questionnaire served to evaluate the goals of potential entrepreneurs and to evaluate in what measure was the undertaking of personal business the right thing to do.

Table 1: Assessing Your Aims (Questionnaire I)	
<i>Completing this questionnaire will help you to determine whether starting your own business is the right move for you. It is not a test that you either pass or fail; the questions instead prompt you to assess your life aims.</i>	<i>Take your time thinking about each one before answering "Yes" or "No", then read the comment that follows. By the end of the questionnaire, you should have a clearer idea of what motivates you, and how this equips you to run your own business.</i>
Have you always wanted to run your own business? <input type="checkbox"/> Y <input type="checkbox"/> N <i>Having a long-held ambition to run your own business will help you get through difficult patches, and you are more likely to succeed in the end.</i>	Do you think you will have a better quality of life running your own business <input type="checkbox"/> Y <input type="checkbox"/> N <i>Although you will undoubtedly work longer hours, particularly at the outset, most self-employed people feel their quality of life improves.</i>

³ All of the three survey forms we used were taken from the following source: P. Hingston, *Starting Your Business*, Small Business Guides, A Kindersley Book, London, 2001, pp. 11, 13 and 17.

⁴ See the source for more details on these issues: H. Wehrich – H. Koontz, Menedžment, Mate, Zagreb, 1995, pp. 5-8.

⁵ Hingston (2001), p. 11.

⁶ Hingston (2001), p. 13.

⁷ Hingston (2001), p. 17.

<p>Do you know what work you would like to be doing in five or ten years? <input type="checkbox"/> Y <input type="checkbox"/> N <i>You need to take a long-term view, as it will take several years for the business to become established.</i></p>	<p>Do you expect to earn a lot of money? <input type="checkbox"/> Y <input type="checkbox"/> N <i>You will probably answer "Yes" to this question. Although some people start a business with the sole intention of making money, most seek independence and a better quality of life. This is just as well, since it usually takes several lean years of trading before a successful business becomes established and adequately profitable.</i></p>
<p>Do you want to work on your own? <input type="checkbox"/> Y <input type="checkbox"/> N <i>Starting a business can be a lonely experience, and it does not suit everyone. There tends to be less social contact than when working as an employee.</i></p>	<p>Would you like a greater degree of financial security? <input type="checkbox"/> Y <input type="checkbox"/> N <i>Although you will probably answer "Yes" to this question, you may believe that being self-employed will give you less financial security. At first this is usually the case but, in the long term, it is possible that you will have more security working for yourself as you have greater control over your own destiny.</i></p>
<p>Is a career of less importance to you than other ambitions? <input type="checkbox"/> Y <input type="checkbox"/> N <i>If you are career-orientated, then self-employment is probably not for you.</i></p>	<p>Do you have a specific business idea you would like to see become a reality? <input type="checkbox"/> Y <input type="checkbox"/> N <i>Some people just want "to start a business", while others want to see their pet idea- a new product or business concept-become a reality. Experience shows the latter tend to be more motivated and likely to succeed.</i></p>
<p>Do you want to realize your full potential? <input type="checkbox"/> Y <input type="checkbox"/> N <i>Self-employment requires far more skills than many people realize. It will stretch you to the full, as you will probably have to do all the work associated with your business, especially in the early years.</i></p>	

Source: P. Hingston, *Starting Your Business*, Small Business Guides, A Dorling Kindersley Book, London, 2001, p. 11.

<p>Results: Questionnaire I</p>
<p>If most of your answer to this questionnaire are "Yes", then it is a good indicator that starting a business might be the right step for you. If the majority of your answers are "No", think again about exactly what you hope to gain from starting your own business.</p>

Source: P. Hingston, *Starting Your Business*, Small Business Guides, A Dorling Kindersley Book, London, 2001, p. 11.

STUDENTS AND ENTREPRENEURSHIP: AN EXAMPLE

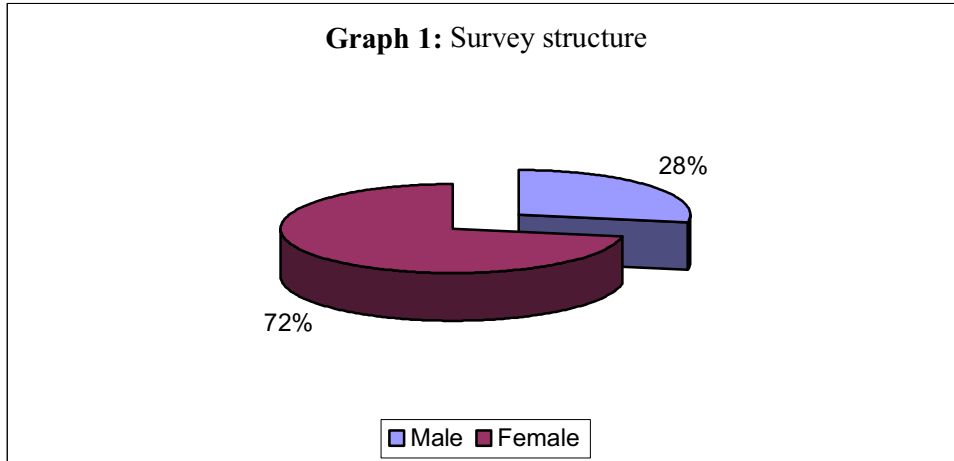
Table 2 contains the answers of those surveyed.

Table 2: Answers provided to Questionnaire I

The Survey performed in Zagreb on February 25, 2008						
Questionnaire I	Students					
	Male N=20		Female N=52		Total N=72	
	Yes	No	Yes	No	Yes	No
Have you always wanted to run your own business?	17	3	38	14	55	17
Do you know what work you would like to be doing in five or ten years?	14	6	33	19	47	25
Do you want to work on your own?	9	11	29	23	38	34
Do you want to be the boss?	18	2	41	11	59	13
Is a carrer of less importance to you than other ambitions?	20	0	50	2	70	2
Do you want to realize your full potential?	15	5	29	23	44	28
Do you think you will have a better quality of life running your own business?	10	10	31	21	41	31
Do you expect to earn a lot of money?	20	0	52	0	72	0
Would you like a greater degree of financial security?	8	12	10	42	18	54
Do you have a specific business idea you would like to see become a reality?	11	9	24	28	35	37
Total:	142	58	337	183	479	241
Average	7,1	2,9	6,48	3,52	6,65	3,35

Source: Our computation of the gathered data.

The more "Yes" answers there are, the easier it is to decide whether starting up one's own business is the right thing to do for those surveyed and vice versa. Out of the total samplings, 6.65 questions (or 66.5%) answered "Yes" and 3.35 questions (or 33.5%) answered "No".

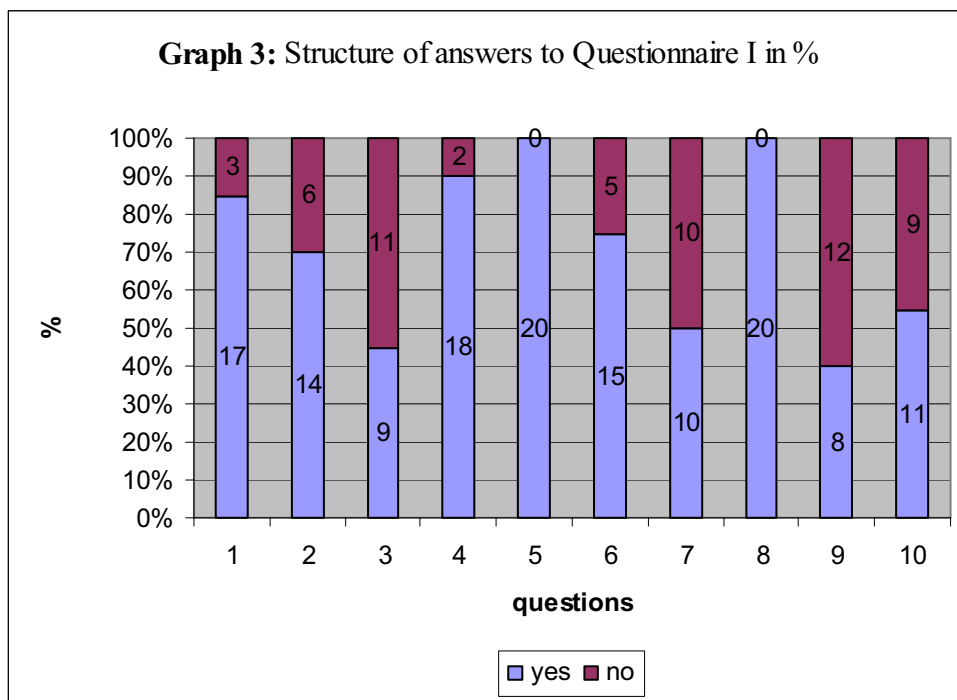
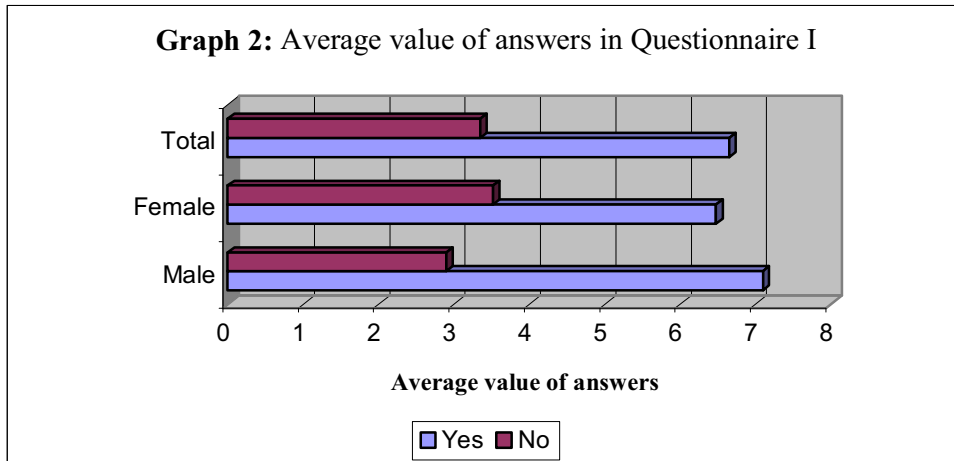


The men's sampling showed more satisfactory positive answers to the questions given in Questionnaire I. The relationship between Yes: No answers in the men's sampling was 7.1:2.9 or 71.29%. This relationship in the women's sampling was below the overall average (n = 72). It was 6.48: 3.52 or 64.8: 35.2%. Table 3 contains the deviation index for answers given in the Questionnaire I, according to gender and overall average.

Table 3: Deviation index according to gender and overall average statistical sampling

Statistical sampling	Answer	
	Yes	No
Total (N=72)	6,65=100,0	3,35=100,0
Male (N=20)	106,8	86,6
Female (N=52)	97,4	105,1

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2.2.2. Questionnaire II

Questionnaire II was made up of ten questions. For each question, it was possible to select one answer out of three. The answers to the questions served to determine the personal traits of the person surveyed, which are needed in order to

start up and manage a personal business. These traits are: ability for concentration, enthusiasm, creativity, determination, readiness to work longer and self-confidence. This questionnaire also contained three more questions whose answers indicated in what measure the surveyed person was willing to undertake risk, to make decisions, the relationship with numbers and the level of organization.

We will comment on some of the questions contained in this questionnaire. The ability to concentrate or focus on something for a longer period of time or on multiple things at the same time is definitely an advantage for a person with this ability, in comparison to those with a very poor concentration. This is also true for features such as enthusiasm and creativity. Coming up with business ideas and turning them into a product or service is the key feature of an entrepreneur. There are few individuals who are ready to take on risks as the consequence of harmful events. Entrepreneurs take on moderate risks.

Table 4: Assessing Your Personal Attributes (Questionnaire II)	
<p><i>Read each of the following questions and then decide which of the answers best describes yourself. The questions are not in any order of importance. Score 4 points for each A answer, 2 points for each B answer, and 0 points for each C answer. Add up your scores, then look at the assessments in the Results panel.</i></p>	<p>Are you determined?</p> <p>A Once I start something, I like to see it through. <input type="checkbox"/></p> <p>B I try hard but eventually stop if things are not working. <input type="checkbox"/></p> <p>C I really cannot see the point of trying too hard. <input type="checkbox"/></p>
<p>Are you able to concentrate?</p> <p>A I can concentrate on one thing for long periods. <input type="checkbox"/></p> <p>B I am able to concentrate for some time. <input type="checkbox"/></p> <p>C I am not too good at concentrating. <input type="checkbox"/></p>	<p>Are you good with figures?</p> <p>A I enjoy doing calculations, some without a calculator. <input type="checkbox"/></p> <p>B I will work things out if I have to. <input type="checkbox"/></p> <p>C I am not very confident with figures. <input type="checkbox"/></p>
<p>Are you enthusiastic?</p> <p>A I get quite excited about things. <input type="checkbox"/></p> <p>B I am guardedly enthusiastic. <input type="checkbox"/></p> <p>C I rarely get excited about things. <input type="checkbox"/></p>	<p>Are you happy working long hours?</p> <p>A I am used to working evenings and some weekends. <input type="checkbox"/></p> <p>B I do not mind working some evenings or weekends. <input type="checkbox"/></p> <p>C I prefer not to work evenings or weekends. <input type="checkbox"/></p>
<p>Are you a risk taker?</p> <p>A I like to minimize my risk. <input type="checkbox"/></p> <p>B I am happy taking risks- personal or financial. <input type="checkbox"/></p> <p>C I do not like taking any risks. <input type="checkbox"/></p>	<p>Are you self-confident?</p> <p>A I am happy to talk to new people in a business context. <input type="checkbox"/></p> <p>B I have to force myself to approach new people. <input type="checkbox"/></p> <p>C I do not really know-previously, I have rarely needed to approach new people. <input type="checkbox"/></p>

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<p>Are you creative?</p> <p>A I enjoy thinking up new ideas. <input type="checkbox"/></p> <p>B I find new things interesting. <input type="checkbox"/></p> <p>C I do not think creativity is one of my attributes. <input type="checkbox"/></p>	<p>Are you well organized?</p> <p>A I usually have lists to work through and I set deadlines. <input type="checkbox"/></p> <p>B I do not like to be disorganized. <input type="checkbox"/></p> <p>C I sometimes forget to do things or I do them late. <input type="checkbox"/></p>
<p>Are you decisive?</p> <p>A I like to make decisions. <input type="checkbox"/></p> <p>B I make decisions only if I have to. <input type="checkbox"/></p> <p>C I hesitate because I am not sure what is right. <input type="checkbox"/></p>	

Source: P. Hingston, *Starting Your Business*, Small Business Guides, A Dorling Kindersley Book, London, 2001, p. 11.

Results: Questionnaire II	
<p>0-10 points</p> <p>Are you really sure you ready to run your own business? Think again about whether you are likely to be happy working for yourself.</p>	<p>22-30 points</p> <p>Although you have many attributes that make you suited to running your own business, you have a few weaknesses. Think about and improve upon the areas where you scored lowest.</p>
<p>12-20 points</p> <p>You have strengths and weaknesses. You might consider involving someone else who has complementary attributes.</p>	<p>32-40 points</p> <p>Your personal attributes seen well suited to running your own business.</p>

Source: P. Hingston, *Starting Your Business*, Small Business Guides, A Dorling Kindersley Book, London, 2001, p. 11.

What is considered to be moderate is quite individual, for moderate depends on a specific person and their perception of risk levels. Entrepreneurs must be ready for hard, continuous and long-term labor and effort. They must have self-confidence. It would be difficult to believe that someone would support an entrepreneur's idea or project, if the entrepreneur himself had no faith or low self-confidence in the project.

Why is it important to be well organized? For good organization multiplies the strength of the individual, and of the organization itself. We often are faced with individuals whose work results appear to be the product of a lot of spent time, which in fact it is not. The answer lies in their good organization. Such individuals are capable of rationally managing a resource that that is not renewable. This resource is time. Once it elapses, it cannot be brought back. Such individuals know how to eliminate time consumers completely or to minimize them as much as possible. The readiness to become actively involved with entrepreneurship simply cannot be avoided.

Determination is required for perseverance and durability, as well as the persistence to complete what has been started. The entrepreneur is set on achieving goals without regard to problems that might arise along the way to their realization. The relationship with numbers is very important. Understanding numbers and being at ease with them is definitely an advantage over those who would handle economy without numbers. Numbers are a tool to quantify the relationship and evaluation of what is desired and what is achieved.

Table 5 presents the answers to Questionnaire II for all those surveyed, including both genders.

Table 5: Answers to Questionnaire II

Questionnaire II	Students								
	Male N=20			Female N=52			Total N=72		
	A	B	C	A	B	C	A	B	C
Are you able to concentrate?	10	4	6	18	28	6	28	32	12
Are you enthusiastic?	13	7	0	41	9	2	53	17	2
Are you a risk taker?	10	8	2	25	15	12	34	23	15
Are you creative?	3	12	5	14	29	9	18	42	12
Are you decisive?	16	4	0	20	26	6	35	30	7
Are you determined?	11	8	1	32	20	0	42	29	1
Are you good with figures?	3	14	3	15	30	7	19	43	10
Are you happy working long hours?	2	3	15	3	8	41	5	12	55
Are you self-confident?	12	7	1	37	9	6	50	16	6
Are you well organized?	5	9	6	19	21	12	25	29	18
Total:	85	76	39	224	195	101	309	273	138
Total points	340	152	0	896	390	0	1236	546	0
Average points	17,0	7,6	0	17,2	7,5	0	17,2	7,6	0
Total average points	24,6			24,7			24,8		

Note: Answer A = 4 points; Answer B = 2 points; Answer C = 0 points.

Table 5 contains answers for all those surveyed and according to gender for Questionnaire II, the fewest answer under category A, both overall and according to gender, the question, Are you happy working long hours?

The average number of points for the overall surveyed sample was 24.8. See Table 5 for answers to each question in Questionnaire II.

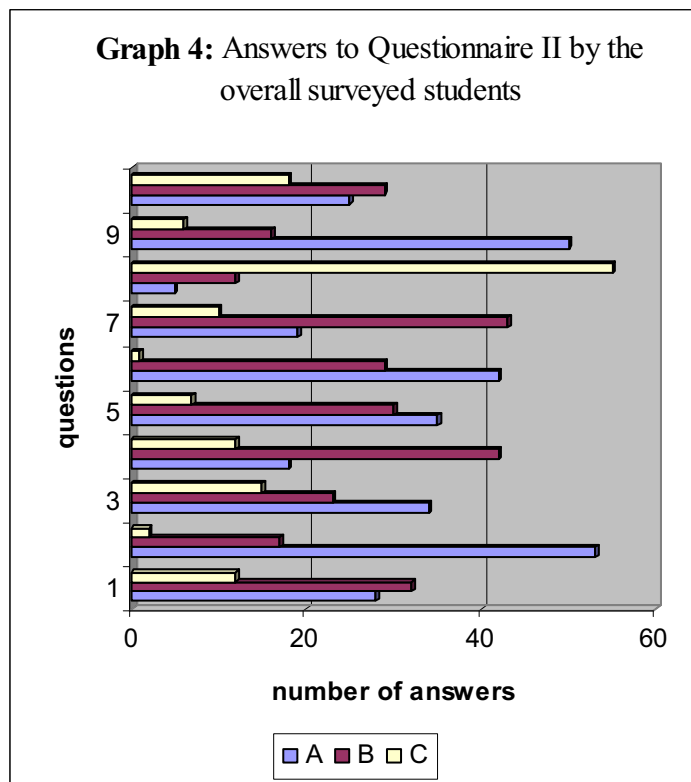
The results realized in Table 5 can be analyzed according to the instructions contained in Table 6. The overall number of students that were surveyed are in the same result category (22-30 points), including both gender groups. Even though those surveyed have many of the features that make them ideal for starting up and managing their own businesses, they also have some weaknesses that they need to work on eliminating.

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The key weaknesses of the overall sampling can be arranged according to the following decreasing intensity: readiness to work longer (55); organization (18); readiness to take on risks (15); ability to concentrate (12); creativity (12), familiar with numbers (10); readiness to make decisions (7); self-confidence (6); enthusiasm (2) and determination (1). The numbers in brackets represent the total number of answers.

Can the surveyed segments be differentiated according to gender and according to key weaknesses, and if so, in what measure? This can be shown according to the order and intensity of the replies. Men gave the following answers: readiness to work longer (15); organization (6); concentration (6); creativity (5); relationship with numbers (3); readiness to take on risks (2); decision-making (1) and self-confidence (1).

The order of key weaknesses for women was: readiness to work longer (41); readiness to take on risks (12); organization (12); creativity (9); relationship with numbers (7); concentration (6); decision-making (6); self-confidence (6) and enthusiasm (2).



2.2.3. Questionnaire III

Questionnaire III was made up of ten questions. It sought answers to determining the business skills and knowledge of anyone intending to start up and manage a business. One answer out of three had to be selected for each question. Four questions carried extra points if they were answered "yes". These questions were: a) Have you ever sold anything? b) Can you handle the household budget?; c) Are you managing any kind of organization? and d) Do you have a PC at home?

Table 6: Assessing Your Business Skills and Knowledge (Questionnaire III)	
<p><i>Read each of the following questions and select the answer that best describes yourself. Score 4 points for each A answer, 2 points for each B answer, and 0 points for each C. Add up your scores, then read the Results panel.</i></p>	<p>Do you have bookkeeping knowledge? A I understand double-entry bookkeeping. <input type="checkbox"/> B I know a bit about single-entry bookkeeping. <input type="checkbox"/> C I do not know how to do bookkeeping. <input type="checkbox"/></p>
<p>Do you understand your market? A I have worked in this market for a long time. <input type="checkbox"/> B I have some experience of this market. <input type="checkbox"/> C I have no experience of this particular market. <input type="checkbox"/></p>	<p>Do you have knowledge of business budgets? A I have been responsible for budgets and costings. <input type="checkbox"/> B I have helped with budgets and/ or costings. <input type="checkbox"/> C I do not know how to do budgets and costings. * <input type="checkbox"/> (*Score 1 point if you have done domestic budgets satisfactorily.)</p>
<p>Do you know about marketing? A I have a lot of experience of marketing, advertising, and so on. <input type="checkbox"/> B I have some experience of marketing. <input type="checkbox"/> C I do not really know about marketing. <input type="checkbox"/></p>	<p>Do you have knowledge of business laws? A I know the laws that apply to my business. <input type="checkbox"/> B I know about some of the laws. <input type="checkbox"/> C I really do not know which laws apply. <input type="checkbox"/></p>
<p>Do you have sales skills? A I am an experienced sales professional. <input type="checkbox"/> B I have done some selling in the past. <input type="checkbox"/> C I have never sold anything before <input type="checkbox"/> <input type="checkbox"/> (*Score 1 point if you have negotiated a good sale price for your own car.) good sale price for your own car.)</p>	<p>Do you have experience of managing staff? A I have been a manager for many years. <input type="checkbox"/> B I have had to supervise staff for several years. <input type="checkbox"/> C I have little or no experience of managing staff. * <input type="checkbox"/> (*Score 1 point if you have led a sport team or club.)</p>

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<p>Do you have experience dealing with customers?</p> <p>A I have had to deal with customers for several years. <input type="checkbox"/></p> <p>B I have had to deal with customers on occasions. <input type="checkbox"/></p> <p>C I have never had to deal directly with customers. <input type="checkbox"/></p>	<p>Do you have computer skills?</p> <p>A I have good computer skills and knowledge of e-commerce.</p> <p>B I have some computer skills.</p> <p>C I have few or no computer skills. *</p> <p>(*Score 1 point if you have access to a computer at home.)</p>
<p>Do you have knowledge of business taxes?</p> <p>A I have a good working knowledge of the relevant taxes.</p> <p>B I have some idea as to what taxes apply.</p> <p>C I do not know what taxes there are.</p>	

Source: P. Hingston, *Starting Your Business*, Small Business Guides, A Dorling Kindersley Book, London, 2001, p. 11.

The answers contained in Questionnaire III can determine the business skills and knowledge of each potential business start-up candidate.

Results: Questionnaire III	
<p>0-10 points</p> <p>You have a lot to learn even before you start your own business.</p>	<p>21-30 points</p> <p>Your skills and knowledge may be reasonable, but find ways of filling the gaps.</p>
<p>11-20 points</p> <p>Although you have some skills and knowledge, you still have much to learn.</p>	<p>31-40 points</p> <p>Your business skills and knowledge appear to be satisfactory, but don't be complacent.</p>

Source: P. Hingston, *Starting Your Business*, Small Business Guides, A Dorling Kindersley Book, London, 2001, p. 11.

The answers contained in Table 7, and their connection to Results: Questionnaire III, suggest that the overall number of those surveyed can be grouped into 11-20 points according to the available business skills and knowledge. The same holds true for both surveyed segments: men and women. See Table 7 for a more detailed distribution of answers.

Table 7: Answers to Questionnaire III

Questionnaire III	Students								
	Male N=20			Female N=52			Total N=72		
	A	B	C	A	B	C	A	B	C
Do you understand your market?	0	12	8	0	17	35	0	29	43
Do you know about marketing?	0	14	6	0	27	25	0	41	31
Do you have sales skills?	1	16	3	0	27	25	1	43	28
Do you have experience dealing with customers?	0	13	7	7	20	25	7	33	32
Do you have knowledge of business taxes?	2	13	5	0	47	5	2	60	10
Do you have bookkeeping knowledge?	5	8	7	20	17	15	25	25	22
Do you have knowledge of business budgets?	0	6	14	0	2	50	0	8	64
Do you have knowlwdge of business laws?	1	15	4	10	17	25	11	32	29
Do you have experience of managing staff?	0	3	17	2	5	45	2	8	62
Do you have computer skills?	12	8	0	5	7	40	17	15	40
Total:	21	108	71	44	186	290	65	294	361
Total points	84	216	0	176	372	0	260	588	0
Average points	4,2	10,8	0	3,4	7,2	0	3,6	8,2	0
Total average points	15,0			10,6			11,8		

Note: Answer A = 4 points; Answer B = 2 points, Answer C = 0 points.

3. CONCLUSION

The Croatian economy does not differ from the economies of other countries in terms of the significance of small economies in the structure of the overall number of business entities⁸. Only a little over one per cent are large enterprises. The remainder is made up of small and medium enterprises and crafts.

Based on the data obtained from the survey (n = 72), we arrived at the following information concerning the goals of those surveyed and the possibility of starting up a personal business. About 2/3 of all answers in Questionnaire I (one) was "yes". This suggests the conclusion that most of those surveyed are thinking about the possibility of starting up a business. This was more pronounced with the surveyed male student population than with the female group.

⁸ We cite the example of the English and Welsh economy, in which micro, small and medium enterprises participated in the overall number of enterprises with 99.8%, in the overall number of those employed by 55.5% and in the total turnover by 51.9%. According to: J. Reuvid, *Start Up & Your Own Business*, Third Edition, Kogan Page Limited, London, 2004, p. 6.

STUDENTS AND ENTREPRENEURSHIP: AN EXAMPLE

The average number of points for the overall surveyed sample in Questionnaire II (two) was 24.8. Even though the answers to this questionnaire indicated that those surveyed had many of the attributes needed for starting up and managing a business, there were also some weaknesses. It was suggested that they take the time to rethink and improve the areas of their weaknesses. We recognized this area of weakness for the overall sample and for individual segments. This includes all the questions answered under C.

The third questionnaire determined the business skills and knowledge needed for starting up and managing a business for those surveyed. The answers for the overall survey were 11.8. For both surveyed segments, 15.0 and 10.6. All three results are within a range of 11-20 points. We can state that even though those surveyed do possess certain acceptable skills and knowledge, they still have much to learn. The skills and knowledge that need to be improved upon can be seen through the answers given under C.

It can be assumed that these skills and knowledge will be strengthened in the third year of studies, and that the students represent a solid potential, which will be applied by some into the start-up and management of a personal business.

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WOULD-BE PROBLEM IMPROVERS IN ACTION: TACKLING AMBIGUITY IN ORGANIZATIONAL ISSUES

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ABSTRACT. Would be improvers or anybody who is involved in the debate over problematical organizational situations, are faced with a methodological question. How to make a plausible, defensible connection between the problematical situation and the actions for bringing improvement? If it is true that people express themselves about organizational issues in ambiguous terms then one needs to address this ambiguity instead of the 'problems' to find an answer on the methodological question.

Key words: would-be problem, improvers, situation, actions, methodological question

1. Introduction

In 1991 Flood and Jackson published Creative Problem Solving in which they analysed intriguing questions about the choice of methodology for improving organization and management issues.

The question of how 'would-be problem improvers' can attain a defensible choice for any methodology to improve problematic situations is by no means trivial. From a practical as well as a theoretical point of view the issue is quite problematical. Flood and Jackson present a model, which they call Total Systems Intervention. Basically TSI can be seen as a meta methodology. A methodology, which enables them to discuss the matter and contribute in a more instrumental sense as well [Flood and Jackson, 1991].

The would-be improver – management, staff, internal or external consultants – anybody who is involved in the debate over the problematical situation, is faced with a methodological problem. One way or another they have to make a plausible, defensible connection between the problematical situation and the actions for bringing improvement in the problematical situation. They will have to find an answer to the methodological question of how to connect the two.

In this article it will be stated that the choice of methodology is not trivial. It will be argued that the initial approach to a problematical situation plays a decisive role with respect to the outcomes. The argument is that in the initial approach one is confronted with ambiguity in the expressions of those involved in the problem situation. The claim is that one has to address this ambiguity in order to handle the methodological problem.

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2. The issue of choice of methodology

First of all we have to be clear about our understanding of the term methodology. Wilson states: “Technique, method and methodology are all ways of thinking about problems and hence represent structured ways of undertaking the intellectual processes involved in analysis” [Wilson. 2001 p.6]. It is only the degree of prescription that differentiates between them. Methodology being less prescriptive than either of them. For that reason Wilson describes methodology in terms of a ‘structured approach’. So for all three of them, although in different degrees, judgment is required; in terms of both its application and the structure itself. The process of acquiring judgments is by no means easy, it is problematical itself [Vickers 1965, Checkland and Casar 1986, Weick 1969,1995].

Judgements about reality and choice of methodology seem to be intertwined. One needs a methodology to judge a situation in order to be able to make a methodological choice. This circularity makes the position of Wilson and others plausible. In fact their approach amounts to a pragmatic one in response to what is a nasty circularity problem. It is a procedure starting with a structured approach and leading to prescriptive techniques. It is obvious that at this point the initial approach to a problematic situation is of great importance.

Mingers claims, although an action-oriented methodology is at stake, that this choice of approach is embedded in what he called a ‘social theory’ [Mingers 1984]. By this he refers to the debate about the question of the difference between the social and the physical world. The core of the debate being that the physical world exists in entities and structures which are supposed to be independent of the concepts of the observer, while those are supposed to be dependent on the concept of the observer in the social world [Churchman 1971, Ackoff 1974, Eden 1979, Checkland 1981, Checkland and Howell 1998, Rosenhead 1989]. In a classical nineteenth century dichotomy we can separate the objectivists from the subjectivists.

3. Objectivists and subjectivists

One could claim, and actually that is what many do, that the problematic situation itself is decisive in the sense that it determines the judgement about the situation and consequently the choice of methodology. We can label this as the ‘object’ approach meaning firstly that the situation is independent of the concepts of the observer and secondly that this situation can be known objectively. In other words, different observers can describe the situation identically.

If we take this position then our ‘would-be problem improver’ is basically an outsider who is looking at a situation. The situation expresses itself in his judgment and choice of methodology.

The process unfolds in a gradually more and more prescriptive trajectory from methodology to method to techniques for implementing a resolution with an achievable level of consensus. Now if one takes this position then in the end the professional

qualities of the observer are of great importance. The professionals, i.e. the experts, possess assets that the layman does not. They are able, in principle independent of the individual professional, to judge and address the situation. So basically the choice of methodology does not seem to be problematical at all. What can be problematical are the professional qualities in general or the qualities of a specific individual. In contrast to this 'objective' approach one can argue for a 'subjective' approach meaning that one claims that a problematical situation is subject related. In other words dependent on the concepts of the observer or more generally on the concepts of those involved in that situation. The situation can only be known through the eyes of the beholder and cannot be described identically by different observers using different concepts. It is obvious that if one takes this position that in that case neither the situation nor the qualities of the professional will produce unambiguous answers.

The issue of the choice of methodology can be illustrated in terms of a nineteenth century distinction about knowledge. In the object approach one claims that the facts speak, although not necessarily for themselves. The outsider, to be more precise, makes the facts speak and thus resolves the choice of methodology to methods and ultimately to techniques. It is the expertise of this outsider that enables him to let the facts speak as if he were not there. In the subject approach it is not the facts but the people involved that are speaking. The outsider cannot solve the issue in any other way than by letting the involved speak. The outsider can only facilitate this process of enquiry, by getting involved and becoming an insider.

The object and subject approach are presented here as extremes and one may wonder; if they are incongruous or how they may relate [Mingers 1984].

Wilson defines the difference between 'hard' and 'soft' approaches – here understood as equivalent to 'object' and 'subject' – in terms of "the degree of agreement about what the problem is among the particular population of individuals to whom 'the problem' is of concern" [Wilson, 2001 p.6]. This seems to imply that the two approaches are not incongruous.

If the problematical becomes unproblematic, if the ambiguity becomes unambiguous then the two meet. So in principle, it seems according to Wilson, it is possible to switch from for example Soft Systems Methodology to Systems Engineering and vice versa during a process of improving a problematical situation.

Now suppose that Wilson's claim is valid then a crucial question would be is it possible for the ambiguous, the problematical to become unambiguous, unproblematic and vice versa? And above all, what makes ambiguity so common in social affairs?

4. The inevitable ambiguity; attribution of motives, causal fantasies and norms

To say that organisational issues are based on people's feelings of uneasiness may be a true statement but would not in itself resolve anything. Not all feelings of discomfort translate themselves into organizational issues. They need expression and a

network of carriers in order to rise from the 'underworld' of the organization to become an organisational issue, which needs to be addressed [Gabriel 2000, Latour 1987, van den Belt 1997]. Maybe one should look at the process of expressing in order to understand the existence of ambiguity in the expressing of organizational issues. The phenomenon of multiple realities in that people attribute different meanings to incidents, persons and objects, has been studied for many years. Sociologists have claimed that the production of meaning, as it were, is related to one's position in the social structure, to the variety in ends and to the personal biographies of the producers [Berger and Luckmann 1966, McHugh 1968, Lyman and Scott 1970]. They put an emphasis on the specific relation between meaning and behaviour. The famous statement of Thomas: "If men define situations as real, they are real in their consequences", describes very clearly their point [Thomas 1928]. For understanding the behaviour of a person one needs to understand how this person defines reality rather than how reality 'is' in an objective sense. This relationship between meaning and behaviour is explained by what sociologists called the phenomenon of 'self-fulfilling prophecies' [Becker 1964, Merton 1968].

4.1. Attribution of motives

Although the sociological approach is of interest, for the would-be improver the focus is on the individual expressions as such. These individual expressions result in multiple-realities between the involved and thus in a clash between meanings. The multiple-realities as a product of sense making are difficult to address. Not only because they are conflicting but also because of their ambiguity. Research on sense making in organizations seems to reveal that ambiguity is not an accidental but a systemic feature. According to Burke it is the enigma of motives, which causes inevitable ambiguities and inconsistencies [Burke 1945/1969 pp. xviii-xix]. Weick claims that cognitive theorists repeatedly have demonstrated that when people try to make sense out of events, they are aided most in doing this if they can establish motivational reasons for the actions [Weick 1969 p.10]. Gabriel goes further by claiming that attribution of motive is central to any interpretation [Gabriel 2000 p.37].

4.2. Causal fantasies

Related to attribution of motive is the attribution of causal connections by which phenomena are connected as cause and effect. In this attribution of causes and effects it seems to be inevitable that the richness in terms of multi-causality, probabilistic causation, distinction between sufficient and necessary conditions gets lost in simple chains of causes and effects in 'causal fantasies', produced in what Goffman calls 'the causal fabric of experience' [Goffman 1974 p.503].

4.3. Norms

So the ambiguity in articulation seems to be a systemic feature of social systems. People can and will express themselves in ambiguous statements when

they make judgments. This seems not only to be the case when they make reality judgment -judgments about what they see as reality -but also regarding value judgments – judgments in terms of good and bad, acceptable and unacceptable and more so for judgments about what to do to improve problematic situations.

The last being the problem solving judgments, finding the best means of achieving a given end. The value judgments are critical as far as they reflect the feelings of uneasiness, which trigger potential organizational issues. For Vickers the concept of a standard is crucial in the process of judgment. Vickers criticized the emphasis on management as an exercise in goal-seeking and problem solving:

“I, on the other hand, am concerned with the setting of the norms to be followed and hence of the problems to be solved. The norms, which men pursue, and hence the problems which they try to solve, are, I suggest, largely self-set by a partly conscious process which merits and is susceptible of more study than it has yet received...”[Vickers 1984 p.305].

Attribution of motive, articulating oneself in causal fantasies and applying norms, partly implicit set, seems to create ambiguity in the addressing of organizational issues. For that reason it is no wonder that in the organisational discourse about problematic issues one can notice that it is not the questions that are in search of answers, rather, it is the answers that are looking for questions and solutions that are seeking problems [Latour 1999].

Now one may find this quite disturbing and even irrational. But if, as Burke and others have shown, this ambiguity is a systemic feature of the process of articulation then it is pointless to attempt to get rid of it but one should relate to it. Of course the intriguing question would then be; is it possible during a process of improving problematic situations to manage ambiguity?

5. Unravelling and accommodating ambiguity

Now if we state that ambiguity is a systemic feature of social reality then one cannot solve it or get rid of it. We can approach the issue from a different angle and say it in the words of Wilson; is it possible to improve the degree of agreement about what the problem is among the particular population of individuals to whom ‘the problem’ is of concern? One may wonder can we describe and manage the degree of agreement in terms of agreement to disagree, of consensus building or accommodation.

5.1. Problems and involved

Although improving the degree of agreement is not the same as decreasing ambiguity, the two seem to be strongly related. Ambiguity of organizational issues can be expressed along two dimensions. The first one being ambiguity about problems or issues, by this is meant ambiguity about ‘what’ and ‘how’ questions. The second one is about the involved, about questions ‘for’ whom and ‘by’ whom.

If on the one hand both the problem and the involved are well defined and it is clear what needs to be done, how it needs to be done and by whom it needs to be done, then one could say that the degree of agreement is high. And possibly but not necessarily that ambiguity is minimal. If on the other hand it is neither clear what the problem is nor who the involved parties are, but nevertheless the situation precipitates in managerial action (or deliberation), one may speak of 'wicked problems' [Rittle and Webber 1973] or a 'messy management situation' [Ackoff 1981] of high ambiguity. And possibly but not necessarily the degree of disagreement may be high.

For reaching agreement about 'what', 'how', and, 'for' and 'by' whom questions one may address the three aforementioned issues, the attribution of motive, the manifestation of causal fantasies and the application of norms.

5.2. Objectivists and subjectivists in trouble

Again this can be done from the objectivistic outsider's standpoint, or, from the subjectivist insider's position. If we take the objectivistic outsider position then the attribution of motives and the setting of norms may be interesting in a sociological or psychological sense but they are basically perceived as being within the managerial and not the professional domain - the domain of the 'would-be' improver. The motives and the norms, and accordingly the what questions, are basically issues to be resolved by the management. Of course in creating agreement about the problem and possibly clarifying some of the ambiguity, the three issues of motivation, causal fantasies and norms come to the fore and the 'weak-objectivist' will be interested also to assess the possible relevance and efficacy of his own efforts. But for the objectivistic professional the most important issue will be the clarification of the causal fantasies.

His chief contribution will be in unravelling, on empirical and or logical grounds, the basis of causal fantasies. So in a sense he is trying to decrease ambiguity and enhance agreement by letting the facts 'speak'. In the end he may be right in the sense that he may be convincing, but this is not up to him to decide but up to those involved in the situation.

In the subject position the outsider becomes an insider and with that, all the above three issues come to the fore. So here, motives, causal fantasies and norms are all important and all three need to be addressed. Basically the contribution of the subjectivist will be that he creates time and a setting for reflection. The 'weak-subjectivist' in Minger's terms will be interested in the logic, consistency and plausibility of arguments. And by doing this the involved may be able to decrease ambiguity and enhance agreement.

In the end both approaches need to organise a process of accommodation to promote the scope for an agreement. The problem of the objectivist is that the facts hardly ever speak for themselves and so he cannot be convincing through the facts. The subjectivist's problem on the other hand is that in the end, in seeking to

promote agreement he has to avoid the kind of paralysing total relativism that concludes that all motives, causal fantasies and norms are equally true and above all equally relevant.

Both approaches can be seen as different strategies for creating a kind of inter-subjective agreement about ‘what’, ‘how’, ‘by’ and ‘for’ who questions. Ambiguity may still be apparent, but people are able to accommodate through debate or even coercion-hence the agreement is provisional. Therefore social interaction may result in a provisional unproblematising of the problematic or problematising of the unproblematic. Increase of agreement as a product of accommodation seems to be possible.

According to Wilson one can classify types of problems. “Thus the design of a piece of software to meet a given specification is a hard problem (as long as the specification is ‘a given’) whereas the specification of information requirements to meet business needs is a soft problem particularly if the needs as specified are at odds with those required to support the business, or if indeed the business requirements themselves are problematical” [Wilson 2001, p7]. So soft problems can become hard ones and vice versa and in this way by a switch of method becomes possible. But actually one is not classifying types of problems but the spectrum of agreement and disagreement about issues. It is the agreement or disagreement between the involved about the problem, and, not the problem, that induces a possible method(ology) switch.

6. Conclusion

The main aim of this paper has been to contribute to the question of methodological choice. This question is set in the context of the choice of action-methodologies for improving organizational issues. First of all methodology is defined as a ‘structured approach’ and the relationship between methodology, method and technique is perceived in terms of a difference in degree of rescriptiveness.

The application of any methodology requires judgment in terms of both its application and its structure. The argument is that judgment is about something, this being the expressions of the organizational issues by the involved. The claim is that in the expression of the organizational issues, ambiguities is a common and probably even a systemic feature. For the would-be problem improver the consequence is that he needs to address this ambiguity. It is dealing with this ambiguity that is actually the key issue regarding the choice of methodology.

So in line with our argument the judgments one has to make in order to choose a methodology, presuppose that one has attained a kind of clarification of the ambiguity. One needs a methodology to clarify or even understand ambiguity in order to be able to choose a methodology to improve a situation. And the problem is that one is confronted with circularity.

The choice of methodology understood in terms of a structured approach to address this ambiguity, may be decided based on personal preference. Actually would-be improvers do have these kinds of preferences [Weick 1969].

Another procedure may be based on a meta-methodology like the one of Flood and Jackson. In Total Systems Intervention (TSI) they claim that the choice of methodology should be taken based on the two dimensions these being the complexity of the situation, being simple or complex, and, the nature of the relationships between the involved, i.e. unitarian, pluralistic or coercive [Flood and Jackson 1991]. Although there seems to be a flaw in TSI, this being that the above two dimensions are not independent, the model does attempt to address the ambiguity. Where Flood and Jackson make the choice partly dependent on the nature of the situation, so object oriented, a third procedure could be based on the nature of the problem expression by the involved. The involved can be seen and classified in terms of objectivism and subjectivism. Some will express themselves about organisational issue in an objective language and style others in a subjective fashion.

The would-be improver should then be able to recognize these styles and behave accordingly.

Although it may be difficult to classify types of articulation and styles in terms of objectivistic and subjectivist, actually there are methods, which may be helpful. One may use methods like the drawing of Rich Pictures as is done in Soft Systems Methodology [SSM, Checkland and Scholes 1990, Lewis 1992] or forms of cognitive mapping as in Strategic Options Development and Analysis [SODA, Eden 1999] or the assumption surfacing method of Strategic Assumption Surfacing and Testing [SAST, Mason and Mitroff 1981]. Methods like these and combinations of such methods can be used for the above classification because they enable one to address ambiguity and analyze the expression of people in terms of attributed motives, causal fantasies and norms [Kirk 2002].

So in this procedure the would-be improver makes his choice of methodology based on the style of articulation by the involved and not on the nature of the problematical situation, whether it may be simple in the eyes of the one or complex for the other. If decrease in ambiguity and increase in agreement about the situation is to be attained then one could say that a methodological accommodation to the involved seems to be relevant.

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ETUDE DE MARCHÉ SUR LA CULTURE DES ORGANISATIONS DE L'INDUSTRIE TOURISTIQUE

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RESUME. L'étude de la culture des organisations connaît une ampleur croissante qui va de pair avec le développement des sociétés transnationales. Dans les conditions de l'internationalisation et du mix culturel on rencontre de telles études dans le domaine du tourisme international et aussi dans celui de Roumanie.

Après une incursion dans quelques études de la culture organisationnelle dans le monde, nous allons présenter dans cet ouvrage quatre types d'études sur la culture organisationnelle dans le tourisme, les méthodes employées, les résultats obtenus et aussi leurs implications sur l'industrie du tourisme.

Notre recherche apporte comme nouveauté la mise en relief des particularités culturelles qui aient de l'importance dans le tourisme et la possibilité de trouver des modalités pour valoriser les informations (qui résultent de la recherche) dans le but d'accroître la satisfaction des touristes et les performances des firmes de tourisme, en introduisant, aussi, dans la prise des décisions, l'importance des valeurs culturelles nationales et organisationnelles.

Les conclusions montrent quelques directions d'action, tant de la part des autorités roumaines impliquées dans la bonne démarche de l'activité touristique, que de la part des hôteliers, préoccupés en permanence de la croissance de la performance des entreprises qu'ils conduisent selon de la croissance de la satisfaction des touristes.

Mots clé: valeurs culturelles, culture organisationnelle, satisfaction des touristes, tourisme.

Introduction

Certaines organisations sont conscientes de leur culture, en la considérant comme un puissant instrument stratégique, utilisé pour orienter les unités et tous les gens vers de buts communs, pour mobiliser l'initiative des salariés, pour assurer leur loyauté et faciliter la communication. Le but principal est de créer une culture propre et d'assurer sa compréhension par tous les employés et leur adhésion à cette culture.

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Les cultures organisationnelles ou les micro-cultures reflètent d'abord les cultures nationales, mais elles comprennent aussi d'autres cultures ou d'autres valeurs et normes. Les recherches ont montré que beaucoup d'organisations, qui ont déjà obtenu de résultats remarquables pendant une longue période, présentent une forte culture organisationnelle.

Beaucoup de compagnies multinationales possèdent certaines caractéristiques culturelles au niveau mondial et la culture de la compagnie possède une grande influence sur les normes culturelles et la conduite des filiales d'autres pays.

La personnalité puissante des fondateurs d'une firme et de certains chefs influence aussi la culture d'organisation, même dans les firmes très grandes et complexes. Tout cela mène à un mélange intéressant de cultures dans le cas des filiales à l'étranger ou l'influence de la culture nationale locale se combine avec celle de la culture de la compagnie mère.

Le concept de culture organisationnelle est très complexe, partiellement invisible et à cause de cela, difficile à observer.

1. Coordonnées théoriques

L'un des plus importants objectifs du développement d'un tourisme durable est l'accueil des besoins et des aspirations des consommateurs, ce qui en suppose une connaissance assez exacte. Mais la connaissance des consommateurs, des acheteurs, n'est pas du tout une chose simple, surtout à cause du fait que le plus souvent les consommateurs – les touristes ne sont pas prêts à dévoiler les mobiles réels du comportement d'achat ou de consommation. Il est possible qu'ils expriment leurs besoins et leurs désirs et qu'ils agissent pourtant d'une manière totalement opposée; parfois il est possible qu'ils ne connaissent pas les véritables motivations qui les déterminent à acheter ou à réagir aux facteurs qui leur changent la décision d'acheter au dernier moment.

L'analyse des désirs, du mode de perception d'un produit touristique, des mécontentements des touristes, du comportement d'achat, du mode d'information permet la création de certains produits aux caractéristiques nouvelles, la détermination de certaines politiques et stratégies touristiques cohérentes, l'élaboration de messages de promotion corrects.

L'impact des valeurs culturelles sur la conduite dans le tourisme et sur les pratiques managérielles est un sujet qui présente un vaste intérêt académique. De nombreuses recherches internationales confirment ce fait.

Une étude assez récente montre l'impact du management de la qualité des services dans l'hospitalité par la satisfaction/ insatisfaction des clients, vue en relation avec leurs valeurs prédominantes (Chan, Wan et Sin, 2006). Une idée récente met l'accent sur l'importance des touristes «seniors» (âgés) pour l'industrie touristique. Ceux-ci sont perçus comme une marche en croissance, mais avec des particularités importantes, provenant spécialement de leurs valeurs culturelles (Ginevicius, Hausmann et Schafir, 2007). White (2005) prouve l'existence de certains éléments

prédictifs de la conduite des touristes. Il s'agit des valeurs culturelles et des émotions, avec impact sur la satisfaction des touristes. Crofts et Erdman (2000) évaluent l'influence de la culture nationale sur l'évaluation des services de voyage. La religiosité, les valeurs et la relation individualisme – collectivité ont été analysées dans une étude déroulée en Turquie, aux Etats-Unis et aux Philippines (Cukur, De Guzman et Carlo, 2004). Furrer, Lin et Sudharshan (2000) mettent en évidence la relation entre la culture et la perception de la qualité des services. Nash (2000) découvre une fenêtre ethnographique vers le tourisme et Pizam et Sussman (1995) montrent la manière dont la nationalité peut influencer sur le comportement touristique.

L'importance de l'éthique dans les affaires touristique a été analysé par des interviews avec des spécialistes en tourisme, par Stevens (1999). Le manque d'éthique a comme conséquence des comportements plus ou moins destructifs (Stevens et Fleckenstein, 1999). A la suite des recherches on a constaté que les managers et les employés plus anciens ont des comportements éthiques plus élevés (Ghiselli, 1999). Beasley (1995) montre que les organisations préfèrent les employés éthiques. Les valeurs de l'éthique sont aussi associées aux réponses des employés, notamment dans les discussions face à face (Ross, 2006).

A. L'étude interculturel sur la conduite des touristes jeunes et leurs préférences (Abraham Pizam et autres, 2004) a été réalisée sur un échantillon de 1429 étudiants de 11 universités situées dans les Etats Unis, la Corée, l'Israël, l'Allemagne, le Gabon, l'Afrique du Sud, *la Roumanie*, l'Italie, l'Irlande, la Slovaquie et l'Espagne. Son but a été de trouver la réponse à la question: quels sont les effets de la combinaison des caractéristiques psychologiques de prise de risques et la recherche des sensations sur le comportement touristique des jeunes? L'objectif a été représenté par l'analyse de la relation entre la combinaison de ces deux caractéristiques psychologiques et le comportement de voyage des jeunes. On a supposé que les individus à un haut score sur l'échelle RSS (le degré de prise de risques et la recherche des sensations) s'impliquent et/ ou préfèrent des activités touristiques en plein air, exposés au risque et qu'ils établissent eux mêmes les détails du voyage, tandis que pour ceux à un score faible, le contraire sera valable.

L'instrument a été représenté par deux questionnaires séparés qui comprenaient: SSS (l'échelle de Zuckermann pur la recherche des sensations), JPI-R (la liste personnalité – risque de Jackson), des coutumes (des habitudes) de voyage (la fréquence et la probabilité de participer à l'une de 34 activités pendant le voyage), le profile démographique, le profile des préférences de voyage, l'historique de voyage.

Les résultats de cette étude offrent des preuves à l'appui de l'affirmation de l'existence d'un effet significatif de ces deux traits (la prise de risques et la recherche des sensations) sur le comportement des touristes et sur les préférences concernant les activités pendant le voyage. En même temps, la prise de risques et la recherche des sensations, même si cela tient plutôt de la personnalité, sont affectés par la nationalité/ la culture nationale.

Si les résultats de cette étude sont vrais pour d'autres échantillons aussi, les spécialistes en tourisme auront un nouvel instrument à leur porte. Par la création/ la promotion des produits touristiques qui s'adressent soit à ceux à haute RSS, soit à ceux à faible RSS, ils amélioreront les possibilités de vente, seront plus efficaces à les promouvoir et s'adresseront avec certaines activités (plus ou moins comportant une risque) à certaines nationalités.

B. *L'Université de Cranfield et Amadeus montre en 2007 comment la culture corporatiste détermine l'adaptation des instruments de réservation propres.* L'étude, effectuée sur plus de 400 compagnies du monde entier, analyse le taux d'adaptation des instruments de réservation on-line. Pendant que l'étude a confirmé le fait que Self Booking Tools (SBTs) aide certaines organisations à épargner considérablement du temps aussi que de l'argent lorsqu'elles font des arrangements de voyage – en moyenne 25,6% des honoraires des compagnies de travel management (tour-opérateurs) et 9,1% des frais afférents aux billets d'avion, - beaucoup de ces compagnies ne profitent pas de tous les bénéfices de SBTs, à cause de la manque du support auprès l'administration.

Les organisations non hiérarchiques, ou le management de top dirige par le pouvoir de l'exemple, sont parmi les compagnies qui adaptent au plus haut degré les SBTs. Ce fait a été prouvé à la suite de la recherche au niveau global, initiée par Amadeus, leader global dans l'industrie de tourisme et transports, qui a été effectuée par le Centre de Recherche de Voyage d'Affaires de l'Université de Cranfield.

Faisant des commentaires sur les résultats du rapport, Jerome Destors, directeur commercial d'Amadeus e-Travel, a affirmé: «Amadeus a commandé cette étude global pour mieux comprendre un sujet qui n'a pas été suffisamment traité jusqu'à présent – la manière dont la culture organisationnelle peut influencer les niveaux d'adaptation des SBTs. Cette étude est un exemple supplémentaire de l'intérêt permanent de la compagnie Amadeus de fournir des perspectives, des stratégies et des solutions utiles pour des corporations et Travel Management Companies (TMCs); pour les corporations, le rapport fournit des perspectives de compréhension de la manière dont les compagnies réalisent des taux hauts d'adaptation; selon nos partenaires TMCs, les résultats de l'étude faciliteront la fourniture d'Amadeus de certaines technologies intégrées optimisées qui accroîtront, généralement, leur efficacité. »

C. Une autre étude - *L'étude comparative sur les dimensions culturelles dans le domaine du tourisme européen* - a été présentée dans le cadre de la Conférence internationale d'IRIC, GLOBUS et de la Faculté des Sciences Sociales de l'Université de Tilburg, la Hollande, en 2001. La recherche a été réalisée sur un échantillon formée de 500 employés en contact direct avec les clients (employés front line) et 46 managers (directeurs) de 16 hôtels de luxe appartenant à des compagnies internationales renommées, hôtels situés dans 7 pays européens. Le but de cette recherche a été d'offrir une explication du concept de la délégation de l'autorité parmi les employés de l'industrie hôtelière et les implications de l'application de ce concept dans le contexte de l'internationalisation et du mix culturel en Europe.

La recherche fait référence aux aspects qualitatifs aussi qu'à ceux quantitatifs. La partie qualitative a impliqué le déroulement des interviews semi structurés avec les managers des hôtels (les directeurs des hôtels) et une interview au bureau central de la compagnie. La partie quantitative a été composée de la distribution de 500 questionnaires aux employés se trouvant en contact direct avec les clients, c'est-à-dire les employés de la réception, des restaurants et des bars des hôtels. Les questionnaires ont mesuré, sous l'aspect quantitatif, les variables de la recherche et des indices de la distance vis-à-vis de l'administration (du pouvoir) et de l'évitement de l'incertitude.

L'échantillon choisi a été divisé en deux groupes culturels, notamment: le groupe de l'Europe de sud-est (qui a compris l'Italie, la Grèce, le Portugal et la Belgique) et le groupe de l'Europe de nord-ouest (qui a compris l'Angleterre, la Suède et les Pays Bas). Pour pouvoir examiner les différences culturelles, on a sélectionné pour cette analyse seulement les employés qui correspondaient selon leur origine et lieu de travail aux deux groupes culturels.

Les conclusions de cette recherche ont mis en évidence une discordance en ce qui concerne l'application de la délégation de l'autorité et de la conduite des employés, entre les pays du Nord de l'Europe et ceux du Sud. Des différences significatives entre le Nord et le Sud sont apparues aussi dans la perception des employés visant l'ouverture vers la communication, le perfectionnement et la clientèle cible des hôtels prise en considération.

D. L'étude propre sur la culture organisationnelle dans le domaine du tourisme en Roumanie

En Roumanie, l'étude de la culture organisationnelle se trouve à ses débuts; en 1997, on a réalisé la première étude, et dernière recherche ample a été réalisée par Interact avec Gallup Organisation de Roumanie, en janvier - mars de 2005, sur la base des recherches au niveau des entreprises de notre pays. Les résultats sont caractéristiques pour l'état de transition qui a mis son empreinte sur les mentalités, les valeurs et les attitudes, mais ils sont importants pour leur alignement aux théories de la littérature internationale de spécialité pour le fait que l'on trace des profils de culture à partir de la situation réelle, concrète des organisations roumaines, des profils auxquelles on associé les types de direction (d'administration) correspondants.

Dans cet ouvrage sont présentés les résultats des deux recherches réalisées à Bucarest, ayant comme but l'identification de l'importance de la culture nationale et organisationnelle dans l'activité touristique. *La première* recherche a comme but la découverte des préférences des touristes étrangers dans le municipe de Bucarest et le profil du touriste qui visite le municipe de Bucarest. *La seconde* recherche vise la découverte de la dimension et l'impact de la culture organisationnelle sur l'activité touristique.

2. La méthode de recherche

La première recherche a été réalisée pendant 10 jours (1-10 août 2007) sur 278 touristes étrangers. Ayant en vue le fait que la population cible de cette recherche est représentée par les touristes étrangers arrivés à Bucarest pour visiter la ville, quelques zones clés fréquentées par des touristes étrangers ont été choisies comme points d'application du questionnaire: le Palais du Parlement, le Musée du Village, le centre historique, l'aéroport Otopeni et quelques pubs. Le questionnaire a été effectué dans la rue, et à cause de cela il est relativement restreint comme nombre de questions. Dans le cas de la sélection des touristes étrangers on a tenu compte des aspects suivants:

- on n'a pas questionné ceux qui habitent à Bucarest ni ceux qui sont restés / qui resteront plus de 12 mois à Bucarest;
- on n'a pas questionné deux personnes d'un groupe restreint de touristes (2-8 touristes);
- on n'a pas questionné plus de deux personnes d'un groupe plus grand de touristes;
- on a essayé de maintenir un équilibre entre le nombre des hommes et celui des femmes questionnés / -ées.

Parmi les problèmes rencontrés pendant la réalisation du recueil des dates on rappelle la réticence de certaines catégories de touristes (chinois) ou la méconnaissance de la langue anglaise (spécialement les touristes japonais).

Le deuxième thème de recherche se propose de contribuer à l'identification et à l'importance des particularités de la culture en Roumanie, ayant comme point de départ les recherches de référence dans le domaine (Hofstede et. Col., 1990 et 1993; Trompenaars, 1993) et aboutissant au domaine de l'éthique des affaires en tourisme.

On a réalisé la recherche à l'aide de l'instrument Value Survey Module, développé par Institute of Research for Intercultural Communication (IRIC), créé par Geert Hofstede, et elle est basée sur l'emploi du questionnaire, comme instrument de recueil d'informations, sur la méthode de l'analyse diagnostique employée pour évaluer l'état économique-financier de la firme, du système social et de la culture organisationnelle (chaque type de diagnostique ayant ses propres particularités).

Les hypothèses de la recherche

L'étude commence à partir des hypothèses suivantes: on observe dans la culture des organisations l'impact des différences culturelles régionales et locales; les valeurs culturelles produisent un impact sur la performance des entreprises; les différences culturelles produisent un impact sur le comportement touristique; il y a une interaction entre la culture de l'organisation, l'éthique des affaires et la performance économique.

Les objectifs de la recherche

À partir des hypothèses, les objectifs de la recherche sont liés à l'identification:

- des valeurs culturelles des organisations du tourisme roumain;
- des différences régionales et locales de la culture des entreprises hôtelières, avec des unités opératives dispersées dans le territoire;

- de l'impact des différences culturelles sur le comportement touristique;
- des certaines corrélations entre les interactions culturelles, l'éthique des affaires et les performances des organisations.

La méthodologie de la recherche

On analyse les résultats de la recherche sur une chaîne hôtelière, appelée «A» parce que, d'une part, à la suite d'une enquête pilote, on a observé que le thème examiné conduit à l'obtention de quelques résultats significatifs dans ce type d'unité de sondage, et d'autre part, à la suite de l'enquête sur les touristes étrangers a résulté la préférence de ceux-ci pour être hébergés en hôtels de chaîne.

Le questionnaire employé a été adapté du point de vue du contenu et de la forme à la suite des discussions avec des personnes avisées et des tests sur divers employés.

Un but important de la recherche a été de déterminer les valeurs des indices des quatre dimensions, valeurs culturelles établies tout d'abord par Hofstede (1980). Sur les cartes de Hofstede, parmi plus de 50 pays, la Roumanie ne figure pas, mais dans les estimations ultérieures, la Roumanie apparaît sur les cartes tout près de l'ex Yougoslavie. De ce point de vue, la nouveauté de la présente recherche est d'être particularisée dans le domaine du tourisme, considéré d'une importance stratégique dans notre pays, après la chute du régime communiste.

Le questionnaire a compris 19 questions, en principal, fermées. Le temps accordé à remplir un questionnaire a été entre 15 et 30 minutes, selon le degré d'instruction des employés questionnés.

On a choisi pour la recherche le personnel opératif, qui entrait en relation directe avec les touristes; par conséquent, les questionnaires ont été remplis par environ 60% des employés de la chaîne hôtelière «A», ce qui représente un pourcentage représentatif pour la recherche réalisée.

3. Les résultats de la recherche

Recherche de marché concernant les préférences des touristes étrangers

À la suite de la recherche des préférences des touristes qui visitent la ville de Bucarest, on a constaté que 80% sont à la première visite, tandis que 20% ont été déjà à Bucarest au moins une fois. Les vacances ont représenté la principale motivation de la visite (62%).

De ceux qui ont été interrogés, 105 personnes (37,8%) ont déclaré qu'ils avaient visité aussi d'autres pays, excepté la Roumanie, pendant ces vacances et 155 touristes (55,8%) ont visité aussi d'autres zones du pays.

Entre les principaux points d'attraction visés par les touristes étrangers interrogés on compte: le Palais du Parlement, le Musée du Village, le vieux centre, le Musée National d'Art, les églises, l'Arc de Triomphe et d'autres objectifs touristiques importants de Bucarest. On remarque le fait que plus de 50% des personnes interrogées ont eu comme premier objectif de la visite le Palais du Parlement (ou „la Maison du Peuple”), un édifice monumentale (le second du monde comme surface, après le Pentagon), création de l'ex-président dictateur Nicolae Ceausescu.

À la question: „Qu'est-ce que vous avez aimé le plus à Bucarest?“, les réponses ont été assez variées, mais la plupart ont visé „les gens“, „l'architecture“, „le Palais du Parlement“, „la ville, en général“ etc.

En ce qui concerne le profil du touriste, conformément à la recherche réalisée, on peut tirer quelques conclusions: groupes selon les pays d'origine, le plus grand poids ayant les touristes des Etats Unis d'Amérique (12,6%), suivis par les touristes de la Grande Bretagne (11,9%), les touristes français (10,8%), les touristes israéliens (7,8%) etc.

Tableau no. 1 Structure par pays d'origine des touristes interrogés

Pays d'origine	Nombre de touristes	Poids (%)
Etats Unis d'Amérique	35	12,6
Grande Bretagne	33	11,9
France	30	10,8
Israël	22	7,9
Allemagne	15	5,4
Canada	14	5,0
Italie	13	4,7
Finlande	12	4,3
Hollande	12	4,3
Norvège	9	3,2
Danemark	9	3,2
Espagne	7	2,5
Belgique	7	2,5
Australie	7	2,5
Suisse	6	2,2
Autriche	5	1,8
Autres pays	42	15,1
Total	278	100,0

Ressemblant ces résultats-ci avec une autre étude réalisée par l'Autorité Nationale pour le Tourisme en 2006, on a identifié les destinations préférées par les touristes étrangers et leur impressions, selon le pays d'origine. Celles-ci sont présentées par la suite:

- *Les touristes des Etats Unis d'Amérique.* Parmi les particularités du touriste américain, on rappelle: la sécurité personnelle qui est l'un des plus importants aspects liés à la visite d'une destination peu connue; les narrations des amis à l'égard des expériences de voyage à l'étranger sont prises en considération très sérieusement; les américains désirent pouvoir communiquer directement et dans une manière efficace, tant dans la période de préparation du voyage, qu'aussi pendant son déroulement. En Roumanie, leurs préférences se sont dirigées vers

la Transylvanie, Bucarest, les circuits et les séjours dans le milieu rural, la Delta du Danube, le circuit Dracula et d'autres produits culturels, étant très attirés par l'art est-européen, les traditions, l'artisanat, l'architecture. Pour eux, la communication avec la population locale est essentielle pendant un voyage touristique et l'hospitalité du peuple roumain les impressionne. Ils voyagent spécialement dans de petits groupes ou individuellement, juste pour pouvoir avoir un contact plus direct avec la population locale.

- *Les touristes de la Grande Bretagne* ont préféré comme destination en Roumanie: la Transylvanie / les villes médiévales (le produit le plus sollicité), les monastères de la Bucovine, les tours culturels; les vacances combinées Bucarest / montagne en été; le tourisme rural et des villages traditionnels – Maramures et les villages saxons; des croisières sur le Danube et le Delta de Danube; ski, avec la reprise des vols charter après une interruption de 7-8 ans; des voyages en intérêt spécial: bird-watching, le projet „les animaux carnivores de grande taille”, des randonnées dans les montagnes, des dégustations de vins, Dracula, l'architecture etc. ; des événements culturels et des affaires.
- *Les touristes allemands* préfèrent comme destinations: la Transylvanie et la Bucovine; les circuits (Transylvanie, Bucovine, Delta du Danube / Littoral, Bucarest) organisés ou individuels en caravane; Littoral, Delta du Danube; Croisières sur le Danube, des vacances actives dans les Carpates. Les principaux aspects négatifs remarqués sont liés au problème de l'infrastructure et au manque de professionnalisme du personnel (de la Police de Frontière, jusqu'aux prestataires de services touristiques), l'absence des prestataires de services parlant l'allemand, les prix extrêmement élevés par rapport aux destinations voisines (Bulgarie, Turquie, Grèce)
- *Les touristes français* ont comme principales attentes: produits simples aux prix raisonnables, assistance et personnalisation dans le choix du produit, des produits authentiques qui impliquent la participation active du touriste, le contact avec la population locale des destinations etc. Ils font appel en grand nombre aux services des agences de voyage. Environ 100. 000 touristes français ont visité annuellement la Roumanie, pendant les dernières 4 années, en préférant comme destinations le littoral et les zones culturelles (Bucovine, Bucarest, Maramures). Comme destination touristique de vacances, la Roumanie n'a pas une image très favorable sur le marché français, à cause de la qualité des services et du rapport qualité/prix pas conforme aux normes. En échange, la perception des touristes d'affaires (en nombre plus élevé que les vacanciers) est beaucoup plus favorable.
- *Les touristes hollandais* qui voyagent en Roumanie sont en général contents de leurs vacances dans notre pays. On enregistre pourtant encore des réclamations concernant les phénomènes de corruption, le manque de professionnalisme et serviabilité du personnel, le manque d'hygiène dans certaines unités d'hébergement.

- *Les touristes des Pays Scandinaves.* Leur nombre a grandi à partir de l'an 2005, à la suite des efforts de promotion et organisation des programmes touristiques en Roumanie; les destinations préférées ont été le littoral, les stations balnéaires et les circuits culturels en Transylvanie, Bucovine, Bucarest et Delta du Danube. Les touristes de ces pays ont été en général contents de leur expérience en Roumanie, ont apprécié l'hospitalité et l'ouverture de la population locale pour le tourisme, mais ils ont critiqué l'infrastructure et la qualité des services.

Les dimensions culturelles identifiées par Hofstede G. et Bollinger D. en 1987, recalculés pour la chaîne hôtelière «A»

Les dimensions du modèle de Hofstede - bien connus d'ailleurs – sont: (1) *la distance envers le pouvoir* (ce qui signifie la manière dont dans lequel la société réussit à faire face à l'idée que les gens ne sont pas égaux. Dans les institutions, la distance envers le pouvoir est proportionnelle au degré de centralisation de l'autorité et au niveau autocratique de la direction. Cette relation met en évidence le fait que la centralisation et la direction autocratique proviennent de „la programmation mentale” des membres de la société sans être l'apanage de ceux qui se trouvent au pouvoir, mais en caractérisant aussi ceux qui se trouvent sur des positions hiérarchiques inférieures. (2) *individualisme versus collectivisme* (mesure sur une échelle l'intensité de la relation qu'un individu établit avec les autres). (3) *masculinité versus féminité* (traite la division des rôles dans la société entre les sexes; Dans les sociétés masculines, les valeurs sociales traditionnellement masculines imprègnent la société entière – même les mentalités des femmes. Parmi ces valeurs on compte l'importance accordée à la façon d'imposer sa propre personne, à la performance, aux accumulations matérielles, à la production de l'argent. Dans les sociétés féminines, les valeurs dominantes - tant pour les hommes, que pour les femmes – sont celles qui sont associées traditionnellement aux rôles féminins: discrétion, la mise en évidence des relations interhumaines par rapport à celles matérielles, la préoccupation pour la qualité de la vie et la protection de l'environnement, l'appui accordé aux autres. (4) *le contrôle de l'incertitude* (définit la manière dont la société réussit à accepter le fait que le temps s'écoule dans un seul sens; autrement dit, nous sommes tous les prisonniers du passé, du présent et de l'avenir, étant obligés de vivre dans l'incertitude, parce que l'avenir est et va être pour toujours imprédictible. Les voies par lesquelles certaines sociétés essaient d'éviter les incertitudes sont: la technologie, la loi et la religion).

Notre recherche a comme finalité le nouveau calcul des indices de Hofstede pour l'espace roumain, ces informations ayant une grande importance dans la compréhension des valeurs culturelles et de l'attitude des employés de tourisme et la détermination des plus efficaces voies de croissance de la satisfaction des touristes, à la suite de l'interaction avec les prestataires des services touristiques. Les valeurs nouvellement calculées sont présentées par la suite.

1. *L'indice de la distance hiérarchique (PDI)*

L'indice PD a des valeurs entre zéro (distance hiérarchique réduite) et cent (distance hiérarchique très grande). On a obtenu dans la chaîne hôtelière «A» un indice PD = 65, ce qui signifie une grande distance face à l'administration (au pouvoir). Cet indice symbolise l'influence des chefs sur les employés, la stratification sociale et l'inégalité (autrement, dans le cadre de la recherche, nous avons rencontré des personnes qui considéraient le salaire comme un point fort de la satisfaction en travail, de même que des employés qui le considéraient un point faible).

2. *L'indice de l'individualisme (IDV)*

On estime que l'erreur moyenne des valeurs obtenues est de plus ou moins 5 points, la valeur minimale étant enregistrée par le Guatemala (6) et la maximale par les Etats-Unis (91).

Quant à la société «A», IDV = 38, signifiant un individualisme réduit, la mentalité étant plutôt collectiviste. Cet indice symbolise l'identité de soi, la relation entre l'individu, l'organisation et la société en général. Dans une société communiste en changement, on prévoit la montée de cet indice à l'avenir, ce qui déterminera un changement de mentalité des roumains – de la mentalité plutôt collectiviste on passe à une mentalité individualiste.

3. *L'indice de la masculinité (MAS)*

On estime que l'erreur moyenne des valeurs obtenues est de + ou – 6 points, la valeur minimale étant enregistrée en Suède (5) et la maximale au Japon (95).

En ce qui concerne la Société A, MAS=20 signifie une masculinité réduite. Cet indice symbolise la garantie de la personnalité, la mise en évidence des différences sociales et du rôle des sexes.

4. *L'indice de contrôle de l'incertitude (UAI)*

Théoriquement, le contrôle de l'incertitude peut osciller entre -150 et +300. Le chiffre constant de 300 doit aider à obtenir un indice à valeur entre 8 (le Singapour) et 112 (la Grèce).

Pour la chaîne hôtelière «A», UAI = 81, signifiant un contrôle de l'incertitude assez élevé. Cet indice symbolise l'anxiété, l'agression (ou le contraire de l'apathie) et se rapporte au besoin de structure et formalisme, la peur de prendre des risques. Dans le cadre économique roumain, en permanente transformation, mais aussi à cause des réorganisations annoncées à l'intérieur de la société «A», il est facile à comprendre que les employés veulent contrôler cette incertitude.

Tableau no. 2. Les valeurs des indices en conformité au modèle de Hofstede pour la Roumanie

Étude	PDI	IDV	MAS	UAI
Estimations de Hofstede pour la Roumanie	90	30	42	90
Étude Interact avec Gallup	33	49	39	61
Notre étude	65	38	20	81

La recherche a démontré que la Roumanie a des valeurs similaires aux autres pays balkaniques, concernant la distance vis-à-vis de l'autorité, le collectivisme (faible degré d'individualisme), féminité, degré élevé d'éviter les incertitudes et orientation à court terme. Nous considérons que les résultats de notre étude sont plus proches des estimations de Hofstede, grâce à la manière dont nous avons appliqué la méthode de recherche.

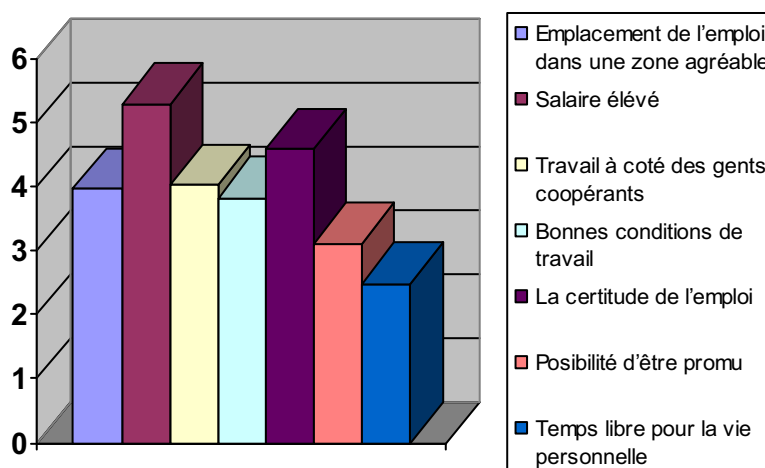
Les pratiques culturelles dans la chaîne hôtelière «A»:

Dans la chaîne hôtelière «A», l'emplacement, l'existence des couleurs prédominantes, les uniformes du personnel, le fait que 100% des personnes questionnées affirment qu'ils fêtent ensemble certains événements, le cadre physique général «trahit» la magie de la culture organisationnelle.

Les services hôteliers de la chaîne sont des services de qualité (97,22% de ceux questionnés affirment que dans leur hôtel, ils sont préoccupés d'offrir des services de qualité, 88,89% déclarent qu'ils prennent au sérieux les réclamations des clients).

En ce qui concerne l'importance accordée à certaines caractéristiques du travail (graphique no. 1), les employés de la chaîne hôtelière «A» considèrent que de plus grande importance est „la possibilité d'obtenir un meilleur salaire“ et de moindre „que le travail leur laisse assez de temps pour la vie personnelle et familiale“.

Tout d'abord, pour les employés de la chaîne hôtelière «A», ce qui compte c'est le support matériel obtenu (le salaire) et ensuite la certitude de l'emploi, en concordance avec l'observation ci-dessus, selon laquelle pour une culture féminine associée à un contrôle dur de l'incertitude, il est spécifique une motivation de sécurité et appartenance.

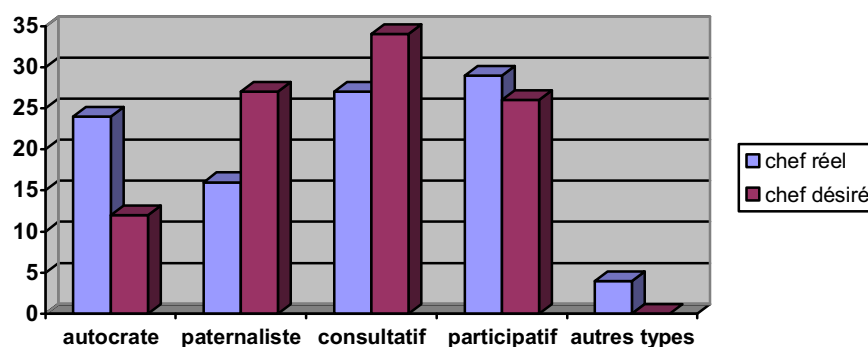


Graphique no. 1. Les caractéristiques de l'emploi idéal

La peur pour les éventuelles conséquences (rencontrée souvent à l'intérieur des organisations à une grande distance vis-à-vis du pouvoir et à un indice de contrôle de l'incertitude élevé, telles de la chaîne hôtelière «A») se manifeste dans l'organisation examinée, notamment au niveau des postes d'exécution, dans le cas des employés sans études supérieures.

À l'aide du test χ^2 on a déterminé, avec une probabilité de 95%, que la peur des conséquences est influencée d'une manière significative par les études, plus le niveau des études est réduit, plus la peur des conséquences est grande.

Seulement un pourcentage de 10,26% des employés est décidé de quitter l'organisation dans les 5 années suivantes; il en reste pourtant des points d'interrogation en ce qui concerne les 48,71% d'indécis. Leur désir de rester dans le cadre de la chaîne hôtelière peut être interprété plutôt comme un besoin de stabilité (graphique no. 1); le fait que 61,53% se sentent importants pour l'organisation ou ils travaillent ne garantit pas que ceux-ci ne quitteront pas la compagnie au cas où on leur offrira un autre emploi, avec un meilleur salaire et plus de stabilité. Mais tout en vieillissant les employés croient de moins en moins qu'ils pourraient être satisfaits par un autre emploi, ceux-ci étant les personnes au plus grand degré de stabilité de l'organisation.



Graphique no. 2. Types de chefs dans la chaîne hôtelière A (désirés et réels)

Bien que les opinions concernant le type de direction pratiqué par le chef hiérarchique direct soient partagées (24% autocrate, 16% paternaliste, 27% consultatif, 29% participatif, 4% autre type) pourtant 96% des gens questionnés considèrent que le chef direct insiste que chaque chose soit faite en conformité aux règles établies.

Les différences entre désirable et concret en ce qui concerne le type de direction (désiré et pratique) peuvent être saisies en suivant le graphique no. 2. On peut observer que le style de direction autocrate est plus utilisé qu'il n'est désiré

par les employés, tandis que les styles paternaliste et consultatif (qui seraient les plus sollicités) sont moins utilisés qu'ils ne sont désirés par les employés.

On rencontre dans la chaîne hôtelière «A» comme pratiques (en conformité avec la classification de Hofstede et. Col. 1990) les suivantes:

- orientation vers les résultats, car 88,89% des employés aiment les changements s'ils sont en faveur de l'organisation aussi bien qu'en la leur et 74,21% de ceux qui ont été interrogés considèrent que dans leur organisation les idées innovatrices sont encouragées;
- orientation vers l'employé, car seulement 25,64% des employés considèrent les décisions individuelles comme meilleures par rapport aux décisions de groupe et seulement 30,77% considèrent que la firme ne devrait pas s'impliquer dans la solution des problèmes personnels des employés;
- le milieu est partiellement limité, étant donné que 89,4% pensent qu'un bon chef donnera à ses subordonnés des instructions complètes et détaillées concernant la manière dont ils doivent travailler, 89% sont parfaitement d'accord qu'une compagnie doit avoir une responsabilité majeure vis-à-vis de la santé et le bien-être de ses employés et de leurs familles.
- le système est ouvert, car la grande majorité des managers sont tout le temps ouverts pour leurs subordonnés, 74,21% de ceux interrogés considèrent que dans leur organisation on encourage les idées innovatrices et en ce qui concerne les principales caractéristiques qui pourraient caractériser le mieux la majorité des employés, il en résulte que ceux-ci sont surtout communicatifs, ouverts, adaptables.
- le contrôle est solide, 79,49% considèrent qu'il faut combattre l'emploi des produits de papeterie de la firme pour l'usage personnel, 94,73% disent que chaque employé doit utiliser au maximum son temps de travail, 89,47% pensent qu'un bon chef donnera à ses subordonnés des instructions complètes et détaillées concernant la manière dont ils doivent travailler.
- le milieu est normatif, 48,65% des employées considèrent qu'il ne faut transgresser les règles d'une entreprise, même si un employé pense que cela est bénéfique et en ce qui concerne l'éthique des affaires et l'honnêteté il y a de hauts standards (81,58% des employés considèrent qu'ils doivent agir selon les règles de la morale et de la correction à leur poste).

La culture puissante est basée sur des standards élevés d'éthique, de façon que dans la chaîne hôtelière «A» il en a résulté:

- il faut combattre l'emploi des produits de papeterie de la firme pour le propre usage (79,49%);
- chaque employé doit utiliser au maximum son temps de travail (94,73%);
- on devrait agir toujours en conformité avec les règles de la morale et de la correction au lieu du travail;

- il ne faut pas critiquer les chefs et les collègues en dehors de la compagnie (84,21%);
- il faut toujours dire la vérité au client, même s'il y a le risque de le perdre (45,95%);
- la satisfaction du client est importante pour le profit de l'hôtel;
- dans l'organisation analysée on emploie d'une manière raisonnable les ressources (on évite le gaspillage de l'eau, de l'énergie, du gaz et les déchets sont gérés d'une façon écologique) (77,06%);
- les clients sont traités sur pied d'égalité, sans tenir compte de leur nationalité ou du pays/de la région de provenance (91,67%).

4. Conclusions

Les deux recherches ont mis à la lumière quelques aspects très importants pour les acteurs du marché touristique. Premièrement, la recherche parmi les touristes étrangers a montré que la Roumanie se confronte encore avec des problèmes d'image / de perception, concernant la sécurité, la corruption, la qualité des services touristiques, des prix et des tarifs qui ne sont pas en concordance avec l'offre, l'attitude du personnel, etc.

La solution d'une partie de ces problèmes se trouve dans la charge des autorités, tandis que les autres aspects tiennent du management des entreprises touristiques et de l'attitude des salariés par rapport à sa propre activité. Ici sont utiles les résultats de la recherche de la culture, quelques conclusions étant d'un grand intérêt.

Suivant *les résultats obtenus* (on a utilisé une échelle sémantique à 5 niveaux) on peut apprécier que:

- il y a une préoccupation permanente pour la qualité (97,22%);
- les employés considèrent qu'on attend beaucoup d'eux, que chacun sait qu'il a à faire, que leur organisation est performante, que le style de direction est généralement agréable;
- le respect pour le client est aussi évident, et les réclamations (les plaintes) des clients sont prises au sérieux;
- dans l'organisation on fait de son mieux pour maintenir les prix bas, les nouvelles idées (les idées innovatrices) sont bienvenues, il y a une grande confiance dans le personnel, on fête ensemble certains événements;
- l'entreprise est considérée dynamique et son personnel a une bonne formation professionnelle;
- le travail en équipe est prédominant;
- l'atmosphère n'est pas chargée, c'est une atmosphère de coopération pour atteindre des buts communs.

D'après les résultats enregistrés, il résulte qu'il y a pourtant certains *problèmes* avec lesquels la chaîne «A» s'est confrontée:

- la peur du personnel d'exprimer son désaccord vis-à-vis des chefs; seulement 22,85% des employés ne ressent pas cette peur;

- même si l'amitié et la camaraderie sont prédominantes, il y a aussi de nombreuses intrigues et calomnies, environ 44,78% des employés considèrent que certains collègues et cadres d'administration les traitent d'une façon hautaine;
- un taux de fluctuation du personnel assez élevé, fait déterminer par le manque des possibilités de promotion, mais aussi par l'atmosphère de stress (étant donné qu'on travaille avec un moindre effectif par rapport au nécessaire).

Des idées pour l'avenir:

- Comme dans les services hôteliers un petit pourcentage de métiers impose des études supérieures et les employés qui ne sont pas licenciés perçoivent une distance hiérarchique plus grande, on peut organiser des programmes de training bien conçus pour ceux qui se font remarquer par leur travail, ce qui finalement mène à une diminution de la fluctuation du personnel. On sait que la réduction de la fluctuation et la croissance de l'engagement des salariés par rapport à la firme se reflètent directement sur la qualité du travail et conduisent à la croissance de la satisfaction des touristes. Cela pourrait constituer une voie de combat de la perception négative des touristes sur le personnel des hôtels.
- Les salaires ne sont pas très élevés, donc il faut agir intensément en employant d'autres facteurs pour motiver les employés, comme par exemple: l'atmosphère de travail, les conditions de travail offertes, des prix et des distinctions pour les stimuler.
- Les relations interhumaines doivent être basées tout d'abord sur le respect de certains standards, règlements et procédures expliqués, pour ne pas les appliquer d'une manière rigide; tant que ce paquet de mesures sera respecté, les clients seront satisfaits, les chefs seront contents de leurs employés et ils n'auront rien à leur reprocher.
- Les valeurs doivent être dirigées vers le maximum de satisfaction des besoins du client.
- Le management doit être fondé sur: un style de direction plutôt consultatif qu'autocrate, le travail en équipe, le contrôle direct des employés par les chefs.
- Les départements doivent être organisés de sorte qu'ils permettent une communication facile, rapide et efficace, mais la communication interpersonnelle est aussi très importante: la communication chef – employé - client.

Ayant en vue les conclusions des deux études, qui regardent les expériences des touristes étrangers en Roumanie, il résulte clairement le fait que, outre les aspects liés à la base matérielle du tourisme – les hôtels, l'infrastructure, d'autres équipements – le comportement du personnel dans le tourisme et des indigènes a une forte influence sur la satisfaction des touristes, et leur culture influence, à son

tour, la perception sur les services touristiques déployés en Roumanie. La stratégie de la Roumanie à moyen terme devrait se centrer sur les objectifs suivants: l'appui du système de formation professionnelle continue du personnel de et pour le tourisme et la croissance de la qualité et de l'efficacité du système de formation professionnelle continue par un management orienté vers des résultats.

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FOREIGN TRADE IN POLAND AND SLOVAKIA IN THE PROCESS OF EUROPEAN ECONOMIC INTEGRATION

KRZYSZTOF WACH¹, IVETA UBREŽIOVÁ², ELENA HORSKÁ³

ABSTRACT. Integration processes in Europe as well as globalization trends create new possibilities for enterprises. The accession of ten new Member States in 2004 and additional two in 2007 create new possibilities for enterprises, especially as far as foreign trade is concerned. The paper elaborates on internationalizing of exchange sphere of enterprises in Poland and Slovakia, which is mainly realized by foreign trade. Thus, the paper focuses on export and import transactions as the most popular form of internationalization of enterprises. The Paper presents two case studies of new Member States, that is Poland and Slovakia. For both countries the authors analyzed the foreign trade turnover volumes in the period before and after the enlargement (especially in the years 2002-2006). The aim of the paper is to investigate the impact of the accession on the value and structure of foreign trade in two selected new Member States, that is Slovakia and Poland.

Key words: foreign trade, europeanization, integration, Poland, Slovakia

1. Introduction

The enlargement of the European Union impacts on various aspects of economies of new Member States, one of which is europeanization of enterprises, especially small and medium-sized enterprises (SMEs). Referring to the latest research the most popular form of internationalization is internationalizing of exchange sphere, which is realized mainly through export and import transactions.

Enterprises, especially those small and medium-sized enterprises operating under progressive European integration as well as globalization of world's economy, should use effectively conditions and possibilities created by integration and

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globalization processes. Thus enterprises can search their competitive advantages by implementing an europeanization or even globalization strategy. Entry on foreign markets can improve a competitive position of an enterprise. Possibilities, which are created for enterprises from new Member States (among them Polish and Slovak) by the process of political and economic integration within the structures of the European Union should be fully used by entrepreneurs to develop and reach competitive advantage on the European market.

The choice of methods of internationalization depends on both endogenous factors (eg. the competitive potential of firm) and exogenous ones characterizing the given target market. The choice of methods depends on some objective factors. Literature presents various models explaining the phenomenon of internationalization of enterprises, of which the most popular are stages models, network models and resource-based models. Different forms of entry on foreign markets are characterized by different efficiency, but also different costs of entry. Small and medium-sized enterprises in contrast to large enterprises are less likely to globalize their activity, but ongoing process of integration and globalization makes it different. Thus, Naisbitt formulated a *global paradox* stating that “the bigger global economy is, the stronger are the smallest players” (Naisbitt, 1995). According to the OECD data about 20-25% of small and medium-sized enterprises are involved in any kind of international activity, of which only 1% are reported to be global firms (OECD, 1997 p. 22). Thus, the most popular method of entry used by small and medium-sized enterprises is export (Daszkiewicz, 2004).

The access of Poland and Slovakia to the European Union introduced a great challenge for the business sphere and inhabitants. The Slovak economy is in present an open economy with small internal market, similarly the Polish economy is an open economy with a stable internal market and intensive relations with international markets. From this reason the Polish and Slovak economical efficiency is sensitive to foreign external environment, which means to global trends in the world economy and development in the European economical space. Main problems of the enterprises in the several branches of the national economy in present globalization conditions is the competitiveness of our products on market in connection to the accesses of the enterprises to the financial sources both from several and foreign sources (structural funds, cohesion funds, state budget, etc.)

2. Material and Methods

The aim of the paper is to investigate the impact of the accession on the value and structure of foreign trade in two new Member States (Slovakia and Poland), which joined the European Union in 2004. The period of four years after the enlargement allows to draw conclusions using objective as well as accurate and what is more representative sources of information. Formulated hypothesis is that the accession to the European Union impacted foreign trade balance positively both in Slovakia and in Poland. In order to investigate the formulated research problem

the two main methods were used. First of all the authors conducted the analyses of the literature in the field of theoretical background. Analyzing literature was chosen according to the relevance to the research problem. Secondly the authors conducted the analyses of public available statistical data. The domestic state statistics were used thanks to Statistical Office of the Slovak Republic (Štatistický úrad Slovenskej republiky, SUSR) and Central Statistical Office of Poland (Główny Urząd Statystyczny, GUS), nevertheless when it was needed the data of the Statistical Office of the European Communities EUROSTAT were also used. State statistics were used to verify the given hypothesis. The authors focused mainly on the period of 2002-2006, that is two and a half years before and after the accession, however the background for the years 1990-2007 was applied⁴. The year 1990 was chosen for Poland as a beginning year because of the foreign trade liberalization as a result of economic transformation. For Slovakia the year 1993 was the beginning year as Slovakia became an independent country after the collapse of Czechoslovakia. Where it was possible the authors enumerated the data for the year 2007, although unfortunately there is still lack of full statistical data for the year 2007. Empirical research was based mainly on available public statistics. After analyzing the two selected countries separately, the authors tried to draw conclusions by comparing the situations in Poland and Slovakia. The analysis, for both Poland and Slovakia, includes the following issues; volumes of foreign trade (absolute and *per capita* values), structure of foreign trade transactions, geographical orientation of foreign trade, share of export and import in gross domestic product (GDP), balance of current account, terms of trade (ToT), relative export orientation (ROE).

3. Results and Discussions

3.1. Foreign Trade Trends in Poland

Poland was the first post-Communist country to introduce a marketization and economic stabilization governmental program. Starting on January 1, 1990 foreign trade in Poland became free for all units on equal rights. In the situation of the collapse of foreign trade with the Soviet Bloc importers, the expansion of exports to the West provided the only opportunity at a time when many enterprises became convinced that in the absence of domestic demand, their survival depends on export (Fallenbuchl, 1994, p. 55). After the beginning of transformation in 1989, foreign trade turnover of Poland consistently increased, except for the period of 1992-1993 (table 1). In the years 1990-2006 the value of export increased 6 times, and of import – 10.5 times. The structure as well as geographic orientation of Polish foreign trade changed also dramatically.

⁴ From 1992 to the end of April 2004 statistical data were collected on the basis of Single Administrative Document (SAD), which is the common European customs document. Since May 1, 2004, that is after the enlargement, foreign trade data are based on two sources of information: INTRASTAT declaration for registering turnover only among the EU Member States and still SAD for registering foreign trade turnover with non-EU countries.

Table 1.

Foreign Trade Turnover of Poland in years 1990-2007

Year	Export Volume (in mln USD)	Import Volume (in mln USD)	Balance Volume (in mln USD)	Growth Rate (previous year = 100%)	
				of Export	of Import
1990	14 316	9 528	4 788	-	-
1991	14 903	15 522	-619	104.1	162.9
1992	13 187	15 913	-2 726	88.5	102.5
1993	14 143	18 834	-4 691	107.2	118.4
1994	17 240	21 596	-4 356	121.9	114.7
1995	22 895	29 050	-6 155	132.8	134.5
1996	24 440	37 137	-12 697	106.7	127.8
1997	25 751	42 307	-16 556	105.4	113.9
1998	28 229	47 054	-18 825	109.6	111.2
1999	27 407	45 911	-18 504	97.1	97.6
2000	31 651	48 940	-17 289	115.5	106.6
2001	36 092	50 275	-14 183	114.0	102.7
2002	41 010	55 113	-14 103	113.6	109.6
2003	53 577	68 004	-14 427	130.6	123.4
2004	73 781	88 156	-14 375	143.3	129.6
2005	96 452	99 219	-2 767	130.7	112.5
2006	117 228	122 227	-4 999	121.5	123.2
2007	138 227	162 319	-24 092	117.9	132.8

Source: Authors' calculations based on data of Central Statistical Office of Poland GUS.

To essential changes in foreign trade of Poland in the process of European integration it is necessary to point out the transformation in the period of 5 years (2001-2006) of deficit in trade from EU-15 of -6,6 milliard euro in 2001 into surplus of 1 milliard euro in 2006. In the same time the overage surplus in turns from nine new the Member States (EU-9, except Poland) grew up from 27 millions euro to 3,4 milliard euro. The dynamic growth of export on non-EU markets in the years 2001-2006 was accompanied by twofold growth of deficit of exchange to the level of -17.2 milliard euro. Deciding the largest influence on the deficit had foreign trade turnovers from Russia and Chine. The growth of deficit only with these two countries in the last 3 years leveled the surplus from EU-24 countries. High rate of Polish currency in the year 2006 (and the preliminary data for 2007 show, that the tendency this will be kept) caused that the objective export possibilities of Polish enterprises weakened because of increasing prices of Polish goods offered on foreign markets, however we should underline, that in the studied period the value of export of Polish enterprises grew up. In turn, the value of import, thanks to increasing the purchasing power of Polish currency, again enlarged the balance of foreign exchange in the years 2006 and 2007. The data for

the year 2006 confirmed the growth of competitiveness of Polish goods. The share of high-processed products in export value increased. The main group of export products consists of electro-machine industry items. The crucial achievement of the accession is the profitable change for Polish foreign trade, which was observed, that is the increase of processed goods in Polish export from 56.8% in 2000 to 63.7% in 2006.

The share of export and import in the value of Polish gross domestic product (GDP) systematically increased, from the beginnings of transformation the share of export increased of 75% and the share of import increased of 172%, and what is more both indicators surpassed the share of 40% of GDP (figure 1).

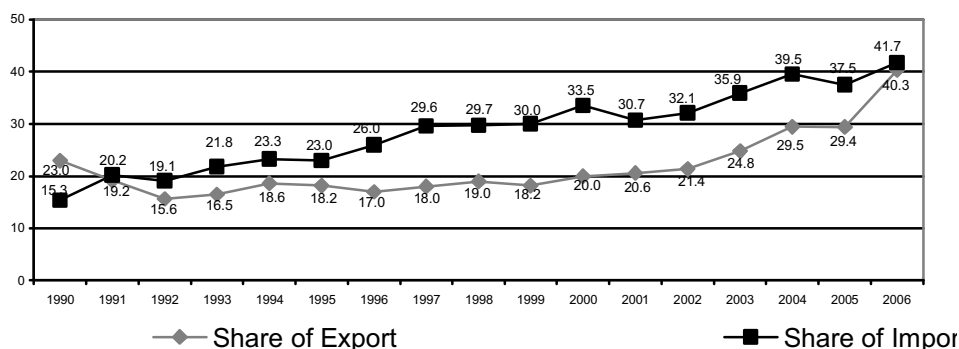


Figure 1. Share of Export and Import in GDP of Poland in years 1990-2006 (in %)

Source: Authors' calculations based on data of Central Statistical Office of Poland GUS.

A couple of years before the accession to the European Union the foreign trade turnover began to increase rapidly. Several years before the accession of Poland to the European Union, Polish export and import began perceptible to enlarge in size and value. The changes can be noticed in both general statistics as well as particular EU countries statistics. The largest dynamics of turnover of foreign trade was observed in the year 2004, what is more the increase concerns both the EU Member States (EU-15 and EU-9) as well as the exchange from remaining countries (including Russia and developing countries). After the accession of Poland to the European Union the value of import began stabilize, and at the end of 2005 leveled at 81.2 milliard euro, 100.8 in 2006 and 118.9 in 2007. In the same time the value of export still grew (of about 25% in 2004, of 19.8 % in 2005, of 23.1 % in 2006 year as well as of about 0.003 % in 2007), which had positive influence on trade balance across reducing the balance of turnover of foreign trade. Although negative balance is still significant, however in 2004, it was reduced at about 1,1 milliard euro (to -11.6 milliard euro), in 2005 of next 1.9 milliard euro (to -9.7 milliard euro), however in 2006 it enlarged of 3.1 milliard euro (to -12.8 milliard euro), however in 2007 trade balance carried out - 17.6 milliard euro.

Furthermore analyzing the data for foreign trade transactions conducted within the European Union it is necessary to emphasize that in 2005 for the first time credit balance was observed (figure 2). The surplus of value of export transactions within the EU is noticeable. In the period 2000-2005 the share of import value from the EU countries in total import value of Poland amounted to 67%, while the same indicator for export amounted to 125%. The balance with the United Kingdom had a decisive impact on that situation. In 2004 the surplus in British-Polish external turnover increased of about 850 million euro and in 2005 of further 1100 millions euro. In 2004 deteriorations was observed only in 7 cases (the biggest with Lithuania), while in 2005 in 9 cases, but the overall situations was much better. Currently the best surplus is noted for balance with the United Kingdom, and the worst situations takes place in Polish-Italian transactions. The main Polish export partners are Germany, then France, Italy and Great Britain. The main Polish import partners from the EU are Germany, then Italy, France. One of the European crucial partners is the Czech Republic (credit balance). Germany is unquestioned Polish foreign trade partner. The value both export and import is indisputable (at least five times bigger than for other EU partners). Moreover the surplus is noted (credit balance).

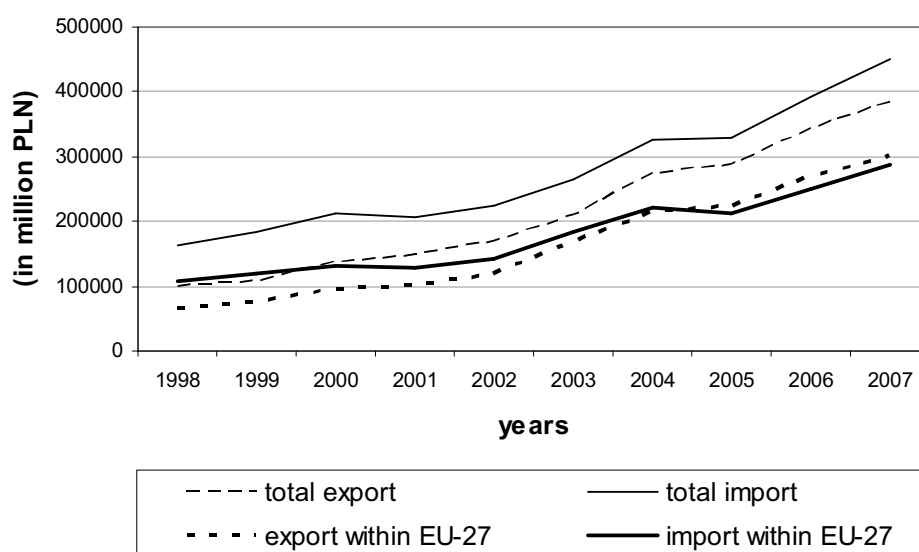


Figure 2. Foreign Trade Turnover of Poland in 1998-2007 (in millions PLN)

*Data for all years include 27 Member States, that is current number of the EU Member States.

Source: Authors' calculations based on data of Central Statistical Office of Poland GUS.

The comparison of foreign trade turnover in the period before and after the accession of Poland to the European Union shows significant growth of turnover in the post accession period, both in general formulation and especially within the European Union. The provided analyses of statistical data allows to prove the hypothesis that accession of Poland to the European Union had positive impact on foreign trade not only in the field of value of export, but what is more it resulted in reducing the total debit foreign trade balance as well as in credit of foreign trade balance within the European Union countries. The detailed conclusions are as follows:

- Over 3 years after the accession the export volume increased of 90% comparing the years 2004 and 2007, despite the unbeneficial conditions of exchange rate of Polish currency.
- Increasing foreign trade turnover is accompanied by the increasing openness of Polish economy measured by the relation of foreign trade to GDP. In 2006 the level amounted 81,5% (comparing 57,8% in 2003), which is more than the average for all EU-25.
- Increasing competitiveness of Polish goods can be observed. The share of high-processed products in export value increased from 56.8% in 2000 to 63.7% in 2006. The main group of export products consists of electro-machine industry items.

3.2. Foreign Trade Trends in Slovakia

Interdependence of national economies of the Slovak Republic is still deeper and includes different aspects of economic, political and social life. After the transformation in the beginnings of 90s foreign trade turnover of Slovakia consistently increased. A couple of years before the accession to the European Union the foreign trade turnover begun to increase rapidly (table 2). The worth noticing year was 2003, when export increased much more than import (adequately of 23.2% and 10.3%) and the negative balance was the smallest.

Table 2.
Foreign Trade Turnover of Slovakia in years 1993-2007

Year	Export Volume (in mln USD)	Import Volume (in mln USD)	Balance Volume (in mln USD)	Growth Rate (previous year = 100%)	
				of Export	of Import
1993	5 560	6 451	-890	-	-
1994	7 139	7 053	85	128.4	109.3
1995	8 532	8 722	- 190	119.5	123.7
1996	8 906	11 218	-2 312	104,4	128.6
1997	9 502	11 553	- 2 051	106.7	103.0
1998	10 856	13 239	- 2 383	114.3	114.6
1999	9 875	10 923	- 1 055	91.0	82.6
2000	11 312	12 175	- 863	114.5	111.4

2001	12 644	14 770	- 2 125	111.8	121.3
2002	14 382	16 499	- 2 117	113.7	111.7
2003	21 838	22 479	- 641	151.8	136.2
2004	26 948	28 446	- 1 498	123.4	126.5
2005	31 295	33 697	- 2 402	116.1	118.5
2006	43 596	46 257	- 2 661	139.3	137.3
2007	58 952	59 839	- 887	135.2	129.4

Source: Authors' calculations based on data of Statistical Office of the Slovak Republic SUSR.

After 1989, Slovakia (while still a part of the Czech and Slovak Federal Republic) adopted a strategy for economic reform in order to accelerate the creation of systematic conditions for building a market economy. Slovak foreign trade has not been reporting favourable long-term development from 1993 up to 2007, since Slovakia became independent in 1993, the country has had a trade deficit (Samson, 2006).

For the period of years 2002-2003 it is possible to observe the growth of foreign trade exchange between Slovakia and the EU countries. Expressive growth (up to 30%) is observed from the beginning of the year 2004. The biggest share on the Slovak export account products of the automobile industry. On the other hand, components for the automobile industry account the biggest share in Slovak import. Using the opportunities, which are created by the EU market, requires reaching high quality standards, reasonable price, flexible logistic system and effective marketing communication. There is no doubt that there is a plenty of products competing on the level of cost leadership but there is not the only way how to compete on the European or worldwide market.

According to the Statistical Office of the Slovak Republic the foreign trade data on the year-by-year basic dynamics of trade turnover reached the same record-breaking level in May 2004 and thereafter trade turnover slowly descends. At the end of 2004 by group of countries export with the EU Member States reached 762 milliard SKK (27 621 million USD, it is 85.2% of all Slovak export), particularly with the Czech Republic by 15.1 % and with Poland 28.0 %. By groups of countries import with the EU Member States reached 693 milliard SKK (29 157 million USD, it is 73.6% of all Slovak import), particularly with the Czech Republic by 5.3 % and with Poland by 25.8 %. The trends in foreign trade of Slovakia in the year 2005 were very similar to the previous year.

In the year 2006 there was a meaningful growth both export and import value (adequately of about 24% for export and of about 22% for import). The deficit increased steadily in the period 2004-2006. Although the balance of the foreign trade is negative, however the deficit never reached again the level from the year 2002. What is more the data for the year 2007 are very optimistic, the deficit was reduced of about more than one third comparing the previous year.

The share of foreign trade in Slovakia's GDP reached more than 170% in the last two years 2006-2007 (figure 3). Such a situation is caused mainly by high energy imports from Russia, as well as substantial import of machinery as well electric and electronic equipment used in its growing automobile and energy sectors. The share of imports and exports of goods and services in the Slovakia's GDP is proof of the strong functional openness of the Slovak economy, which is one of the most open in the EU and comparable with the degree of economy openness of Belgium. At the same time it is necessary to mention that Slovak economy's functional openness has increased significantly, in particular since 1996. "The high functional openness of the Slovak economy has both positive and negative aspects. A positive aspect, to name but one, is pressure for competitiveness; a negative aspect however is the fact that the Slovak economy is strongly affected by business cycles, as well as the consequences of the ongoing structural changes in the economies, in particular of transforming countries" (Sršňová, 2004, p. 2).

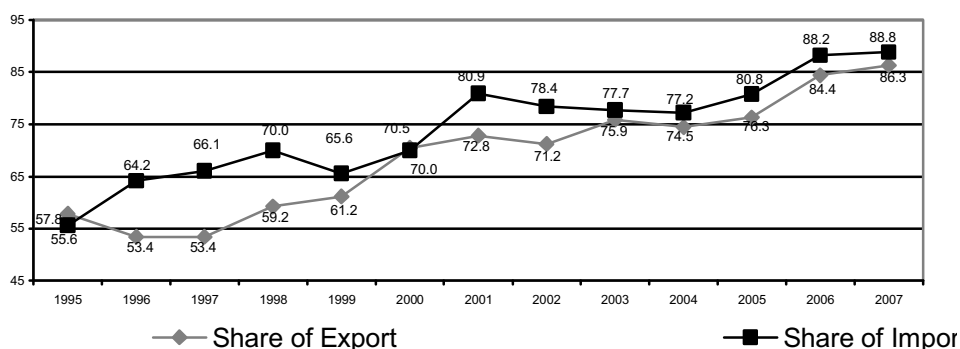


Figure 3. Share of Export and Import in GDP of Slovakia in years 1995-2007 (in %)

Source: Authors' calculations based on data of Statistical Office of the Slovak Republic SUSR.

The structure of Slovakia's economy and production continues to be demanding on the consumption of raw materials, material and energy that do not exist domestically to the necessary extent or quality and so have to be imported (iron, coal, coke, gas, oil, and etc.) Slovakia's imports include a relatively high share of goods, for use in production – goods that are not available domestically (the natural conditions in Slovakia being one reason for this). The current account deficit from its recent peak at 1.9 milliard USD (8.8% of GDP) in 2001 shrunk to 1.4 milliard USD (3.4% of GDP) in 2004. A drop in the trade deficit accounted for most of the improvement. The foreign trade balance is now largely influenced by strong growth in capital good imports related to foreign investments in the country. Slovakia's total foreign debt was 23.7 milliard USD at the end of 2004, up to 5.4

milliard USD in 2003. The increase in the level of debt was caused largely by exchange rate losses of USD. Budget performance in 2005 was strong, as the government aimed to implement fiscally responsible policies to drive the budget deficit below the Maastricht-defined ceiling of 3% of GDP by 2007 in order to qualify for euro adoption. The government's budget for 2006 targets a general government deficit of 2.9% of GDP.

In 2006 top five import partners of Slovakia were Germany (20.5%), the Czech Republic (12.3%), Russia (11.3%), Hungary (4.6%) and Italy (4.5%). Its top five export partners in the same period were Germany (23.5%), the Czech Republic (13.9%), Italy (6.5%), Poland (6.2%) and Austria (6.0%).

Analyzing the volume of international trade of Slovakia with the rest three countries making up the Visegrád Group (V4) in comparison to the volume of total trade it is obvious that the V4 countries play an important role in Slovak foreign trade. We consider Hungary and the Czech Republic as one of important trade partners of Slovakia. In years 2001-2005 the trade turnover between Slovakia and the Czech Republic decreased, both in export and import field, while at the same time the data for Polish-Slovak trade exchange increased in export as well as in import fields and what is more has a positive impact on Slovak economy, because although the balance trade is in minus, but it is reducing systematically. Rather positive trade balance is observed also for trade with Poland but in relation to the size of Polish economy the foreign trade with this country is really small. Share of trade with Hungary and Poland in total trade accounts approximately 3–5% in each case.

Furthermore analyzing the data for foreign trade transactions conducted within the European Union it is necessary to emphasize that since 1998 credit balance was observed (figure 4). The surplus of value of export transactions within the EU-27 is noticeable. This trend became especially noticeable after the year 2005, but it has been getting bigger and bigger since Slovakia joined the EU in 2004.

The comparison of foreign trade turnover in the period before and after the accession of Slovakia to the European Union shows significant growth of turnover in the post accession period, both in general formulation and especially within the European Union. The situation is very similar to above-mentioned one for Poland. The provided analyses of statistical data allows to prove the hypothesis that accession of Slovakia to the European Union had positive impact of foreign trade not only in the field of value of export, but what is more it resulted in credit foreign trade balance within the European Union countries, but on the other side. The detailed conclusions are as follows:

- Over 3 years after the accession the export volume increased of 225% comparing the years 2004 and 2007, despite the unbeneficial conditions of exchange rate of Slovak currency.
- The degree of openness of Slovak economy is the second in the European Union (after Belgium), what is more it improved after the accession.

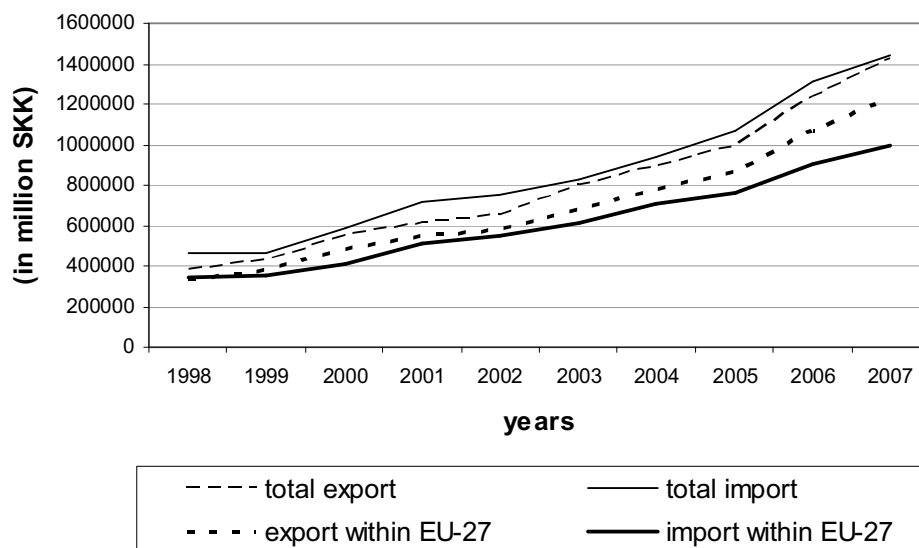


Figure 4. Foreign Trade Turnover of Slovakia in 1998-2007 (in millions SKK)

*Data for all years include 27 Member States, that is current number of the EU Member States.

Source: Authors' calculations based on data of Statistical Office of the Slovak Republic SUSR.

3.3. Comparison of Foreign Trade Selected Indicators between Poland and Slovakia

According to the statistics of World Trade Organization for the year 2006 (WTO, 2007a and 2007b), Poland places 30th rank in world merchandise export, while Slovakia places 48th rank. The share of Poland in world merchandise export is 0.9% (110.3 milliard USD), while the share of Slovakia amounted to 0.3% (41.7 milliard USD). As far as commercial services export is concerned, Poland places also 30th rank, while Slovakia 54th rank. The share of Poland in world merchandise import is 0.7% (20.5 milliard USD). As far as world merchandise import is concerned Poland places 26th rank and Slovakia 44th rank. The share of Poland amounted to 1.0% (126.0 milliard USD), while the share of Slovakia is 0.4% (45.9%). Poland places 33rd rank in world commercial services import and Slovakia 61st rank. The share of Poland in world commercial services import is 0.7% (17.9 milliard USD).

Comparing the absolute volume of foreign trade of Poland and Slovakia, the first country's volumes are bigger. In 2007 the volume of export of Poland amounted to 138.2 milliard USD, while in Slovakia it amounted to 69.9 milliard USD. The volume of import in the same period in Poland amounted to 162.3 milliard USD and in Slovakia 71.0 milliard USD. However the above mentioned values are much better for Slovakia if number of population is taken into account.

The volume of export in Slovakia amounted to 14 000 USD *per capita* and in Poland only 6 640 USD. The volume of import in Slovakia amounted to 14 200 USD *per capita* and in Poland only 2 270 USD.

For both countries, Poland and Slovakia, foreign partners from the European Union are very import (figure 5 and 6). In the years 1999-2007 the average share of import from the EU-27 in total import of Poland amounted to 71.8%, while the indicator for Slovakia amounted to 74.5% (average share for all 27 Member States is 65.0%). There is similar situation for export indicators. In the years 1999-2007 the average share of export into the EU-27 in total export of Poland amounted to 80.4%, while the indicator for Slovakia amounted to 88.1% (average share for all 27 Member States is 68.3%). Worth noticing is the fact that the European Union plays very import role in foreign trade of Poland and Slovakia, even more important role than for the rest Member States.

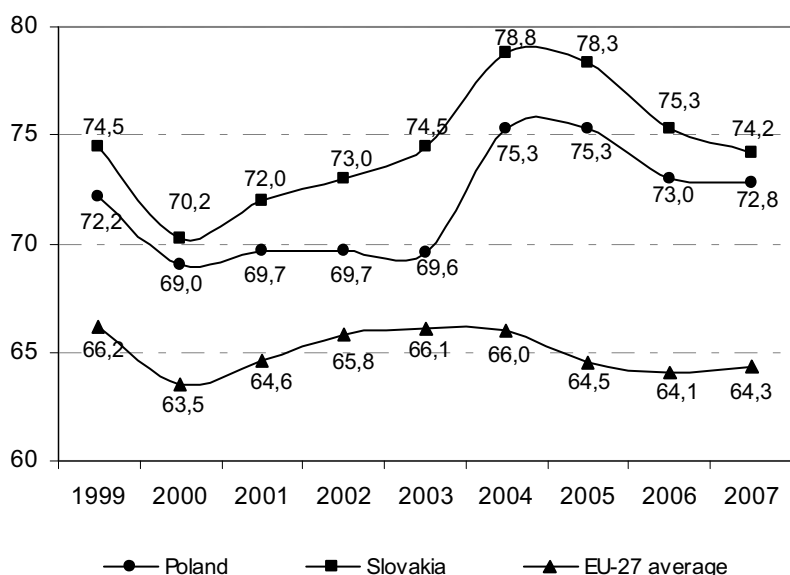


Figure 5. Share of import from EU-27 in total import of Poland and Slovakia (in %)

Source: Authors' elaboration based on EUROSTAT data.

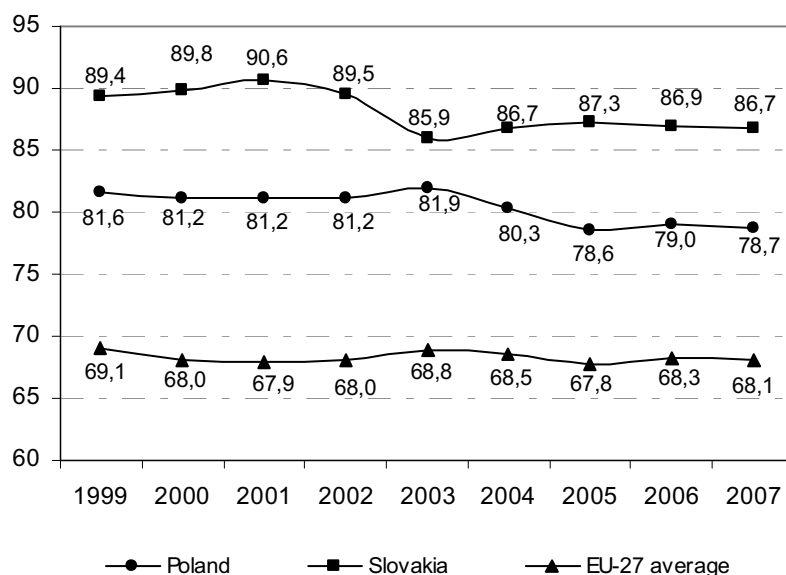


Figure 6. Share of export to EU-27 in total export of Poland and Slovakia (in %)

Source: Authors' elaboration based on EUROSTAT data.

Another important indicator for foreign trade is balance of current account measured in percentage of gross domestic product. The balance of payments is a record of a country's international transactions with the rest of the world. The balance of current account is the difference between the value of exports (credits) and imports (debits). The values in the last two years (2005-2006) are much better for Poland than Slovakia (figure 7).

Analyzing absolute values for foreign trade is not sufficient. Very important indicator evaluating the conditions of foreign trade is the *terms of trade* (ToT). It indicates the ratio of the change of export prices of good and services to the change of import prices of goods and services. The following notation is the mathematical expression of such a relation:

$$ToT = \frac{P_{export}}{P_{import}} * 100$$

where:

P_{export} is the export price index

P_{import} is the import price index

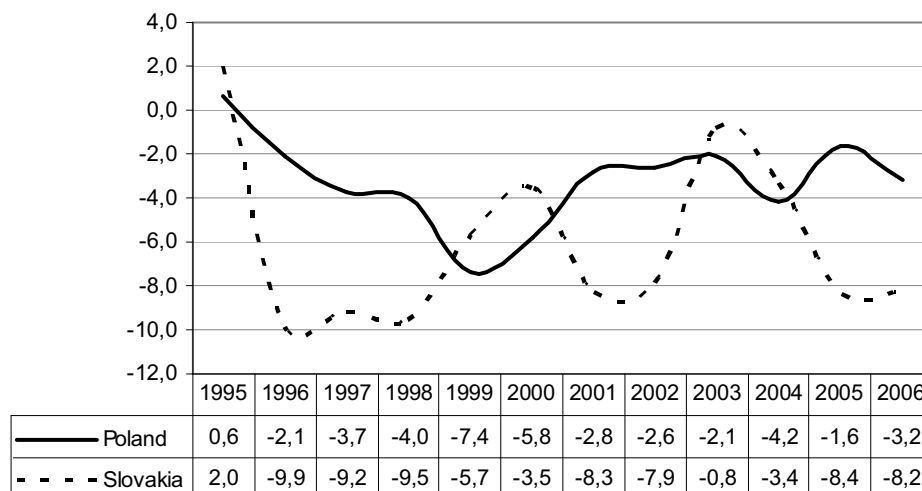


Figure 7. Balance of current account of Poland and Slovakia (in % of GDP)

Source: Authors' elaboration based on EUROSTAT data.

There are considerable differences in the development of the terms of trade between individual countries of the EU (figure 8). The most favourable terms of trade among EU Member States in the year 2007 have been reached by Romania, while the worst in Finland. Slovakia has very low value for the indicator, while the value for Poland is average, even better than the average for EU-27. A comparison of Visegrád countries shows that since 2000 the terms of trade have improved most in the Czech Republic and Poland. It deteriorated in the period 2000-2007 most in Slovakia and Hungary.

Another very interesting indicator is Relative Export Orientation Index (REO). The index express the openness of the economy of a particular country in comparison to the degree of openness of all countries in the world. The following notation is the mathematical expression of such a relation:

$$ROR_i = \frac{X_{ik}}{Q_{ik}} + \frac{X_{iw}}{Q_{iw}}$$

where:

Q is the value of GDP expresses in EUR in current prices

X is the value of export volume in EUR in current prices

k is the indication for the particular country economy

w is the indication for the economy of rest of the world

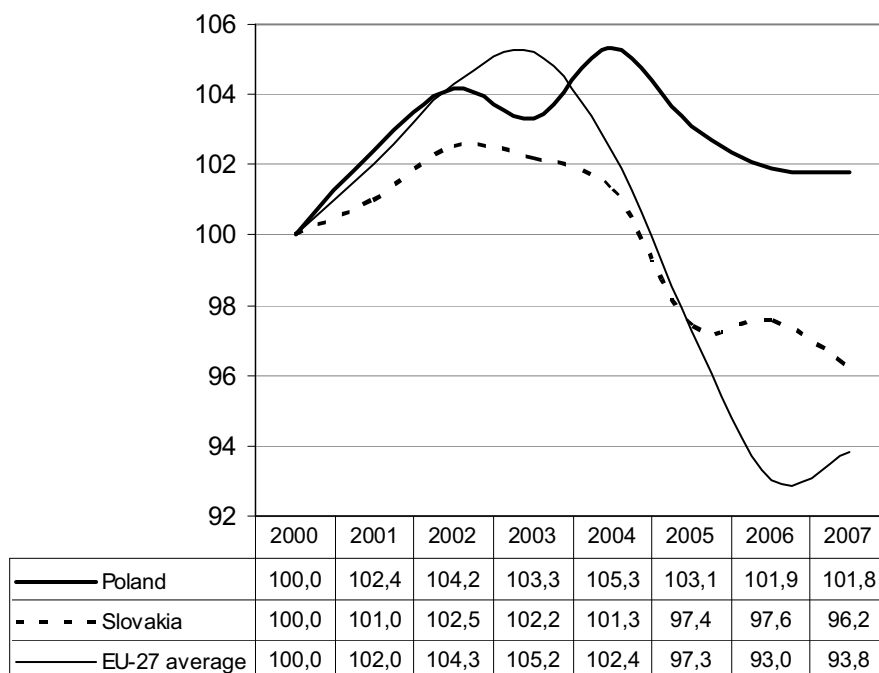


Figure 8. Terms of Trade of Poland and Slovakia (2000 = 100%)

Source: Authors' elaboration based on EUROSTAT data.

The degree of openness of Polish economy in the years 2004-2006 was similar to the average value for all Member States of the European Union (table 3). In 2006 the index amounted to 1.04, which means that there were still 16 countries ahead. In Slovakia the degree of openness of the economy is almost three times higher. What's more Slovakia places the second rank in the EU-25 as far as the openness of the economy is concerned.

Table 3.
Relative Export Orientation Index for EU-25 in the years 2004-2006

Rank 2006	Country	2004	2005	2006
-	EU-25 average	1.35	1.34	1.33
1	Belgium	2.97	3.03	2.94
2	Slovakia	2.28	2.27	2.40
3	Netherlands	2.05	2.18	2.21
4	Czech Republic	2.22	2.11	2.12
5	Hungary	1.92	1.93	2.11
6	Slovenia	1.77	1.90	1.97

7	Estonia	1.78	1.87	1.82
8	Luxembourg	1.69	1.69	1.74
9	Ireland	1.99	1.84	1.57
10	Lithuania	1.45	1.55	1.50
11	Austria	1.41	1.37	1.35
12	Malta	1.74	1.37	1.32
13	Germany	1.16	1.17	1.21
14	Sweden	1.23	1.22	1.21
15	Finland	1.15	1.15	1.16
16	Dania	1.10	1.10	1.06
17	Poland	1.03	0.99	1.04
18	Latvia	1.00	1.07	0.96
19	Portugal	0.70	0.70	0.70
20	Italy	0.71	0.71	0.70
21	France	0.76	0.73	0.69
22	United Kingdom	0.56	0.59	0.60
23	Spain	0.61	0.57	0.53
24	Greece	0.25	0.26	0.27
25	Cyprus	0.23	0.29	0.23

Source: (Jagiello 2007, p. 39).

4. Conclusions

Consequences of the European integration processes have different forms. On the one side they create labour opportunities, re-allocation of production centers towards to the geographical regions with cheaper inputs. On the other side Europeanization has been creating the unification of consumption, culture and thinking. In the process of liberalization there are winners on the side of bigger players with the great economic power. In spite of the globalization process there has been developing the process of regionalization and enlargement of regional economic integration unions. European integration and globalization results in trade liberalization. opening economies processes and reinforcing the worldwide competition. The basis of globalization is the country integration that consists in linking their economic processes, which include foreign trade, investments and production.

For both, Slovak and Polish enterprises, mainly small and medium-sized, there is of great importance to have a chance to export and enter onto the European and global markets. Poland's and Slovakia's accession to the European Union impacted Polish and Slovak international trade exchange significantly. Spreading common European principles, mainly the freedom of movement for goods as well as Common Customs Tariff (CCT) over these two countries contributed to annulment of tariff as well as quasi-tariff barriers in trade turnovers, but also to smooth the physical, technical and fiscal barriers within the Community. These barriers still exists in foreign trade exchange beyond the EU area.

Analyzing the provided statistical data and material allows to draw the following conclusions:

- Both countries, Slovakia and Poland, note negative deficit in foreign trade balance. In Poland after the reduction of deficit in the years 2004-2006, it began to increase and in the year 2007 it reached the highest level (table 1). In Slovakia after the increase of deficit in the years 2004-2006 it decreased in 2007 (table 2).
- The accession of Poland to the European Union helps to reorganize the geographical orientation of Polish foreign trade. In the period of 2001-2006 the balance of Polish foreign trade with the EU-27 was changed from the negative deficit of -6.6 milliard EUR in 2001 into the surplus of 1 milliard euro in 2006 (figure 2). The same situation can be observed for Slovakia (figure 4). In Slovakia the accession did not impact the geographical orientation of export noticeable. Since 1998, the main foreign partners of Slovakia has been other EU Member States. Slovakia has noted the surplus in foreign trade with the EU-27 in this period.
- For both countries, Poland and Slovakia, foreign partners from the European Union are very import (figure 5 and 6). The average share of import from the EU-27 amounted to about $\frac{3}{4}$ of total import of Poland and Slovakia (average share for all 27 Member States is almost $\frac{2}{3}$). There is similar situation for export indicators (80.4% for Poland and 88.1% for Slovakia).
- Comparing the absolute volume of foreign trade, Polish volumes are bigger than Slovak. But what is worth underlining the above mentioned values are much better for Slovakia if the number of population is taken into account. The volume of export in the year 2007 in Slovakia amounted to 14 000 USD *per capita* and in Poland only 6 640 USD. The volume of import in Slovakia amounted to 14 200 USD *per capita* and in Poland only 2 270 USD.
- The balance of current account seems to be better in Poland than in Slovakia. In Poland it amounted to -2.1% of GDP before the accession (in 2003) and -3.2% of GDP after the accession (2006). In Slovakia it amounted to -0.8% of GDP before the accession (in 2003) and -8.2% of GDP after the accession (2006).
- Terms of trade for Polish foreign trade are better than for Slovak foreign transactions. In Poland the indicator *ToT* in 2007 amounted to 101.8% of the value of the year 2000, and during the whole period 2001-2007 was higher than in the basic year. In Slovakia the indicator *ToT* in 2007 amounted to 96.2% of the value of the year 2000, and during the period 2005-2007 was lower than in the basic year.
- The degree of openness of the economy of Slovakia is much more better than of Poland, what is more is one of the best in the European Union. In the years 2004-2006 the ROE index in Poland amounted to 1.03, 0.99 and 1.04 respectively, while in Slovakia it amounted to 2.97, 2.03 and 2.94 respectively. In Slovakia the degree of openness of the economy is two and a half times

higher than in Poland. The beneficial situation for Slovakia is brought by the international foreign investors (among them Volkswagen Slovakia, U.S. Steel Kosice, Samsung Electronics Slovakia, Whirlpool Slovakia, Swedwood Slovakia, Sony Slovakia).

To sum it up, the aim of the paper was to present and analyze statistical data on foreign trade exchange of Poland and Slovakia directly in pre- and after the accession periods, whereas special pressure was put on the years 2002-2006. In the course of research the hypothesis stating that the accession of Poland and Slovakia to the European Union influenced on turnover of foreign trade favourably using available public statistics can be accepted.

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ECONOMIC DEVELOPMENT AND SOCIAL RESPONSIBILITY **The Portuguese Food Banks**

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ABSTRACT. The elimination of poverty and the fight against social exclusion became one of the main challenges of the development and human rights since the end of 20th century and continues in the 21st.

In the last decades we have observed how development has brought new social events to the world, introducing new realities in modern societies and giving them very peculiar characteristics, typical of the days we are living on.

The increase of internationalization and globalization of several economies, the world markets and great regional markets trends, the evolutions in the employment market and the very recent migratory flows have brought to the world new social events, each time more complex and more demanding, concerning the appeal they set up to international community action.

Finding new answers, which are also dependent on the efficacy of new approaches, becomes a very urgent matter, and promotion of social inclusion and reducing social asymmetries depends not only on the State and government agencies, but also on civil society initiatives.

The Portuguese Food Banks are important organizations with relevant contribution to a more social and environmental economy, developing a very effective action in a pro-sustainable way, linking the constant increase of social responsibility of economic agents to public commitment and to the promotion of human solidarity. Simultaneously they are contributing to the reduction of waste of food and level of garbage. The aim of this paper is to analyse social and economic impacts of these organizations all over the country.

KEY WORDS: social responsibility, economic development, waste, solidarity, social exclusion, local development.

1. INTRODUCTION

The global economy, world markets trends, the observed job market evolutions and recent migratory flows have brought new social events to the world, with more complex characteristics. The search for new and more efficient answers and approaches become increasingly important, fighting against poverty and social exclusion.

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Organizations know that their success depends, among other factors, on the acceptance they win near the community where they work and develop their activities. Nowadays, trying to forget or ignore social problems is a self-destructive perspective, because the risk of losing approval by the markets in the medium and long term is really high. The conscience of this social dimension obviously implies that organizations use their power in a responsible way, otherwise they expose themselves to the risk of losing power, market and face.

The number of social responsible organizations is increasing, and it clearly contributes to a more social economy, where people are worried not only about the economic growth but also about the social cohesion and environment protection.

Portuguese Food Banks are non-profit, community-based organizations, with relevant contribution to a more social and environmental economy, developing a very effective action, linking the constant increase of social responsibility of economic agents to public commitment and to the promotion of human solidarity, and simultaneously contributing to the reduction of food waste.

2. RESEARCH GOALS AND MOTIVATIONS

The general goal of the present work consists on understanding and analysing the role of social private organizations, namely Food Banks, aiming to achieve the answers for local development mechanisms and to fight poverty and waste, considering that several public and governmental actions are not enough to answer citizens' needs.

We aim, specifically, to write about the successful case of Portuguese Food Banks, which fits well in these goals: meaning an effective action of pro-sustainability.

Nowadays economic agents are more and more involved with public commitment and human solidarity promotion. On the other hand the increasing existence of organizations that represent a bridge between the former and the real practice of the social economy is important, giving an additional important contribution, in this particular case, to the reduction of food waste and the production of garbage.

3. METHODOLOGY

This approach follows a case study methodology. According to Bell (1997), this methodology allows the investigator to concentrate on a specific situation in order to identify the concerned interactive process. A case study involve the empiric investigation, strong component of fieldwork appealing using many sources and documents, interviews, direct observations and physics artefacts (Yin, 1994).

The present study aims to get preliminary information concerning the economic and social conditions that justify the existence of organizations as Portuguese Food Banks, describing the main guidelines of their activity, and operational characteristics, simultaneously trying to analyze and explain the nature of the event linked with poverty and waste, studying correlation between social and economic data.

4. CONCEPTUAL MATTERS ABOUT THE OBJECT STUDIED

The Social Dimension of the Development – The Role of the Organizations and of the State

The elimination of poverty and the fight against social exclusion became one of the main challenges of the development and human rights since, at least, the beginning of the 21st century.

The world scenario is untenable:

- almost 800 million people are starving to death and are excluded from any food security system and almost 1,2 billion are living with less than a daily dollar (dollars PPC, 1993);

- about 8 million people, in the OCDE countries, are undernourished and, speaking only about United States, almost 40 million people are not included in any health security system, and one in each five adults is functionally illiterate.

In the last decades we have observed how development has brought new social events to the world, introducing in modern societies new realities and giving them very peculiar characteristics, typical of the days we are living on.

The increase of internationalization and globalization of several economies, the world markets and great regional markets trends, evolutions in the employment market and the very recent migratory flows have brought new social events to the world, each time more complex and more demanding concerning the appeal they set up to international community action.

Finding new answers, which are also dependent on the efficacy of new approaches, becomes a very urgent matter, and the promotion of social inclusion and reducing social asymmetries depends not only on the State and government agencies, but also on civil society initiatives.

Knowing where social responsibility of civil organizations and where the responsibility of State and other government agencies begins and ends or knowing where both of them intercept themselves are questions that lead to several discussions and careful considerations not only among civil society but also among the many public institutions.

The Social Responsibility Concept

The social responsibility concept (CSR) had suffered several interpretations and changes along last decades. The social responsibility of business has been discussed since 1930s. However, this concept was coined in 1953 with the publication of Bowen's "Social Responsibility of Businessmen". Bowen gave an initial definition of CSR: "*It refers to the obligations of businessmen to pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of the objectives and values of our society*" (Bowen in Carroll, 1990:270).

In the 1960s definitions of the concept had a significant development. In the 1970s it was made an effort to specify the concept. Specifically, in 1970, Milton Friedman wrote that "*there is one and only one social responsibility of*

business - to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to say, engages in open and free competition without deception or fraud". For this author the only role of a company in society is to make profits. He believed in Adam Smith's concept of the invisible hand of the market. If the performance of a company was not good for society, the invisible hand would wrench the means of production away from it. If a company made a profit, it was an indicator of its contribution to society.

The next period, the late 70s and 80s, fewer new definitions appeared, however more attempts to measure and conduct research on CSR were made. In the late 70's both the Organisation for Economic Cooperation and Development (OECD), and the United Nations Centre on Transnational Corporations (UNCTC) began developing codes of conduct trying to control different aspects of corporate globalisation. In 1976 the OECD, a group of 30 powerful industrialised countries, recognising complications associated with companies operating across borders, established a set of guidelines to ease the workings of globalization. They set the 'rules of the game' for foreign direct investment and created an atmosphere of confidence and predictability in overseas corporations. Throughout 80s, until now academic discussion of Corporate Social Responsibility concept considerably grew. Freeman (1984), wrote about the stakeholder theory considering companies responsible before several social groups beyond workers and shareholders. Wartick and Cochran (1985), wrote about social responsibility principles referring programs and policies facing society in a responsible way. Carroll (1999), goes on with the some issues, and Borger (2001) wrote about business ethic and entrepreneurs citizenship.

More recently, and according with the European Commission, corporate social responsibility is a concept where enterprises combine social and environmental matters on a voluntary basis with organisational activities and interaction with their social stakeholders. It is important to refer that having social responsibility is not only to implement official expectations but to go beyond what is voluntary and to invest more in human capital, the environment and relations with shareholders (COM, 2001)³.

³ "Our definition of CSR is: A concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis.

Amongst other things, this definition helps to emphasise that:

- CSR covers social *and* environmental issues, in spite of the English term corporate *social* responsibility;
- CSR is not or should not be separate from business strategy and operations: it is about integrating social and environmental concerns into business strategy and operations;
- CSR is a voluntary concept;
- an important aspect of CSR is how enterprises interact with their internal and external stakeholders (employees, customers, neighbours, non-governmental organisations, public authorities, etc.)". (available in http://ec.europa.eu/enterprise/csr/index_en.htm, January 2008)

A More Social Economy

The more responsible behaviours in social sense of an increasing number of organizations are contributing to a more social economy where we can point out not only the worries regarding growth but also those regarding social cohesion and environmental protection.

Associations, private institutions focused on social solidarity and non-governmental organizations have achieved until now to get an answer to many of those problems, however with more difficulties. Many of them are networking, trying to answer it from a local perspective, promoting alliances and partnerships based on cooperative agreements.

The growth trend of this kind of activity inside organizations occurs due to the inability of the States, this means, governments and public institutions, to give an effective and efficient answer to all situations, requests and needs of the societies they run. This happens because there are no sufficient human resources and financial resources, and also because there are great difficulties running these processes. We can also find too much bureaucracy implementing some of the social support programs.

Factors and Causes of Poverty and Social Exclusion

Considering the multidimensional and systemic character of this phenomenon, as also the several ways we public find it, we know that is very difficult to explain all the base reasons for poverty and social exclusion. Although the frequency of this relation is normally found in a base of cause/effect between the two factors the existence of one of them can happen without the other. This means we can have social exclusion without poverty. However it seems to be right that both are the result of a combination of several social negative situations that create a chain reaction of a significant number of events.

In this context it is very important to understand the factors potentially associated with these situations and each other possible combinations. The STEP program (Strategies and Tools against Social Exclusion and Poverty) joins these factors in three dimensions:

- 1^a macro dimension (global);
- 2^a meso dimension (local or sectorial);
- 3^a micro dimension (personal and familiar).

1^a Macro Dimension (global)

The macro factors potentially associated with poverty concern include the developing, organizing and functioning models of the world economic and financial systems in a precise time lag.

As an example of the referred factors we can mention:

- economic and financial globalisation, leading to the increase of competitiveness and commercial aggressiveness, including environmental and social costs;
- the consuming economics development models, where there is frequent excess of production and waste;
- unstable employment and unemployment leading to the reduction or absence of resources and revenue and creating social instability;
- missing proper answers from the Providence/State and the trend towards economic liberalization, leaving social and economic regulation depending on the market;
- environmental conditions degradation, as the natural resources exhaustion, animal or vegetal, resulting consequently in the increasing fragility of life conditions;
- breakdown of solidarity family systems, social or shared by the community, as a consequence of increasing interhuman isolation;
- public policies of national level leading to discriminative situations, in a conscious or unconscious way.

According to Costa (1998), a great part of these factors are generic to most countries and are related with structural characteristics of developing models prevailing in European industrial societies, in last two hundred years. He also suggests that these models vary between two paradigms:

- the one of liberal capitalism, encouraging competitiveness and individualism, deteriorating solidarity and collective sense;
- the one of bureaucratic socialism granting collectivism and imposing solidarity, forgetting individual freedom and efficiency, leading to less respect of individual human rights.

Both of them pay no attention to ecological interactions and their conditions, allowing risks to humankind future.

2^a Meso dimension (local or sectorial)

These factors begin with macro policies or dominating cultural elements, having important effects in most weak areas, namely sectorial or geographical ones. At this level we can consider some of the following factors:

- cultural attitudes, prejudices and social behaviour based on local discrimination, as it can happen with the attitude of a community against immigration, drug addicts or HIV infected;
- local or regional policies that generate or blockade social exclusion or poverty situations, as the example of:
 - ✓ lodging policies leading to social exclusion islands;
 - ✓ decisions discriminating ethnical minorities;
 - ✓ lack of decisions that prevent inaccessibility to public services, namely to the older or disabled ones;

- existence of local cultures very closed accentuating ghettos;
- social restructuring eventually leading to produce systems changing of some activity sectors, as happened in the last century during the seventies and the eighties, with iron and steel industries, naval building and repairing or car industry.

3^a Micro dimension (personal and familiar)

These factors include a group of variables, namely family dimension and status, health, age, education, life history and course, life projects, personal options, lost and won opportunities, accumulate experience. It means a group of elements resulting from familiar and personal developed interactions. We can refer to some of them as the following examples:

- family dimension and status: poverty passing from generation to generation is a cause of the phenomenon perpetuation; family life conditions determine very soon children's future of those borne in very poor families, because of very few available material resources and because of social and cultural features that determine opportunities and options of these children;

- health: low productivity and high expenditures are frequent effects of a precarious health situation, and it may lead to social exclusion and impoverishment; nevertheless we must notice that these two effects relation is a circular causality one, it means, that each of them can be cause or effect;

- age: the older ones, particularly those living on a social security income, became more often vulnerable to poverty and social exclusion, mainly because the increasing needs in health care, family isolation and even family abandonment or rejection;

- education: the relationship between education and poverty seems to build a vicious circle; people are poor because they couldn't invest on themselves, or they did it at very low levels, but poor people have no enough resources to invest in education; at this level we can also notice a circular causality.

We can also extend that events resulting from imposed or assumed options, or resulting from unexpected casualties may lead to social exclusion or poverty situations.

We can conclude that poverty and social exclusion are a result of following factors:

- related to local or global society, therefore with a macro or meso dimension, because of inexistent opportunities and answers that were expected from society in general;

- related to real personal or family stories, included in a micro dimension, due to weak or wasted individual capacities and skills, provoking deficient society participation.

The reality in Europe is that, without social welfare more, than a quarter of the population of the European Union would today be living below the poverty line.

Portuguese Evolution of Welfare State

The factors responsible for the establishment of a welfare state in Portugal are related with the political and economic situation in the nearly fifty years which led up to 1974 changes (the period of the so-called New State).

Until 1933 social protection was based on public assistance and mutual assistance systems. The state intervention in these areas was very low. Social security only became obligatory when was adopted with the 1933's Constitution. At the same time another New State's organizational methods appeared: "corporatism". In 1962 some of these policies were reformed. Even though a large number of populations remained outside this new social measures adopted at the time (such as the farm workers or the unemployed) and the social benefits were also low. This reform represented an important step of Portugal's social security system. However, in the last years (1969-1974), when Salazar was substituted as Prime Minister by Marcello Caetano, some social protection suffered developments. In 1974, due to the Revolution and the dismantling of the corporative structure of the old regime, significant changes were made to the social security system and measures were taken in the system to provide assistance to the unemployed and to introduce social benefits. These measures were a national minimum wage, a national health service accessible to all citizens, new family allowance schemes, a minimum pension and a social benefit. This means an integrated social security system.

The 1976 Constitution (the first after the Revolution) specified the State's responsibility for implementing social policies to improve the population's social and economic well-being.

Nowadays, Portugal still have a weak welfare state, however our country had a very rich 'welfare society'. Family structures and neighbourhood relations give important support in terms of protection and mutual help. Concerning institutional help the answer is also high, as it proves the 2500 private social solidarity institutions whose activities are financially supported by the State.

5. CASE STUDY

Characterization and Activities of Food Banks

Surpluses of agricultural products either in production or in retail trade, as well as overproduction in food processing industry, drive to a large amount of food being withdrawn from sale, instead of which could be driven to consumption.

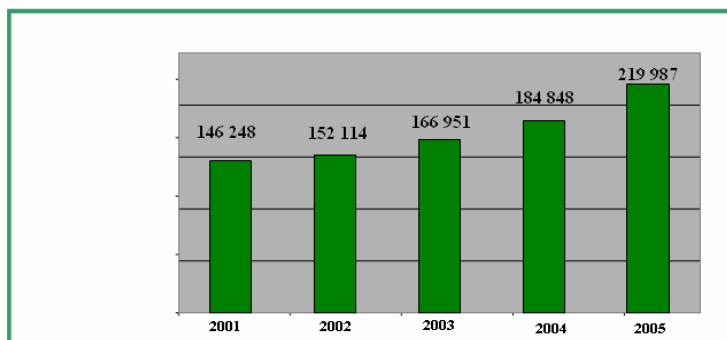
Food Banks of Europe fight waste, not only by picking up food provided free of charge by farmers, processing facilities, wholesalers, importers and retailers, but also through national and European public authorities, as well from civic institutions which organize local voluntary food collecting.

The Food Banks of Europe are logistics specialists. These Banks organize the transportation, sorting and storage of collected food and at same time assure the quality control. An important activity of these organizations is the monitoring of the cold chain and the inventory management.

The food distribution is carried out by voluntary associations which fight hunger in the field. The Food Banks sign agreements with local humanitarian or charity organizations and distribute the collected food to them.

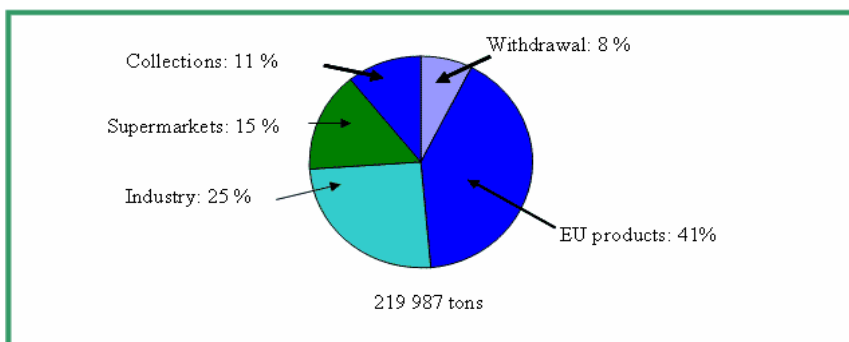
In 2005 the results of European Federation of Food Banks were significant, as we can see in the figures below.

Figure 1- Collected Quantities Evolution (Tons)



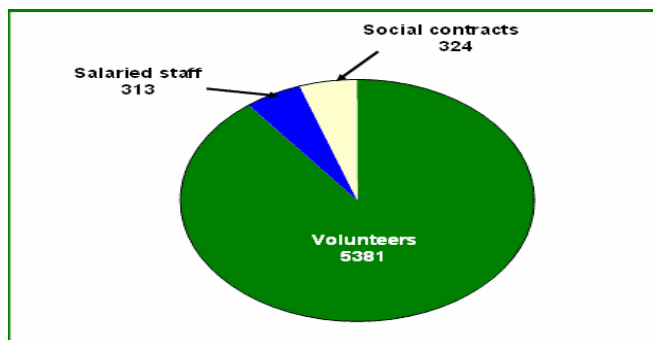
Source: European Federation of Food Banks

Figure 2- Supply Sources



Source: European Federation of Food Banks

Figure 3 – Human Resources



Source: European Federation of Food Banks

In Portugal the Food Banks are institutions created for helping reducing hunger of less fortunate. Their goal is trying to prevent food to be thrown away and to give it to those who need social aid.

The donations of unprepared food are welcome for these organizations and several firms contribute regularly to them. All the donated food is carefully stored and its quality is strictly controlled. The products are distributed to like-minded organizations.

Two food-collecting campaigns are annually organized inside supermarkets.

In 2004, 116 stores, 3500 volunteers and 130 cars were involved in these activities. The whole action enable collecting 790.638 kilos of food, with supermarkets Pingo Doce e Feira Nova having a proportion weight of 45,74%, Modelo-Bonjour-Continente 18,40%, Lidl 12,55%, Carrefour 8,73% and group Auchan 7,11%. The remaining 7,47% are the result of collecting food from other supermarkets, namely Intermarché (2,17%), Plus (1,99%), Corte Inglês (0,97%), and other ones.

Through their action Portuguese Food Banks collected and distributed 17.704 tons and assisted 216.409 persons on the year of 2005. This activity was supported by 1.173 institutions that distribute prepared meals and food baskets. These results were achieved with 10 regional banks, working in a local logic, meaning that the territory where it develops its activities is well known and defined. Food distribution is made at the same geographic zone where the gifts are obtained.

Some of the results from collecting campaigns in the year 2006 are shown in Table 1 (below).

Table 1- Results from Collecting Campaign - November 2006 (tons)

	Oil	Olive-oil	Sausages	Tune	Milk	Food Basket	Spaghetti	Cookies
FEIRA NOVA	2.741	1.151	3.663	2.771	10.150			
JUMBO	2.074	893	4.511	3.067	9.927	2.081		
LIDL	1.395	678	2.644		8.417		2.728	1.831
MINIPREÇO DIA	2.750	1.294	4.035	3.453	9.569			
PINGO DOCE	23.202	11.228	33.460	25.895	77.265			
TOTAL	32.162	15.244	48.313	35.186	115.328	2.081	2.728	1.831

Social and Economic Issues and Data Analysis on Portuguese Food Banks

Portugal has ten Food Banks, one of them in Azores, which is not included in our study. The other Food Banks are located in Lisbon, Porto, Coimbra, Aveiro, Setúbal, Évora, Abrantes, Leiria/Fátima e Cova da Beira.

Considering the existing data published in Food Banks Reports and statistics data published by Statistics National Institute we chose a set of variables that we considered could explain the activity evolution of those institutions related with social and economic local development.

The first relation we tried was between collected food tons and the number of pensioners, trying to know if their evolution has some parallelism.

This relation was studied for four regions, those ones where a Food Bank exists since, at least, eight years ago. The results are presented in Figures 4 to 7.

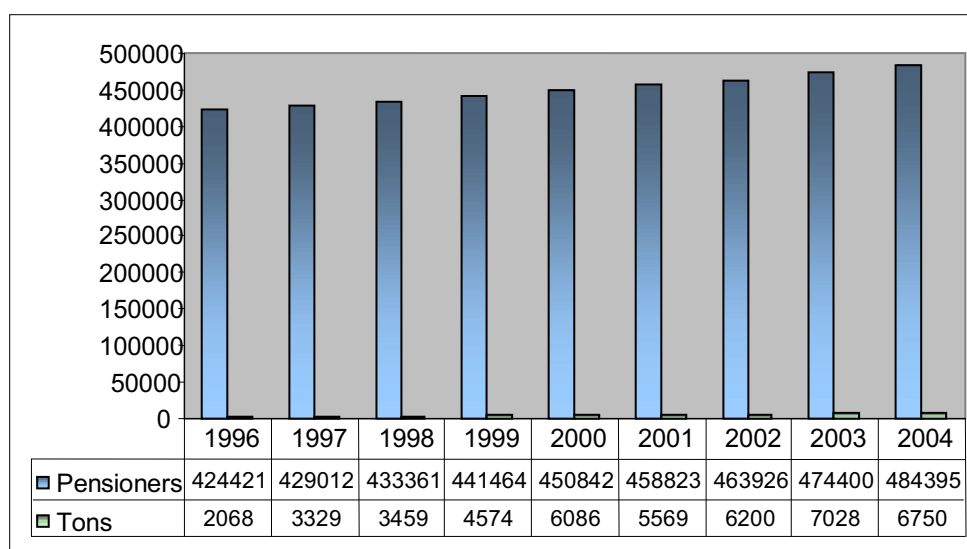


Figure 4 - Grande Lisboa

$$r = \frac{\sum (x - \bar{x})(y - \bar{y})}{\sqrt{\sum (x - \bar{x})^2 \sum (y - \bar{y})^2}} = 0,938163$$

$$R^2 = 0,880149$$

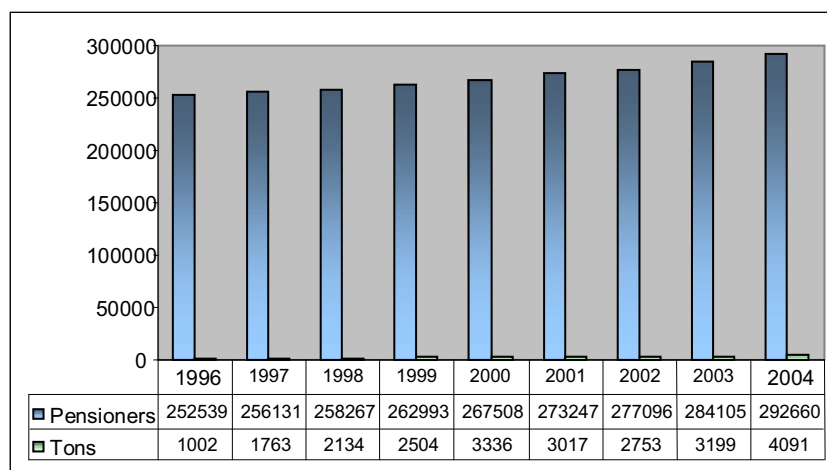


Figure 5 - Grande Porto

$$r = \frac{\sum(x - \bar{x})(y - \bar{y})}{\sqrt{\sum(x - \bar{x})^2 \sum(y - \bar{y})^2}} = 0,891546$$

$$R^2 = 0,794855$$

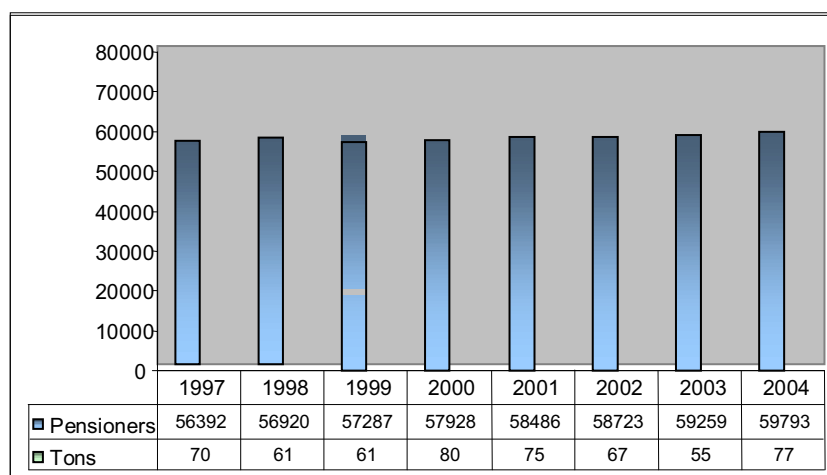


Figure 6 - Évora/Alentejo Central

$$r = \frac{\sum(x - \bar{x})(y - \bar{y})}{\sqrt{\sum(x - \bar{x})^2 \sum(y - \bar{y})^2}} = 0,147057$$

$$R^2 = 0,021626$$

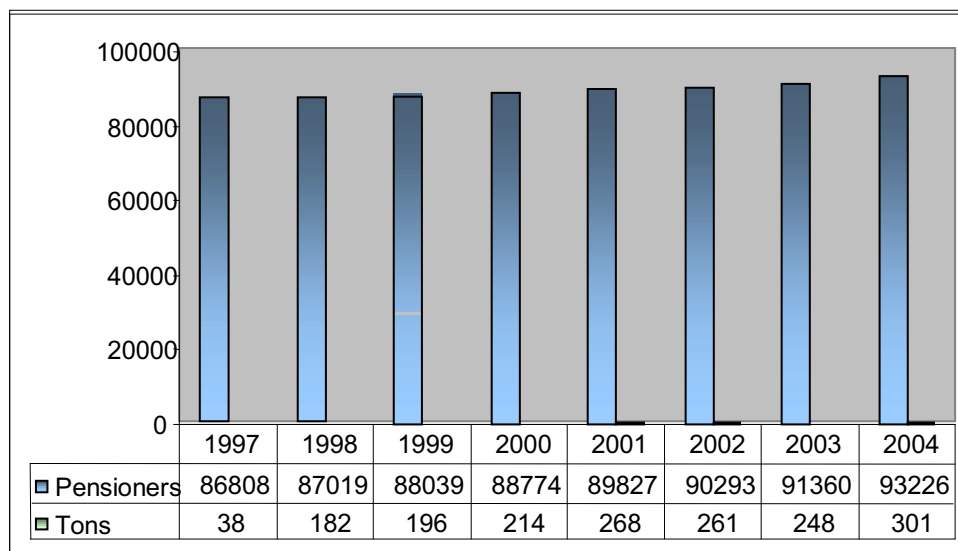


Figure 7 – Coimbra/Baixo Mondego

$$r = \frac{\sum(x - \bar{x})(y - \bar{y})}{\sqrt{\sum(x - \bar{x})^2 \sum(y - \bar{y})^2}} = 0,814211$$

$$R^2 = 0,66294$$

As we can see in the regions of Grande Lisboa and Grande Porto the correlation is real high, and in Coimbra/ Baixo-Mondego is still significant, but in Évora/ Alentejo Central the relation has very little significance. Interesting is the fact that the last one is the only one, of the four regions, located in the inner part of the country, while the 3 others are located near the coast. The third one is not at littoral but doesn't remain too far. On the other hand results can be scheduled according to inhabitants' number, being the most populous regions those ones presenting higher correlations.

Then we tried the relation between pensioners and aided people, being one the variable to be explained, and we reached the results presented in Figures 8 to 10; we were not able to get information about the Coimbra/ Baixo-Mondego region.

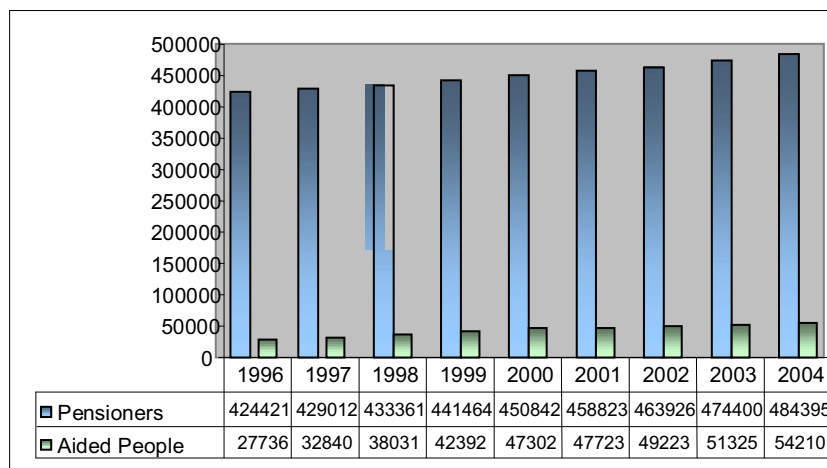


Figure 8 - Grande Lisboa

$$r = \frac{\sum (x - \bar{x})(y - \bar{y})}{\sqrt{\sum (x - \bar{x})^2 \sum (y - \bar{y})^2}} = 0,947203$$

$$R^2 = 0,897194$$

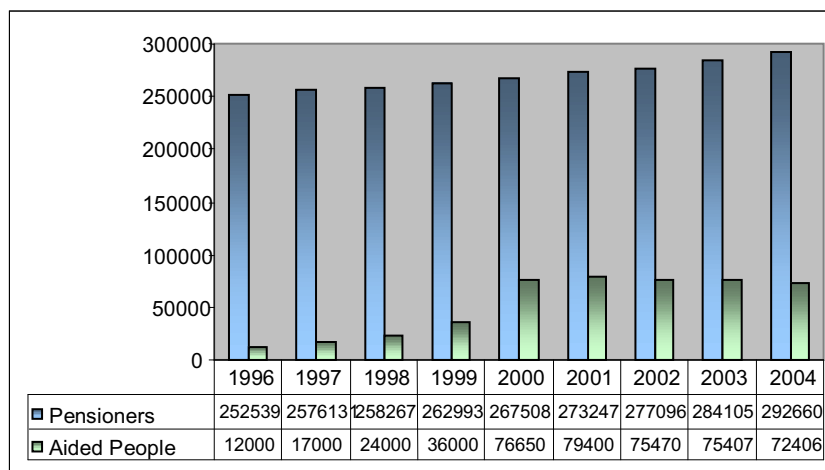


Figure 9 - Grande Porto

$$r = \frac{\sum (x - \bar{x})(y - \bar{y})}{\sqrt{\sum (x - \bar{x})^2 \sum (y - \bar{y})^2}} = 0,832474$$

$$R^2 = 0,693012$$

ECONOMIC DEVELOPMENT AND SOCIAL RESPONSIBILITY

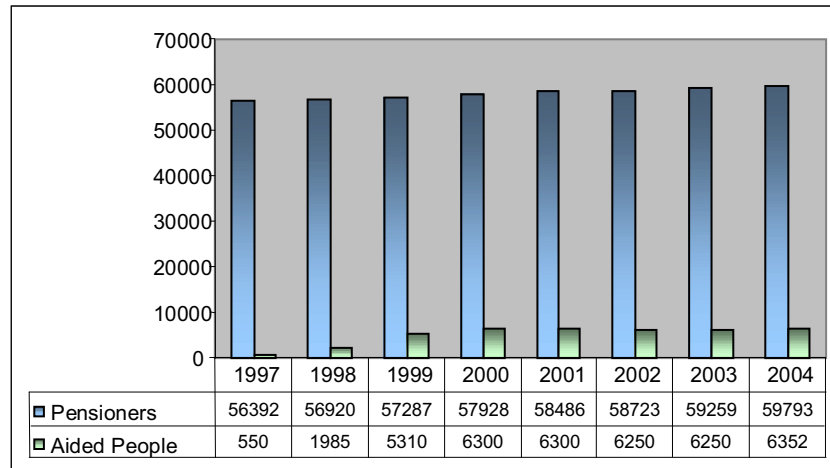


Figure 10 – Évora/Alentejo Central

$$r = \frac{\sum(x - \bar{x})(y - \bar{y})}{\sqrt{\sum(x - \bar{x})^2 \sum(y - \bar{y})^2}} = 0,823839$$

$$R^2 = 0,67871$$

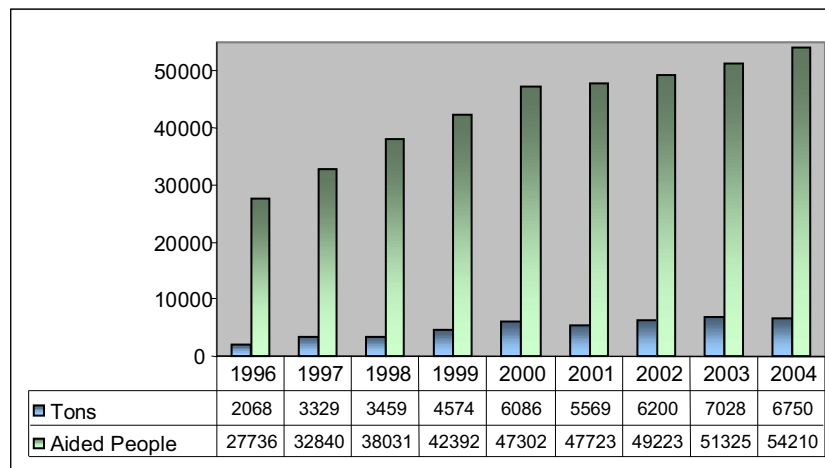


Figure 11 - Grande Lisboa

$$r = \frac{\sum(x - \bar{x})(y - \bar{y})}{\sqrt{\sum(x - \bar{x})^2 \sum(y - \bar{y})^2}} = 0,979072$$

$$R^2 = 0,958581$$

The correlation is, again, significant, but once more is losing strength from the most crowded region to the less populated one and from littoral to inner country.

The third step studied the relation between collected tons and aided people, and here we expected a high correlation, which was confirmed by results in littoral regions, but not in the inner part of the country, as presented in Figures 11 to 13.

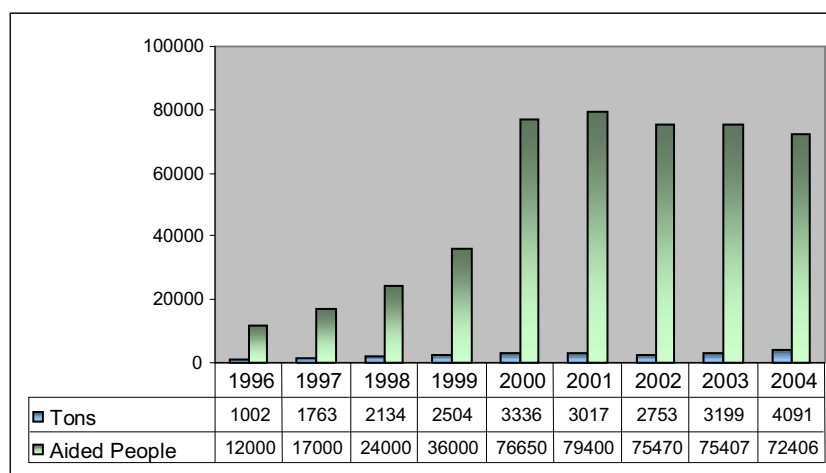


Figure 12 - Grande Porto

$$r = \frac{\sum (x - \bar{x})(y - \bar{y})}{\sqrt{\sum (x - \bar{x})^2 \sum (y - \bar{y})^2}} = 0,8671$$

$$R^2 = 0,751862$$

As we can see, the Food Bank located inside the inner part of the country has not a high level of activity, when analysing the number of aided people, significantly related to the number of collected tons, situation deserving further analysis.

After these three kinds of statistics analysis we tried to study the correlations in a national transversal perspective.

We were able to conduct the study only since 2002, because we wanted to have all the Portuguese Food Banks included in this analysis.

The relation between pensioners and collected tons, in this transversal point of view, was not really strong in 2002, but the result is still acceptable. In 2003 and 2004 we have an almost perfect relation, meaning that growth of pensioners leads to more social conscience and more aid. The results are presented in Figures 14 to 16.

ECONOMIC DEVELOPMENT AND SOCIAL RESPONSIBILITY

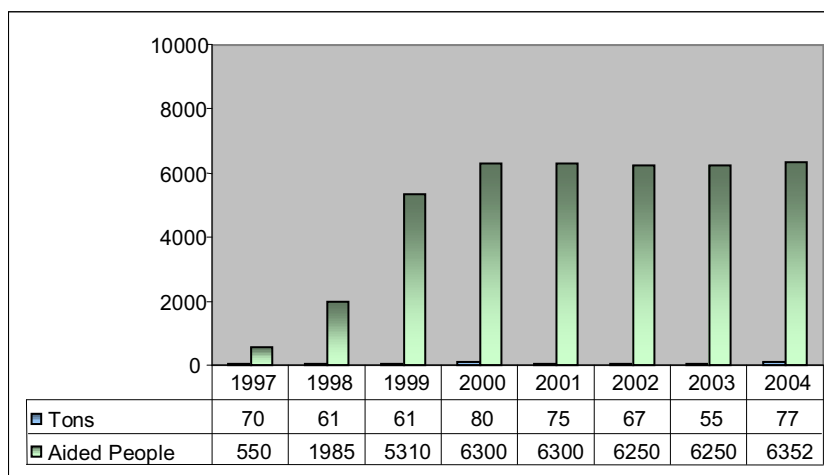


Figure 13 – Évora/Alentejo Central

$$r = \frac{\sum(x - \bar{x})(y - \bar{y})}{\sqrt{\sum(x - \bar{x})^2 \sum(y - \bar{y})^2}} = 0,207473$$

$$R^2 = 0,043045$$

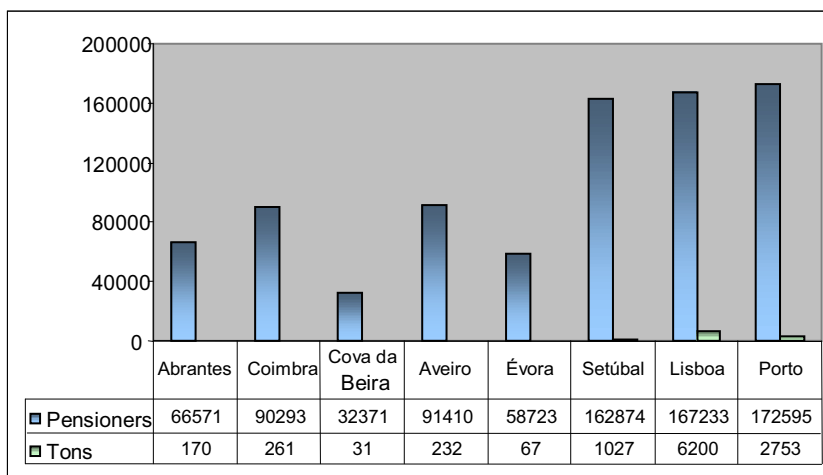


Figure 14 - Portugal 2002

$$r = \frac{\sum(x - \bar{x})(y - \bar{y})}{\sqrt{\sum(x - \bar{x})^2 \sum(y - \bar{y})^2}} = 0,717095$$

$$R^2 = 0,514225$$

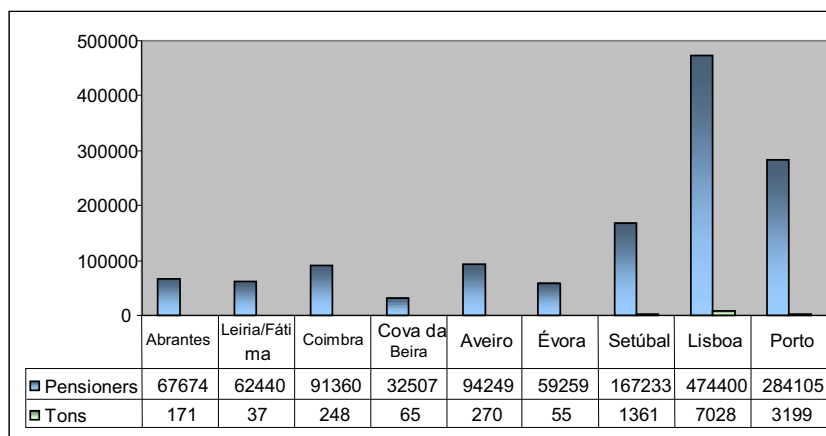


Figure 15 - Portugal 2003

$$r = \frac{\sum (x - \bar{x})(y - \bar{y})}{\sqrt{\sum (x - \bar{x})^2 \sum (y - \bar{y})^2}} = 0,990699$$

$$R^2 = 0,981485$$

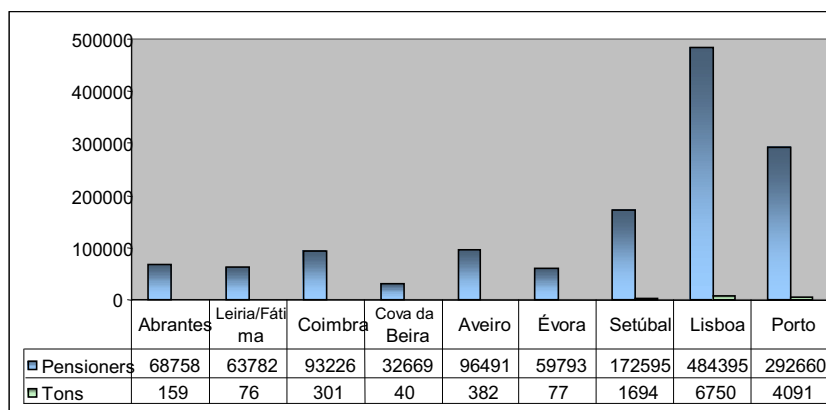


Figure 16 - Portugal 2004

$$r = \frac{\sum (x - \bar{x})(y - \bar{y})}{\sqrt{\sum (x - \bar{x})^2 \sum (y - \bar{y})^2}} = 0,994858$$

$$R^2 = 0,989742$$

Then, and as we had already done for those regions with food banks since eight years ago, we also studied the relation between pensioners and aided people, and we achieved the results presented in Figures 17 to 19. The correlations are significant, and – again - increasing their significance when we come from 2002 to 2004.

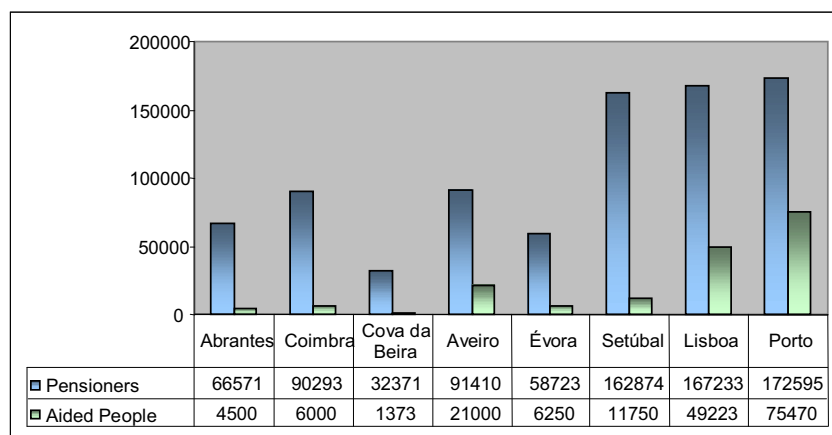


Figure 17 – Portugal 2002

$$r = \frac{\sum (x - \bar{x})(y - \bar{y})}{\sqrt{\sum (x - \bar{x})^2 \sum (y - \bar{y})^2}} = 0,770358$$

$$R^2 = 0,593451$$

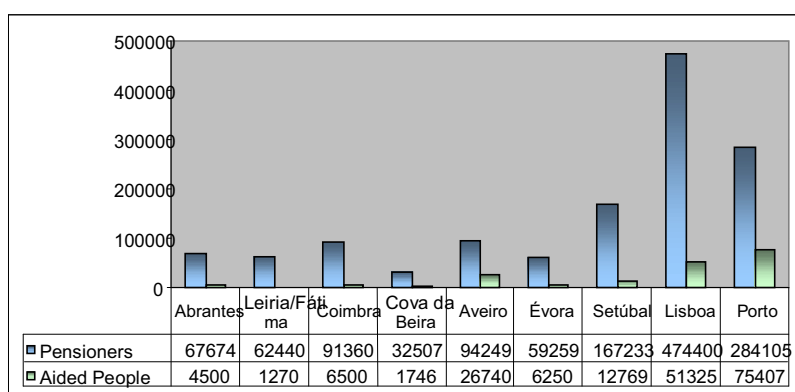


Figure 18 - Portugal 2003

$$r = \frac{\sum (x - \bar{x})(y - \bar{y})}{\sqrt{\sum (x - \bar{x})^2 \sum (y - \bar{y})^2}} = 0,804212$$

$$R^2 = 0,646756$$

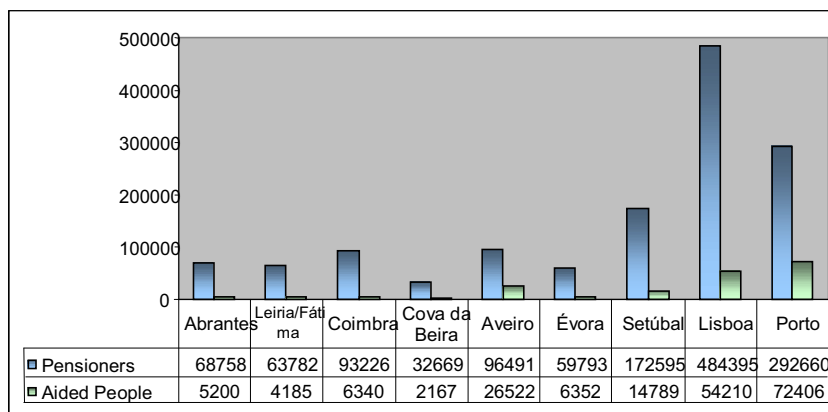


Figure 19 - País 2004

$$r = \frac{\sum (x - \bar{x})(y - \bar{y})}{\sqrt{\sum (x - \bar{x})^2 \sum (y - \bar{y})^2}} = 0,838297$$

$$R^2 = 0,702742$$

We also tried to study the relation between regional GDP per capita and collected tons, and we were able to get enough information in order to achieve good correlations, but, this time, decreasing from 2002 to 2004. Anyhow we must emphasise that the regional GDP per capita for 2004 is still provisional. The results are presented in Figures 20 to 22.

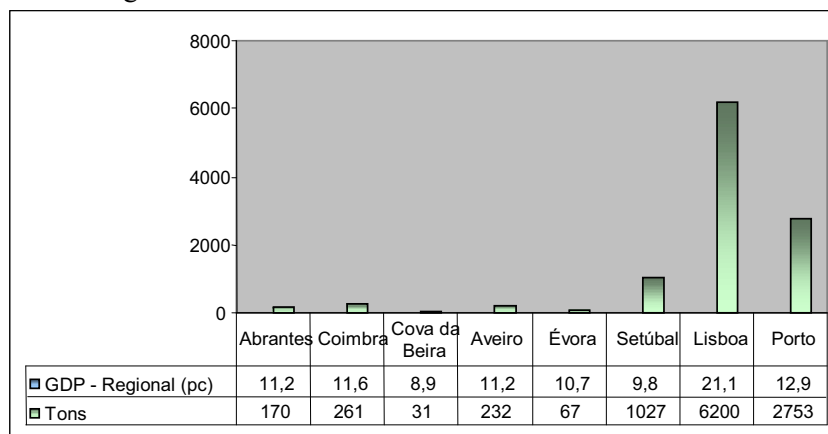


Figure 20 - Portugal 2002

$$r = \frac{\sum (x - \bar{x})(y - \bar{y})}{\sqrt{\sum (x - \bar{x})^2 \sum (y - \bar{y})^2}} = 0,946093$$

$$R^2 = 0,895092$$

ECONOMIC DEVELOPMENT AND SOCIAL RESPONSIBILITY

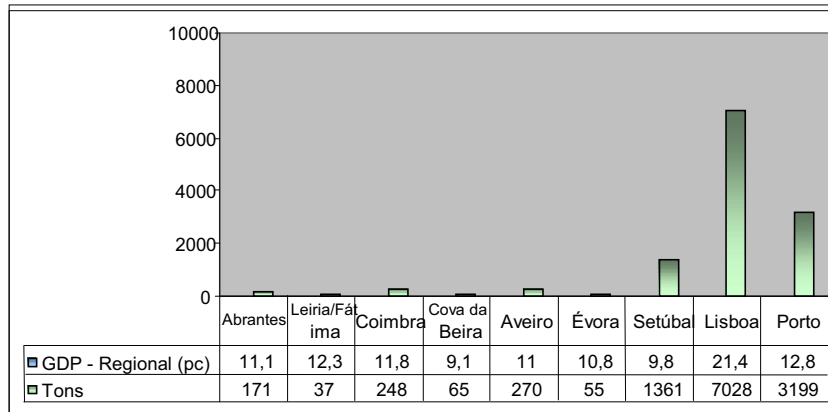


Figure 21 - Portugal 2003

$$r = \frac{\sum (x - \bar{x})(y - \bar{y})}{\sqrt{\sum (x - \bar{x})^2 \sum (y - \bar{y})^2}} = 0,906841$$

$$R^2 = 0,822361$$

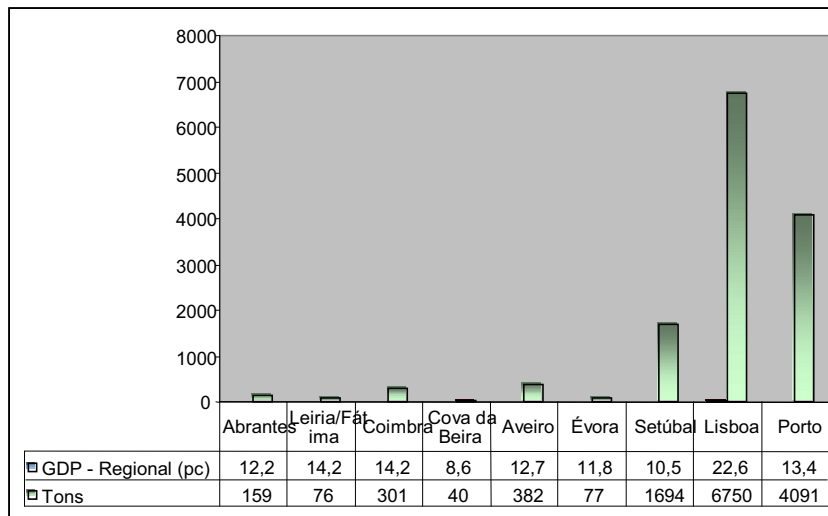


Figure 22 - Portugal 2004

$$r = \frac{\sum (x - \bar{x})(y - \bar{y})}{\sqrt{\sum (x - \bar{x})^2 \sum (y - \bar{y})^2}} = 0,774236$$

$$R^2 = 0,599441$$

Finally we tried the relation between population in the region and collected tons, expecting a high correlation. This study was possible just for the years of 2003 and 2004 and the results are presented in Figures 23 and 24.

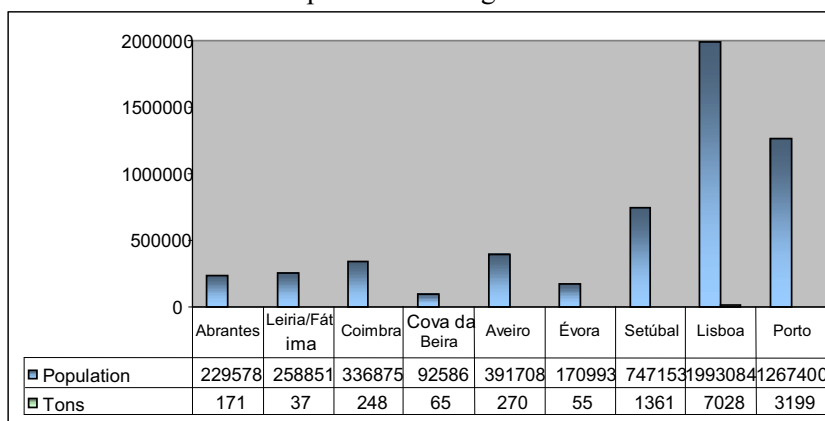


Figure 23 - Portugal 2003

$$r = \frac{\sum (x - \bar{x})(y - \bar{y})}{\sqrt{\sum (x - \bar{x})^2 \sum (y - \bar{y})^2}} = 0,982707$$

$$R^2 = 0,965713$$

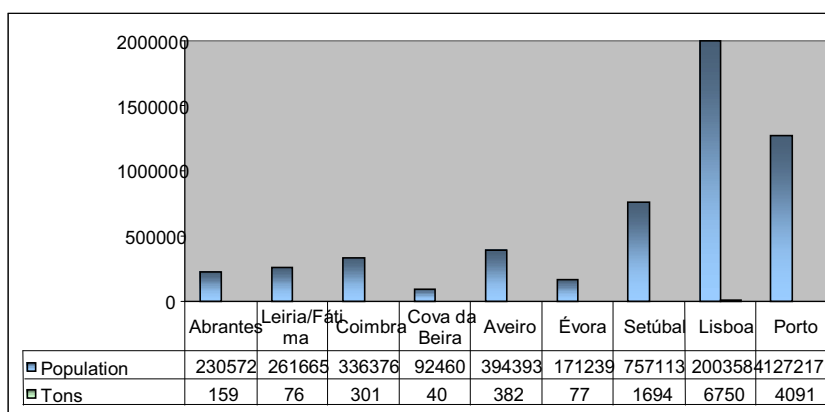


Figure 24 - Portugal 2004

$$r = \frac{\sum (x - \bar{x})(y - \bar{y})}{\sqrt{\sum (x - \bar{x})^2 \sum (y - \bar{y})^2}} = 0,99378$$

$$R^2 = 0,987598$$

As we can notice we have achieved the expected results because the correlation between collected tons and population is very significant.

6. CONCLUSIONS

First of all we must emphasize the success of Portuguese Food Banks, as a result of social conscience increase, a positive aspect, and as a result of impoverishment and aging of population, the negative aspect.

We were also able to confirm these hypotheses through the study we made. The relation between pensioners and aided people shows a high correlation and is connected with population aging and Food Banks activity level, either at a regional level or from national perspective.

The relation between pensioners and collected tons shows a high correlation both in national and regional perspective except in inner country. We can assume that lower regional GDP in inner country explains this result. But the increase of pensioners implies the increase of collected tons, as a result of increasing social conscience of all population facing aging matter. This statement is confirmed by the correlation between collected tons and aided people, because it has been possible, through analysed period, to collect more food in order to aid more people, except, once again, in inner country.

The relation between regional GDP per capita and collected tons was studied from a national perspective showing a significant relation and pointing to social conscience increase, namely because people improving their level of live are more available for helping the needed ones.

Finally the relation between collected tons and population is very high, because it is understandable getting more contribution where we have more people.

The results of our work are consistent with Portuguese nowadays reality and with the important role of Portuguese Food Banks.

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FINANCING OF PUBLIC SERVICES THROUGH PUBLIC PRIVATE PARTNERSHIP PROJECTS

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ABSTRACT. The recent years have spread, in many countries, projects of cooperation between the public and the private sector known as Public Private Partnership (PPP) and pierced into many spheres of activity of public administration bodies. An increased interest in utilization of the projects of public and private sector partnership in providing infrastructure and public services was caused especially due to limited resources of public budgets and also by an effort to increase quality and efficiency of provided public services. Any possibility of PPP utilization should be always very thoroughly considered with regard to other alternatives of a project, as there a number of resources exist and also ways of providing the public services. This paper resumes and discusses keystones, advantages and disadvantages of the PPP projects and suggests possibilities of their utilization in the Czech Republic.

Key words: cooperation of public and private sector, Public Private Partnership, concession, risk.

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1. Introduction

One of the major tasks of public sector is to provide public services. Limited possibilities of public finances require the search of new resources needed to finance the public services and investments. One of the alternative or supplementary ways of financing activities in the field of public services could be the Public Private Partnership (PPP) projects, thus the partnership of the public and private sector. This way of financing is successfully used in European Union countries, USA and other countries. By adopting the Public Contracts Act and, especially, the Concession Act Czech Republic created a legislative frame, which enables the spread of this method of public services financing.

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PPP arrangements were driven by limitations in public funds to cover investment needs, but also by efforts to increase the quality and efficiency of public services. The efforts of the Accession Countries, including the Czech Republic, to reform and upgrade infrastructure and services could potentially benefit from the PPP approach. This is particularly true, given the enormous financing requirements to bring these infrastructures up to the standards. The European Commission has identified four principal roles for the private sector in PPP schemes:

- to provide additional capital
- to provide alternative management and implementation skills
- to provide value added to the consumer and the public at large
- to provide better identification of needs and optimal use of resources.

The goal of the paper is to summarize and discuss the main principles, advantages and disadvantages of Public Private Partnership projects and to recommend a way of their use in the Czech Republic.

2. Results and Discussions

The characteristics of the Public Private Partnership projects

Public Private Partnership refers to a co-operation, a partnership between the private and public sector and has strictly, determined rules. The gist of each PPP project is a contract governing these rules. A clear legal regime, especially of the concession contracts, is thus fundamental to a successful development of the PPP method utilization. Concessions have been a legal instrument used already by Přemyslid monarchs. They were originally used for granting special rights and exclusive economic rights, e.g. the right of beer brewing. At later times (at the time of Austro – Hungarian monarchy) were the concessions used e.g. a building railways. The concessions are not currently much used in the Czech Republic for building the public infrastructure and the public sector has been so far building the infrastructure especially on behalf of itself with the utilization of budget means, eventually with the utilization of other financial support from the European Union. However, in Europe, and even in other countries, in the last 20 years, one has assisted to the spread of public infrastructure building through the concession way in the form of PPP.

On the basis of foreign subjects² experiences it seems as optimal to apply the PPP projects in the form of concession contracts awarding especially in these spheres:

- Construction and operation of motorways, main roads and local roads
- Construction and operation of suburban railways
- Construction and operation of urban mass transport
- Construction and operation of schools, colleges, bureaus etc.
- Construction and operation of hospitals
- Construction and operation of military establishments
- Providing of public services (e.g. Register of Companies).

The idea of PPP is based on a long-term co-operation between the public administration and the commercial sphere with a view to ensure an optimal financing, construction, management or maintenance of the infrastructure or providing a certain public service³. The private partner participates in several stages of a project and on the private partner are transferred risks, which would be supported by the public sector in the case of the classic way of the public contract letting⁴. The public entity focuses mainly on targets setting and targets fulfillment supervision.

By ensuring the project by means of Public Private Partnership, the role of the public sector takes a substantially different form. The public sector has as primarily goal to work out a precise specification of a given service need and, subsequently, to choose a partner. The private partner than process a project according to the specification of the public sector's needs, provide finances, constructs the concrete form of infrastructure and operates it. The private partner (called contractor) is paid regularly for services providing for the whole period of contract duration. Since the payment for services is based upon the achievement of specific objectives defined by public sector (called submitter⁵), this is a critical matter that determines whether or not the contractor is in compliance with the contract terms and therefore the amount of payment due. Under most PPP projects, full payment to the private sector contractor will only occur if the required service standards are being met on an ongoing basis.

At the end of the contractual period of such conceived contract, the private sector mostly gives back the infrastructure into the hands of public sector. Differences between these two forms of providing public services are illustrated in the Chart 1. In the conventional model, the public sector has to determine the required

² MF ČR: Foreign experiences in the field of Public Private Partnership (16.01.2006)

³ European Commission. Guidelines for Successful Public – Private Partnership, European Commission, Brussels, 2003.

⁴ Commission of the European Communities. Green book about the partnership of the public and private sector and right, the Community about public contracts and concessions, the Commission of the European Communities, 2004.

⁵ Submitter can be the Czech Republic, a municipality, a region or any public institution financed by a public sector owner.

inputs, whereas in the case of PPP model the public sector defines outputs, which should be provided by a given asset. In the conventional model, the main point is the creation of an asset; but in the PPP model, the central point is to provide a service.

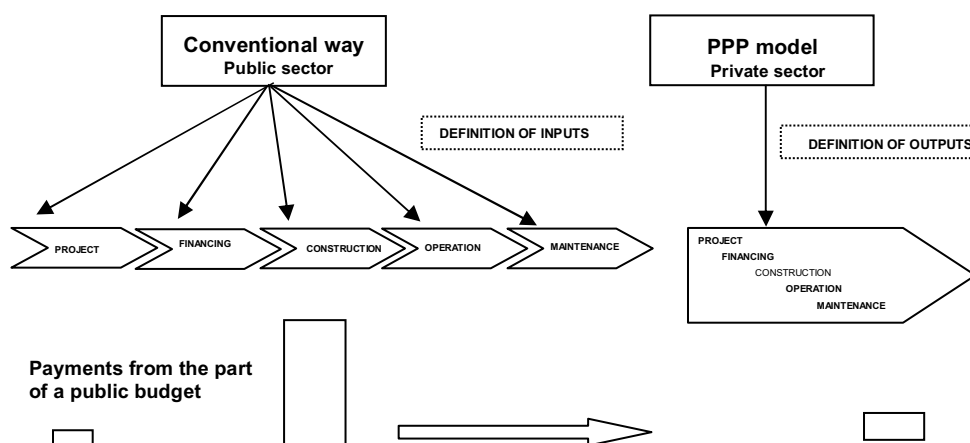


Chart 1: Difference between a conventional process and PPP

Source: Own processing according to MF ČR: PPP – The policy of the Czech Republic’s government in the field of the Partnership of the private and public sector, 2004. URL: <http://www.mfcr.cz/index.php?d=194>

The main types of Public Private Partnership contracts

The European Union discerns, in its documents, between various forms and types of PPP, which have different characteristics, possibility of use, advantages and drawbacks. Main difference between particular types of projects realized in the form of PPP is in the extent of public and private partner’s interest. The common feature of all the PPP projects is the existence of a concessionaire in the form of Special Purpose Vehicle (SPV). Special Purpose Vehicle represents a private entity founded specially for purposes of a concrete PPP project realization. The financing of the private concessionaire has a form of so-called project financing based only on a cash flow of a concessionaire resulting from a concession contract without a claim towards concessionaire’s share holders. The typology of basic used PPP structures is presented in the Table 1.

Table 1.**The overview of basic structures of PPP projects**

<p>BOO (Build Own Operate):</p> <ul style="list-style-type: none"> • SPV finances and builds an infrastructure project. • After finishing the building process, the SPV possesses the facilities and also operates it during its lifetime.
<p>BOT (Build Operate Transfer):</p> <ul style="list-style-type: none"> • SPV finances and builds an infrastructure. • SPV builds facilities, operates it for a time limited period (usually 20 – 40 years) and obtains incomes resulting from the operation of the project. • At the end of this period is the ownership of the infrastructure is transferred to the public sector.
<p>DBFO (Design, Build, Finance, Operate):</p> <ul style="list-style-type: none"> • SPV finances and builds an infrastructure. • SPV owns the infrastructure for the duration of construction, but after finishing is the infrastructure is transferred to the public sector. • The infrastructure is operated by SPV for a time limited period (usually 20 – 40 years).
<p>BLOT (Build, Lease, Operate, Transfer):</p> <ul style="list-style-type: none"> • SPV builds on the land owned by a public institution an infrastructure and finances its build-up. • After finishing the construction SPV operates the facility and receives fixed leasing payments from the public sector. • At the end of the leasing period (usually 20 – 40 years) the infrastructure is transferred to the public sector.
<p>DBM (Design, Build, Maintain):</p> <ul style="list-style-type: none"> • SPV designs and builds an infrastructure • The infrastructure is owned by a public sector for the whole period of time. • SPV maintains the infrastructure and receives fees for accessibility from the public sector.
<p>DBO (Design, Build, Operate):</p> <ul style="list-style-type: none"> • SPV designs and builds an infrastructure. • The infrastructure is owned by a public sector for the whole period of time. • SPV operates the infrastructure and receives fees for accessibility from the public sector.

Source: Own working-out according to European Commission/DR Regional Policy, Guidelines for successful Public Private Partnerships, European Commission, 2003.

The legislative frames for the PPP utilization

The problems concerning PPP are not currently comprehensively regulated by the law of the EU. Even in other countries where PPP project were developed,

the PPP concept is not exactly defined⁶. There is not a unique model and no suggestion for the development of one. Each project must define what is suitable and what is required. However, relevant regulations and rules implementation, for the field of the economic and social cohesion, in some provisions mention the possibility of PPP projects' realization, co-financed from the EU funds. Nevertheless, it is just a statement that there exists such a possibility without further specification of conditions and procedure of practice. Among basic legal enactments dealing with the PPP questions are namely ranked:

- The Directive 2004/18/EC of the European Parliament and of the Council on the coordination of procedures for the award of public works contracts, public supply contracts and public service contracts.
- Commission interpretative communication on concessions under Community law (2000/C 121/02)
 - The Green Book on PPP (worked-out by the European Commission, 2004)
 - Model legislation on privately financed infrastructure projects – UNCITRAL (worked-out by United Nations Commission on International Trade Law)
 - Concession law and PPP laws in particular countries (Spain, France, Italy, Poland, Ireland)

The Czech legal order did not, until 2006, contain the legal enactment of the way of the public and private sector partnership application. Since the July 1st 2006 came into force the Act nr. 139/2006 Coll. on Concession Contracts and Concession Procedure (Concession Act) and the Act nr. 140/2006 Coll. whereby are changed some acts in the context of the Concession Act's adoption. The Concession Act regulates contracts, which are made by statutory institutions and private persons within the frame of co-operation, so-called public private partnership. Concretely, this act regulates and applies to conditions and procedures of the public submitter while concluding concession contracts within the frame of co-operation between public submitters and other subjects if these conditions and procedures were not regulated by a specific legal enactment. The Concession Act is thus a general rule that influences all concession contracts. This Concession Act does not apply to concession contracts if this is constituted by any other legal enactment. One of any other legal enactment is the Act on Surface Roadways⁷, which specifically constitutes

⁶ For example Stephen H. LINDER in his essay „Coming to Terms With the Public-Private Partnership“ (1999) critically examines the multiple meanings that the term, public-private partnership, assumes in contemporary discussions. A brief deconstruction of this term not only clarifies these meanings, but also exposes to scrutiny their underlying premises and ideological commitments. Six distinct uses of the term are identified and linked to their respective meanings in neoconservative and neoliberal ideologies.

⁷ Act. nr. 13/1997 Coll., on Surface Roadways, as amended (part four, § 18a to 18f). In the given case it is the question of providing motorways building-up, operation and maintenance by means of some discretions and duties of a state transfer to a corporate body chosen by a procedure according to the Act on Public Contracts. The legal ground, whereupon it is possible to transfer the exercise of some discretions and duties of a state to a private corporate body, is by the Act on Surface Roadways designated as the concessionary contract.

concession contracts within the frame of motorway building-up in the Czech Republic. From the above mentioned definition of the Concession Act's force results that an act has to define concepts of a public submitter and a concession contract.

Since the concept of the concession contract is on the part of experts as well as on the part of general public used very inconsistently, it is convenient to summarize basic terms of a concession contract.

It is important to classify the terms into so-called type characteristics:

- an obligation of a concessionaire to provide services or even to execute a work
- an obligation of a submitter to enable a concessionaire receiving benefits resulting from providing services or from utilization of a work, whereas a part of the submitter's fulfillment could be in money and further into so-called essentials (*essentialia negotii*), e.g.:
 - a requirement, that a substantial part of risks associated with receiving a benefit will be supported by a concessionaire;
 - determination of reasons for which could occur an abortion of a contract;
 - defining of parties' legal relationship to a property destined for the realization of a concession contract;
 - determination of settlement rules of a relationship to a property

If, in the case of a concrete contract, there are not fulfilled the type characteristics of a concession contract according to the Concession Act, the contract is not void, but it does not qualify as a "concession contract" according to Article 16. On the other hand, if the type characteristics were fulfilled, but the essentials would not been fulfilled, the contract is absolutely void.

Some of the projects realized based on a public and private sector's co-operation will not be a subject of the Concession Act but will be concluded under the rule of Act nr. 136/2006 Coll. on public contracts. This act incorporates respective enactments of the European communities and regulates:

- procedures during submitting public commissions
- a competition for a proposal
- this act compliance supervision
- conditions of management and functions of a list of qualified suppliers and system of certified suppliers.

As the principles of contracts under the rule of the Concession Act and the Act on Public Contracts use to be often interchanged it is important to point out basic differences in their determination. The concession contract (buildings, services) is distinguished by the fact that:

- there is not a financial payment of the submitter in the form of money or just partially

- instead of a financial payment, the submitter provides to a concessionaire the right to use an object on a contractual fulfillment - payment depending on economic indicators (regular maintenance, agreed repairs, indicators of utilization etc.)

- concluded contract is written, for a limited period of time
- a concessionaire bears a substantial part of risks associated with the fulfillment of a contract

- a concessionaire can levy charges directly from the service's users.

Public contract (supplies, buildings, services) distinguishes by the fact that:

- there is provided a financial payment of a submitter in money and to a full extent

- a supplier does not bear any risks (except ordinary risks – defects, backlog, warranty)

- the supplier does not further contractually utilize an object of a public contract; the supplier is not economically dependent on it.

The legal regulation of the PPP projects in the Czech Republic will proceed in two lines. It will be either the case of a classic concession contract, or the case of an excess public contract meeting, contrary to classic public contracts, in addition the following terms:

- the contract will be concluded for a limited period of time, minimally for 5 years

- a supplier will partially bear economic risks associated with the realization and utilization of the contract's object on behalf of a submitter beyond the frame of risks, usual in the case of classical public contracts.

PPP projects and the transfer of risks

A number of risks occur during each build-up project. The main difference between the conventional form of public service providers and a Public Private Partnership model is the spread of risks and the transfer or risks shared between the public and private sector. As mentioned above, the PPP projects are realized in many forms. The particular forms of co-operation differ mainly in the extent of risks, which are supported by the public or private partner.

Chart 2: Allocation of risks in the PPP projects depending on a type of a project



Source: PPP CENTRUM ČR: Involvement of the private enterprise and sources in providing public services

In the case of the conventional way of a public contract letting, the public sector bears maximum of risks. Thus, the contractor of a building structure is not sufficiently motivated to prevent risks. Through a public contract letting under the PPP principle, most of arising risks are transferred on the private subject. The following Table 2 features the usual allocation of particular risks between the private and public sector as it is commonly used in the countries of the European Union.

Table 2.

Risk sharing between the private and public sector at various types of the PPP-based projects

Risk	DB	BOT	DBFO	Concession
Planning risk	Submitter	Submitter	Submitter	Submitter
Design risk	PPP partner	PPP partner	PPP partner	PPP partner
Building risk	PPP partner	PPP partner	PPP partner	PPP partner
Operational risk	Submitter	PPP partner	PPP partner	PPP partner
Demand risk	Submitter	Submitter	PPP partner	PPP partner
Financial risk	Submitter	Submitter	PPP partner	PPP partner
Legislative risk	Submitter	Submitter	Submitter	Submitter

Source: Own working-out according to European Commission/DR Regional Policy, Guidelines for successful Public Private Partnerships, European Commission, 2003.

The PPP method generates the transfer of risks toward those organizations which are most capable of managing such risks. As a result, the total costs and risks of a project are reduced. By reducing the risk costs are also, logically, reduced the project costs. The exposure of transferred risks has to be, on the other side, in balance with a commensurate compensation of the private sector. In accordance with the conventional procedure is the risk of the private sector, in principle, limited only on the building of an asset, whilst the form based on the co-operation of the sectors exposes the private sector to a risk for the whole time of a project's duration. In the case of PPP-based projects, the risks of the public sector are minimized only by the requirement of properly outputs defining. Conversely, the private sector incurs risks associated with working-out of a given facility projection and to ensure a required quality for the whole time of the contract's duration.

As was mentioned above, one of the reasons of a PPP model utilization is the higher motivation of the public service provider for a more efficient performance and thereby even for lowering the total costs. In the case of a conventional way of public services provider, the public sector usually realizes the supply itself through a hired outsourcing firm. On the basis of conceived contracts, it is possible to trace up significant differences in performance of outsourcing firms and firms concerned in PPP projects. The reason could be found in different motivation factors. Main differences in motivation factors of a conventional project and a PPP project are shown in the Table 3.

Table 3.

Motivation factors of public services' providers at a conventional and PPP project

Conventional project – outsourcing	PPP-based project
Short-term (5-10 years)	Long-term (20-30 years)
Weak motivation factors	Strong motivation factors
The operator does not have to think strategically.	The operator has to think strategically.
Is not responsible for the long-term functionality of an infrastructure.	Is responsible for the long-term functionality of an infrastructure.
The capital is secured and paid off by a state.	The capital is secured and paid off by an operator.
Banks have no influence on an operator.	Banks have the right to change an operator.
An operator risks only the loss of a profit.	An operator risks not only the loss of a profit, but also the loss of the capital invested by banks.

Source: Own

A significant advantage of PPP projects is also the high motivation of a private partner in timely finalization of a realized construction. According to the report of the Ministry of Finance of the Great Britain, a high-order number of projects were finished at the stated term in the case of PPP principles utilization than in the case of realization of the project in the conventional way⁸.

Positives and negatives aspects of PPP projects

Public Private Partnership (PPP), if properly structured, brings to the public sector and to users of an infrastructure significant advantages. Besides commonly presented advantages⁹ it is possible to rank among the positives of PPP system implementation:

- PPP can bring real financial savings and a better utilization and allocation of public budget's resources by implementing into the public finances some concepts like e. g. investment return, comparison of public and private sector's efficiency, which are thoroughly exercised rather by the private sector. The PPP-based projects are, according to foreign experts, for the whole period of their existence 15 or 20 percent cheaper than the case of a conventional public contract's letting.
- Projects' realization management and providing services are transferred to subjects better equipped for such activities.

⁸ The comparison of buildings' finishing terms in the Great Britain in the case of public contract letting on the basis of PPP and by a conventional way see PFI: meeting the investment challenge, HM Treasury, 2003, page 47

⁹ Eduard Hromada, Applying PPP principles during realisation of public contracts. URL: <http://www.risk-management.cz/tisk.php?clanek=5> (31.1.2005)

- The Czech Republic's EU entry brought the possibility of resources accession from Structural Funds and Cohesion Fund. The Czech Republic needs to ensure an adequate financing from Czech resources what could be easier in the case of combination of public and private finances.

- The PPP projects can help to generate higher investments into an infrastructure than could have ensured the state budget while simultaneous transferring some risks and responsibility to the private sector.

- The PPP project can cause a reduction of the state's role in providing public services but, as well, a reduction of population taxation by transferring some charges directly to the user of a public service.

- Another advantage of the PPP projects is their transparency. The regulatory environment does not allow procurement other than that based on competitive bidding. Current procurement rules are designed to ensure transparency, open participation and cost effective solutions based on fully specified tender conditions.

Among potential risks and other negative effects, which are needed to be considered while creating a frame for the PPP application, conversely belong following facts:

- PPP projects represent very complicated and expensive contractual relations.

- Extensive contracts with built-in fixed economic and factual parameters could cause rigidity.

- Inconveniently determined performance standards can cause undesirable side effects.

- Spread of payments for investments or services is not always substantiated by a sophisticated system of public budget future liabilities management.

- Bodies of a public administration, beyond exceptions, do not dispose of employees sufficiently qualified for being a peer partners to private subjects within the frame of PPP.

- At the current way of public contract letting is often neglected the criterion associated with costs of building life cycle. Public competitions has to take into account total costs associated with a building life cycle and can not be based only on the principle of the minimal possible bid price offer.

3 Conclusions

Partnership of the public and private sector is a field which is, in literature and even in practice, associated with a number of equivocalness, discussions and so-far unsolved questions. Among them rank an adaptation of a legislative frame, extent and forms of PPP projects' regulations, extent of private firms' interest in PPP projects, extent of particular subjects' responsibility for the realization of a project. By adopting the "Policy of the government of the Czech Republic in the field of a public and private sector partnership" was however made a significant

step, which represents an expression of an agreement at the level the government concerning the basic approach to the subject of the PPP. Moreover, by adopting the new Act on Public Contracts and Concession Act was created a basic legal frame for the realization of the Public Private Partnership projects. Providing that it will be possible to use proved positive examples offered by projects realized abroad and avoid possible mistakes, there could occur a significant expansion of this model of public services financing even in the Czech Republic.

Public Private Partnership Projects by force of private sector can help public sector in one of its major tasks: to increase quality and efficiency of provided public services. By selecting an optimal structure of the public and private sectors co-operation it is possible to minimize risks associated with the realization of a particular project and stimulates its realization as a core principle of any PPP is the allocation of risk to the party best able to manage it at least cost. The aim is to optimize rather than maximize risk transfer, to ensure that best value is achieved. Moreover PPP projects which require operational and maintenance service provision provide the private sector with strong incentives to minimize costs over the whole life of a project, something that is inherently difficult to achieve within the constraints of traditional public sector budgeting. International experience suggests that the quality of service achieved under PPP is often better than that achieved by traditional procurement. This may reflect the better integration of services with supporting assets, improved economies of scale, the introduction of innovation in service delivery, or the performance incentives and penalties typically included within PPP contract.

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Zákon č. 136/2006 Sb., o veřejných zakázkách

Zákon č. 139/2006 Sb., o koncesních smlouvách a koncesním řízení

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THE EFFECTS OF TERRORISM ON THE INSURANCE SECTOR

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ABSTRACT. Nowadays worldwide is exposed to terrorism risk. The attacks from September 11th 2001, the incidents from Madrid and London have shown us that even if one have a performant security systems and prevention measures in place, terrorism risks can not be entirely eliminated. Worldwide economy is in decline as many time as the terrorist attacks occurred. As a management solution, companies can use insurance products. All these negative events determine the insurers and reinsurers to reconsider the entirely procedure of partial or total of catastrophic coverage, including terrorism.

Key words: terrorism, risk, insurance, reinsurance

INTRODUCTION

The attacks from September 11th 2001 consist in a chain of events which changed the politic and economic worldwide level. Two planes hit the twin towers of New York causing their collapse; the third airplane hit the Pentagon, causing damages, and the fourth crashed in Somerset County, Pennsylvania. At least 2986 people died in these tragic incidents: 265 passengers from the fourth planes, 2595 from the 2 towers, about 125 civil and military personnel from Pentagon, and about 25 buildings were wrecked.

Based on their information, the Government of USA accused the AL-QAIDA organization and its leader responsible for the tragic events. Initially, Osama Bin Laden, the AL-QAIDA leader, denied his implication in these events, but ulterior admitted his actions. The AL-QAIDA organization accuses the implication of SUA in:

- the politics and decisions of the states from Arabic Peninsula
- The settlement of the military bases in the Arabic Peninsula and the violation of the holly land of Muslims
- causing a disruption between the Muslim states and implicit the diminution of their politic force

March 11th 2004 the world was confronted with a new terrorist attack: the explosions that took place in 4 Madrid trains and ended with the death of at least 199 people and casualty of another 1467. This was second big terrorist attack, which took place in Europe after the one in Lockerbie, Scotland in 1988 when a Pan Am airplane exploded after the members of some radical organization from Libya hijacked it.

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After one year from the Madrid incidents, during the same period when Scotland was hosting the G8 Summit, 7th of July 2005, a series of terrorist attacks targeted the Londonese system of transportation; that ended with 56 deads and approximate 700 injured persons.

Responsible for these events, and for others like:

- kidnapping and killing the reporter Daniel Pearl, Wall Street Journal, 2002
- bomb attack it the El Ghriba Synagogue, Djerba, Tunisia, 2002
- explosion at a club in Bali, 2002
- explosion in one hotel from Mombasa, Kenya, 2002
- bomb attack in Riad, 2003
- bombs attack in Istanbul, Turkey , 2003
- bomb attack in Casablanca, 2003
- the attack on he Sharm el-Sheikh resort, Egipt, 2005
- the implication in Amman attack Jordan, on some hotel with american owner

are the members of AL QAIDA (Arabic: **القاعدة**).

The origins of this islamic extremist organization can be found in the invasion of the Soviet troops in Afganistan during 1980s, moment when the arabic muslims joined the fight of USA and Pakistan against the Soviet troupes. Although, initially the organisation was financed to achieve its goals by USA, ulterior it start to operate against US and against US alied from Middle Est.

In 2001, the organisation connects with the egyptian islamic Jihad and in 2004 with the organisation Musab Al-Zargawi. Currently, the organisation has an entire financial empire which contains organisations who deals with the collection of funds, companies that deal with money laundry from selling guns, favorising prostitution, forgery of documents, rip-offs with credit cards etc.

The goal of the organisation is to combine the muslims against USA and its allies, to eliminate the non-islamic regims and to expel the non-muslim citizens from islamic countries.

WORLDWIDE REACTIONS OF RISK OF TERRORIST ATTACKS

The worldwide economy in general and the national economies in particular have recorded declines after these terrorist attacks. Stock markets have recorded important decline; buildings have been destroyed and wrecked; the insurance companies recorded important losses. The European Sector of insurance contributed with 50% at the coverage of secure losses.

These events did not determine only the biggest losses in the insurance industry but a reevaluation and a redefinition of the risk of terrorism attacks. The insurance companies had begun to reevaluate the capacity of subscription of catastrophic risks

THE EFFECTS OF TERRORISM ON THE INSURANCE SECTOR

Unfortunately, now, the companies have to consider the risk of a terrorist attack and to find strategies to continue the activity in the wake of some kinds of events. The existent politic climate, at worldwide level, dictates for (insurance) companies to adopt optimal solutions in case of terrorist attacks, which can have as effect material losses, losses of human life, cutoffs, and wage cost in case of events, which cause panic.

The insurance against the terrorism attacks includes the coverage of the possible losses of people and companies in the moment of production of the insured event.

Before the events of 9/11, the standard insurance policy used to cover the damages caused by possible terrorist acts, an increase in the insurance premium was not considered, at that time, necessary. All insurance companies offer now an insurance policy against terrorist acts separately – a distinct product. The price is connected to the present risk.

It is known that, when it comes to insurance, not every risk is fully covered. Four criteria have to be fulfilled in order for a certain risk to be partially or fully covered:

- if the frequency with which the events occur can be estimated;
- if the seriousness/ the extend of the produced damages can be estimated;
- if the capacity to diversify the damages produced can be estimated;
- if the fortuitous/random nature of the damages can be estimated

The risk of a terrorist attack breaks all the above principles. These can be tracked as follows:

	Description	Violation
Frequency	The insurance industry needs, in general, a big number of observations upon which certain patterns can be built.	- there are very few data regarding terrorist attacks and the losses produced by these;
Seriousness (damage extent)	Total damages which can come up as a result of such events must leave room for estimations, in order not to trigger insolvency for the company, that is the "risk of company breakdown"	- the damages produced in such situations can be unlimited; - the damages claimed can easily exceed the insurer's capital;
Risk dispersion	The capacity to disperse the risks from the total risk exposure is necessary.	- "the-big-numbers principle" is used in order to manage the losses and make them less volatile; - the losses are concentrated in a certain geographic area or in a certain industry, thus making the risk dispersion impossible;
Fortuitous Nature of the Risk	The likelihood of appearance of the damages must be accidental. The events have to be unexpected from the point of view of the place and time they happen, as well as from the point of view of their dimension.	- the terrorist attacks are planned and coordinated;

The terrorist attacks from September 11 2001 produced damages on the insurance companies in value of approximately 32. 5 billion dollars. The losses, which were covered, represented business breakdowns, building insurances, workers' compensations, life insurances, insurances regarding the incapacity to work.

As a response to these events, the US president signed on 26 November 2002 the Terrorism Risk and Insurance Act (TRIA), a partnership according to which the insurance companies and the federal government are equally covering the risk of possible terrorist attacks. The program is destined to insure the resources that a company needs in order to recover and to continue its activity in case it is affected by a terrorist attack insurance claim. Although it was conceived to function only until the end of 2005, the program was extended up to 1 January 2008. Now, the House of Representatives wants to extend the program for another 15 years and wishes to enlarge the list of losses covered which are caused by nuclear, biological and chemical attacks, while the Senate seeks to extend the program for just 7 years. The White House shares the Senate's point of view.

TRIA foresees the terms under which an attack is considered to be of terrorist nature as well as the engagement of each party regarding the compensations to damage:

- in order for an event to be considered a terrorist attack, it has to produce damages of more than 5 million dollars worth;
- each insurance company taking part at this program is liable to cover the damages up to the level of deductible registered before governmental intervention. The deductible is settled by incorporating a certain percentage in the premiums cashed in by the insurance company at the end of the year. The franchise is calculated as follows:
 - o for the year 2002 – 1%
 - o for the year 2003 – 7%
 - o for the year 2004 – 10%
 - o for the year 2005 – 15%
 - o for the year 2006 – 17. 5%
 - o for the year 2007 – 20%
- through 2006, for damages which exceed this franchise, the federal government covered 90% and the insurance company 10%. By 2007, the company has to cover 20%.
- the damages covered by this partnership can go up to the sum of 100 billion \$, for the ones that exceed this sum the government settles other sources of financing.

Nowadays in Denmark, the Government has no implication in covering the losses from terrorism risks and there is no pool covering of insurance and reinsurance companies. Standard policy has included the coverage for terrorism risks without paying an additional premium. There are no exclusions for nuclear, biologic or chemical terrorism or worker compensations.

In France after discussions between the insurance companies and Government it was set up in 2002, GAREAT (Gestion de l'Assurance et de la Réassurance des Risques Attentats et Actes de Terrorisme), a reinsurance pool covering for business interruption caused by terrorism acts if the sum insured exceed 6 million euro. The state act as a reinsurer through Caisse Centrale de Réassurance (CCR) if the annual damages exceed 1. 5 billion euro.

Stipulations of GAREAT report on:

- the state take measures if damages exceed a certain level
- it must be made a distinction between small risks, when the reinsurance companies have the all responsibility and medium and large risks when GAREAT has his own responsibility

All over the world, the insurance companies took an important number of measures after these terrorist attacks, which took place worldwide. It is expected that these measures will be improved in time, thus no one in the insurance business wants these terrorist attacks to occur again.

CONCLUSION

Although such events have not taken place in our country yet and such insurance policies are expensive, there is a certain interest of companies for this type of insurance.

It has to be mentioned though, that most of the interested in at present to turn to this type of insurance are the foreign companies and foreign citizens.

The insurance companies present are usually those of worldwide fame: Allianz, Tiriac, Unita, Generali. They gained such good reputation due to their notoriousness, insurers' credibility as well as due to their capacity to sell insurances for big sums of money.

In general, no matter what company one turns to, it can take upon itself the risk of a terrorist attack only with the approval of the reinsurance company, because usually the sums for which the goods and buildings are insured are very high (millions of euros) by this type of insurance.

While the premium for an usual building insurance in the case of a standard insurance policy ranks between 0. 2%-0. 3% (depending on the insurance company), if one also wishes to have the damages covered produced by terrorist attacks, the premium can reach up to almost 1% of the building's total value

The perfect security system does not exist. Terrorism can hit anywhere, anytime, and it is therefore very important to find solutions that would minimize the risks and the effects of such terrorist attacks.

To eradicate this real risk, to assure the citizens security, to eliminate the terrorist groups, there is necessary to have sufficient funds and the states to cooperate one to each other.

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A RESEARCH ON TOURISTS' PREFERENCES REGARDING THE ROMANIAN TRAVEL AGENCIES

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ABSTRACT. The Romanian travel agencies, acting currently on Romanian market, are facing a variety of new marketing realities. The changes in demographic aspects, stronger competitors and the excess of touring offers present on the market - all these factors make us understand how difficult it is to satisfy and attract the customers. Also, they have now the possibility to book holidays on their own, which involves an amplified threat for the travel agencies.

Considering all these aspects, this study proposes to obtain a direct marketing research concerning the tourists' preferences among the existing travel agencies involved on the Romanian market, to present its results and future directions so that the travel agencies will remain on the top of customers' preferences for the organization of tourist voyages.

Key words: marketing research, travel agencies, tourists' preferences, tourism services.

Introduction

The tourist products are created by the tour-operators (wholesale travel agencies) through the contracts signed with the tourist services providers and are being directly sold to the customers or by the travel agencies (Holloway, 2004).

The importance of the tourism product is revealed by the fact that it is conceived to satisfy the travel necessities of the people. However, the heterogeneity and diversity of the tourism services involved in creating a holiday product require a special attention from the travel agencies, because they will have to cooperate in good conditions both with the suppliers as with tourism beneficiaries (Stănciulescu, G., Marin- Pantelescu, A., 2008).

The travel companies realise that losing a customer means losing more than one sale; it means the loss of a whole flux of tourism products acquisition which the customer can make during his lifetime (Kotler, 2005). Thus, the efforts for attracting, keeping and developing a customer relation have economic significance.

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In order to achieve these tasks, the travel agencies must take into account the tourists' preferences and must try through the created offers to satisfy them at a higher level.

The marketing research is the only resource which can offer precious information regarding the tourists' desires like: the travel destinations they choose, the agency they wish to cooperate with, how much they are willing to pay for a certain touring product etc.

The marketing methods and techniques, marketing research, marketing mix have become vital for the tourism activities which are confronted with a fluctuation of demand for tourism products because of terrorist acts, epidemics, natural disasters. This is why the market demand has become the main element taken into consideration by the tourism operators to guide themselves (Kotler, Ph., Bowen, T.J., Makens, C.J., 2005). Also, the customer is put on the first place and all that the firm offers must be according to their preferences for spending the holidays. Nowadays, customer satisfaction is harder to achieve, because they became more selective, have access to more information, can deal with different suppliers or directly with tourism services distributors, want preferential prices and "hunt" the fashionable destinations. Thus, building a long-term relationship between travel firms and their customers is essential because it costs five times more to attract a new customer, than to keep a satisfied customer.

A marketing study about the touring agencies revealed the fact that the travel agency may lose its role as main distributor of holiday packages because of alternative ways of selling them, which are the Internet, automatic reservation systems, global distribution systems, electronic distribution systems. Any person who wishes to avoid the travel agency can make an online reservation to a hotel from any corner of the world from an Internet café. Moreover, the biggest hotel chains have created their own websites which offer to the potential customers attractive prices and significant discounts for more nights spent in the hotel.

Bearing in mind all these transformations and mutations which take place in the tourism market, this paper intends to investigate the tourists' preferences regarding the travel agencies from Romania, because it is significant to know how important the travel agency is for those who want to organise a journey for leisure, resting or business interests.

The speciality literature, in the field of marketing researches concerning *tourists' preferences*, allocates large spaces in journals rated ISI Thomson and add them in the international databases (Direct Science, SCOPUS, Jstor, Proquest), which demonstrates the importance of tourism activity. The following papers can be named: *Preferences and trip expenditures – a conjoint analysis of visitors to Seoul, Korea* (Yong Kun Suh, Leo McAvoy, Tourism Management, ISI Thomson Journal, Volume 26, Issue 3, June 2005, p.325-333), a study regarding the preferences of international tourists who live in urban surroundings, by concentrating upon the tourists from Europe, North America and Japan to Seoul, Korea, trying to

identify the relation between preferences and the expenses for the holiday activities. The results have shown, that both for pleasure journeys as for business ones, the tourists with neighbouring origins (Japan) have inclined to confer more importance to the tangible activities “*shopping*”, while the tourists with distant origins (Europe and North America) have estimated „the intangible activities” (regional culture) as being the most valuable. No matter the destinations, the business tourists have spent significantly more than the tourists who came for recreation and relaxation, on the whole journey expenses. The preference for a certain activity doesn't correlate with the expense for that activity. The results offered useful indications for the towns, in what concerns the development of a marketing plan for the international tourists, future researches being also recommended.

The paper *Tourist preferences influence of unconscious needs* (Xuan Tran, Linda Ralston, Annals of Tourism Research, ISI Thomson Journal, Volume 33, Issue 2, April 2006, p.424-441), examines the relation between the tourists' subconscious needs for fulfilment/ accomplishment, affiliation, the purchasing power and their preference for the adventure tourism and cultural tourism. The study data were collected from the Utah University students through an online questionnaire, via Internet. The subconscious needs have been transformed in scores from their comments based on a thematic understanding of a test with images. The tourists' preferences have been measured using six suggested touring packs. The relations between needs and preferences have been examined using a canonical varied analysis. Two significant relations have been detected: one between the necessity of fulfilment/ accomplishment and the preference for adventure tourism; and the other one between the affiliation necessity and the cultural tourism.

The paper *Understanding resort visitors through segmentation* (Robert Inbakaran, Mervyn Jackson, Tourism and Hospitality Research, ISI Thomson Journal, London, Nov. 2005, Vol. 6, Iss. 1, p.53- 72) is presenting a study which had as objective researching certain segments of tourists and their preferences for the existing services of a hotel chain in Australia. The research was made using the focus group method upon a sample of 776 interviewed. The results have shown significant differences from a segment to another, thus it was observed that “the mature tourists” look for the secure, safe and healthy destinations, “the younger tourists” are interested on the basic services offered in a touristic resort, “the romantic tourists”, represented by honeymooners, wish services in a calm, intimate and discreet environment, while the last segment, “the tourists with family” are those who prefer good organized touring program and pay attention to the hotel's facilities and utilities offered. Based on the established differences, marketing strategies have been created for each segment to ensure the hotel chain's efficiency.

The paper called *Parking preferences among tourists in Newport, Rhode Island* (Christopher M. Anderson, Chhandita Das, Timothy J. Tyrrell, Transportation Research Part A: Policy and Practice, ISI Thomson Journal, Volume 40, Issue 4, May 2006, p. 334-353) states that Newport, Rhode Island represents a holiday

destination chosen in the season peak. Many visitors come with their cars, during certain hours of the weekend days, fact which jams the town's main roads and wastes the tourists' time by detaining them in the vehicles. The study proposes to create a transportation planning strategy in order to reduce the traffic jams and increase the time spent by the visitors admiring the tourist attractions. Therefore, the authors have created a conceptual model for the parking and transit preferences of the Newport visitors by expanding the traditional models of choosing the transits and by creating a scenario through which the authors are expecting to influence the tourists. The research has shown that the transit options and traffic jams represent major factors which influence the parking choices. Finally, the authors have underlined some new transit options and thus a way of avoiding the traffic jam.

In conclusion, the current knowledge stage in the marketing researches domain regarding tourists' preferences is very advanced and dynamic, being seen as a rich source of inspiration for future research. The fact that the articles mentioned to describe the knowledge stage were included in magazines rated ISI Thomson (the most appreciated world wide) confirms the importance of the results reached during this investigation which always places the tourists' preferences on the first place.

II. Material and methods

Starting from the stage of knowledge in this domain and before beginning with the marketing research, we tried to formulate a definition of the *tourist preferences* and we have drawn the conclusion that they *represent the priority given to a travel agency or to a tourist package when there is the possibility to choose among more travel agencies or tourist packages*.

According to the stage of knowledge in this domain, several marketing researches took place internationally which dealt with the tourist preferences when it comes to services offered by hotels, airlines or some tourist destination, but none of those took into consideration the travel agency. Also, in our country no such researches took place until now and due to this paper represent an element of novelty.

The research of the tourist preferences regarding travel agencies was made using the SPSS software (Statistical Package for Social Sciences) which reports the frequency of answers, the valid percentages accumulated for each question from the questionnaire.

Research methodology

Domestic and international touristy activity intensified lately thus producing considerable income for the travel agencies. On the other hand, the existence of alternative ways of buying the tourist product can endanger the role of travel agencies. The problem we raised when we started this research was to see the tourists' preferences regarding travel agencies in our country. The research is meant to find

the position on which travel agencies are placed among tourists' preferences for buying tourist products.

The purpose of the research

The general reason of the present research consisted in identifying the preferences of the Romanian tourists regarding the travel agencies in our country.

Research objectives

- Evaluation of the tourist preferences regarding the travel agencies;
- Finding the position on which travel agencies are placed within the tourists' preferences;
- Evaluation of the tourist preferences regarding the travel agencies notoriety

Particular hypothesis

- Travel agencies occupy the first place within tourists' preferences;
- Tourists show a high interest regarding the reputation (notoriety) of travel agencies.

The research took place at the International Exhibition of Tourism at Romexpo, Bucharest, the 18th edition, between 18th and 21st of October 2007, with a 27 questions survey, with 4 open questions and 23 closed questions; the sample basis included people from different areas of the country who came to visit the Exhibition. The view and sample units were the same in this case and took into consideration the individual. The building of the research sample was accomplished using a method of random sampling - the normal random sampling, whose implementation lead to the attainment of 366 questionnaires, using the following formulas:

$$n = t^2 * p(1-p) / \Delta \omega^2$$

For example, for a coefficient "t" of 1,96 that corresponds to a probability of 95% guaranty of results and a limit error accepted of 5%, the size of the sample is 384 questionnaires. Taking into account that the research was made at an International Exhibition of Tourism, the interrogated group was reduced to the number of the visitors of the event, namely about 7977(according to Romexpo's information), the size of the sample was calculated using the following formula:

$$n_c = n * N / n + N ,$$

Where "n_c" represents the right dimension of the sample, "n" represents the calculated dimension of the sample with the specific formula and "N" is the dimension of the investigated group, thus resulting in 366 questionnaires.

Limits and constraints in the realisation of the research have been connected to the fixed period of the event evolution (4 days). Because of this, the questionnaires which were wrong and/ or incomplete couldn't be recovered. Some organizational restrictions appeared, questionnaires compromised because of different reasons had to be eliminated, reasons like the ample number of non-answers, suspicions about

the way the information was filled in, rejection of the respondent at the verification stage etc. Despite all of these, we think that we have obtained a very good representation, although some errors may be possible.

III. Results and Discussion

The profile of the respondents revealed through the socio-demographic characteristics is illustrated in table no.1. The majority of the respondents are from Bucharest (67,60%, followed by those who live in Muntenia (11,5%) and Oltenia (7,7%). These percentages can be explained by the distance the participants had to cover to visit the Exhibition of Tourism; those regions are the closest to the fair location. From the point of view of the gender, the respondents are divided in 39,2% males and 60,8% females, and 69,2% are aged between 18 and 35. Concerning the civil state, 56% are single, 39,5% married and only 4,4% divorced or widowers. Regarding the level of education, 33% graduated from high school and 42,6% graduated from the university. The majority of respondents has a total family income between 1501 and 2500 RON – or between 450 and 750 EUR at an average exchange rate for 2007 of 3.3373 RON/ EUR³ (30,6%), followed by those that earn between 500 and 1500 RON – or between 150 and 449 EUR at an average exchange rate for 2007 of 3.3373 RON/ EUR⁴ (21,7%), and regarding the occupation, 56,5% are employed with contract, 28,8% are students, 7,8% employers, 4,5% retired, 1,2 % work on their own, 1% are housewives and 0,2% unemployed. Having the description of the socio-demographic references we will continue to analyze and explain the proposed questions.

With the evaluation of the tourist preferences when it comes to travel agencies we wanted to see which are the travel agencies which have collaborated with the respondents, what positive aspects and what negative aspects are mentioned when it comes to the collaboration between them and the travel agencies, how they have appreciated the quality of the travel agencies they worked with and how important the fame of the travel agencies is.

Table 1
The profile of the respondents

³ Source: Romanian National Bank (www.bnro.ro)

⁴ Source: Romanian National Bank (www.bnro.ro)

<i>Variables</i>	<i>%</i>
Area	
Ardeal	2,8
București	67,6
Banat-Crișana-Maramureș	1,4
Dobrogea	4,2
Moldova	4,9
Muntenia	11,5
Oltenia	7,7
Sex	
Male	39,2
Female	60,8
Age	
18-25 years	42,8
26-35 years	26,4
36-45 years	11,3
46-55 years	12,0
55-64 years	6,2
Over 65 years	1,3
Civil state	
Single	56,0
Married	39,5
Divorced/ Widowed	4,5
Education	
Without studies	0,3
Primary school(1-4 classes)	1,4
Secondary school (5-8 classes)	2,1
Industrial school	7,2
Highschool	33,0
University studies (College)	42,6
Post-university studies	13,4
Total income (per family)	
Under 500 RON	3,9
500- 1500 RON	21,7
1501- 2500 RON	30,6
2501- 3500 RON	17,4
3501- 4500 RON	10,0
4501- 5500 RON	6,4
Over 5500 RON	10,0
Occupation	
Student	28,8
Employee	56,5
On my own	1,0
Retiaiered	1,2
Employer	4,5
Unemployed	7,8
	0,2

The travel agencies from which tourists purchased tourist products are shown in the table below:

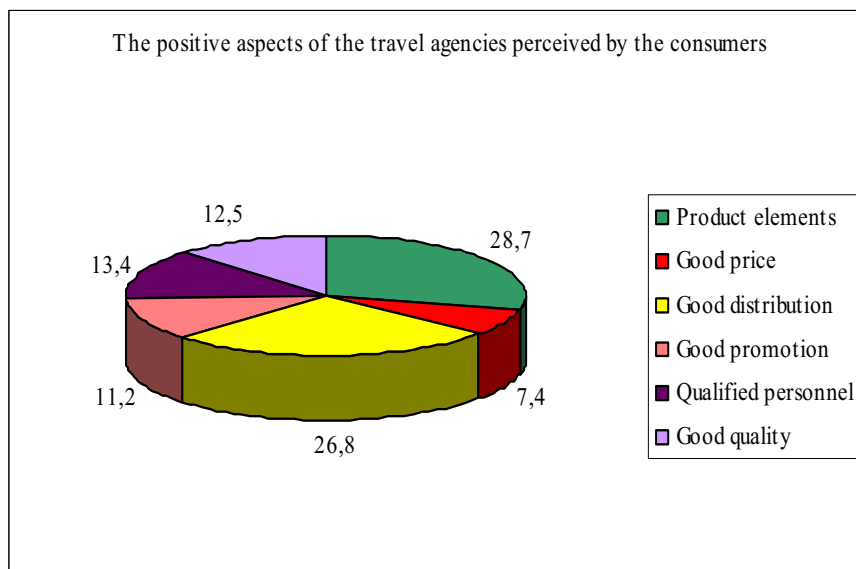
A RESEARCH ON TOURISTS' PREFERENCES REGARDING THE ROMANIAN TRAVEL AGENCIES

Table 2

<i>Travel agencies</i>	<i>%</i>
Ali Baba Tour	7,3
Atlantic Tour	5,1
Big Travel	3
Cora Travel	3
Christian Tour	2,1
Carpatia Tour	1,7
Eurolines	1,7
Europa Travel	1,3
Eximtur	3,4
Fabiola Tour	1,7
Fibula Air Travel	0,9
Go Travel	2,6
Getica Turism	0,4
Horoscop Turism	1,7
Inter Tour Voyage	3,4
Jinfo Tours	3,8
Jeka Turism	1,3
Kartago Tour	1,3
Kara Travel	0,9
Kusadasi	0,4
Liscom Tour	1,3
Luxor Travel	0,4
Magellan Turism	1,3
Marshall Tourism	6,8
Milenium Tour	3
Omnia Turism	4,3
Paralela 45	14,5
Perfect Tour	1,3
Romantic Travel	5,1
Sind Romania	2,6
Sky Tour	3
Transilvania Travel	6
Vacanta Turism	3,4
	100

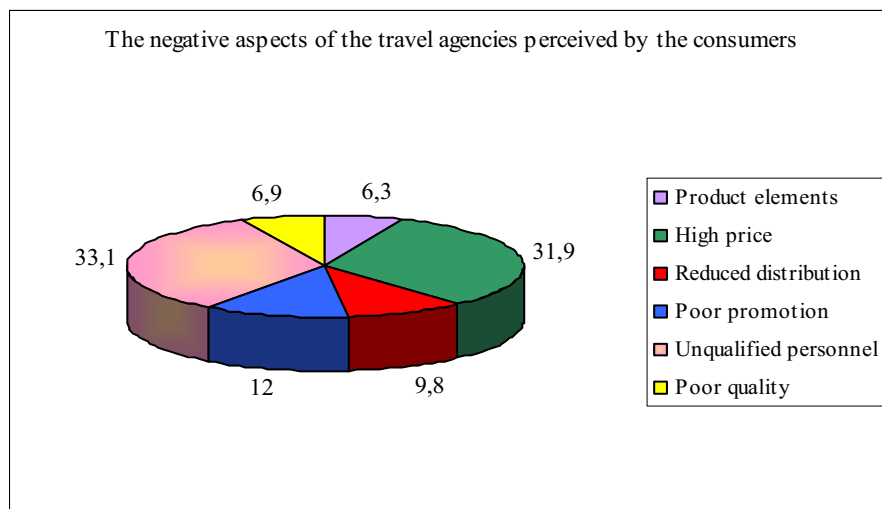
Among the positive aspects, the ones connected to the product were mentioned (28,7%) and by this we mean a product which contains a large diversity of services, transport, accommodation, food and amusement in the best conditions.

The second positive aspect was related to good distribution and organization of the holiday package, mentioned by 26.8%, followed by the positive aspect related to the personnel (13.4%), good quality of using the product (12.5%), good promotion (11.2%), and good price (7.4%) – see graphic 1.



Graphic 1

Among the negative aspects mentioned by the tourists with regard to the travel agencies were: the unqualified and not well-trained personnel (33.1%), being followed by the high price of the holiday packages (31.9%), poor promotion (12%), a low level of distribution and the lack of organization (9.8%), very poor quality felt on using the touristic product (6.9%) and negative elements connected to the product (6.3%) – see graphic 2.

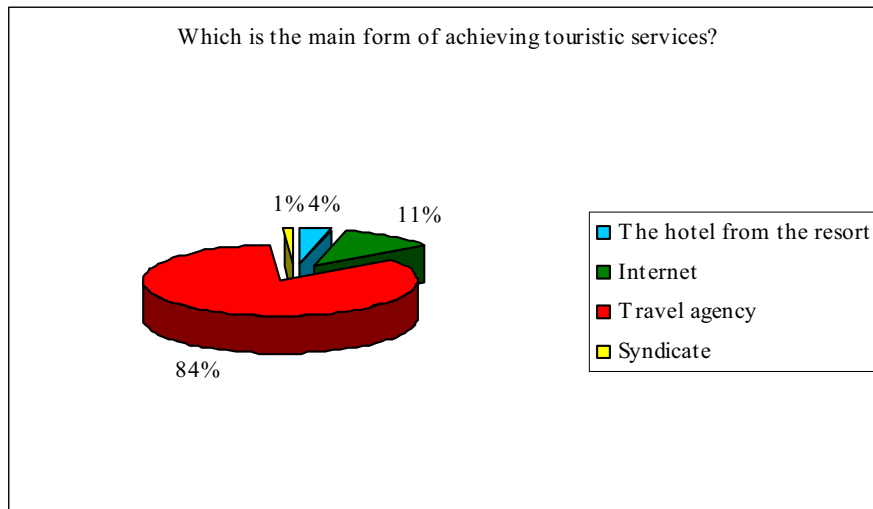


Graphic 2

The analysis of the positive and the negative aspects of the travel agencies, as they are perceived by the consumers, shows that the holiday packages are sold at high prices (and this is seen as a negative thing). It also shows lack of well trained personnel and a poor promotion of the products. Though, the overall quality of the tourist products is a good one, the elements that sustain the tourist product – transport, accommodation, food, amusement are on the positive side in the mind of the consumer.

On a scale (semantic differential) of five levels, where 5 means very good appreciation and 1 means very low appreciation – we have gathered the score for the question “*How would you appreciate the quality of the agency you worked with?*” and the score was 4.23 which is a favourable opinion of the tourists regarding the quality of the agency.

To analyse in depth the travel agency position, we have studied the rank it occupies within the tourists’ preferences for the purchase of tourist services and the results are stated below:



Graphic 3

According to the research, the travel agency is on top of the preference of the clients for purchasing tourist services, with an impressive 84%. Buying tourist services online represents a threat in the amount of 11%. The hotel from the resort (direct reservations with the hotel) and the Syndicate (workers' unions), with 4% and 1% do not represent threats for the travel agencies which continue to be the main distributor of the holiday packages.

Regarding the reputation of the tourist agency, we have discovered that it has a score of 4.01 at the question "*How much does purchasing the tourist product from a well known agency mean to you?*" This means that the tourists trust buying product services from a well known tourist agency which can assure the safety of the holiday. It is known that a good reputation is very hard to achieve and needs years of hard work and it can be lost in a second if something negative occurs. Rebuilding the name requires important financial resources, being easier to start a new business than trying to rebuild a name. The tourists are very sensible at these characteristics and always connect the holiday to the travel agency which created and/ or sold the product.

In conclusion, we can say that we have achieved the objectives of the marketing research for the preferences of the tourists towards the travel agencies of our market. We have tried to evaluate the tourists' preferences regarding the tourist agencies, to rank the travel agency in the mind of the tourists and to evaluate the preferences towards the reputation of the tourist agency.

We have stated the raised preferences of the tourists to buy the tourist product from travel agencies and, also, the positive and negative aspects of the travel agencies.

In order to manage a successful business, the travel agencies have to take into consideration what the clients want and to create the tourist packages adapted to the clients' socio- demographic characteristics.

IV. Conclusions

According to the analysis of the actual level of knowledge, of the research achievement and of the dissemination of the results, we will try to present some general conclusions.

The marketing strategy elaboration is a modern notion looking at the direction of the travel agency towards the use of new methods and techniques which can lead to attract a large number of customers.

According to the preferences of the tourists, the travel agencies have to think in the modern marketing way:

- ✚ To be receptive to the needs of the market;
- ✚ To know the needs very well;
- ✚ To be flexible and adaptable;
- ✚ To apply innovation and creativity in the relations of the travel agencies with the market;
- ✚ To have a unitary vision of all the activities that make up goods and services from the moment of creation until the actual final product.

It was obvious that the travel agencies leave out, without actually knowing, certain actions they can determine that their economic performances experience an important development – which is very important. Some of these directions are:

- An aggressive promotion, which has a positive connotation, as transparent as possible, so that every social category has the possibility to be a client of the respective company;
- The training of the personnel, a very big number of tourists mentioned that they were not satisfied with the presentation of the holiday packages, the way they discuss and attend the tourists,
- Lowering the prices for the holiday packages, working with a lower commission for the travel agencies,
- Trying to create a long-term relationship with the customers, through relationship marketing, which can bring loyal clients and raise the frequency of buying tourist products,
- Taking part in Tourism Fairs in the country and abroad for launching new products, new contracts with other travel agencies, obtaining feedback from the tourists,

- The permanent preoccupation for the growth and improvement of the quality of the tourist products, more diversity for the tourist services and creation of unique and personalised tourist packages for the market segment with very high earnings,
- Additional advantages for the customers who use the travel agency for the purchase of tourist products (internet, strong hotel chains), like: special offers (the tourist services which are distributed at low prices in certain periods, during special events – festivals, religious ceremonies – which can target all customers or just some segments – students, children, retired), workshop (which allows an accurate presentation of the tourist products because the customers can be in direct contact with the organizations), presents (offering brochures, guides, magazines, agendas, calendars, t-shirts with the name of the company, free holidays won in competitions).

The research proves that people see the summer holiday as a need and not a luxury. Also, working for multinational companies has led to travelling abroad. Due to their growing experience, the tourists have become more exigent and now want different offers at reasonable prices. For a travel agency, it is mandatory to pay attention to these needs and it is recommended to be receptive to these changes in the tourists' preferences, and, furthermore, to attract, maintain and grow long-term relationships with the customers.

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PARTICIPATION TO PROFESSIONAL TRAINING COURSES OF THE EMPLOYEES BELONGING TO COMPANIES FROM THE ROMANIAN MANUFACTURING INDUSTRY

CARMEN MARIA GUȚ¹

ABSTRACT. The educational and training policy is important for employees' formation and knowledge transmission. It represents an important factor for every nation's potential offer for innovation. With the elaboration of the Lisbon Strategy, European Union (EU) sets the orientation toward an economy and a society based on knowledge; this is why the need of life-long learning is a priority for the EU. For Romania, as a new member-state of the EU, the employment at a high level of labor force is one of the most important priorities. The present paper aims to analyze the employees' attitudes concerning continuous professional training and their participation to such programs. For this analysis data were collected based on questionnaires and were processed with SPSS 11.0 software.

Key words: professional training, employment.

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Introduction

Technological development and growing competition on the market ask for continuous improvement of knowledge and skills of the employees, not only for securing their work places but also for increasing the companies' competitiveness and the economic development of the society. Thus, education is not any more a process limited to the ages between 3 and 24, but becomes a life-long learning process. As a consequence more importance should be attached to the educational system of continuous professional training since well educated people with better qualification adapt more rapidly to technological changes and ensure economic adaptiveness and growth of productivity on the long run.

Taking into account the importance of professional training, both for the employers and the employees, we have undertaken a study on *employees' professional training in Romanian companies of the manufacturing industry*. The main goal of the present study is the analysis of the demand for continuous professional training

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among employers and employees of these companies and the efficacy of these training programmes. In this paper we are going to present the employees' attitudes concerning continuous professional training and their participation to such programs.

In Romania, studies have been made concerning the characteristics of continuous professional training (INS 2001) and the demand and offer of continuous professional training (INCSMPS, 2004; MMSSF, 2004). Thus *The eexploratory study regarding the demand for lifelong learning*, made as part of component 2 of the PHARE project of *Institutional Twinning – Assistance for the consolidation of policies concerning continuous professional training*, has aimed at analyzing the demand for professional training with employers and employees of two economic sectors – tourism and constructions. Research on certain aspects regarding professional training of the employees was undertaken as part of a study made by Osoian (2004), *A practical study on occupying and using human resources at territorial level* focusing on active industrial firms in the Cluj county. Similarly, as part of the research study centered on the *Impact of direct foreign investments in the processing industry upon the occupation of labour force*² certain aspects concerning the professional training of the employees' of these firms have been analyzed.

Material and Methods

In order to analyze how lifelong learning is organized in companies from the manufacturing sector, we made a study during the period 2007-2008. The study was carried out as part of the research project on "*Unemployment in Romania – present and perspectives*"³, between 2007 and 2008.

The study has aimed to analyze the demand for continuous professional training among employees and employers of the manufacturing industry, following the pattern of the one carried out by INCSMPS⁴ (2004). For the purpose of this study two types of questionnaire were drawn up: one for employers and one for employees.

The period encompassed by the study was November 19th 2007- January 20th 2008. Most questionnaires (95%) were administered directly and only a small part (5%) through e-mail addresses of the firms.

In carrying out the study we focused on companies in the manufacturing sector, NACE 15-37. In order to make sure the firms are active and to check if they handed in their financial reports for the previous year (2006), we accessed the site of the Ministry of Economy and Finance (www.mfinante.ro). We randomly picked 1-2 employees from 210 Romanian manufacturing companies and applied the questionnaires to a total of 502 employees. The data obtained through questionnaire were processed with SPSS 11.0 programs.

² Project coordinator - Professor Maria Bîrsan, PhD, 2006-2007.

³ Grant CNCIS, type TD, no. 63, project coordinator - Carmen Maria Guț, 2007-2008 (underway)

⁴ National Institute of Scientific Research in the field of Work and Social Network

Results and Discussions

1. Attitudes concerning continuous professional training

The study revealed a great deal of interest on the behalf of the employees for taking part in professional training courses, almost 80% of them considered necessary to take part in courses for carrying out their activities better (Fig. 1).

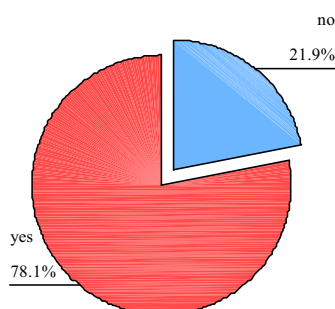


Figure 1. The interest of employees for taking part in professional training courses
(Source: own calculations)

The analysis of employees according to age groups is shown below:

Table 1

The interest of employees for taking part in professional training courses by age group

Crosstabulation

			The necessity to participate to continuous professional training		Total
			no	yes	
Age group	under 25 years	Count	8	40	48
		% within	16,7%	83,3%	100,0%
	25-34 years	Count	29	110	139
		% within	20,9%	79,1%	100,0%
	35-44 years	Count	34	122	156
		% within	21,8%	78,2%	100,0%
	45-54 years	Count	8	105	134
		% within	21,6%	78,4%	100,0%
	55 years and over	Count	10	15	25
		% within	40,0%	60,0%	100,0%
Total		Count	110	392	502
		% within	21,9%	78,1%	100,0%

Source: own calculations

It is visible that the least interested in taking part in courses are people aged 55 and over. These people motivate their lack of interest in professional training courses based on the following aspects:

- have experience at their work place (32.4%);
- the knowledge they have is satisfactory for carrying out their present activities (20.2%);
- they self-instruct themselves at their work place (13.2%);
- lack of time (busy working hours) (12.7%);
- lack of courses that would adapt to the needs of the employees (11%);
- at the age over 50, receptivity to the new drops (10.5%).

Most of the employees consider professional training courses important due to the following reasons:

- technological progress (38,9%);
- frequent changes in Romanian legislation (25,4%);
- desire to be better paid (18%);
- better performance of work tasks (7,2%);
- increasing the company's financial performance (6,1%);
- the existence of high competition that asks for refreshment of specialization (4,4%).

The first two reasons (technological progress and change of legislation) are the most frequently set forth by employees. While the first one seems natural, we consider the second as an alarm signal since employees waste a lot of time on frequent legislative changes, which affects the work productivity of the operating staff. The interest of employees for taking part in professional training according to their qualification is shown below:

We have found that most interested in taking part in professional training are people with medium or high education level, who are, anyway, less exposed to losing their jobs and becoming unemployed. On the other hand less qualified people, who would need these courses more for better qualification, are more reluctant to take part in them. We consider it is due to the importance that each individual attaches to professional training and to the way in which the training is perceived as beneficial or not for the individual's future activity.

2. Present degree of employees' participation to professional training

The interest of employees for participation in professional training courses is not completely reflected by their actions.

Table 2

The interest of employees for taking part in professional training courses
by educational level

Crosstabulation

		The necessity to participate to continuous professional training		Total
		no	yes	
Educational level	primary, secondary, vocational	Count 61	70	131
		% within 46,6%	53,4%	100,0%
	high school and post high school	Count 32	173	205
		% within 15,6%	84,4%	100,0%
university	Count	17	149	166
	% within	10,2%	89,8%	100,0%
Total	Count	110	392	502
	% within	21,9%	78,1%	100,0%

Source: own calculations

Table 3

The employees' participation to professional training courses

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	no	217	43,2	43,2	43,2
	yes	285	56,8	56,8	100,0
Total		502	100,0	100,0	

Source: own calculations

We find that while almost 80% of the employees' present interest for professional training courses, in the last two years only 56.8% has taken part in such courses. As a consequence the results of the study reveal that the willingness or possibility of employees to invest on their own accord in such courses is still moderate. Answers given by employees to the following question - *The decision to take part in professional training was made: on your own initiative or by your employer's initiative?* - reveals this aspect (Table 4):

Table 4

The analyze of the manner in which was taken the decision to participate to professional training courses

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid on your own initiative	120	23,9	39,5	39,5
by your employer's initiative	184	36,7	60,5	100,0
Total	304	60,6	100,0	
Missing System	198	39,4		
Total	502	100,0		

Source: own calculations

Courses were attended mainly by people aged 25-54 with medium or high level of education (Table 5 and Table 6).

Table 5

The employees' participation to professional training courses by age group

Crosstabulation

			Have you taken part in professional training in the last two years?		Total
			no	yes	
Age group	under 25 years	Count	24	24	48
		% within	11,1%	8,4%	9,6%
	25-34 years	Count	48	91	139
		% within	22,1%	31,9%	27,7%
	35-44 years	Count	67	89	156
		% within	30,9%	31,2%	31,1%
	45-54 years	Count	63	71	134
		% within	29,0%	24,9%	26,7%
	55 years and over	Count	15	10	25
		% within	6,9%	3,5%	5,0%
Total		Count	217	285	502
		% within	100,0%	100,0%	100,0%

Source: own calculations

Table 6

The employees' participation to professional training courses
by educational level

Crosstabulation

			Have you taken part in professional training in the last two years?		Total
			nu	da	
Educational level	primary, secondary, vocational	Count	87	44	131
		% within	40,1%	15,4%	26,1%
	high school and post high school	Count	86	119	205
		% within	39,6%	41,8%	40,8%
	university	Count	44	122	166
		% within	20,3%	42,8%	33,1%
Total		Count	217	285	502
		% within	100,0%	100,0%	100,0%

Source: own calculations

We consider that employers should motivate more the *adult employees* (over 55) to participate to professional training partly due to the extension of the retirement age and more *people with low qualification*, in which way these could stay active longer and would be less likely to become unemployed.

The employees' main expectations about taking part in such courses are related to:

- updating knowledge (in the field of economy, management, legislation etc.);
- acquiring new methods and work procedures;
- knowledge acquired at courses being applicable in practice;
- improvement of present activity and increase of work productivity;
- possibility of obtaining higher wages;
- the courses meeting the present and future tendencies of the market.

Many employees who attended such courses expect a pay rise, which does not always suits however the employers. These expect the employee to be grateful once they have trained him/her, without asking for a pay rise or looking for another job. Participation to a training course, which is paid by employers, may be considered as a "bonus" for employees. Adrian Stanciu, Managing Director at a human resources consultancy firm points out that 'organizations expect an employee to be grateful until the end of times once they have raised and schooled him/her and not to ask for

a pay rise. But things do not work this way; ‘raising’ people are a double/edged exercise: you invest money in them to raise them, after which you have to pay them more because they have become more valuable’.⁵ Moreover he considers that companies should make this step, on the one hand for loyalty and retention, because people you raise are more loyal than the one you hire from the market as mercenaries. On the other hand the pay level of people you raise can be slightly – but not excessively - lower than the one of a mercenary.

The way in which financing of the courses attended by employees was carried out is shown below:

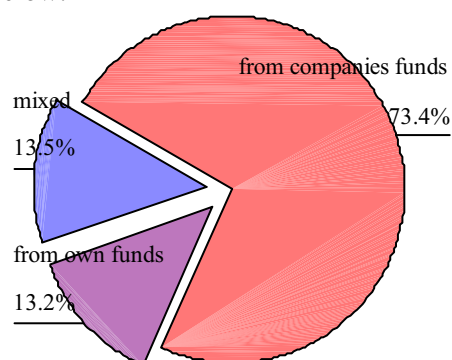


Figure 2. The financing ways of the professional training courses
(Source: own calculations)

We found that most of the courses employees have taken part in were financed by companies, which stresses, again, the moderate desire or disposition of employees to take part in courses on their own accord and to finance them from their own funds.

The most important manners through which the employees attained their actual qualification are presented in the next table:

Table 7
The most important manners through which the employees attained their actual qualification

	Manners	Total (%)
1.	<i>At school</i>	34,6
2.	<i>Training courses organized by company</i>	15,0
3.	<i>Training courses organized by private suppliers</i>	13,8
4.	<i>Training courses organized by labour force occupation agencies</i>	4,2
5.	<i>Training at work place</i>	32,4

Source: own calculations

⁵ Aspect highlighted in Constantin (2006)

Most employees declared that they attained *their actual qualification at school*. As a consequence, the initial professional training (acquired through the national system of education) constitutes the main education and training supplier for the active population.

Training at work place comes second, through actual practice of activities specific to the job in view, that is through experience at work place.

The high rate of employees in this category (32.4%) is due to the low costs implied by this method. However knowledge and competence acquired this way are directly linked to the employing company's present needs and can be used or transferred to a lower extent to other work places or companies.

The fewest employees (only 4.2% of all) declared that they obtained their present qualification as a result of taking part in *training courses organized by labour force occupation agencies*. This is due to reduced offer in courses organized by agencies and to disagreement between the content of the course and the actual needs of the company.

Conclusion

Attitudes concerning continuous professional training

1. Employees consider participation in professional training important and very important because it serves both the interests of the individual (improvement of knowledge and skills, securing his/her job) and those of the company (enhancing competitiveness and performance of the company).
2. The highest degree of interest in participating in professional training is reported among *employees* aged up to 54 and with high or medium educational level.

Present degree of employees' participation to professional training

1. Employees' high expressed interest in participation in professional training is not followed by concrete action, which shows that the employees' willingness or readiness to invest on their own accord in such courses is still moderate.
2. People having taken part in professional training were mainly aged between 25 and 54 and had medium or high educational level.
3. The courses attended by the employees were mostly (more than 70% of them) financed by the employers and only a small part (under 15%) by the employees themselves.
4. Initial professional training (acquired through the national education system) represents the main education and training supplier of the active population.

Perspectives

We consider that participation to training programs is very important as it will improve people's knowledge and skills helping employees safeguard their jobs, but also improving the employment prospects of those who are unemployed.

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THE IMPACT OF FOREIGN DIRECT INVESTMENT (FDI) ON DOMESTIC FIRM'S PRODUCT AND SERVICE QUALITY IN CZECH REPUBLIC

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ABSTRACT. This paper analyze the effect of foreign direct investment on the growth and survival of domestic firms quality product and service especially, and the effect of FDI on the overall economy of Czech Republic. Foreign investment brings technology spillover for the domestic firms and helps them to improve the quality of the goods they produce. In addition, numerical statistics shows that there is a positive relation between FDI and most of the macro economic variables like (export, wages and GDP), which means inflowing FDI to Czech economy increased most of these macro variables.

Keywords: Foreign investment, firm's product and service quality, spillover technology

Introduction

The collapse of communism in Central and Eastern Europe Countries (CEECs) and the needs of a market economy have lead to a large inflow of FDI into these countries during the last decade and, in particular, since the mid 90's. Policy makers in CEECs faced the collapse of most of the state sectors and slowly growing private sectors. With financial markets and commercial banking virtually absent, they encouraged foreign investors to take part in the privatization process or to invest in their countries. Given the enormous increase in foreign investment in these countries, they provide an ideal natural experiment for measuring the impact of incoming foreign investment on performance and quality of the goods in the economy especially for the domestic firms.

Host countries welcomed foreign investment to generate positive externalities to the domestic firms through a transfer of technology, like introduction of new production processes will induce domestic firm's product and service quality through the accelerated diffusion of new technology; this could occur through labor turnover or through imitation of goods produced by foreign firms.

A number of recent theoretical papers show that domestic firm's benefit from such spillovers depends on the "absorptive capacity" of domestic firms. Sanna-Randacio (2002) shows that FDI always leads to an increase in the

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productivity and quality of the goods of the investing firm, however, FDI increases the host country's productivity only if the degree of the technological spillover is high enough. The spillover technology is more likely to achieve in sectors characterized by intensive R&D or by firms which have a sufficient amount of knowledge to deal with this new technology.

Inflowing FDI to the host countries lead to positive effects on domestic firm's product and can induce a higher level of productivity. However, there might be found a competition effect, which works in the opposite direction. At the same time, foreign entry disturbs the existing market equilibrium and could force domestic firms to apply for new technology which pushes up their average cost curves, and they can not compete with foreign firms. Aitken and Harrison (1999) have developed this argument and said that dominants depend on the strength of the technological spillover effect (and the absorptive capacity of firms) versus the competition effect.

In Czech Republic, FDI has been a main source of necessary investment for renewing the industrial structure, bringing modern technology, improving management skills, improving the quality of the goods produced in the economy, and then facilitating the access to the international market competition. Hanousek and Munich (2000) shows that lifting barriers to foreign investment, along with expanding foreign trade with the major industrialized economies, will create the rapid increase in productivity and quality of the goods produced and, consequently, the growth of the Czech economy. Empirical data from Czech Statistical office about Czech manufacturing firms in the period 1993-1998 shows that firms with foreign participation perform higher levels of productivity and quality of the goods than the domestic firms, this fact confirms the important role of FDI. Kosova (2005) stated that there are two kinds of impact from FDI on Czech domestic firms, positive and negative. The positive impact provides spillover technology for domestic firms to perform better quality goods when they know how to use this new technology or when the technological gap between foreign firms and domestic firms is not very big. The negative impact from foreign firms to force domestic firms to go through competition process which required high quality of the goods and competitive price, which is difficult for the domestic firms due to the high cost for obtaining new technology and skilled workers, the result will be crowding out for the domestic firms.

This paper analyzes the impact of FDI on the quality of the goods which produced by domestic firms specially, and the general impact of FDI on whole economy of Czech Republic. Finally, apply necessary policies to be taken to encourage foreign investors to inflow their investment.

This paper contains of two parts; the first part contains the theoretical framework about the foreign investment and its impact on the economy in general and the principles regarding the quality of the goods produced by the firms. The second part explains the empirical framework of FDI impact on the whole Czech economy and its impact on domestic firm's product and service quality.

1. Theoretical framework

Foreign direct investment and its impact on economy

FDI analyses are more often applied to determine the impact for the international economic competition. The flows of FDIs are necessary for the purpose of production of goods and services that in the past were imported from the investor's country. Their entry to the host countries usually brings new technology and desirable modernization. FDIs usually carry the world's leading know-how and enhance domestic firm's quality and quantity. Furthermore, foreign companies provide motivation for domestic firms; even better salaries were paid very often. Political surroundings appreciate FDIs inflow because they do not increase indebtedness of the country.

The involvement of foreign capital into the developing or transitional economy is not without controversy. Traditional trade theory describes FDI as the import of capital, the modern theory of industrial organization assumes that foreign investment enterprises possess a monopoly position. Therefore, foreign firms might have different characteristics from the domestic firms and FDI are expected to have additional effects more than the import of capital. This means the actual effects of FDI might be positive, as well as negative. However, it is generally accepted in the economic literature that FDI promote economic development by helping to improve quality of the goods, productivity growth and exports in the host countries.

In transitional economies negative effects are potentially more probable as the domestic firms are often weak and managerially as well as technologically backward. In addition, protection mechanisms are not as sophisticated as is the case of developed countries.

On one hand, there exist arguments in favor of benefits of FDI on the economy. This profit comes through higher tax revenue from foreign profits, economies of scale and external economies generally, especially where domestic firms acquire know-how or they are forced by foreign competition to adopt more efficient methods. Hanousek and Munich (2000) stated that inflows of FDI contribute to better technological endowments of enterprises and integrates the domestic economy with the world markets, provide R&D and help to establish the world quality standards. Further, foreign enterprises contribute to the trade balance positively, for such a small open economy as is the case of the Czech Republic, integration of the domestic economy with the world markets is vital for survival in competition.

On the other hand, there also exist arguments against foreign investors' entry to domestic markets. Aitken and Harrison (1999) argue that even though technology spillovers may exist, more efficient foreign firms may draw demand from the less efficient domestic firms, thus forcing them to cut production, and costs goes up. This negative competitive effect, which is fundamentally the effect emphasized by domestic protectionists, may outweigh the positive technology spillovers, giving rise to a negative net effect from foreign presence or entry on

domestic firm performance. Aitken and Harrison (1999) further suggest that the negative effect of FDI may be only temporary, because in the long run the least efficient domestic firms exit and the productive advantage of foreign firms might be transferred to domestic firms through labor mobility.

There are cases when an investor/enterprise can harm the welfare and in the long-run build a barrier to the growth of the economy. Attempts were made to allocate productions and manufacturing of environmentally damaging products in the less developed countries, using second hand technology and machinery that was prohibited in developed countries. Soft environmental norms or insufficient consumer protection and their loose enforcement in less developed economies can allow foreign investors to produce with lower cost than in the developed world. Another example of undesirable investor's activity is the effort to acquire monopoly position via market protection. As many markets in the centrally planned economies have been heavily monopolized, there exists a threat of maintenance or strengthening of the monopoly positions of new private owners. For an investor it is more attractive to buy a monopoly - a major share on the market - than to buy an enterprise in very competitive environment.

There are different foreign investment enterprises as they are different domestic enterprises with different consequences for the industry and economy in which they operate. Similar to domestic enterprises, there exist foreign investors who invest large amounts into the new technologies and skilled labor, create new jobs and pay taxes to the state budget, having a positive impact on the country's growth. There are also examples of foreign acquisitions and investments which are not successful, did not invest into the technology and did not acquire new markets and new labor force.

The amount and kind of FDI in each country is influenced by the macro and micro economic policies, by existing institutional framework, legislation and their enforcement. In case of transitional economies, privatization programs and privatization decisions are directly related to the amount and structure of foreign investment. For the purpose of formulation of the economic policy towards foreign investment, it is useful to prove position, dynamics and performance of foreign enterprises in their sum. In order to formulate reasonable economic policy, it is useful to analyze the incentive structure of foreign investment. Often there exists imperfection in markets for goods or factors created by the government's regulation and interference, which separate markets. Therefore, it is important to analyze the government incentives for adoption certain policies and to encourage FDI.

Domestic firm's product and service quality – the concept of quality

The concept of quality is an important feature of life in present day society. Clients and customers searching for goods and services to obtain it in the best possible way by their money and time they invest. This has led the development of industrial approaches to "quality management", designed to produce products and

services of good quality and to guarantee this to the consumer. In turn, this has stimulated the development of methods of assessing and evaluating whether the promised quality is in fact being delivered. Uri (1991) shows that imposing minimum quality standards lead to raise the quality of the goods produced by the firms in the market. The firms do an effort to alleviate the price competition, which intensifies because of the low-quality sellers having raised their qualities to meet the imposed standard. Furthermore, due to better quality and lower prices, all the consumers are better off; more consumers participate in the market. When the consumption of high-quality products generates positive externalities these results favor minimum quality standards to improve the quality of the firms in general.

Davis (2005) stated that there are two kinds of quality; quality in goods and quality in services. The quality in goods have eight dimensions which are; performance, futures, reliability, durability, conformance, serviceability, aesthetics and perceived quality. And there are five dimensions for the quality in services which are; reliability, tangibles, responsiveness, assurance and empathy.

Total quality management (TQM) and its relation with firm's quality

TQM is a vision, which the firm can only achieve through long-term planning, by implementing annual quality plans, which gradually lead the firm towards the fulfillment of the vision to the point where the definition of TQM becomes reality. TQM is the organization wide management of quality which consists of planning, organizing, directing, control, and assurance. Quality is a part of this definition in that TQM can be said to be total quality through every body's participation and total quality is to produce goods and services with high quality and low costs. More firms realize that TQM is necessary just to survive, but in reality consumers choose the products that give them the highest value of money; those products and services which give the highest degree of customer satisfaction in relation to price.

TQM is characterized by five principles, Davis (2005):

- 1-leadership
- 2-focus on the customer and the employee
- 3-focus on facts
- 4-continus improvements
- 5-everybody's participation

The important task for any management is to outline quality goals, quality polices and quality plans. These goals and polices should be clear and meaningful to all employees in the firm. For example, the firm's quality goals signal to employees that the firm's main objective is to satisfy its customers and this could be achieved if the firm is able to exceed customer's expectations.

Kevin and Vinod (1997) showed that firms which implemented effective TQM programs improve their operating performance. The changes in various performance measures for a test sample of quality-award winners are compared against a sample of control firms. This study provides evidence that firms which

have won quality awards perform better than control firms which their evaluation based just on income measures. Over a 10-year period, from 6 years before to 3 years after the year of winning the first quality award, the mean (median) change in the operating income for the test sample is 48% higher than that of the control sample. There is reasonably strong evidence that firms which have won quality awards do better on sales growth and quality of the goods than the control firms.

The leadership provides an organization's management major characteristics in the development and implementation of a successful TQM program. TQM program is a company wide, which involves the entire firm's employee, and it requires vision, planning, communication and inspection of what has been done, all of which are the responsibility of top management. Studies have been illustrated that total commitment from management is considered the important element in successfully implementing TQM program.

2. Empirical Framework

Foreign investment and its impact on the economy in the Czech Republic

Dusek and Kresimir (2005) stated that, the importance of FDI for the Czech Republic economy seems clear. FDIs, among other things, are likely to bring in new capital, new technology, increase employment and gross domestic product and to improve, in the long run, the host country balance of payment. Some of these positive effects of FDI are supposed to be magnified through so-called technological spillovers, which are broadly defined as the indirect positive effects that FDI can have on the rest of the economy, especially on the related upstream and downstream industries. In addition, FDI can have a significant effect on firms' quality goods and industries' restructuring and the change of the structure of the whole economy. Despite the fact that the empirical quantification of the above effects is rather difficult and, at the moment, very incomplete, it can be argued with a high degree of certainty that FDI inflow in the Czech Republic has contributed to all of the above positive effects. However, it is also worth noting that inducing desirable FDI has its social costs in the form of the incentives schemes (investment in infrastructure, tax holidays, financial support for the creation of new jobs etc.) as well as the costs associated with the displaced domestic firms that cannot survive foreign competitiveness.

Manufacturing sector took the largest amount of FDI in the EU accessing countries and the Czech Republic is no exception. Foreign enterprises account for over 60% of manufacturing output in the Czech Republic, 70% of depreciation of physical capital, and more than three quarters of exports. Moreover, 60% of the total foreign assets (or cumulative FDIs) are concentrated in three manufacturing industries: motor vehicles, food products and tobacco, and non-metallic minerals. The car industry is the most important production sector of the Czech Republic, generating around 17% of total Czech manufacturing output and 26% of total exports (Dusek and Kresimir, 2005).

These numbers mentioned above in the industry are a clear example of FDI's positive influence on the rest of the economy that occurs through the above-mentioned downstream linkages. Such linkage affects the structure of the economy, on its long run social welfare and economic growth rate. Namely, if foreign firms established through FDI engage in intensive relations with local suppliers and customers, these foreign firms usually impose new rules and discipline for domestic firms as well. Even in the absence of foreign investment, local suppliers are forced to meet demands for higher quality and on-time delivery and to innovate more. Moreover, the foreign firms usually provide technical assistance and training to local suppliers, improving their expertise, quality of the goods that they produce, human capital, and assist them in purchasing raw materials in order to improve the quality of intermediate goods.

Dusek and Kresimir (2005) stated there is no exact measure of the importance of the above linkages; it seems that they are significant given that in the Czech Republic there were about 280 manufacturing enterprises operating in the automotive industry until 2002, more than half of which are foreign companies. Another manufacturing industry that experienced similar effects as the automotive industry is the rapidly growing electronics industry. The great development occurred in 1993 and 1996–1997, when several of the world's largest multinational corporations made significant investments in the Czech electronic industry (one of the first investments was made in 1993 by Siemens and amounted to 37 millions USD). The next period of investments occurred between 1996 and 1997 when the Asian and North American producers of electronics invested in several other Czech companies.

Table 1.

FDI and macro variables in Czech Republic

Date	Direct investment in the Czech Republic – Total CZK M	GDP at purchaser prices CZK M	Export, Goods CZK M	Labor productivity: GROSS DOMESTIC PRODUCT IN PPS²	Average gross yearly wages and salaries of employees CZK M
31.12.1996	906073.2	540155	48388.0	59	9825
31.12.1997	1138248.1	529070	62812.0	58	10802
31.12.1998	1204984.0	528693	59128.0	57	11801
31.12.1999	631505.3	541162	79072.0	59	12797
31.12.2000	818411.6	561001	90630.0	59	13614
31.12.2001	982335.0	571877	90140.0	60	14793

² PPS = purchasing power standards

Date	Direct investment in the Czech Republic – Total CZK M	GDP at purchaser prices CZK M	Export, Goods CZK M	Labor productivity: GROSS DOMESTIC PRODUCT IN PPS ²	Average gross yearly wages and salaries of employees CZK M
31.12.2002	1165529.1	582350	92293.0	60	15866
31.12.2003	1161783.6	604683	112252.0	64	16917
31.12.2004	1280594.8	633227	136191.0	66	18041
31.12.2005	1491564.0	675372	150355.0	67	19024
31.12.2006	1617053.0	714631	170231.7	69	20211

Source: Czech National Bank.

The table above shows that the relation between FDI and most of the macroeconomic variables are going in the same direction, which means positive relation. If we regress the econometric equation between FDI as independent variable and each of the macro variables we will get the strong relation between FDI and each variable separately. The time series data shows that FDI increased during these periods and, at the same time, all the macro variables mostly increased, which means economic development in the country.

The entry of new firms (either foreign or domestic) is the most important element for fast restructuring of an economy and the most powerful way to sustain economic growth in the end. Furthermore, the old firms in the transitional countries, which include state enterprises and unstructured privatized firms, cannot compete so well in a market environment and its prolonged support through budgetary subsidies, quasi-fiscal operations, tax offsets and arrears represents an inefficient use of resources and slows down the economic growth rate. However, it is essential that policy makers discipline the old sector through the imposition of hard budget constraints, exposure to competition and facilitation of exit procedures. One reason for this is the market for factors is lying to the foreign firms and it is costly for the domestic and old firms to get these factors, The interaction between old firms and new firms lies at the heart of the growth process.

The impact of FDI on domestic firm's quality

Among the sources of upward bias measures during inflowing FDI into Czech Republic, quality changes are especially important. Quality improvement bias occurs when statistical agencies fail to reflect adequately the improvements in product quality, thereby attributing the part of a price increase that is due to improved quality to inflation instead. Quality improvements are likely to be an especially important source of bias in transition economies, largely because initial quality levels were so low.

Stiglitz and others (1994) have pointed out; because specification of quality is much more difficult than specification of quantities, there was a natural tendency in command economies, where personal rewards of management depend on plan fulfillment, to economize on effort and other resources by continually reducing quality while still meeting numerical quantity goals for imprecisely specified goods. Quality improvement is difficult to measure in even the best of circumstances when products are generally stable and the issue is discrete replacement of existing products with new, improved models. During the inflowing FDI to Czech Republic, quality changes have occurred continuously in even the most basic products. Hanousek and Munich (2000) stated that, in 1990, "fresh" milk sold in the Czech Republic came in a plastic container that gave the milk a chemical smell and resulted in the milk spoiling in less than two days, but after the change in quality, fresh milk from the same dairy came in paper pack that assured a natural smell and durability that was guaranteed for four days. How much of the price increase in milk should be attributed to the fact that consumers were provided a better tasting and longer lasting product?

Similarly, much of the increased diversity of products available following the fall of communism is properly regarded as quality improvement. Consider, for example, fashion items, such as a woman's cotton dress or handbag. In 1990, such "fashion" products were widely regarded as being deficient with respect to style, pattern, color and quality in general. By 1995, there was a significant increase in both the quality and variety of fashion products available, Hanousek and Munich (2000). This improvement in the quality was due to the competition between Czech domestic firms and foreign firms, which invested in the host country. Similarly, how much more would consumers living under communism have been willing to pay for admission to a movie if that movie had been the one they most wanted to see rather than the one that had been approved for showing by local censors was changed as well because of the quality of the movie. Indeed, between 1989 and 2000, the Czech Statistical Office engaged in a "hedonic like" correction for quality change only once: in January 1995 when Skoda, the producer of the only automobile in the Czech consumer's price basket, changed its main model from the Favorite, the last model designed by the independent Skoda, to the Felicia, the first model produced with design and engineering by its new owners, Volkswagen.

Filer and Hanousek (2001) have pointed out: transformation to free markets has apparently improved consumer's welfare more by improving what they can purchase than by increasing how much they can purchase. Examining 63 products, focus group respondents in the Czech Republic reported that if they were to purchase the 1990 quality product today they would only be willing to do so at an average of 54 per cent of the current price for the current quality product. This implies that the actual increases in prices for the decade for these products are coming from the improvement in the quality, which is mostly because of the technology spillover and FDI. The table below shows the adjustment and improvement in the quality of some kind of foods produced in Czech Republic:

Table 2.
Summary of quality adjustment estimates In Czech Republic

Product Description	Weight 1990	Price 1990	Price 2000	% Price Increase	Index Increase	Captured Change	Today's Price for 1990 Product	%Quality Change	%Actual Price Increase
Food									
milk	3.5	2.8	12	328.57	332.54	-3.97	8	50.00	185.71
bread	5.7	3.6	14.48	302.22	314.23	-12.01	14.5	-0.14	302.87
roll	7.4	0.5	1.6	220.00	224.8	-4.80	1.2	33.33	140.0
pie	1.1	0.8	2.5	212.50	192.23	19.97	2.9	-13.79	262.50
chicken	6.4	30.5	46.2	51.48	52.16	-0.68	40	15.50	31.15
sausages	2.5	39.6	71.45	80.43	77.44	2.99	65	9.92	64.14
yoghurt	2.3	3.3	11.6	251.52	261.99	10.47-	8	45.00	142.42
cheese	3.2	32.5	110	238.46	187.17	51.29	110	0.00	238.46
mayonnaise	1.4	3	8.5	183.33	177.37	5.96	6	41.67	100.00
butter	10.9	53	95.97	81.08	79.77	1.31	95	1.02	79.25
rape-seed oil	1.8	15.2	36.27	138.62	159.02	-20.40	30.5	18.92	100.66
bananas	4.3	17	27	58.82	58.09	0.73	27	0.00	58.82
coffee	16.1	17.6	12.7	27.84-	-15.03	-12.81	12.7	0.00	-27.84
tea	0.7	3.7	37.19	905.14	747.11	158.03	20	85.95	440.54
milk chocolate	1.9	10.1	17.72	75.45	71.42	4.03	13.5	31.26	33.66
chewing gum	1.4	5	8.75	75.00	75.49	-0.49	2.8	212.50	-44.00
ice cream	0.7	32.3	97	200.31	141.82	58.49	97.5	-0.51	201.86
ketchup	0.5	6.6	45.21	585.00	609.33	24.33-	40	13.03	506.06
Total	68.3			110.94	111.08	-0.14		13.72	86.29

Source: Czech Statistical Office.

3. Conclusion

The needs of a market economy have led to a large inflow of FDIs into the transition countries during the last decade and in particular since the mid 90's. FDI contributes to better technological endowments of enterprises, integrates the domestic economy with the world markets, provide R&D and help to establish the world quality standards. Further, foreign enterprises contribute to the trade balance positively, for such a small open economy as is the case of the Czech Republic, integration of the domestic economy with the world markets is vital for survival in competition.

Czech Republic welcomed foreign investment to generate positive externalities to the domestic firms through a transfer of technology, introduction of new products and production processes will induce domestic firm's quality through the accelerated diffusion of new technology, this could occur through labor turnover or through imitation of goods produced by foreign firms. Numerical statistics shows that the impact of FDI on the overall economy of Czech Republic is positive. Even some domestic firms crowded out when FDI entered to the country, this crowding out of the domestic firms it was because they can not compete with foreign firms and they can not produce efficiently, which is good as well for the Czech Economy.

Transformation to free markets has apparently improved consumer's welfare more by improving what they can purchase than by increasing how much they can purchase. This implies that the actual increases in prices for the decade for these products are coming from the improvement in the quality, which is mostly because of the technology spillover and FDIs.

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