

# **ECONOMICS AND CULTURE**

*Vol. 6*



**ĒKONOMIKAS  
UN KULTŪRAS  
AUGSTSKOLA**

Rīga 2012

## **Economics and Culture. 2012, Vol. 5**

ISSN 2255-7563

### **Editors-in-chief**

**Staņislavs Keiņš**, Professor, the University College of Economics and Culture (*Latvia*)

**Velga Vēvere**, assoc. Professor, the University College of Economics and Culture (*Latvia*)

### **Editorial Board**

**Ineta Kristovska**, Dr.philol., Dr.oec., assoc. professor, the University College of Economics and Culture (*Latvia*)

**Leonid Cibovskiĭ**, Cand.paed., assist.professor, Institute of Entrepreneurship (*Belarus*)

**Waldemar Dotkuś**, Dr.habil. oec., professor, Wrocław University of Economics (*Poland*)

**Toomas Haldma**, PhD, professor, University of Tartu (*Estonia*)

**Valiantsina Hedranovich**, PhD, Minsk Institute of Management (*Belarus*)

**Zaiga Ikere**, Dr. habil. philol., professor, Daugavpils University (*Latvia*)

**Helma Jirgena**, Dr.oec., assoc. professor, Institute of Economics, the Latvian Academy of Sciences (*Latvia*)

**Anikó Kalman**, Dr. habil., Budapest University of Technology and Economics (*Hungary*)

**Gundars Kēniņš Kings**, PhD, Dr.h.c., Dr.habil.oec., professor, School of Business Administration, Pacific Lutheran University (*USA*)

**Arvydas Virgilijus Matulionis**, Dr. habil.oec., professor, Lithuanian Social Research Centre, Member of Lithuanian Academy of Sciences (*Lithuania*)

**David E. McNabb**, PhD, professor emeritus, School of Business Administration, Pacific Lutheran University (*USA*)

**Boriss Melnikas**, Dr.habil.oec., professor, Vilnius Gediminas Technical University (*Lithuania*)

**Ebba Ossianilsson**, PhD, professor, Lund University (*Sweden*)

**Dzintra Paegle**, Dr.philol., assoc. professor, the University College of Economics and Culture (*Latvia*)

**Milan Pol**, PhD, professor, Masaryk University (*Czech Republic*)

**Arild Saether**, Dr.oec., professor, University of Agder (*Norway*)

**Jānis Siliis**, Dr.philol., professor, Ventspils University College (*Latvia*)

**Indra Sinka**, PhD, senior lecturer, the Open University (*the United Kingdom*)

**Biruta Sloka**, Dr.oec., professor, University of Latvia (*Latvia*)

**Ojārs Spārītis**, Dr.art., professor, Art Academy of Latvia (*Latvia*)

**Helka Urponen**, PhD, professor, University of Lapland (*Finland*)

**Vita Zariņa**, Dr.oec., assoc. professor, School of Business Administration Turība (*Latvia*)

**Aija Ziemeļniece**, Dr.arch., assoc. professor, Latvia University of Agriculture (*Latvia*)

### **Secretary**

**Inga Šīna**, assoc. Professor, the University College of Economics and Culture (*Latvia*)

Articles in the journal are double-blind peer reviewed

**Publisher:** The University College of Economics and Culture

Address: Lomonosova 1/1, Riga LV 1019

Telephone: (+371) 26811600

e-mail: zinātne@eka.edu.lv

Fax: (+371) 67114111

Home page: <http://www.eka.edu.lv/public>

Literary editors **Aiga Švalkovska**

## CONTENTS

### **Education, labour market and policy of migration – challenges and solutions**

Antonenko Iryna ( <i>Ukraine</i> ). EVENT-MARKETING AS AN INSTRUMENT IN PRODUCING A FAVORABLE IMAGE OF THE COMPANY .....	7
Ben-Jakob Michael ( <i>Israel</i> ). ABOUT MODEL OF ECONOMIC EDUCATION FOR ADULT IMMIGRANTS .....	15
Daszykowska Jadwiga, Rewera Miroslaw ( <i>Poland</i> ). POLISH SCHOOL AS A PLACE OF STUDENT’S DEVELOPMENT. FROM TRADITION TO INNOVATION.....	29
Derii Zhanna ( <i>Ukraine</i> ). MIGRATION AS A FACTOR OF HUMAN CAPITAL INCREASE .....	49
Dubra Ilona ( <i>Latvia</i> ). INNOVATION CREATION DETERMINANTS IN LATVIAN ENTERPRISES .....	57
Gedranovich Alexander, Hedranovich Branislau ( <i>Belarus</i> ). CONSTRUCTING COMPOSITE PERFORMANCE INDICATORS: CASE STUDY OF BELARUSSINA UNIVERSITIES.....	67
Hedranovich Valliantsina, Hedranovich Volha ( <i>Belarus</i> ). COMPETITIVE ADVANTAGES OF INSTITUTIONS OF HIGHER EDUCATION IN THE INFORMATION ECONOMY .....	79
Kozaka Gaļina, Jakubāne Judīte ( <i>Latvia</i> ). COLLABORATION RESEARCH OF STATE EMPLOYMENT AGENCY AND EMPLOYER .....	89
Lapiņa Gundega, Slaidiņš Ilmārs ( <i>Latvia</i> ). RAISING COMPETITIVENESS BY DEVELOPMENT OF INNOVATION MANAGEMENT SKILLS.....	105
Luka Magdalena ( <i>Poland</i> ). VALUE OF WORK FOR THE DEVELOPMENT OF MODERN BUSINESS.....	119
Manzhali Svitlana ( <i>Ukraine</i> ). IMPLEMENTATION OF RU MIGRATION POLICY IN THE PROCESS OF RESTRUCTURING THE EMPLOYMENT OF LABOR RESOURCES OF UKRAINE .....	127
McNabb David, Kēniņš Kings Gundars, Pētersons Andris ( <i>USA, Latvia</i> ). A COMPARISON OF SOCIAL WELFARE POLICIES IN THE BALTIC STATES .....	133
Molchanova Elena ( <i>Ukraine</i> ). Modern FEATURES OF ADJUSTING IN THE LABOR-MARKET .....	157
Mroz Jan T. ( <i>Poland</i> ). FEATURES OF EXCELLENT FIRMS AND OPPORTUNITIES OF THEIR IMPLEMENTATION FROM TRADITIONAL INTO NEW ECONOMY .....	169

Roamanovski Oleksandr, Romanovska Yuliia, Romanovska Oleksandra, Horpynchuck Kateryna ( <i>Ukraine</i> ). FUTURE MANAGERS: LANGUAGE COMPETENCE FORMING AND MORAL ETHICS QUALITIES BRINGING-UP .....	183
Roggo Mathias ( <i>Switzerland</i> ). HUMAN CAPITAL IN CULTURAL CONTEXT ...	195
Šīna Inga ( <i>Latvia</i> ). MEDIUM-TERM PROBLEMS AND PERSPECTIVES OF LATVIA'S ECONOMIC SECTOR – TEXTILE INDUSTRY SECTOR .....	207
Truskolaska Justyna ( <i>Poland</i> ). HOMESCHOOLING – THE INNOVATIVE SOLUTION IN ECONOMICS.....	217
Vēvere Velga ( <i>Latvia</i> ). NEW RULES OF PUBLIC ENGAGEMENT: ROLE OF SOCIAL MEDIA IN SCIENCE COMMUNICATION.....	225
Zīle Alelita ( <i>Latvia</i> ). METHODOLOGY OF CORRELATION OF THEORETICAL AND PRACTICAL ASPECTS .....	239
 <b>Professional and educational innovations in translation and interpreting</b>	
Gurtaja Kristīne ( <i>Latvia</i> ). TRANSLATION OF SCIENTIFIC ARTICLES' TITLES.....	247
Kārkliņa Silvija, Ivanova Ilze ( <i>Latvia</i> ). THE EUROPEAN LANGUAGE PORTFOLIO – A WAY TO THE DEVELOPMENT OF SUSTAINABLE LANGUAGE LEARNING ENVIRONMENT WITHIN NON-FORMAL EDUCATION IN LATVIA.....	251
Paegle Dzintra ( <i>Latvia</i> ). TRANSLATOR'S LATVIAN LANGUAGE.....	259
Sviķe Silga ( <i>Latvia</i> ). INFORMATIVE VALUE OF INTRODUCTIONS TO BILINGUAL DICTIONARIES: LATVIAN PRACTICE .....	269

**Education, labour market and policy of migration –  
challenges and solutions**



# EVENT-MARKETING AS AN INSTRUMENT IN PRODUCING A FAVORABLE IMAGE OF THE COMPANY

**Iryna Antonenko**

doctor of sciences, professor of the department  
of Kyiv National University of Trade and Economics  
*knteu@knteu.kiev.ua*

## Abstract

The present paper deals with modern marketing instruments, such as event-marketing that facilitates a considerable enhancement to brand awareness, creating a favourable image of the company. The article presents examples of various formats, rules, future trends in the event industry.

**Key words:** *event-marketing, event-management, strategy, image, brand, marketing communications*

## Research and findings

Modern society is characterized by two fundamental aspects: mass production and mass consumption. Accordingly, to ensure the mass consumption of their products a lot of manufacturers resort to mass advertising that grants a low cost of contact with the potential audience. Over time, the consumer no longer hears the similar messages in the form of the infinite dimensions of the information flow that stems from all the advertising messages, transmitted in the press, radio and television.

The marketing strategy of a company is constructed from a standard set of tools: mass advertising in the media, participation in and organization of events, sponsorship, endorsement of PR etc. However, the environment is changing every day, the competitors devise new substandard moves, and the potential consumer is becoming all the more sophisticated in his propensities, thus ceasing to respond to the direct advertising. When traditional advertising methods no longer work, and the markets are exuberant with identical offers, all the more companies are turning to implementation of their event-marketing strategies for brand promotion. According to the latest research data, the share of event-marketing in the total volume of the national market of BTL-services constitutes only approximately 15%. To compare, the foreign companies allocate up to 65% of their total advertising budget for organizing similar events.

Research on the subject of event-marketing is reflected in the scientific papers and practical recommendations of prominent foreign scientists and businessmen, such as

A. Berlov, E. Yettinger, B. Knaus, R. Moser, M. Sonder, T. Reshetilo, A. Romantsov, B. Holzbaur, A. Shumovich and others. As for Ukrainian research in the aforementioned field, it mostly comprises isolated articles of the scientists and recommendations of the practitioners from the service industry that are based on the foreign and personal practical experience. Literature analysis assures that notwithstanding the existence of high-quality literature about event-marketing, it should be taken into account that a lot of examples and pieces of advice on its organization cannot be adequately utilized, inasmuch as the traditional Ukrainian specifications are to be considered (Holzbaur & Jettinger, 2007: 112).

The foreign and national theories of event-marketing utilize two word combinations: event management and event marketing that denote different, but equally important components of special events organization.

On the one hand, everything transforms into management, since there is an element of managing something on any level of business processes. On the other hand, everything could be regarded as marketing owing to the integration of the internal and external marketing environments. We consider it optimal to regard the relationship between marketing and management in the event-marketing in accordance with the view that management is an organizational tool in reaching the marketing goals. The marketing element works on the positioning stages and the effectiveness assessment of event-project, whereas everything else is the problem of organizational and creative processes.

Nevertheless, the problem of event marketing is also the fact that it is the organizational issues that are the key factors of the company's image and the formation of its brand. Moreover, simultaneously there exist such notions as management of an event company as an organization and marketing of its services, event as a marketing instrument of a company as well as event organization as a field of management.

Event marketing as a trend has developed into a separate direction due to high saturation of advertising market and the uniformity of advertising. Organizing events for entertainment purposes or raising the public interest to a service or a product is an extremely effective method, for the human is an emotional being, thus emotions have a decisive value at the decision-taking moment.

A lot of national companies make a serious mistake by not considering event marketing as an important marketing strategy. With an intention to cut the costs, they reject such a method of promoting the products. Meanwhile, competent event-marketing enhances brand recognition, creating a favourable image of a company.

Depending on the type of marketing environment, scientists recognize various formats of event-marketing. The most important of the latter are the following: opening, presentation, exhibition, festival. Each of them has its own peculiarities (Shumovich, 2007: 76).

Opening is the most popular format of event-marketing. Its main task is to attract the attention of the audience to the launch of a new brand on the market. Unfortunately, due to the platitude of the informational occasion the conception of conducting such an event is not always carefully elaborated. Hence, the event is usually restricted to the musical accompaniment, cutting the tape and delivering official speeches. Only few seriously reckon that the customers could be attracted by the show elements, presents and mass entertainment, ideologically linked to the cause of the event.

Presentation is one more widespread format that aims at reaching the maximum level of consumer interest in purchasing and utilizing the presented product. This event-marketing format is an event, directed onto informing the consumer about the best characteristics of the product. That is why 80% of the time should be devoted to the brand itself and the description of its advantages, not to the show and lotteries that instead are to be allotted only the remainder of time.

Exhibition is the next format of event-marketing that is familiar to everyone. Its goal is the same as the one of the presentation: demonstration of the best characteristics of the brand. However, unlike the presentation, the exhibition is a prolonged process that presupposes a free schedule of attendance. Thereby, it is quite complicated to organize, implementing the entertainment facets. Furthermore, the latter is not entirely appropriate, since the exhibition is a process that possesses more of a business element to it. Hence, most of the manufacturers confine themselves to utilization of stands, short video presentations on the screen as well as to personal consulting of every interested consumer.

Festival is the most large-scale and the brightest event that can vary depending on the occasion and the number of invited participants. The common feature is that the entertaining part should encompass not less than 80% of the total time, for every celebration is an event that is first of all emotional and bright. Therefore, if competently organized, it will produce a 100-percent positive effect by means of granting a consumer a portion of good mood.

It is generally recommended to include the special events in a unified system of brand formation and maintenance; that is to introduce event-marketing into the complex of integrated marketing communications.

In addition, the rules of successful event organization constitute a very important aspect of this issue (Romantsov, 2011: 19).

**Rule one:** unity and limitation in terms of space and time. Any event requires time and place. It is of crucial importance that the event is not extended, and has a clearly outlined time limit instead. This will allow to bring together and to inform about the product a greater amount of consumers. It is also extremely important to restrict the space of holding an event, creating a single centre of attraction of the consumer attention. Otherwise, the positive effect will not be achieved. The customer will simply get lost in the stream of information, attacking him from different sides.

**Rule two:** total brand presence. The brand logo should be applied to everything: stands, posters, souvenirs, clothes of the company representatives. The visitor of the event should not for a single second forget who and for what purpose has organized his leisure.

**Rule three:** the interchange of tangible and intangible values. In other words, do not economize on presents, prizes and various souvenirs. Such surprises will present the customer with a load of positive emotions that will inevitably be associated with the brand.

**Rule four:** the subjectivity principle. It should be heard in mind that a brand is not something that has been created by the producers, but something that the audience thinks about it. Therefore, when organizing an event it is of vital importance to produce a favourable impression on the consumer. Those that have been left dissatisfied could be affected by the favourable testimonials of other consumers after the event. Any individual is truly subjective when evaluating the events of the previous day. That is why, after familiarizing with positive evaluations of those impressed by the event, the dissatisfied customer might probably change his opinion and attitude to the brand.

**Rule five:** the participation principle. Any event should be planned in such a way that the interaction among the anchormen and the public is perceptible all the time. The consumer should not simply observe, but take part in the process. The spirit of corporatism will allow the consumer to feel as if he were part of the company, and, consequently, feel the sympathy to the latter.

**Rule six:** continuous consulting of the client. During the event so-called “brand ambassadors” must work with the client. Their task is to offer the participants to taste the product or approbate it in action; to inform the client about the properties of the product. This will allow the consumer to become better acquainted with the product as well as feel a certain amount of concern on the part of the brand on an emotional level.

**Rule seven:** organization with reference to the interests and lifestyle of the target segment. When organizing an event it is necessary to consider the interests of the product consumers. For instance, it is inappropriate to invite those interested in cosmetics for a sports event, even in case it is organized by the cosmetic company itself.

**Rule eight:** informational support of the event. When organizing the event it is advisable to closely interact with the media. First of all, this will help to inform the public about the upcoming event. Secondly, the publications and the TV- and radio- spots about the event will once again attract the consumer attention to the brand.

**Rule nine:** when developing an event-marketing strategy it is important not to forget about the corporate PR, that is events for the personnel of the company. As a matter of fact, it is the internal audience in the form of the company’s personnel that is the most demanding consumer, who perfectly notices all the flaws. That is why the visionary management of the company establishes a system of internal events, thereby creating a corporate culture of the company. The projects should be accompanied with the placement of information in accessible form on the website, notice boards, in the corporate publications.

Employee participation in the internal event-projects generates a positive attitude to the company and, consequently, strengthens its brand. In addition to the direct brand support, special events could solve the team-building task, as well as present the product to the guests. Given the recent trend, the intra-corporate event-marketing can have analytical character. In this case we are talking about conducting a large-scale survey of the personnel, for example, on product quality, its enhancement, or on the development and introduction of corporate standards, involving each employee. Remarkably, both analytical and organizational instruments center on a front-line employee, assisting him in realizing the importance of his personal opinion for the whole enterprise. All this combined works for strengthening the company’s image and brand.

In addition to the aforementioned forms and rules of successful event organization, it is worth noting that this process is not static, it is in motion along with the entire marketing industry (Georgiev, 2010: 6). Observing the development dynamics of the marketing industry in general and its event segment in particular, reading foreign publications, it is possible to formulate the main trends, ideas and directions that will prevail or will be fairly significant in the nearest future (*Table 1*).

*Table 1*

**Trends in the event industry**

<b>№ p/p</b>	<b>Trends</b>	<b>Features</b>
<b>1</b>	<b>2</b>	<b>3</b>
1.	The audience itself plans the upcoming event	Due to the Internet the target audience is all the more often involved in developing the concept and in planning the event.
2.	Maximum integration	Events cease to be independent, self-contained projects, and become a part of complex integrated marketing and branding programmes.
3.	Enhanced demand to effectiveness	ROI (Return on investment is one way of considering profits in relation to capital invested) is the primary indicator of the project expediency.
4.	Fast-benchmarking	Nearly instant duplication of ideas and technologies.
5.	Appealing to all senses	More projects with conscious utilization of sensory marketing.
6.	Increasing interrelatedness with the social media	Every minor interesting occasion automatically finds its way to the Internet.
7.	Shock-events	Simple creativity is not enough now – in order to step over the rising threshold of audience perception brands are increasingly often resorting to startling and shocking the public.
8.	Selling events	More and more events are currently oriented not towards promoting the ideas or demonstrating the products, but towards selling them.
9.	More records	In order to be distinguished, it is increasingly necessary to resort to establishing a variety of records, both local and global.

1	2	3
10.	3D-mapping	With the help of the mapping, one can arrange the show-programmes that would catch the eye of every observer and produce a vivid impression both in the premises of the company and outside in the street.
11.	Contemporary art	The variety of the contemporary art forms and their plasticity guarantee their increasingly frequent utilization in different events.
12.	Viral feature	Particular attention is drawn to the wow-effects (“when the world stops for a few seconds”) and unusual ideas for creating viral communications in the Internet.
13.	Sightseeing events	More of the vivid and original events contest for the tourist flows and for the attention of the media.
14.	Altruistic intellectual events	A wide variety of lectures, conferences in TED style (Technology Entertainment Design), Pecha Kucha, intellectual games are becoming timelier.
15.	Branding of large-scale independent events	Investing much and producing your own projects is not obligatory – the competent manifestations and branding of separate elements of large-scale independent events are sufficient.
16.	Events in unusual places	Apartments, private houses, squats, storage facilities, abandoned factories, barges, the roofs of the skyscrapers, garages and parking lots – these are the most popular places for a variety of events.
17.	Ecological trend	This trend is not losing ground and seriously gaining momentum and gravity.

In the last decade the demand for the event marketing has grown. This is primarily due to the fact that it meets people’s needs, the needs of the society, and the human by his nature is always seeking for new experience, for being a part of a unique set of events. In this sense event-marketing is one of the most effective weapons that completely comply with these needs. Event-social-marketing that emerged as an instrument of short-term product promotion, evolved into the long-term market strategy that determines the product placement. By means of utilizing the social marketing, the companies obtain a scarce opportunity to construct durable long-term relationships with customers.

Undoubtedly, events will remain an assisting tool in promoting the products in the human society. The experts argue that the industry growth will continue into the future with the increase in the number of stakeholders. There are already more than two hundred event agencies in our country. According to the examples, by means of special measures you can not only stimulate sales, but also enhance customer loyalty to the brand.

The event-marketing mechanism is effective and original in its unobtrusiveness; it focuses on the local market. The target groups will be undoubtedly more receptive to such indirect advertisement of the manufacturers inasmuch as special event attendance, participation in projects is always voluntary. The emotions, displayed during the

public events create the phenomenon of unity, the feeling of belonging to the common idea or event. As a consequence, the positive experience ensures absolute customer loyalty for the company. It appears that a brand can define a lifestyle. Hereinafter the event can become a brand itself and, consequently, it can be exploited in the strategic development of the company as well as in the improvement of its image.

## References

Holzbaur, U. & Jettinger, E. (2007). *Eventmanagement*. Moscow: Eksmo.

Shumovich, A. (2007). *The magnificent event: technologies and practices*. Moscow: Man, Ivanov and Ferber.

Romantsov, A. N. (2011). *Event- marketing: the assence and characterictics of the organization*. Moscow: Dashkov Co.

Georgiev, E. (2010). *Eventbrand tomorrow*. Kiev: Event Brand.



## MODEL OF ECONOMIC EDUCATION FOR ADULT IMMIGRANTS

**Michael Ben Jacob**

Doctor in Economics, Associate Professor, Department of Business Management,  
NERI Bloomfield School of Design and Education, Haifa, Israel  
*Phasis@017.net.il*

### Abstract

This article presents a model of economic education for adult immigrants (EEAI) based on theoretical generalization of the results of practical experience in organizing discussion groups in 1996–2010 in Israel. The population structure is formed under the influence of this immigration factor. A schematic diagram of the content of educational material is proposed. The expedience of one of the means of methodical maintenance – perception maps, is justified. To compare the results of the EEAI system we recommend a method of comparing complexity of enquiries as the thought form, which are set by the audience during the classes.

**Key words:** *economic education; adult immigrants; “Russians in Israel”; economic adaptation; ‘economic shock’; discussion groups; perception maps*

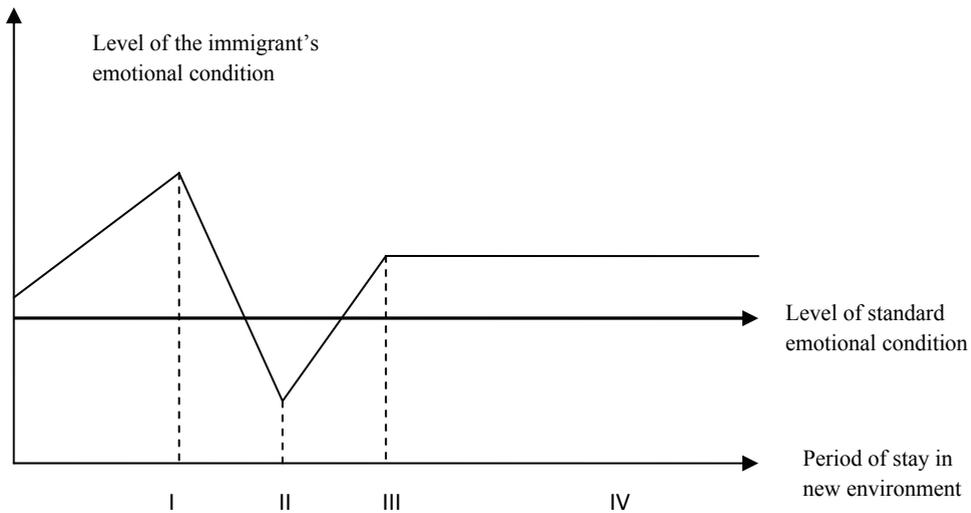
I would like to thank the MOFET (Research, Curriculum and Program Development for Teacher Educators) Institute in Israel for financial support.

### ‘Economic shock’ and the Process of Adaptation of Immigrants in New Socio-economic Environment

The maximum mobility of the labour force, particularly in the form of immigration, is an integral feature of globalization. For some countries (Canada, New Zealand, France, Germany, etc.), immigration is crucial for replenishing the labour force, and in some countries (USA, Australia and Israel in particular) immigrants formed a nucleus of the entire population and human resources in particular. This phenomenon of immigration is a very painful process, occurring against the backdrop of social, mental, occupational, psychological adaptation of immigrants. We would like to focus the readers' attention on the problems of economic adjustment, which should result in successful integration of immigrants into the economic life of the new society. In general, the integration of immigrants into a new environment often takes form, the closest to a state of shock (ZAPF, 1991). In our case we can speak about the so-called ‘economic shock’ and its main stages.

What is meant by ‘economic shock’? Social alienation, culture shock and psychological stress<sup>1</sup> are closely intertwined in the state. This factor, coupled with economic difficulties and the housing problem forms a hitherto unknown situation where one can distinguish the following stages (*Figure 1*).

**Stage I – Euphoria on honeymoon.** This is a stage of bright prospects. For example, it manifested itself in the initial wave of immigrants of “Great Immigration” in the late 20th century when the immigrants who had left the former homeland’s empty shelves of state stores or shops in the private sector arrived in Israel where they were could “enjoy” the first pleasures of consumer affluence (although largely funded by the state), incl., the uninterrupted receipt of public utilities (do not turn off electricity, water, telephone and Internet operation without interference). At this stage, the emotional state of an immigrant is on the rise and it can be expressed as follows: **“HOW WELL IS ALL”!**



*Figure 1.* ‘Economic Shock’ Stages Graph

**Stage II – Irritation.** The splash of euphoria gives way to a stage of critical thinking about economic processes taking place around when an understanding that not “everything” is achievable is reached. The first complaints either to the quality or to the design of the product and service have already been heard. This is precisely the stage when the state aid allocated to immigrants ends, and “nobody offers” a job for some reason. The emotional state of an immigrant is deteriorating and it can be defined as: **“HOW BAD IS ALL”!**

---

<sup>1</sup> Suffice it to note that according to official Israeli press more than 30% of suicides are committed by immigrants

**Stage III – Economic adaptation.** The gradual adaptation to realities of economic life takes place, and the understanding comes that the criticism does not help. An immigrant accepts the existing “rules”, he does not “request” to change them anymore, but instead finds that he/she should adapt to the real situation. In this regard, he/she usually joins the existing labour market, often agreeing to do any work after a long search for the desired work in his/her specialty. An immigrant expresses the position as follows: **“APPARENTLY, IT MUST BE SO”!**

**Stage IV – Stable economic equilibrium.** At this stage, an immigrant adjusts to the new economic environment by developing appropriate skills in economic thinking. He/she acquires the economic stability due to the appearance of permanent sources of income, which contributes to the positive acquisition of economic status and greater integration into the economic life of the society. The level of emotional state reflects the satisfaction with the achieved stable position, and the status can be expressed as follows: **“I HAVE FOUND MY PLACE AT LAST”!**

To minimize the negative aspects that accompany the phenomenon of ‘economic shock’, it is very important to organize the process of economic education, especially for adult immigrants, who in contrast to the young (students, pupils) remain outside of any formal system of economic education. In general, the specified target group of immigrants keenly felt “hunger” for the minimum financial information and economic skills required in the new environment.

## Principles and Content of Economic Education for Adult Immigrants

Issues of economic education and financial literacy of adult immigrants to a certain period remained practically outside the interests of organizations, which had to ensure the successful adaptation of immigrants. The emphasis was transferred exclusively to teaching the language, introduction to local culture, customs (we do not in any way diminish their importance), etc. In this regard, in 1996, we started organizing (as an experiment) a series of lectures, seminars, discussion groups, namely for a target group of adult immigrants in Israel, with the support of the absorption departments, community and social services departments of local authorities in several cities. Following this experience, the information centre of the Ministry of Education (within the framework of the Adult Education Department) received support. In the early 2000s, similar programs have been implemented in other countries:

- Providing Guidance and Information Service for Low and Moderate-income Latin immigrants in the USA (Appleseed, 2006);
- Implementation of special programs for financial education of Turkish immigrants in Germany (European Commission, 2007);

- In the USA, some banks and public organizations for immigrants implemented Financial Literacy Programs (National League of Cities, 2010).

When planning a study course, it is very important to determine the mission of experience. At the beginning, we set the following mission of discussion groups: to help immigrants understand prominent issues and, thus, to ease their integration in the economic life of society, as well as to help them succeed in reaching high standards of living. In this regard, I decided to plan a learning program that is based on four roles which enable the immigrants get into the way in the new society. The following four roles describe the re-socialization phenomenon:

- as household owner;
- as a manpower;
- as a reasonable consumer;
- as an entrepreneur.

Having taken into consideration all the facts of the case, I present below the discussed program.

## **Detailed courses of lectures and major issues of Workshops for Economic Adaptation of Adult Immigrants**

1. Financial Management of Immigrants as Household Owners.
  - 1.1 The new immigrant mentality and his/her encounter with the new economic environment needs correction of the economic thinking in order to make it fit the new economic environment.
  - 1.2 Family budget – the structure of expenses and income resources.
    - 1.2.1 How to balance a budget? Secrets of rational household management.
  - 1.3 Introduction to the banking system.
    - 1.3.1 How to create the relations with the banks, cash flow, checks, credit cards, organizing loans and saving plans?
    - 1.3.2 How to avoid or to enjoy overdraft?
    - 1.3.3 Why do we pay commissions and interest to banks?
  - 1.4 Purchasing the first home in Israel in the current era.
    - 1.4.1 Dilemma: buying or leasing a home by the immigrant in Israel.
    - 1.4.2 How to choose and how to create relations with the mortgage bank?
    - 1.4.3 Where to purchase a house? What kind of mortgage is preferred?
  - 1.5 New immigrant prepares for retirement age.
    - 1.5.1 The issue of pension resources in Israel.
    - 1.5.2 Comparing profitability of different pension plans (provident fund; advanced study funds).

- 1.6 The meaning of insurance issue in the country.
  - 1.6.1 Various types of insurance (life insurance, car, purchase, disability, death cases, health, teeth etc.).
- 1.7 Taxation system in the country.
  - 1.7.1 Taxation authorities in Israel.
  - 1.7.2 What and whom are we obliged to pay?
  - 1.7.3 How to calculate payments for income tax and social security?
  - 1.7.4 The essence of health tax, municipal taxes.
  - 1.7.5 Different types and the way of calculating tax benefits for different groups of immigrants. What is negative income tax?
- 1.8 First acquaintance with the capital market and stock exchange.
  - 1.8.1 Structure of the capital market in Israel.
  - 1.8.2 Types of securities: bonds; stocks; options; short term loans. Investment in stock exchange in Israel.
2. Instructing the new immigrants as Israeli consumers.
  - 2.1 How and where do you buy in Israel?
  - 2.2 Introducing the Consumer Protection Law. Transaction as a legal action. The Israeli Consumers' Council. What is the Israeli consumer allowed and not allowed to do? Small Claims Court.
  - 2.3 How to "read" commercial advertisement on the television and in newspapers?
  - 2.4 How to react to sales in stores and chains of stores?
  - 2.5 What is the meaning of reasonable price? The law of supervision on product and service price in Israel.
  - 2.6 Planning the list of priorities of purchases in the new immigrant family.
3. Instructing the new immigrant as human resource.
  - 3.1 Initial instruction of immigrants in the country before seeking job in the labour market in Israel.
  - 3.2 The need for correction and adjustment of the professional status following the conditions and requirements of the labour market in Israel.
  - 3.3 Expertise and strategy of job seeking.
  - 3.4 Fundamentals of labour laws (work conditions, employees' rights and duties etc.).  
Instructing an entrepreneur.
4. Advice and guidance for decision-making regarding the implementation of business projects (including a special course "business entrepreneurship" in centres of business development).
  - 4.1 The essence of business entrepreneurship.
  - 4.2 The ways of cooperation with governmental and other institutes (banks, income tax, VAT, National Insurance Institute of Israel).
  - 4.3 Business laws in Israel.
  - 4.4 Business plan.
  - 4.5 Organizing finance resources.

#### 4.6 Developing a strategy of marketing, communication, sales promotion, advertisement and management.

Additionally, it should be noted that the emphasis at the meetings with the audience was put on the problems which for various reasons (tradition, stereotypes and simple ignorance) were particularly relevant for immigrants of “great immigration”, namely:

- ABC banking (which has essentially changed the daily lives of immigrants from the former USSR).
- Efficient household management.
- Search for solutions to housing issues.
- Start preparing for retirement.
- Mastering the basics of insurance.
- Teaching the technology of job search in the labour market.
- Mastering the skills of rational consumer in a competitive and deregulated market.
- The art of developing business projects.

During the conception development we paid special attention to ensuring educational methods of teaching that include:

- curriculum which includes key terms (*Table 1*);
- perception maps.

Actually, the whole learning process can be described as a reflection process in human consciousness phenomena. In case of financial education, as a result of perception process, the audience has to get the perception of the notion of different terms. Finally, in our case, perception is a cognitive reflection of subjective reality of the economic life. In this context we offer, according to each subject, perception maps that present consistent process of concrete topics. In this essay we try to present a method for using the maps for the subject “How to Purchase a “roof” (*Figure 2*).

Similarly, it is possible to create perception maps for other topics. Inherent in the methodology of education, incl., the economic education has to assess the achieved results (for example, examination or survey of participants). In our case, we should speak about the results, involving primarily the adjustment level and the structure of economic thinking of adult immigrants in accordance with the new economic environment. In this case, due to a combination of factors, we chose inquiry as a pedagogical tool. This inquiry is recognized by many psychologists as the starting point of the thought process (King, 1994), (Vekker, 1998).

**Key Terms for Subjects**

<b>Course subject</b>	<b>Key terms</b>
Banking system and investments	Checks; cash; current account; credit cards; prime interest; loans and savings issue; linkage; Dollar or Euro linked loan; consumer price index linkage loan; overdraft; capital market; rational investor; investments issue; pension funds; trust funds; stock exchange, shares; bonds; options; stock exchange indexes; dividend
How to purchase a “roof” in Israel	Mortgage and loan for purchasing a home; mortgage insurance; obligatory home insurance
How to be prepared to “Golden age”	Pension issue: budgetary, accumulated, social security pension; retirement age
How to protect life and property	Insurance issue: life, teeth, health, car, home, real estate, business etc.; accident insurance
Employee in labour market	Issue and wage components: duties and rights of worker; overtime payment; leave and sickness days; minimum wage; compensation; convalescence pay; dismissals
Examining feasibility for business establishing	Business issue: company Ltd, cooperative, licenses business, business plan, break-even point, financial resources, consistency of business establishment, parameters of business operation, cash flow, business documentation
Rational consumer	The Consumer Protection Law, list of priorities, meaning of logical (rational) price; tips for consumers for buying furniture, electronic goods and different services; how to be aware of advertisement; analyzing the sales issue; how the consumer needs “to read” instructions and directions for goods and services
Skills of formatting and analyzing a household budget	Structure of budget; household incomes and expenses; planning and managing household budget; family budget decision-making procedure

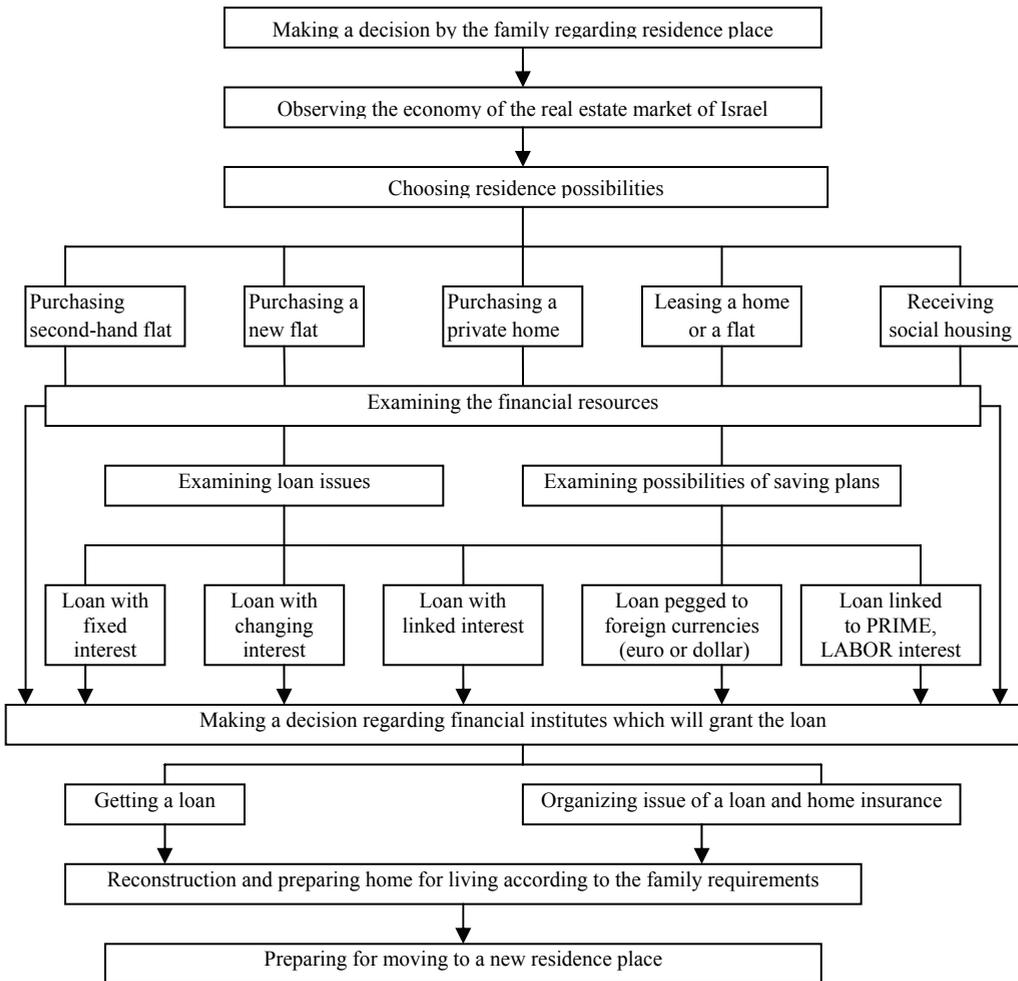


Figure 2. Example of the perception map in the subject “How to purchase a “roof””

To be convinced that workshops result in positive outcomes we need to make a comparison in nature and meaning of the inquiries asked by the participants of the workshops between two periods of time. We call the first period the “honesty period” whereas the second is the “wisdom period”. We differentiate between the two periods: the first one lasted from 1996 to

September 2000, while the second lasted from 2000 to 2010. This differentiation is related to the fact that in October 2000, the second intifada started in the Palestinian territories and in Israel that caused a deep crisis in the Israeli economy. The economical behaviour of “Russian” immigrants has changed accordingly and they referred to the finance literacy thoroughly (see *Table 2* and *Table 3*).

Table 2

**Seminar Participants' Inquiries within "Honesty Period"**

No.	Questions
1.	How to open an account in the bank?
2.	How to act in order to keep the money value in the inflation period?
3.	Why do we need to pay commissions for the bank services?
4.	What are the procedures when we purchase a house?
5.	Why is the price of the same product different according to the places of purchasing?
6.	Is there an obligation to create a pension plan?
7.	What is the meaning of insurance: life, car, apartment etc.?
8.	Why can't we return damaged electric appliances to the store after 2 months of usage?
9.	How can I establish a business? Who can help me in it?
10.	I own "free" money. What to do with it?
11.	Why was I fired from work?
12.	What are my rights as an unemployed?
13.	How to get an unemployment pension?
14.	Why do we pay income tax, payments for national insurance?

Table 3

**Seminar Participants' Inquiries within "Wisdom Period"**

No.	Questions
1.	What is the difference between pension plans in insurance companies and different pension funds?
2.	What are the differences between different types of pension?
3.	Which kind of mortgage is preferred to organize?
4.	What linkage of mortgage is preferred?
5.	How to invest "free" money in capital market?
6.	Which types of benefits one can get for oil stocks?
7.	Which type of business is preferred to establish to a certain person?
8.	How to submit a complaint in small claims court as regards the case when my consumer rights have been infringed?
9.	Why do employers fire employees without a reason after 9–10 months of working? <sup>2</sup>
10.	How can one get benefits from income tax authority and National Insurance Institute?
11.	In which cases an Israeli citizen must present a report in income tax authority?
12.	How to reduce expenses of household budget?

A short review and comparison of issues allows for declaring: **"It is clear without comment"**.

<sup>2</sup> In Israel, many employers fire employees after 9-10 months of working in order not to give them social benefits and status of a steady employee which they are entitled to according to the law.

## Conclusions

1. Matters of economic integration must advance from the theoretical research to practical plan, similarly as the linguistics, social, cultural etc. plans of socialization.
2. Economic socialization of adult immigrants must be connected with the issue of LLL (Long Life Learning), including economic education of adults (UNESCO, 2009).
3. To find a solution, one must persist that the process of financial education will be systematic and will proceed within the framework of economic de-socialization and re-socialization (Bar-Yosef, 1968) of immigrants based on appropriate methodical support. It should begin with the first steps of immigrants in new socio-economic environment, let's assume in Israel, already in linguistics studios.
4. It is important that mainly individuals with similar mentality who have already passed an analogue way in the past will participate in the similar process. In our case the experience predetermines the project's success.
5. It is important not to entrust the absorption process to "interested parties" such as banks, insurance companies, pension funds, etc. that can utilize the lack of experience among immigrants exceptionally for promoting organizational and marketing interests instead of giving a real support for those immigrants in need in the new environment.
6. Because of the special relevance of the issue of immigration, the sustainable development of Israel depends on the formation of a more coherent and complex system of adaptation and integration of immigrants into a new socio-economic environment. It seems that in the future the system of economic adaptation of immigrants should be as follows (we took Israel as an example) (see **Appendix**).
7. Finally, similar experience can be recommended for generalization as an advanced method in the Ministry of Immigrant Absorption of Israel and also in other countries where there are "Russian colonies" (USA, Canada, Germany, Australia).

## References

- Appleseed (2006, June). Report: Expanding immigrant access to mainstream financial services. Positive practices and emerging opportunities from the Latin American immigrant experience. Retrieved from: <http://www.frbsf.org/community/issues/assets>
- Bar-Yosef, R. W. (1968). Desocialization and resocialization: The adjustment process of immigrants. *International Migration Review*, 2(6), pp. 27–45.
- Ben Jacob, M. (2005). Discussion group to development and Realization of Human Capital of Immigrants. *Human Resources*, 215, pp. 62–66 (in Hebrew).
- Ben Jacob, M. (2006). "Russians" in Israel: Adaptation issues. *Sociological Studies*, 3, pp. 78–84 (in Russian).

- Canadian Council of Learning. (2009). Economic adjustment of adult immigrants and the role of post-secondary educational institutions. Executive Summary. Retrieved from: <http://www.ccl-cca.ca/pdfs/otherreports/Anicef-Execsam-E.pdf>
- Cheswick Barry, R. (1993). Soviet Jews in the United States: An analysis of their linguistics and economic adjustment. *International Migration Review*, 27(2), pp. 260–285.
- Davies, M. (2010). Concept mapping, mind mapping and argument mapping: what are the differences and do they matter? *Higher Education*, 62(3), pp. 279–301.
- Eisenstadt, S. N. (1956). Sociological aspects of the economic adaptation of oriental immigrants in Israel. *Economic Development and Cultural Change*, 4, pp. 269–278.
- European Commission. (2007). Survey of financial literacy schemes in the EU27. VT Market/2006/26H-Final Report. Hamburg, November 4, 2007. Retrieved from: [http://ec.europa.eu/internal\\_market/finservices-retail/docs/capability/report\\_survey.en.pdf](http://ec.europa.eu/internal_market/finservices-retail/docs/capability/report_survey.en.pdf)
- Fong E., Ook, & Emi (2002). The social consequences of participating in the ethnic economy. *International Migration Review*, 36(1), pp. 38–146.
- Gieseek, A., Heilemann, U. (1995). Economic implications of Migration into the Federal Republic of Germany, 1988–1992, *International Migration Review*, 29(3), pp. 693–709.
- Keown, Leslie-Anne. (2011). The financial knowledge of Canadians. Canadian social trends. *Statistics Canada – Catalogue No. 11–008*.
- King, A. (1994). Inquiry as a tool in critical thinking. In: Halpern, P. F. (Ed). *Changing college classrooms: New teaching and learning strategies in an increasingly complex world*. San Francisco: Jossey-Bass.
- Ministry of Immigrant Absorption of Israel (2007, March). The major problems that bother the immigrants from the former USSR comparing with the old public. Phone survey findings. (Summary) by Judith Rozenbaum-Tamari; Rachel Gindin. Retrieved from: [http://www.gov.il/Moia\\_he/Research/RussianOlimResearch12.htm](http://www.gov.il/Moia_he/Research/RussianOlimResearch12.htm)
- Ministry of Immigrant Absorption of Israel (2007, February). Considerations regarding leaving the country among immigrants from the former USSR – Chosen findings from absorption surveys (summary) by Rachel Gindin; Judith Rozenbaum-Tamari. Retrieved from: [http://www.gov.il/Moia\\_he/Research/RussianOlimResearch13.htm](http://www.gov.il/Moia_he/Research/RussianOlimResearch13.htm)
- National League of Cities (2010). Municipal action guide. Financial literacy programs for immigrants. Retrieved from: <http://www.ncl.org/.../financial-literacy-immigrants-mag-10.pdf>
- OECG (2010). Reviews of migrant education by Miho Taguma, Noonhee Kim, Satya Brink, Janna Teltemann. Sweden. Retrieved from: <http://www.oecd.org/dataoecd/45/44862803.pdf>
- Reitz, J. G., Sklar, S. M. (1997). Culture, race, and economic assimilation of immigrants. *Sociological Forum*, 12, pp. 233–277.
- Talmon, Y. (1963). Comparative analysis of adult socialization. Working paper prepared for the social science research council conference on socialization through the life cycle.
- The Economic Sociology of Immigration: Essays on networks, ethnicity, and entrepreneurship (1995). Ed. A. Portes. New York: Russels Sage Foudation.
- UNESCO (1994). World Declaration on Education for All. Framework for action to meet basic learning needs. Jomtien, Thailand, 5–9 March 1990. Retrieved from: [http://www.unesco.org/education/pdf/JOMTIE\\_E.PDF](http://www.unesco.org/education/pdf/JOMTIE_E.PDF)

UNESCO (2000). The Dakar Framework for Action. Education for all: Meeting our collective communities. Retrieved from: <http://unesdoc.unesco.org/images/0012/001211/121147e.pdf>

UNESCO (2009). The state and development of adult learning and education in Europe, North America and Israel. Regional synthesis report by Helen Keogh. Retrieved from: <http://www.unesco.org/fileadmin/MULTIMEDI>

United Nations. General Assembly (2010). The right to education of immigrants, refugees and asylum seekers. Report of the special rapporteur on the right to education, Vernor Munoz. Retrieved from: <http://www2.ohchr.org/english/bodies/hrcoun/A.HRC.14.25.en.pdf>

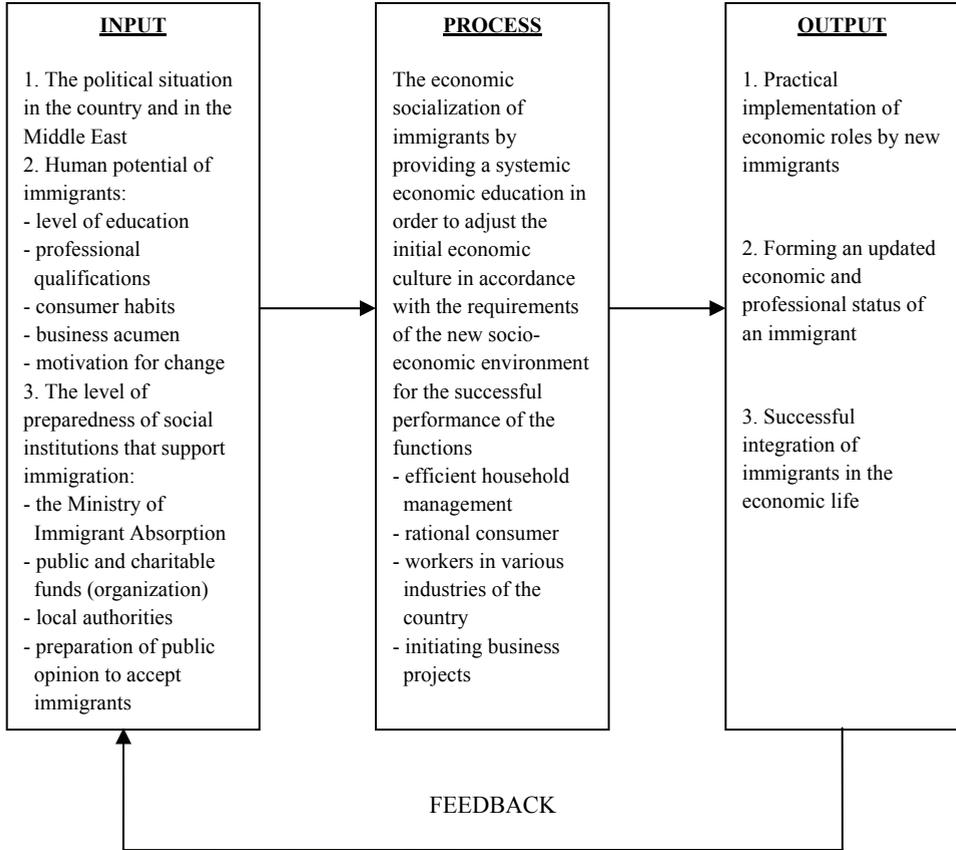
Vekker, L. M. (1998). *Mentality and reality: the uniform theory of mental process*. Moskva: Smisl (In Russian).

Yudina, T. N. (2006). *Migration sociology*. Moskva. The academic project (“Gaudemus”).

Zapf, M. K. (1991). Cross-cultural transitions and wellness: Peeling with culture shock. *International Journal for the Advancement of Counselling*, 14, pp.105–119.

## Appendix

### Proposed Model of the Economic Adaptation of Immigrants in Israel



The positive results of economic adaptation increase the country's attractiveness to potential immigrants



# **POLISH SCHOOL AS A PLACE OF STUDENT'S DEVELOPMENT. FROM TRADITION TO INNOVATION**

**Jadwiga Daszykowska**

PhD, assistant professor, The John Paul II Catholic University of Lublin,  
Off-Campus Faculty of Social Sciences in Stalowa Wola, Institute of Pedagogy  
*jdasykowska3@gmail.com*

**Mirosław Rewera**

PhD, assistant professor, The John Paul II Catholic University of Lublin,  
Off-Campus Faculty of Social Sciences in Stalowa Wola, Institute of Sociology  
*mironow@poczta.onet.pl*

## **Abstract**

The results of survey conducted among Polish youth, which have been presented in the paper herein, indicate that in the last decade the assessment of functioning of the school in relation to the 90's of the 20<sup>th</sup> century has been improved. However this thesis is fully justified in the light of representative results obtained by the CBOS. It may be concluded from the other researches from the 90's and after the year 2000 which have been presented in the paper that rather ambiguous attitude was observed among students towards school as the place of their personal development. This situation is likely to result from the fact that Polish education system is still undergoing changes (transformation, modernization) towards the European level of education. Although this process has not been accomplished yet, it is moving in the right direction of 'good school', which modern teachers call the school of the future. Modern school must be open to new ideas and solutions, which will strengthen its creativity and make the place a multi-dimensional development of the student. The use of modern achievements of neurophysiology, psychology, medicine and education can significantly support the implementation of this task. However, the question is whether the current Polish school is prepared to take up this challenge.

**Key words:** *Polish school, development of student, tradition, innovation*

## **Introduction**

The school is one of the oldest and most important institutions of social life. Its genesis goes back to the times of the Greek and Roman Civilisation, when its

ideological fundamental assumptions were formed and subsequently enriched by extensive experiences of later ages: of the Middle Ages, the Renaissance, the Age of the Enlightenment and the Positivism. Since times immemorial a sequence of transformations took place at the school, and for achieving the contemporary shape successive reforms in Polish, European and world educational tendencies, philosophical, ideological trends and social and economic transformations contributed (Daszykowska, 2010c: 221). Regardless of an era, the school was a subject to the ceaseless criticism, on the part of theoreticians of the education, such as, for instance: J. Illich, Ph. Coombs, H. von Schoenebeck, E. E. Geissler and others. It is safe to say that the following persons are ranked among the contemporary critics of school in Poland: T. Lewowicki, C. Banach, Z. Kwieciński, A. Nalaskowski, T. Pilch, and K. Denek (Kuźma, 2008: 17, 23). However, as M. Behr claims “if we wanted to treat this dissatisfaction seriously, then one should liquidate the school” Kupisiewicz, 1985: 27). On the other hand, however, this criticism is needed, because it is a causative driving force of the changes. It seems that it is not possible to give an opinion on school, to design or to introduce reforms without taking into consideration the voice of individuals, who act in it: of pupils and teachers. Another crucial factor is opening the school to the latest educational trends, in particular to the optimisation of its fundamental task which is a concern for the multidimensional development of a pupil. Therefore this study (in the first part, written by Mirosław Rewera) discusses the school and its aspirations toward the modern institution and the environment of a pupil development through the prism of pupils' opinions. Possibilities of multidimensional development of a pupil at school were also presented, in the light of the educational strategies and new concepts of educating and raising (in the second part, written by Jadwiga Daszykowska).

## Pupil Development Potentials at the Polish School (on the Basis of Selected Results of Pupil Surveys of the Years 1958– 2008)

The term “school” has numerous designations and it symbolises a multitude of scopes. It is perceived as a building, a workplace, an organisation and an institution established with a view to the planned and systematic education and raising individuals of different ages, according to the adopted (however not always socially accepted) plans and curricula (Maliszewski, 2010: 265). Also an interaction with a pupil's family home<sup>1</sup> is an objective of the school in the process of having an influence on their

---

<sup>1</sup> Inetta Nowosad writes that: “Cooperation of teachers and parents consists in supporting pupil development actively through including parents in the educational process of their children” (Nowosad, 2010a: 341).

multidirectional development: emotional, intellectual, spiritual and physical. The school prepares them to choose their way of living and independent life (Nalaskowski, 1998: 6) in the ever-changing world. It aims at supporting the development of an individual pupil (Nowosad, 2010b: 178). Therefore, the school's objective is not only imparting knowledge to pupils, but also – in comparison to the social transformations of a contemporary family – exercising the education-protective functions. Thus it has a more complex function to fulfill – not only to convey knowledge, but also by means of teaching methodology to introduce students into cognitive processes and moreover in the face of social transformations of a modern family school fulfills educational and caring functions. At the initial stage of education, school for every single student becomes one of the most important and places affecting the process of shaping their personality. School influences by means of its daily course of students attending it and it is a very important place for socialization as well as it introduces a young generation into culture (Smarzyński, 1987: 7, 48, 50–52).

For promoting development of pupils and correct realisation of functions entrusted to the school, it is not enough – as J. Kuźma notices – to supplement or convert curricula and to improve the teaching and raising methods. The contemporary school should be qualitatively new and open for changes. Its objective is to create better conditions of education, in a friendly atmosphere, and imposing greater requirements (quoted after: Daszykowska, 2009: 173).

The present school should give her graduates not only specific knowledge, but first of all the skill of independent science. Moreover it should teach the adaptation to the quickly changing conditions of life, to develop: elasticity in thinking and working, enterprise, active and creative. Such position is the element of system preparing young people to work. (Łuka, 2008: 206).

Nowadays we observe the creation of 'expert society', in which the importance of education is focused on and professional activity assumes expert character (Szymański, 1996: 40–41), the question about good quality of education and consequently good school is of even greater importance than never before.

Striving for good school is equivalent to holding educational establishment that is modern, innovative, open to environment<sup>2</sup>, safe, friendly, capable of transformations, changing thus flexible response to the needs of participants in education and the

---

<sup>2</sup> According to J. Kuźma, schools should join the families and other educational entities to prepare young people and children to life, mainly to fulfil the family and citizenship roles. Moreover, together with church institutions they should develop valuable spiritual and moral life (quoted after: Daszykowska, 2009: 173). The need of opening the school "to the outside" is also recognised by I. Nowosad who claims that the future of the school is in the very necessity of its entities to cooperate and to open to external environment. (Nowosad, 2010b: 357).

environment. Such school not only teaches and cares but also supports its students in the versatile development of their personalities. It is considered that in the knowledgeable society school must undergo constant improvement depending on the needs and conditions of contemporary times (Daszykowska, 2009: 170–175). The school that is in need is the one which in the strain of daily educational and caring activities aspires to be the establishment: dynamic, modern, immediately responding to changing reality, taking care for excellent students as well as supporting those with poorer results, responsible for the versatile development of its students (Denek, 2005: 66–68).

One of the objectives adopted in this article is presentation of the pupil opinions on their development potentials at the Polish school. Therefore the chosen results and conclusions from various surveys were analysed from period 1958–2008. The presented empirical material does not constitute the exhaustive study on how the school functioning and teacher work are evaluated by the pupils. However, it is possible basing on it, to depict – at least generally – the tendencies which over last decades have taken place in the Polish educational system.

One of the first pre-war researches carried out by Hanna Świda in the years 1956–58 among high secondary school students in Warsaw it is to be concluded that school education was not attractive for those students who were forced to realize their interests off school. According to their opinion, school did not develop students' potential capabilities and awarded those who were poorly independent, with average intelligence, and who satisfactorily carried out their duties imposed by educational program. Students liked their teachers but hardly ever respected them and did not trust their teachers with their private problems. The youth formed their postulates referring to the required image of school. According to their opinions, school should be well organized and provide attractive knowledge that would be useful to understand life better. Teachers should be wise people and should understand the youth, not to judge them based on appearances, be trustworthy and knowledgably guide young people (Świda, 1963: 121–127, 134).

Studies of Świda point at the fact that pupils could not develop fully at the school functioning in this way, they were conscious of small development potential, and moreover – they felt the need of the educational system reform. Numerous demands directed at the school and teachers are an evidence of the above.

The findings of researches carried out in 70's and 80's of the last century show that the tendency for negative evaluation of the school and teachers by the young people persists. Majority of those days students evaluated the atmosphere at school as definitely bad. School tasks did not require, according to their opinions, any creativity, individual ideas and solutions. The students emphasized that they had learnt the content of their course books and then reproduced information in this way obtained. Tasks undertaken by school were quite unattractive to them. In the youth's opinion, school more often awarded conscientious realization of student duties ('excellent

student') – as confirmed by 72,0% of the surveyed students, and less often courage to express one's own opinions and beliefs (6,7%). Almost 70,0% of learning students claimed that teachers preferred students who did not ask 'problematic questions' (Kośmider, 1997: 230–231).

The 70's and 80's, like the first two decades of the People's Republic of Poland (PRL), did not bring the radical changes in the Polish educational system. The pupils – as the above conclusions from surveys show, were not satisfied with their development at school. The school tasks did not release the activity and the creativity in them. The above data also shows that the teachers remained passive, they only required from pupils as much as it was provided for in the approved curriculum. This situation was very disadvantageous not only for the talented students who wanted to pursue their passions and aspirations, but also for so-called average or poorer pupils, who probably did not feel motivated for developing the creativity in themselves, expanding interests during lessons or extracurricular classes.

What comes as surprise is that teachers of these days – as results from the research carried out by Public Opinion Research Centre (CBOS) from 1986 – in definite majority (92,8%) declared that school should above all encourage students to demonstrate their initiative, and 91,4% of them were of the opinion that school's fundamental task was to award the skill of independent thinking (Raport CBOS, 1986: no 0163).

The declarations made by the teachers had nothing to do with their practical application during school lessons. The most probable obstacle in the realization of the above mentioned task must have been the Polish political system of those days (PRL), which supervised the content of knowledge provided by teachers to their students<sup>3</sup>. Lack of free flow of information among teachers and students and restrictions imposed by censorship to the education program did not favour the development of partnership bonds between teachers and students and rather – as results from the research from the 80's– application of autocratic style when working with students on daily basis. (Kośmider, 1997: 233). A very dangerous, related variety is autocratic – defensive

---

<sup>3</sup> Krzysztof Murawski notes that at the time of socialist Poland traditionally the school did not enjoy a renown or authority – which was a result of the (in)adequate state policy, forming and (deforming) curricula, selection of staff, salaries and atmosphere of distrust that were unfavourable towards the more ambitious teachers (...). Regardless of the efforts by many natural-born teachers, school taught young people "double thinking" and "double speaking": an official acceptance of the system with inner, deeply muffled dissatisfaction and rebellion. The school inaugurated official demoralisation that was further enhanced by obligatory military service and work place (Murawski, 1997:139).

style called by Janusz Reykowski – the insecurity complex. This style result from the anxiety related with defending one's authority and reflects a teacher's fear of students undermining his/her authority and disobeying his/her orders. For this reason there are undertaken action timing at keeping constant control over students and using strict punishment even for trivia failures. Students' reaction are usually various defensive behaviors consuming a lot of energy. Teachers using that style of controlling realize mainly their own objectives and fulfill their own needs – without delving into the needs of a group or individuals that are controlled by them. Overusing of this style results in the deterioration of the relationship between teachers and students and may lead to numerous open and hidden conflicts (Kośmider, 1997: 232).

In the 90s changes in the education and caring styles realized by school started to be observed. The emphasis was put on intense improvement of teachers' qualifications, extended promotion of activating methods of teaching and participation of educational institutions representatives in diverse central and international programs supporting the development of teaching competences. This caused remarkable change on the methods and quality of work at school. Nevertheless this process did not take place in all the educational sectors at the same time (Kordziński, 1998: 61). This fact was related to the inertness of traditional teaching and caring model, which despite social and political transformations in Poland after 1989 is still present in the consciousness and work of teachers in many schools.

Rich resource of empirical material from that period has been provided by Józef Kuźma, and his empirical study based on the research carried out in the period 1995–1999 in 58 schools (primary schools including first level music schools) in the region of Malopolska and Malopolska Wschodnia<sup>4</sup>.

It results from the research that to the question if teachers introduce novelties and interesting ideas in their lessons? pupils answered positively in the following schools: 29,7% at the Primary School in Zebrzydowice, 44,% at the Primary School in Myślenice, 46,4% – at the Primary School in Rajsko, 66,6% – at the Primary School in Skawinia and 70% – at the Primary School in Jeleśnia. While to the question if teachers devote their time and help weaker or excellent students after lessons pupils answered positively in the following schools: 24,6% at the Primary School in Zebrzydowice, 46% at the Primary School in Myślenice, 55,1% – at the Primary School in Rajsko, 60% – at the Primary School in Jeleśnia, 63% – at the Primary

---

<sup>4</sup> The research was of quantitative and qualitative nature. Poll method based on empirical methods and techniques constituted the basis for qualitative research. The latter ones were founded on various interviews and brainstorming session. In the research participated both teachers, pupils as well as their parents. By means of a questionnaire survey there were researched 184 teachers, 131 pupils and 837 pupils' parents. In the brainstorming sessions participated 285 teachers, 577 pupils and 52 teachers. In the research there were used 35 seminar papers (Kuźma, 2000: 135-138). In the paper herein there have been used only some parts of the research results, namely those related to pupils opinions on school and teachers.

School in Trzebowisko and 66,6% at the Primary School in Skawina. The answers provided to the further questions such as that one if students like going to school? also indicate to what extent school constructively influences its pupils' development. 55–75% of the surveyed students answered positively to this question. It is worth focusing on the distribution of the opinions related to their expectations to be offered help by teachers in difficult situations. The following numbers of pupils asked their teachers for help: 13% at the Primary School in Trzebowisko, 20% at the Primary School in Myślenice, 31,9%% at the Primary School in Rajsko, 33% at the Primary School in Skawinia, 48,6% at the Primary School in Zebrzydowice, 60% at the Primary School in Jeleśnia and surprising 100% at the Primary School Harena (Kuźma, 2000: 191).

The above distribution of answers are not unequivocal but only indicate that in particular schools students differently evaluated school's creativity. It may be observed that some of these schools (in Rajsko, Skawina, Jeleśnia), were positively evaluated by the majority of pupils (Kuźma, 2000: 191). The development potential of pupils at these schools were therefore greater than in the others. This result is a good exemplification of the thesis cited above after J. Kordziński that changes in the Polish educational system in 90's did not proceeded simultaneously in all educational sectors: in some they were more visible, and in the others – less.

The latter tendency is confirmed by analysis of graduation works of J. Kuźma carried out by the author in his book *Nauczyciele przyszłej szkoły (Teachers of the Future School)* (2000). For instance, the pupils of Primary School in Żarki claimed that in their school: novelties and interesting ideas were seldom introduced during lessons; teachers did not devote enough time for skillful students, extra mural activities were hardly ever organized (Kuźma, 2000: 191–192).

Very critical were the opinions on school expressed by the pupils attending one of schools in Cracow. From the answers provided by the pupil sit results that: only 3,5% of them entrusted teachers with their problems; 6,5% thought, that teachers from their school introduce novelties and interesting ideas into their lessons; 13% claimed that teachers offer additional lessons both good students as well as those with poorer results (Kuźma, 2000: 194).

Similar opinions were expressed by the students of the Primary School in Staniątki. Most objections were to the amount of program material and the frequency of different types of written tests controlling their work. Moreover they claimed that the majority of teachers gave additional les sons only to weaker students – as a part of compensatory classes, and seldom to more talented students unless they participated in subject competitions. Student also claimed that there are too few extra mural classes. Small rate of the surveyed students (about. 10%) confided teachers with their problems (Kuźma, 2000: 195–196).

The chances of multidirectional development of pupils in the above schools were low. Their opinions on teacher attitudes, who did not arouse passion, various initiatives in pupils, did not suggest them interesting ideas, are an evidence of it. Moreover, there

were too few extracurricular classes, during which pupils could expand their knowledge or develop other abilities. The result that such a little percentage of pupils (up to 10%) turned to their teachers with problems is also alarming.

The problem related to students' evaluation of the possibilities for development provided by modern school and their teachers was raised in the research carried out in the years 2002 and 2004 among the high secondary students from Sandomierz and Chobrzany. The results show that 60,8% of students were of the opinion that nowadays school helps students to develop their skills. In the researched period there was to observe slight strengthening of this opinion from 58,3% to 63,3%. However students lower evaluated the requirements set by their teachers. To the question: "Do your teachers require from you to be creative, to provide individual ideas and solutions?" 51,1% of students gave positive answers. Nevertheless within the period from 2002 to 2004 there was observed the decrease of positive answers from 55,7% to 46,6% (Rewera, 2008: 174–176).

Looking at the example of the secondary schools in Sandomierz and Chobrzany it is possible to conclude that about half of the pupils positively referred to the development potential that the school offers to the pupils nowadays, moreover they claimed that their teachers required a positive and creative posture from them. This result should be regarded as not half bad, however not fully satisfactory, because the remaining half of secondary-school pupils did not notice use of activating teaching methods towards them, probably assuming that they could not develop their full developmental potential at school.

J. Truskolaska carried out the pedagogical research among the students of secondary schools in Lubelszczyzna in the year 2004. The problem was: „what is the role of the researched schools at the student's free time organization?”. It appears that 77% of the students take part in classes organized after lessons. The most of them take part in these classes at their own schools. The most popular are physical exercises and all interests connected with sport. Nevertheless only 27% of the researched students state that they chose their classes in free time, because her or his teachers proposed or suggested it. At the some time 31% of the researched pupils do not take part in any classes organized at their schools. They state that these classes proposed by schools were not interesting for the pupils. Sometimes they have problem with coming to school after lessons – they have no buses or too much work at home. These factors constitute difficulties in development of youth in many villages in Poland. But in lights of that research, we can state that the school initiated, in many situations, the development of youths during the classes organized in their free time (Truskolaska, 2004: 207–227).

The findings of Truskolaska may be regarded as beneficial for the development of a pupil at school, but only to some extent. On the one hand, most of the pupils participated in the extracurricular classes at their school, however, on the other hand – every third pupil did not participate in them, regarding them as unattractive. Also the fact that it was the sports classes that enjoyed the greatest popularity with examined

pupils is alarming. Other types of classes (artistic, scientific and public activity) did not gain such renown as the sports classes. One may state that pupils in the Biała Podlaska district were satisfied mainly with their physical development. However, practising sport does not develop the entire personality of a pupil. This knowledge should force teachers from this school to reflection, whether they really did everything to encourage pupils to develop other – non sport abilities and passions.

The material presented above originates from various researches, thus it is difficult to generate general conclusions based on it. In order to verify it we should refer to the results of representative research carried out by CBOS in the years 1998–2008.

It results from them that students' opinions concerning their teachers remarkably improved: from 47% (1998) to 61% (2008) the number of students claiming that the majority of teachers attempt at teaching them individual thinking increased; the number of students positively evaluating teachers behaviour (as fair and tactful) increased from 32% to 44%; the percentage of students convinced that all or the majority of teachers talks with them openly about their problems and conflicts at school and the ways to solve them increased from 26% to 37%; the number of young people of the opinion that the majority of teachers do not care about teaching them something decreased from 21% to 16%; the number of students claiming that teachers are interested only in teaching skillful students and neglecting weaker students decreased from 39% to 32%. These changes are particularly visible when juxtaposing the results of the research from the years 1998 and 2008. From the five-year perspective (2003–2008) the scale of changes seems smaller, however it is present and should be included in the above described tendency (Kalka, 2009: 29–30, 32–34, 46–48).

To sum up, one may state that opinions on the work of teachers and their attitude to pupils improved considerably in period 1998–2008. This improvement in the large degree was registered at vocational high schools and technical colleges, whereas in the smallest – at fundamental vocational schools. The most noticeable increase in the developmental opportunities for the pupils was at high schools and vocational high schools, i.e. at schools, which nowadays prepare a pupil for studying at the universities. At fundamental vocational schools certain stagnation was noted – inertia of traditional teaching methods, which were often criticised by pupils in the period of the People's Republic of Poland (PRL), and the use of which was reflected most likely in low pupil evaluations concerning schools of this type. It seems that this area of education requires bigger intervention, reform and integrating the education with the remaining levels of education. However, it does not change the fact, that in the light of the opinion of pupils themselves, something started to change in the Polish educational system in period 1998–2008. Their opinions on teachers, who made attempts to teach them the independent way of thinking, improved: the teachers were more willing to have discussions with their pupils about the problems that troubled them, moreover they were not only interested in the above-average pupils, but also in the individuals who achieved poor results in learning.

Similarly as observed in the evaluation of relationship between students and teachers there was noticed increasing number of positive opinions in reference to school as important institution in every student's life. Within the period of ten years (1998–2008) the dynamics of opinions indicates the improvement of school image in students' opinions. While in 1998 32% of students perceived school as providing them with great opportunities to find attractive work after graduation after ten years the rate of students confirming this opinion increased 52%. Thus school is becoming better to prepare young people to function in the labour market. To less extent there is to be observed the improvement of educational function of school in students opinions: in 1998 more than half of students (53%) claimed that satisfactorily prepares them to continue their education at higher levels, while in 2008 this opinion was shared by 66%, thus 13% more surveyed students (Kalka, 2009: 29–30, 32–34, 46–48).

It results from the above CBOS (Public Opinion Research Centre) surveys that in the opinion of pupils a positive evaluation of the school increased, both in terms of opportunities provided by it for getting an attractive work after graduation, and preparation for further education at the higher education level. However, one should take into account the fact that the evaluation of the educational function of the school did not improve so considerably as the function of the professional pre-orientation. Nevertheless this result does not provide grounds for the complete diagnosis of the opportunities of multidirectional development of a pupil at school.

The research results from the last fifty year period presented in the paper herein prove that until the 90s of the XX century negative evaluation of teachers work and school functioning in general was prevalent, nevertheless in the last decade this evaluating opinions significantly improved. However this thesis is fully justified in the light of representative results obtained by the CBOS. The other surveys made in the 90's and after 2000, which were presented in this study, show that rather an ambivalent attitude of pupils towards the school as an institution, which should provide pupils with the multidirectional personal development, persists. This situation probably results from the fact that the Polish educational system is still in a process of change, transformation, modernisation and this process is still not completed, however it makes its way in the direction of a "good school"<sup>5</sup> that is pupil friendly, one that is identified by contemporary teachers as a school of the future.

---

<sup>5</sup> A good school "provides its members with multidirectional development, existence in a society, and hence it introduces into life reasonably, it allows to reach the truth, grow up in good and feel the beauty" (quoted after: Daszykowska, 2010: 32; com. Denek, 2005: 21). Formation of the pupil personalities is a partial objective of a good school, as its main purpose is to make pupils "responsible for their own development, preparation for self-creation and taking advantage of personal resources at all stages of development, in various situations and circumstances of everyday life" (Daszykowska, 2010a: 32).

## Assumptions and Strategies of the Polish School Development

On the basis of the findings presented in the first part of the study we can state that the school in Poland has not always performed the functions and duties entrusted with it, according to the needs and possibilities of pupils (it took place, for example, in the period of “blooming” socialism in Poland, when the contents of education were subordinated to the needs of the system). As the research findings show, the most frequent problem was malfunctioning communication: between teacher and pupil, the pupils were treated unfair (those more talented were favoured, those with worse grades were censured), top-down curriculum was imposed, mainly expository (memory) methods of work were used, classes were not attractive for the pupils. The teachers were characterised with a “complex of endangered authority”, they applied rigour and discipline, they disregarded pupil opinions.

The education reforms in the 90’s of the 20<sup>th</sup> century effected raising the quality of work of the Polish school, first of all towards: changes in teaching methods to problem-oriented methods, a need of the individuation and development of a pupil creativity were noticed, as well as the need of the teacher’s professional training. A problem of the excessive contents and of class-lesson system of the education has not been solved in the curricula yet. Poland access to the structures of the European Union in 2004 was a milestone with respect to the school transformation, which was connected with adapting the education to the European standards. Implementation of guidelines of the Bologna Process is one of many determinants of this task. Simultaneously, it is an evidence of efforts for the European dimension of the Polish school.

What does the educational system look like in Poland currently? In the school year 2009/2010 almost all pupils in Poland attended the public schools. The state budget is the funding source of the education, the non-public schools may be financed partially by private entities and foundations. Proprietary curricula are allowed at non-public schools. Since 5<sup>th</sup> May 2006 two departments of education have existed in Poland: the Ministry of National Education (MEN) and the Ministry of Science and Higher Education. MEN is responsible for the entire educational system except for the higher education. At present vocational schools are subordinated to MEN, only the artistic schools and young offenders' institutions, are subordinated to the Ministry of Culture and the Ministry of Justice, respectively. The pre-school education in Poland starts at the age of three. 5-year old children were covered by the compulsory pre-school education in the school year 2011/2012. Since 1<sup>st</sup> September 2011 the schooling obligation has been covering also the pupils at the age from 6 up to 16. The learning obligation lasts until the age of 18. Education in public schools is free of charge. In the forms 1–3 an integrated education is carried out, subsequently education at the primary school in forms 4–6, and then at the junior secondary school in forms 1–3. At

the end of a primary school and a junior secondary school the pupils are subject to an external evaluation, they take a competence test (13-year old) and examination (16-year old). The non-compulsory education includes: comprehensive secondary schools, specialised secondary schools, technical colleges, basic vocational schools, supplementing comprehensive secondary schools, supplementing technical colleges and post-graduate schools. In the school year 2009/2010 the highest number of pupils attended comprehensive secondary schools (658,100). In the same year 461 public and independent universities existed in Poland, in which 1,900,000 students were educated. The higher education consists of 3 levels: undergraduate studies, master's and doctoral studies. Disabled pupils in Poland constitute 1,69% of persons covered by the school obligation, special education or an education in the integrated schools (classes) is provided for them. A teacher in Poland must have a degree and the so-called pedagogic preparation. At present computer skills and knowledge of a foreign language at B2 or B2+ level according to the Common European Framework of Reference for Languages are required. The teachers go through a 4-step system of the professional promotion, and for outstanding achievements they may obtain the honourable title of professor of education (See: Komisja Europejska 2011a).

The assumptions of the developmental strategy (for years 2007–2013) are systematically implemented in the educational system in Poland, among others: equalisation of educational opportunities; counteracting phenomena of social pathology; adaptation of contents and methods of teaching to the potentials of the pupils; improving efficiency of school management; raising the quality and implementing modern teaching methods; opening schools to lifelong education; promoting the model of “open school”; removing educational barriers for persons with disabilities; changes in the vocational training, among others within the scope of strengthening the role of crucial competences; preparing for the mobility of the international educational space; popularising the lifelong education; increasing the role of the cultural education; providing pupils with the wider access to the consulting and the education-professional counselling (See: Komisja Europejska 2011b).

Priority actions as a part of the development of the education were included in the National Reform Programme for years 2008–2011 for the Lisbon Strategy Implementation. Within the frameworks of the programme tasks were undertaken, such as: preparation and implementation of a strategy of lifelong learning; reform of higher education; improvement of quality and effectiveness of education; popularising preschool education, particularly for 5-year olds; modernisation of the system of the vocational training; popularising modern methods of the communication in the process of education and self-education; implementation of innovative programs and methods of education into the methodology of teaching; strengthening the professional status of teachers; etc. (See: Komisja Europejska 2011b).

Education development strategy for years 2007–2013 does not meet the criteria of a consistent strategy of lifelong learning, and therefore programming the development of the education is undertaken over the period until 2020. It emphasises learning through all forms of education, education personalisation (adaptation to the potential of the learners), introducing into lifelong education. Over a few last years, the changes in the Polish school have already been visible. Within the frameworks of the education quality improvement the new core curriculum was implemented at schools – formulated in the language of effects (operational objectives), competences were divided between the governing authority and the pedagogic supervision, international branches were introduced (in such classes teaching complies with the curriculum established by a foreign educational institution). Changes designed and carried out are supposed to make the school demanding from a pupil in a friendly way, which will take good care of them, which will give them a sense of security, will guarantee specific results of studying, will educate with the help of new technologies (e-school), etc. (See: Komisja Europejska 2011b).

This short characteristics of education indicates progress, which has been recently made in the Polish educational system. However, does the Polish school correspond to the contemporary educational assumptions, particularly does it support the multidimensional development of a pupil?

In the latest educational concepts it is assumed that a school is supposed to be an institution which is dynamic, modern, open, quickly reacting to changing reality, focusing on all pupils – those outstanding and more poorly learning ones. It is assumed to be a place of multidirectional development of a pupil's personality and preparing them for taking advantage of their potential in building a successful life. It is present time and future oriented, it teaches about them in real perspective, and teaches getting to know the value and meaning of the life and the essence of happiness (Denek, 2006: 86, 90). The good school opts for a total education – which is comprehensive, complete, universal, global, overwhelming and integrating as well as constructive, i.e. able to shape the independent critical and creative thinking and acting by its participants, to create the planned and controlled course of life by them (quoted after: Daszykowska, 2010c: 207; com. Rewera, 2010: 337–338, 340–341).

The quality of a school work understood as the commitment and the responsibility of the entire team of people (so-called “pillars of quality school”) (Bonstingl, 1995: 58–59) achievement of the planned purposes, permanent improving actions, satisfaction of needs of its community, are decided by the entities contributing to it (Dzierzgowska, 2001: 271). It is assumed to support shaping the exceptional environment, with a peculiar culture of thinking, functioning, undertaking and solving problem by its members (Petersom, Deal 2009: 9). D. Tuohy determines the school culture perceived in this way as a “soul”. Its foundation is a common for everyone system of values, patterns of behaviour, norms, standards, tradition, on the basis of which feeling of school

community identity is developed (quoted after: Szczecińska, 2010: 150). The unique social climate at such a school, is conducive to effective realisation of education as well as demonstrates the subjectivity of members contributing to it (Daszykowska, 2010b).

*A Report on the Education. Society on Its Way to Knowledge*, drawn up in 2010 by the Instytut Badań Edukacyjnych (Institute of Educational Studies) reveals problems and prospects of the development of the Polish school. This report is concentrated on the pre-school and early-school education as well as on the main secondary school subjects, treating them as the foundation for the development of the crucial competences (Instytut Badań Edukacyjnych 2010).

The synthetic concept of the document contents allows to demonstrate the current problems as well as qualitative changes in the school system in Poland. The authors of the report signalize that on one the hand the international studies, for example: PISA<sup>3</sup> draw attention to the considerable increase in education quality in Poland, on the other hand – analysing them reveals huge scope for activities and the need of changes at school. The following problems are classified as the current problems of the Polish school, among others: too small individuation of teaching, misuse of teaching methods by the teachers, insufficient preparation of teachers for gradual diverging from the class-lesson division, unsatisfactory pressure on the development of interests of pupils (Instytut Badań Edukacyjnych 2010).

## Examples of Actions Implementing a Change and Innovation in the Polish School

If a Polish school wants to compete with other European schools, it must adapt to the presently binding educational standards. The attempts at practical use of psychological and neuroscience achievements in education are a novelty. Because it is assumed that they can bring a new „spirit” to the school, change the way the developmental and educational potentials of pupils are perceived by the teachers, influence on making school classes more attractive through the mobilisation of pupils, developing them multi-dimensionally and shaping the positive attitude towards the lifelong education. The first actions have already been taken, the examples of them are mentioned in this article.

In the years 2005–2007 the Akademia Świętokrzyska (Świętokrzyska Academy) (at present University of Jan Kochanowski in Kielce) carried out the country's biggest research project *A Six-Year-Old Child on the Threshold of the School Learning*. This

---

<sup>3</sup> PISA is an abbreviations for Programme for International Student Assessment – international survey coordinated by OECD. Its objective is to obtain comparable data on skills of pupils who turned 15 in order to improve quality of teaching and organisation of educational systems. In 2009 reading was evaluated. PISA 2012 shall evaluate mathematical skills, PISA 2015 shall place emphasize on pure sciences skills (See: OECD 2009).

project was prepared by the European Development Agency and was the first one in Poland. About 70,000 6-year old children, 70,000 parents of those children and 6,000 teachers of pre-school and early-school education were examined. A national report *Six-Year-Olds in Poland* and 16 provincial reports gave ground for determining the new educational policy of the state in this area (Europejska Agencja Rozwoju 2012).

Very essential contribution in creating conditions for the development of pupils from countryside areas was made by *Programme of Education Development in Rural Areas for the Years 2008–2013*. It supplements the *National Strategic Plan of the Development of Rural Areas for the Years 2008–2013*. This programme assumes increase in the quality and the level of education of countryside inhabitants, particularly: promotion of the development of the youngest children, popularising the preschool education, enhancing competence of teachers, increasing the access to education for persons with disabilities, aspiring for more effective use of the school base in rural areas, enabling pupils and rural population with access to new technologies, etc. (Ministerstwo Edukacji Narodowej 2008).

Poland implemented the greatest educational EU plan *The First Pupil's Experience with Way to the Knowledge*, carried out by Grupa Edukacyjna SA from Kielce. The Minister of Regional Development recognised the innovation of the project in the *Good EFS Practice* competition, honouring it with *Best Investment in People* award. 2,700 schools from the area of six provinces were covered by the project, 142,000 pupils participated in it over the span of 3 years, and 8,250 teachers were instructed in respect of carrying on Project Centres of Interests of *Talent-Spotting Zones* at schools. The project is supervised by educators and provincial coordinators. The project's objective is popularisation of a nationwide educational model adjusted to the needs and learning style of any pupil, enabling each child to achieve successes, not only at school (Edufakty, 2011). The project refers to the Theory of Multiple Intelligences by H. Gardner, who distinguished eight human intelligences, which can be developed and improved. Such an opportunity is created by education (the greatest effectiveness in this respect is achieved in pre-school period and the first years of school education). In accordance with the aforementioned theory, work with children at school consists in creating a rich (in a sense of multiple stimulation) educational environment, i.e. creating such conditions, which enable children to manifest all types of intelligence; as opposed to the so-called school intelligence (See: Gardner 2002: 106, 109). The project realisation is carried out in accordance with the above listed assumptions.

The schools, institutions supporting their activities, undertake many actions of this type, i.e. projects with the use of EU funds, innovative programmes, scholarship system for the most talented pupils, or activities supporting pupils with difficulties in learning – all to create conditions for multidimensional development of children and youth and to build the modern school of the 21<sup>st</sup> century, at the same time. The present school year 2011/2012 is conducive for their realisation, as – in accordance with MEN

decision – it is *School Year with Passions*. Therefore it is becoming an objective to encourage as many participants as possible to involve actively in creating rich educational offer, and by means of it to change the school's image so that it becomes a place that is increasingly friendly and liked by pupils. The main principles realised in this year are: “a pupil is the priority”, “parents are co-creators of the school”, “a teacher awakens pupils' passions”, “headmaster is the leader of progress at school” (Ministerstwo Edukacji Narodowej 2011).

It should be added that transformations of the Polish school take place at every level, also at the level of higher education. The amended Higher Education Act came into force on 1<sup>st</sup> October 2011 [Ustawa z dnia 27 lipca 2005 r. Prawo o szkolnictwie wyższym (Dz. U. Nr 164, poz. 1365, z późn. zm.)]. Its regulations shall become effective successively: most of regulations became effective on 1<sup>st</sup> October 2011 and some on 1<sup>st</sup> January 2012. Others shall come into force from 1<sup>st</sup> October 2012, 1<sup>st</sup> January 2013 and 1<sup>st</sup> October 2013. The reform: strengthens curriculum autonomy of universities – they will be able to prepare proprietary programmes and specialisations, integrating knowledge of various disciplines; points out connection between a university and the economic and social surroundings as well as global science; in a larger degree it makes financing the higher education dependent on the quality of student education and the standard of scientific researches; it simplifies an academic career path. The act strengthens the student rights through an obligatory contract concluded with a university, guarantees a catalogue of free-of-charge administrative services; it increases the number and amount of social scholarships for the poorest students; entitlement to a second specialisation is maintained by the students with good grades, however new law shall preclude students with low grades or who do not care about their grades from studying more than one and sometimes more than ten majors at cost of the state. The Act shall appoint a Graduate Ombudsman, who will watch over better start of the graduates in the labour market, in case of regulated professions, they will make endeavours to lift profession access barriers [Ustawa z dnia 27 lipca 2005 r. Prawo o szkolnictwie wyższym (Dz. U. Nr 164, poz. 1365, z późn. zm.)].

More and more often in educational circles – MEN, MENiS, theoreticians and practitioners of education and related fields – discuss a project concerning neurological grounds of bringing up and educating pupils as well as the need of creating a bridge between the everyday practice of teaching and learning at school, and the sciences which deal with examinations of the brain, above all with brain physiology and neurology (See: Sawiński, 2005: 30–32). In a strongly concise form one can say that the term of “unteachability” should disappear soon, or problems in learning as justification of poor results achieved by pupils at school, because in the context of neuropedagogy the problems with learning can be described as learning using ineffective strategies. Within the frameworks of this concept one tries to justify the need of applying neurological concepts which would resolve a lot of educational problems (recognition of developmental potential of a pupil, recognising learning preferences, awakening the

need of self-improvement, promotion of intelligence development and the personal development through the whole life, etc.), they are, among others: Educational Kinesiology (alias Dennison method), Neuro-Linguistic Programming (NLP), Sensory Integration (IS), Conception of the Emotional Intelligence of D. Goleman or the above mentioned Theory of Multiple Intelligences by H. Gardner (quoted after: Taraszkiewicz, 2005: 19–21).

## Summary

Frameworks of this article do not exhaust the problem. Only an outline and examples of changes of the Polish school in the time perspective (in the light of findings) and program presentations were expressed. They are meant to support the multidimensional development of pupils, equipping them with learning competences for their entire life, enabling the self-fulfilment. There is still a lot to be done, however it may be certainly stated that the education in Poland is directed towards the European model, it opens itself to new concepts and innovations in the educational theory and the practice. This gives the basis to think that in the nearby perspective it will be justified to assign a name of “school of the future” to it.

## References

- Bonstingl, J. J. (1995). *Szkoły jakości. Wprowadzenie do Total Quality Management w edukacji*. Warszawa: CODN.
- Daszykowska, J. (2009). “Scholiologia” Józefa Kuźmy szansą dla przyszłej szkoły. *Spoleczeństwo i Rodzina*. 21 (4) p. 170–175.
- Daszykowska, J. (2010a). Jakość życia dziecka w perspektywie pedagogicznej, In: Nowosad, I & Mortag, I & Ondráková, J (eds). *Jakość życia i jakość szkoły*. Zielona Góra: Oficyna Wydawnicza Uniwersytetu Zielonogórskiego.
- Daszykowska, J. (2010b). *Rola szkoły w kreowaniu jakości życia ucznia*. (Unpublished materials).
- Daszykowska, J. (2010c). School as a Place of Education for Free Time. *Journal of Educational Review*. Vol. 3. No 2. p. 221–224.
- Denek K. (2005). *Ku dobrej edukacji*. Toruń-Leszno: Wydawnictwo Edukacyjne Akapit.
- Denek, K. (2006). W stronę dobrej szkoły. In: Muchacka, B (ed.) *Szkoła w nauce i praktyce edukacyjnej*. Vol. 1. Kraków: Oficyna Wyd. „Impuls”.
- Dzierzgowska, I. *Mierzenie jakości pracy gimnazjum*. Warszawa: CODN.
- Edufakty. (2011). *Każde dziecko jest zdolne*. Available from: <http://edufakty.pl/download/ef05/40.pdf>. [Accessed: 30st December 2011].
- Europejska Agencja Rozwoju (2012), *Wielointeligentna edukacja*, Available from: <http://radosnaoferta.pl/> [Accessed: 30st December 2011].

Gardner, H. (2002). *Inteligencje wielorakie. Teoria w praktyce*. Translated by Janowski A. Poznań: Media Rodzina.

Instytut Badań Edukacyjnych. (2010). *Raport o stanie edukacji. Społeczeństwo w drodze do wiedzy*. Available from: <http://eduentuzjasci.pl/pl/raport-o-stanie-edukacji-2010>. [Accessed: 30st December 2011].

Kalka J. (2009). Młodzież a szkoła, In: *Opinie i diagnozy*. 13: Młodzież 2008. Warszawa: Centrum Badania Opinii Społecznej, p. 29–30, 32–34, 46–48.

Komisja Europejska (2011a). *Systemy Edukacji w Europie, Sierpień 2011*. Polska czerwiec 2011. Available from: [http://eacea.ec.europa.eu/education/eurydice/documents/eurybase/national\\_summary\\_sheets/04\\_7\\_PL\\_PL.pdf](http://eacea.ec.europa.eu/education/eurydice/documents/eurybase/national_summary_sheets/04_7_PL_PL.pdf). [Accessed: 30st December 2011].

Komisja Europejska (2011b). *Organizacja systemu edukacji w Polsce 2009/2012*. Available from: [http://eacea.ec.europa.eu/education/eurydice/documents/eurybase/eurybase\\_full\\_reports/PL\\_PL.pdf](http://eacea.ec.europa.eu/education/eurydice/documents/eurybase/eurybase_full_reports/PL_PL.pdf). [Accessed: 30st December 2011].

Kordziński J. (1998). *O 1/3 za dużo*. Nowa Szkoła. 6, p. 61–62.

Kośmider J. (1997). Relacje uczniów z nauczycielami, In: Fatyga, B. & Tyszkiewicz A. (eds). *Dzisiejsza młodzież. Stereotypy i rzeczywistość po 1989 roku*. Warszawa: Ośrodek Badań Młodzieży Uniwersytetu Warszawskiego i Fundacja Rozwoju Systemu Edukacji Ministerstwa Edukacji Narodowej.

Kulisiewicz, Cz. (1985). *Paradygmaty i wizje reform oświatowych*. Warszawa: PWN.

Kuźma J. (2000). *Nauczyciele przyszłej szkoły*. Kraków: Wydawnictwo Naukowe Akademii Pedagogicznej.

Kuźma, J. (2008). *Nauka o szkole. Studium monograficzne. Zarys koncepcji*. Kraków: Oficyna Wydawnicza „Impuls”.

Łuka M. (2008). Wychowanie do innowacyjności jako zadanie pedagogiki katolickiej, In: Zimny, J. (ed.). *W kierunku pedagogiki katolickiej*. Stalowa Wola: KUL Jana Pawła II, WZNoS.

Maliszewski W. J. (2010). Komunikacja społeczna w szkole. Perspektywa jakości pracy szkoły i w szkole, In: Nowosad, I. & Mortag, I. & Ondráková J. (eds). *Jakość życia i jakość szkoły*, Zielona Góra: Oficyna Wydawnicza Uniwersytetu Zielonogórskiego.

Ministerstwo Edukacji Narodowej (2008). *Program Rozwoju Edukacji na Obszarach Wiejskich na lata 2008–2013*. Available from: [http://bip.men.gov.pl/men\\_bip/programy\\_projekty/pprew\\_2008-2013.pdf](http://bip.men.gov.pl/men_bip/programy_projekty/pprew_2008-2013.pdf). [Accessed: 30st December 2011].

Ministerstwo Edukacji Narodowej. (2011). *Szkoła z Pasją*. Available from: <http://www.szkolazpasja.men.gov.pl/index.php/7-wazne/32-rok-szkolny-20112012-rokiem-szkoly-z-pasja>. [Accessed: 30st December 2011].

Murawski K. (1997). *Czy autorytety w Polsce upadają? przyczynek do teorii suwerenności*. *Ethos*. 1(37), p. 133–143.

Nalaskowski A. (1998). *Nauczyciele z prowincji u progu reformy edukacji*. Toruń: Wydawnictwo Adam Marszałek.

Nowosad I. (2010a). Tworzenie programów szkolnych jako narzędzie doskonalenia praktyki, In: Nowosad, I. & Mortag, I. & Ondráková J. (eds). *Jakość życia i jakość szkoły*. Zielona Góra: Oficyna Wydawnicza Uniwersytetu Zielonogórskiego.

Nowosad I. (2010b). Współpraca nauczycieli z rodzicami i szkoły ze środowiskiem lokalnym, In: Nowosad, I. & Mortag, I. & Ondráková J. (eds). *Jakość życia i jakość szkoły*, Zielona Góra: Oficyna Wydawnicza Uniwersytetu Zielonogórskiego.

OECD, (2009). *PISA 2009 Results. What Students Know and Can Do*. Student performance in Reading, mathematics and science. vol. 1. Available from: [http://www.solidarnosc.org.pl/oswiata/attachments/357\\_pisa.pdf%20.pdf](http://www.solidarnosc.org.pl/oswiata/attachments/357_pisa.pdf%20.pdf). [Accessed: 30st December 2011].

Petersom, K. D., Deal, T. E. (2009). *The Shaping School Culture Fieldbook*. San Francisco: Jossey-Bass

Raport CBOS. (1986). *Opinie nauczycieli o sobie, szkole i młodzieży*. 0163.

Rewera M. (2008). *Autorytety w świadomości młodzieży licealnej*. Stalowa Wola: KUL Jana Pawła II.

Rewera, M. (2010). Possibilities of Students' Development in Polish School. *Journal of Educational Review*. Vol. 3. No 3. p. 337–341.

Sawiński, J. P. (2005). *Dlaczego priorytetem jest „Nauka o ludzkim mózgu”?* Nowa Szkoła. 8. p. 30–32.

Smarzyński H. (1987). *Szkoła jako środowisko wychowawcze*. Warszawa-Kraków: PWN.

Szczecińska, D. (2010). Kultura organizacyjna efektywnej szkoły. In: I. Nowosad, I. Mortag, J. Ondráková (eds). *Jakość życia i jakość szkoły*. Zielona Góra: Oficyna Wydawnicza Uniwersytetu Zielonogórskiego.

Szymański M. (1996). *Selekcyjne funkcje szkolnictwa a struktura społeczna*. Warszawa: Instytut Badań Edukacyjnych.

Świda H. (1963). *Młodzież licealna*. Warszawa: Wiedza Powszechna.

Taraszkiewicz, M. (2005). Neuropedagogika – edukacja XXI wieku. Trendy uczenie się w XXI wieku. *Internetowy magazyn OCDN*. 1. p. 19–21.

Truskolaska J. (2004). Sposoby spędzania czasu wolnego młodzieży ponadgimnazjalnej ze środowisk wiejskich powiatu bialskiego. In: Marchel, J., Nowak, M. (eds), *Zapotrzebowanie a oferta edukacyjna w lokalnej polityce oświatowej*, Biała Podlaska: Wydawnictwo PWSZ w Białej Podlaskiej.

*Ustawa z dnia 27 lipca 2005 r. Prawo o szkolnictwie wyższym* (Dz. U. Nr 164, poz. 1365, z późn. zm.). Available from: [http://www.nauka.gov.pl/fileadmin/user\\_upload/szkolnictwo/Reforma/20110523\\_USTAWA\\_z\\_dnia\\_27\\_lipca\\_2005.pdf](http://www.nauka.gov.pl/fileadmin/user_upload/szkolnictwo/Reforma/20110523_USTAWA_z_dnia_27_lipca_2005.pdf). [Accessed: 30st December 2011].



## **MIGRATION AS A FACTOR TO INCREASE HUMAN CAPITAL**

**Zhanna Derii**

Ph.D. in economics, Chief of Theoretical Economics Department,  
Chernihiv State Technological University, Ukraine

*jannet\_d@ukr.net*

### **Abstract**

The article is devoted to the analysis of migration processes which have been taking place in Ukraine lately. The author determines the main factors that influence the migration movements, and considers the consequences of migration for modernization of the economy and society. The features characteristic to capitalization of labour-resource potential in the economic system which is based on migration are determined. The author deals with the implications of the migration process and proposes the migration policy measures, which should be a source of human capital building and a powerful stimulus to human development.

**Key words:** *capitalization, development, human capital, migration, modernization, increase of capital*

### **General Characteristic of the Problem**

Globalization processes and the need to modernize the Ukrainian economy are accompanied by a number of qualitative changes, incl., structural transformation in the markets for factors of production. The origins of the creative economy and innovation of modern development primarily affect the state of national and global labour markets, which is reflected both in qualitative and quantitative changes of the economic system. The Ukrainian labour market appeared to be unable to resist the modern processes, migration of the population in particular. Therefore, the national priorities of socio-humanitarian development are focused on creating favourable conditions for human development, their potential, ensuring the realization of citizens' aspirations to build social relationships that are based on freedom, equality, justice and responsibility (Проект Концепції гуманітарного розвитку України, 2009:2).

One of the human rights says that a person has the right to travel, which in fact guarantees the freedom to live and work in the country of choice. However, the migration processes of the 90s-2000s in Ukraine became chaotic and almost uncontrollable. This has led to the fact that the economy suffered from decrease in the number of qualified workers, the amount of labour; family ties have been breached,

there have been social and family conflicts, meaning that the society had begun to lose the already-formed, high-quality human capital.

According to the International Organization for Migration, in 2010, there were 214 million migrants worldwide or 3.1% of the total population of the world, incl., Eastern Europe and Central Asia – 25.6 million workers.

Human capital, as an intense and complex factor in the development of economy and society, includes labour resources, knowledge, elements of the intellectualization of labour and habitat. Accumulation of human experience and knowledge occurs thanks to human mobility. A migrant enriches himself with knowledge, which can later be used in his home country. There is transformation of own investments into the human capital. This automatically leads to its growth, meaning that migration can potentially become a factor affecting growth of human capital.

In the context of globalization of socio-humanitarian space a contradiction between foreign and domestic vectors of social development disappears. Problems, both internal and external, are closely intertwined and humanitarian spheres start turning into a system-forming factor and strategic imperative growth of human capital through the migration processes.

## Socio-economic Consequences of Labour Migration

Nowadays 6.5 million migrants work abroad, representing 14.4% of total population, of which 67% are men, and 33% – women. According to the IOM (International Organization for Migration), 54% of Ukrainian migrants work in construction industry, 17% – in the house care, and 9% in commerce and agriculture, 6% in production, while 4% are employed in other kinds of work. Most of the Ukrainians, who leave the country, come from Zakarpattia and Chernivets'ka regions, and least – from Kyiv'ska, Odes'ka, Zhytomyr'ska, Kirovograd'ska, Poltava'ska and Dnipropetrov'ska regions.

The main factor that influences the structure of such migrations is disproportion of regional development. The average income in Donetsk region is 683 dollars per capita, and in Chernovtsy 352 dollars, as a consequence of activated moving from the western regions of the country. The proximity to the border with the EU, well established migration and cultural ties also contribute to such situation (Міграція в Україні. Факти і цифри. Міжнародна організація міграції, 2011:2).

The economic system is affected both by external and internal migration. As a result of displacement, the gender – age structure and professional structure of the workforce change, there is a redistribution of labour resources within the country between its regions.

Labour migration in contemporary Ukraine has three directions:

- migration of Ukrainian citizens abroad;
- migration of foreign citizens in Ukraine;
- internal labour migration.

Geographically, the migration of Ukrainian citizens abroad is directed at Russia and European countries. This trend of migration is stable and traditionally taking into account geographical factor, kinship, the population of the western region of the state in most part goes to Europe and the eastern region – to Russia. Along with Germany, India, Russia, Great Britain, Ukraine is characterized as a country which has the largest number of both immigrants and emigrants as compared with other countries in the world. Now the country has a positive balance of migration, but the society suffers from illegal migration, which results in activation of criminals, exacerbation of social problems within the society, upraise of human intolerance towards people of other nationalities.

Ukraine, as a transit country, during the years of independence, felt all the negative effects of stationary and labour migration: population decline, illegal immigration, changing of the labour market, the loss of the scientific elite, violation of family ties, etc.

Migration has both positive and negative consequences, particularly, if the country has a negative balance of migration, it is not only losing population, in fact, it is losing economically active population in the reproductive age (*Table 1*).

*Table 1*

**Demographic Indicators and Migration in Ukraine\***

Year	Total population, thousands of people	Indicators of migration		
		Internal migration, thousands of people	External migration, people	
			Entered	Left
2002	48457.1	717532	42473	76264
2003	48003.5	722544	39489	63699
2004	47622.4	750812	38567	46182
2005	47280.8	723642	39580	34997
2006	46929.5	721655	44227	29982
2007	46646.0	711785	46507	29669
2008	46372.7	673467	37281	22402
2009	46143.7	609902	32917	19470
2010	45962.9	652639	30810	14677
2011**	45778.5	529589	25352	12043

\* Completed from (*Міграційний рух населення, 2011*)

\*\* Preliminary data

The data represented in the table above illustrates the demographical situation in Ukraine, which has a strong tendency to deterioration. Against the backdrop of the population decrease, the outflow of labour abroad reduces the accumulated human capital. However, reducing the needs of citizens in labour migration is possible by creating decent living conditions, employment and effective social policy in Ukraine. The process of internal migration slightly reduced in volume, but still continues to develop. There are several factors that constrain it: poor transport security, territorial disparity between the place of contributions to the budget and a place of receiving social services and the formation of demand for goods and services.

The main problems that affect the processes of human capital growth, capitalization of value of work resources are: reduced fertility, deterioration of health, aging nation, significant differentiation of regions in terms of human development, the problem of regulation of migratory movement. Recently, while reducing the amount of permanent migration, the volumes of internal and external labour migration, transit migrants, including illegal ones, increased. For a significant part of the population, migration became a chance to survive and provide normal living standard for a family to maintain their knowledge and skills at the appropriate level. Positive balance of migration is provided by exceeding the number of people entering the country over those who leave the country, stimulating the arrival of the working population in Ukraine.

Thus the current situation shows that the structure of the labour force of Ukraine formed a segment for which the migration is the main type of employment. Labour migration has become an alternative to constant travelling and occurs among the nearest neighbours. Migrants abroad are trying to maximize revenue from the sale of their workforce while minimizing costs. As a consequence of this decision, they agree to accept low working and staying conditions. Among the markets of production factors, the labour market in general and formation of the labour supply are most significantly affected by migration.

## **Possibilities of Increasing Human Capital through Migration**

The source of population growth in the country (if it is an open system) is a natural movement and migration. Migration specifically affects the demographic situation in the society and multiplicatively – the human capital. Specificity is manifested in the fact that migratory flow is unstable and may fluctuate. A migrant, moving to another country, tries to adjust to living conditions and work. Thereby, he/she shows greater adaptability to the conditions of existence.

M. V. Ptukha wrote: “When relocation process occurs, natural selection comes into place. People who moved to the city in search for a job possess an average vitality

greater than those who remained in rural areas” (Пetryха, 1960: 281). The role of migration may be greater than most of its performance: by creating families, giving birth to children, migrants increase the population in the country.

Through carrying out the remittances to the homeland, migrants stimulate demand for goods and services; this way the whole system starts working: supply, income taxes, revenues increase, etc., the money earned overseas is used to start new business, get education or provide it to children.

By 2050, the number of international migrants could reach 405 million people, as stated in the report by the International Organization for Migration (Шлайн, 2010:1). One of the reasons for such a powerful flow of migrants is changes in climate and labour shortages. Therefore we can say that migration is a potential source of labour resources and human capital for the country. Migrants make a significant contribution to the development of their countries of residence and countries of origin. The volume of migrants’ remittances to developing countries is about 316 billion dollars, thus migration has a significant impact on the economy and the processes of human development. According to the International Organization for Migration, with such growing rates of migration, the countries of origin may eventually become the countries of destination, and this fact itself can be a potential source of growth of human capital. In 2011, Ukraine increased its ranking from 89<sup>th</sup> to 82<sup>nd</sup> place in the classification of countries in terms of economic competitiveness. The leader in this ranking is Switzerland, and among the former Soviet Union countries: Estonia ranks 33<sup>rd</sup>, Lithuania –44<sup>th</sup>, Azerbaijan – 55<sup>th</sup>, Latvia – 64<sup>th</sup>, Russia – 66<sup>th</sup>, Kazakhstan – 72<sup>nd</sup>, Moldova – 93<sup>rd</sup>.

The position of the country shows the accumulated human capital, which now brings the return in a form of a competitive economy on the world markets. You should seek every opportunity to build human capital, as in the long run it will have a multiplicative effect on all spheres of society.

To reduce the negative impact of migration movements and to turn it into a stable factor of human capital growth, the National Strategy for Economic Development includes the actions aimed at reduction of migration, strengthening the fight against illegal immigration, increasing opportunities for legal employment of the citizens of Ukraine abroad and ensuring their social protection, development of social programs for adaptation of citizens who returned to their homeland, their employment in their own business, retraining, as well as overcoming disparities between regions of the country by promoting internal migration.

Choosing the priorities of migration policy, it is necessary to consider the fact that we have to slow down depopulation, keep the number and structure of the population in the amounts required for the organization and execution of social production, save mentality and identity of the Ukrainian people.

Internal migration can be considered as an alternative to external migration, because it provides the opportunity to give up external migration journeys to find job, and this is one of the sources of growth of human capital.

In accordance with the accepted methodology, to determine the value of human capital, a number of components that affect the final value are taken into account. The first to mention is the quantitative element of human capital – labour resources, the pace of productivity growth, the number of graduates and the proportion of young people within the resources of labour. The authenticity of such an assessment requires consideration of qualitative components, incl., quality of life, productivity, working conditions, satisfaction of basic human needs, the position of the country in human development, investment in people. The current global economic development requires consideration of migration flows in the system of economic relations; respectively, it is a potential opportunity to increase capital through migration.

## Conclusions

Nowadays, it is necessary to modernize the migration policy to avoid cases when challenges of the modern globalized world can create a threat to the society and national security, thus increasing of human capital through migration movement becomes possible.

Migration can be a positive factor for growth of human capital as long as a reasonable migration policy exists and provides protection for its citizens, guarantees their rights and freedoms abroad, creating conditions for return of migrants to their homeland, bringing foreign workers with new knowledge and intelligence. It is the labour mobility, regulation of labour migration from and to Ukraine that could form a powerful middle class and social structure of the European standard.

Promotion of innovative development, forming a ‘knowledge economy’ and ensuring the competitive education, as well as taking advantage of the migration process are the key factors, which ensure self-realization and personal development, and they are crucial for sustainable human development and growth of human capital respectively.

## References

- Корчагин, Ю. (2005). *Измерение национального человеческого капитала*. [Online] Центр исследований региональной экономики. Available from: <http://www.lerc.ru/?part=articles&art=1&page=119>. [Accessed: 29/01/2012]
- Лібанова, Е. М. (2010). Оцінка впливу світової фінансово-економічної кризи на масштаби та характеристики зовнішньої трудової міграції українських громадян. In: Е. М. Лібанова, О. В. Позняк, О. А. Малиновська (eds). *Населення України. Трудова еміграція в Україні*. Київ: Ін-т демографії та соціальних досліджень ім. М.В.Птухи НАН України.
- Лібанова, Е. М. (2011). *Украинские трудовые мигранты предпочитают не возвращаться из Европы*. [Interview] LB UA / Общество. Available from: [http://society.lb.ua/life/2011/08/13/110317\\_ukrainskie\\_trudovie\\_miranti\\_pred.html](http://society.lb.ua/life/2011/08/13/110317_ukrainskie_trudovie_miranti_pred.html). [Accessed: 29/01/2012]
- Малиновська, О. А. (2011). *Трудова міграція: соціальні наслідки та шляхи реагування*. Київ: НІСД
- Міграційний рух населення*. Київ: Державна служба статистики України (2011). Available from: <http://www.ukrstat.gov.ua>. [Accessed: 29/01/2012]
- Міграція в Україні. Факти і цифри. Міжнародна організація міграції* (2011). Available from: [http://iom.org.ua/ua/pdf/Facts&Figures\\_b5\\_ua\\_f.pdf](http://iom.org.ua/ua/pdf/Facts&Figures_b5_ua_f.pdf). [Accessed: 29/01/2012]
- Проект Концепції гуманітарного розвитку України до 2020 р.* (2009). Available from: [http://old.niss.gov.ua/book/StrPryor/StPrior\\_12/3.pdf](http://old.niss.gov.ua/book/StrPryor/StPrior_12/3.pdf). [Accessed: 20/01/2012]
- Птуха, М. В. (1960). *Очерки по статистике населения*. Москва: Госиздат
- Стратегія демографічного розвитку на період до 2015 року. (2006). *Затверджена Постановою Кабінету Міністрів України від 24.06.2006 р. № 879* Available from: <http://zakon.rada.gov.ua/cgi-bin/laws/main.cgi?nreg=879-2006-%EF>. [Accessed: 26/01/2012]
- Шлайн, Л. (2010). *МОМ: миграция – важный элемент мировой экономики*. 29 ноября 2010 <http://www.voanews.com/russian/news/world-news/World-Migration-Report-2010-11-29-111011504.html>. [Accessed: 26/01/2012]



## CRITICAL FACTORS FOR INNOVATION CREATION

**Iлона Dubra**

University of Latvia, Faculty of Economics and Management, JSC LUXHOUSE, Latvia

*ilona.dubra@inbox.lv*

### Abstract

The ability to innovate is viewed as the single most important factor in developing and sustaining competitive advantage. Innovation is increasingly considered to be one of the key drivers of the long – term success of an enterprise in modern competitive markets because enterprises with high capacity to innovate will be able to respond to environmental challenges faster and better than non-innovative enterprises. Therefore, there is a need to explore which factors may have an extremely high impact on innovation creation inside the enterprise.

In the context of the present paper, the author has applied such quantitative and qualitative **research methods** of the economic science as monographic, grouping, reference, generalization, graphical analysis and content analysis.

**The purpose** of the paper – to explore the factors which have an impact on innovation creation inside the enterprise.

**The main tasks** of the present paper are to:

- investigate theoretical aspects of the factors that may have an impact on innovation creation;
- research the key statistical figures in the European Union;
- provide a review on the empirical findings of factors which have an impact on innovation creation;
- analyse the statistical data of the Latvian innovative enterprises in the time period from 2004 till 2008.

In the context of the present paper, the main attention was devoted to the analysis of the definitions of human capital, R&D, collaboration on innovation, market orientation, innovative culture and enterprise innovation. The second part reveals the key updated statistical data on innovative activities in the European Union. The third part deals with the statistical data of the Latvian innovative enterprises in the time period from 2004 till 2008.

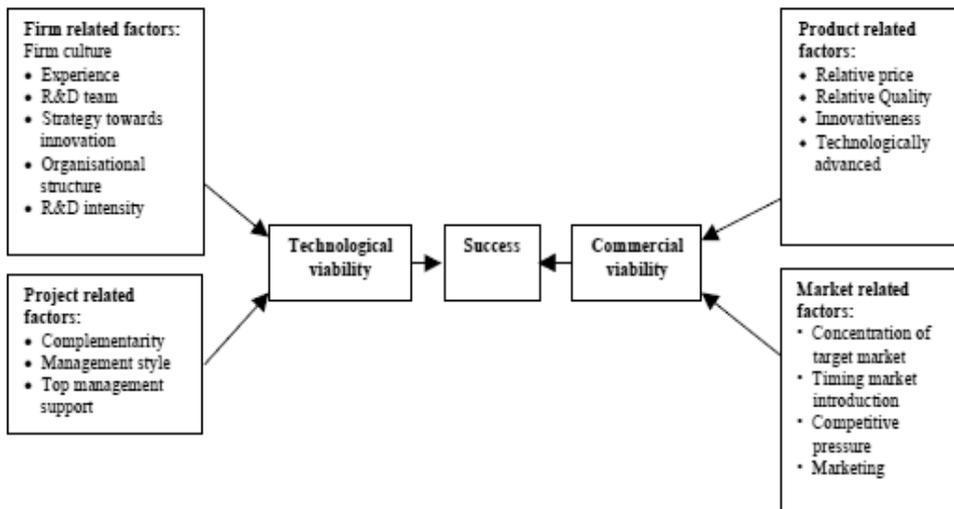
**Key words:** *human capital, innovation, collaboration, R&D, market orientation, innovative culture*

## Theoretical Aspects of the Factors that may have an Impact on Innovation Creation

“But in capitalist reality as distinguished from its textbook picture, it is not ... (price) competition which counts but the competition from the new commodity, the new source of supply, the new type of organization ... competition which commands a decisive cost or quality advantage and which strikes not at the margins of the profits ... of the existing firms but at their very lives. This kind of competition is as much more effective than the other as a bombardment is in comparison with forcing a door” (Schumpeter, 1943: 84).

It is widely recognized that innovation is the key to the economic performance of firms. In reality, innovative firms grow more quickly and make higher profits. In fact, innovation is treated as the source of additional revenues from new products or services that can help to save costs or improve the quality of the existing process and offers the potential for competitive advantage (Khazanchi *et al.*, 2007: 873).

According to van der Panne, van Beer and Klenknecht, there are four major factors that have an impact on innovation creation through technological and commercial viability.



Source: (van der Panne, van Beer and Klenknecht, 2003: 312)

Figure 1. Critical factors for innovation creation

In the context of technological viability, the components of firm-related and project-related factors should be discussed.

### **Firm-related factors**

The culture of a company is undisputedly considered to be crucial to the firm's technological capabilities in the long-term (Lester, 1998: 38). The creation, development and improvement of the innovative organizational culture are treated as the essence of the achievement of leading positions on the highly challenging modern competitive market. Organisational culture is featured by a set of shared values, norms and beliefs within a firm (Gudmundson, 2003: 3). Own R&D department increasingly rises the enterprise's innovative potential. Taking into account a wide range of previous research results it must be admitted that the R&D department content and structure specifies the absorptive capacity level of the firm (Dubra, 2011: 176). The most common typology distinguishes pro-active and re-active strategies. Pro-active strategies pursue product innovations in order to obtain product leadership in the market, whereas re-active strategies pursue product development as a safeguard against competing products of others (Johnes & Snelson, 1988: 120).

### **Project-related factors**

Customers need to assess the innovation to fit into the product group they are already familiar with; there must be synergy at the product level. Developing in-house strengths, skills and resources are the key factors of success (van der Panne, van Beer and Klenknecht, 2003: 316). In reality, management style often affects project viability. According to Cozijnsen *et al.*, 2000, adequate management of time, costs, information and decision making determines 60% of the projects' viability.

In the context of commercial viability, components of product-related and market-related factors should be discussed.

### **Product-related factors**

As the matter of fact, innovations should meet customer needs on a number of specific features simultaneously. Product quality, relative price, total costs-of-use and convenience of use, after-sales services and backward compatibility should be taken into account. In this context, an important role of product quality which is highly related with an overall success of the firm needs to be emphasized (van der Panne, van Beer and Klenknecht, 2003: 317).

### **Market-related factors**

The process of learning about customers allows for identifying characteristics of customer segments, uncovering needs of emerging markets, as well as packaging customer knowledge itself as a determinant of a new product offering (Dubra, 2012: 513).

## Review of the Empirical Findings of Factors' Impact on Innovation Creation

A variety of empirical studies have shown that the level of novelty of an innovation strongly influences the factors that shape innovative performance. The most commonly used categorization has been the distinction between radical and incremental innovations (Laursen & Salter, 2006: 133).

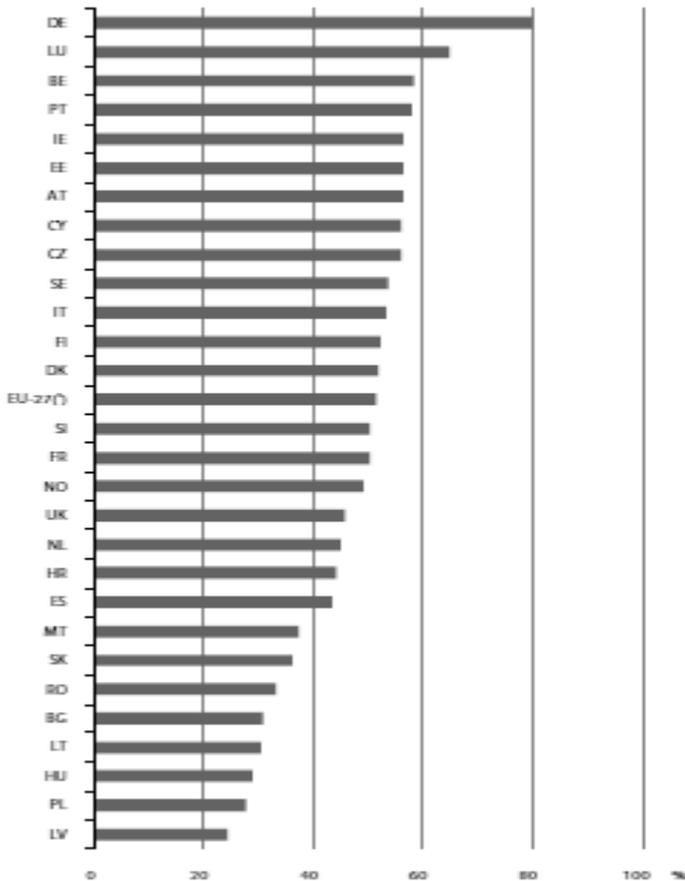
In a study of 184 SMEs, Alpkan found that human capital plays an extremely vital role in the context of innovation development (Alpkan *et al.*, 2010: 751), while Chandler, in a study of 429 SMEs, found that both, supervisory guidance and reward system support were beneficial to the creation of an innovative culture (Chandler, 2000: 60). According to Lee's survey of more than 400 research joint ventures, aimed at identifying the motivation to participate in university-industry partnership, it was concluded that participants ranked their reasons as follows (the latest the most important):

- access to new research;
- new product development;
- sustaining a stronger relationship with the university;
- new patents acquisition;
- solving specific technical problem (Lee, 2000: 114).

Tang, on his turn, concluded that R&D expenses, resources and costs are highly associated with new and/or important improved products and processes (Tang, 2006: 69). Bastic and Leskovar-Spakapana in a study of 214 SMEs in Slovenia found that there is a positive relationship between market orientation and innovation creation (Bastic, Leskovar-Spakapana, 2006: 978).

### Key Statistical Figures on Innovation in the European Union

According to the Eurostat, innovation is the implementation of a new or significantly improved product (good or service), process, a new marketing method, or a new organisational method in business practice, workplace organisation or external relations. A product innovation is the introduction of a good or service that is new or significantly improved with respect to its characteristics or intended uses. A process innovation is the implementation of a new or significantly improved production or delivery method. An organisational innovation is a new organisational method in the enterprise's business practices (including knowledge management), workplace organisation or external relations which have not been previously used by the enterprise. A marketing innovation is the implementation of a new marketing method, involving significant changes in product design or packaging, product placement, product promotion or pricing (Eurostat, 2011: 165).



Source: (Eurostat, 2011: 83)

Figure 2. Enterprises with innovation activity (product, process, on-going or abandoned, organisational and marketing innovation) as a percentage of all enterprises, EU-27 and selected countries, 2008

According to the latest Eurostat data, it should be admitted that Germany is still holding the leading positions in the number of enterprises with innovative activity in the EU-27, as well as in the previous year 2007. In other words, 80% of all enterprises in Germany were active in innovation area, 65% of all enterprises in Luxembourg, 59% of all enterprises in Belgium, 58% of all enterprises in Portugal and 57% of all enterprises in Ireland, Estonia, Austria, Cyprus, the Czech Republic were active in innovation area in 2008. The average level of enterprises with innovation activity in the EU-27 stood at 50% in 2008. The lowest percentage of enterprises with innovation activity was in the following countries: Bulgaria (30%), Lithuania (28%), Hungary (27%), Poland (26%), while Latvia was the country with the lowest percentage of enterprises with innovation activity (24%) in the whole EU-27.



Source: (Eurostat 2011: 87)

Figure 3. Enterprise with any type of co-operation as a percentage of innovative enterprises, EU-27 and selected countries, 2008

Collaboration between academia and industry remains dependent upon the cultural, organizational and management characteristics of the partners engaged in the cooperative activity. Firms should be involved not only in the open science community, but also highly engaged in research collaboration (Dubra, 2012: 514).

According to the latest Eurostat data, it should be admitted that Denmark held the leading positions in the number of enterprises with any type of co-operation as a percentage of innovative enterprises in the EU-27 in 2008. In other words, 57% of all enterprises in Denmark cooperated in the area of innovation. 51% of enterprises in Cyprus, 49% in Belgium, 48% in Estonia and Slovenia had any type of co-operation in 2008. The average level of enterprises with any type of co-operation as a percentage of innovative enterprises in the EU-27 stood at 26% in 2008. The lowest percentage of enterprises with any type of co-operation as a percentage of innovative enterprises was depicted in such countries as Bulgaria (17%), Latvia (17%), Italy (16%) and Romania (14%).

## Innovative Capacity of Latvian Enterprises

According to the latest data provided by the Central Statistical Bureau, it must be admitted that the total number of innovatively active enterprises in the industry in Latvia has increased from 379 enterprises (or 14.6% of all enterprises in Latvia) in the time period 2004–2006 to 707 innovative enterprises (26.9% of all enterprises in Latvia) in the time period 2006–2008 (see *Table 1*).

*Table 1*

**Number of Innovative Enterprises by Kind of Activity**

Number of innovative enterprises by kind of activity				
	Innovatively active enterprises		Innovatively active enterprises as per cent of the total number of enterprises	
	2004–2006	2006–2008	2004–2006	2006–2008
Industry – total				
Total	379	707	14.6	26.9
10–49	184	457	9.8	23.5
50–249	155	201	24.3	33.4
>250	40	49	44.0	64.5
... manufacturing				
Total	366	658	15.0	28.1
10–49	180	427	10.3	24.4
50–249	152	189	25.4	35.7
>250	34	42	41.0	66.7

*Source: (CSB, Innovation data, 22.01.2012)*

The highest share of innovative enterprises was observed among *small enterprises* with the number of employees ranging from 10 till 49:184 (or 9.8% of all enterprises in Latvia) innovative enterprises in the time period 2004–2006 and 457 (or 23.5% of all enterprises in Latvia) in 2006–2008, respectively. The lowest share of innovative enterprises was observed among large enterprises with the number of employees ranging from 250:40 (or 44.0% of all enterprises in Latvia) innovative enterprises in time period 2004–2006 and 49 (or 64.5% of all enterprises in Latvia) in 2006–2008, respectively. However, it must be admitted that there were very few large enterprises in Latvia in the industry.

The number of innovatively active enterprises *in manufacturing* increased from 366 enterprises (or 15.0% of all enterprises in Latvia) in the period 2004–2006 to 658 innovative enterprises (or 28.1% of all enterprises in Latvia) in the time period 2006–2008. The highest share of innovative enterprises in manufacturing was observed among

*small enterprises* with the number of employees ranging from 10 to 49:180 innovative enterprises (or 10.3% of all enterprises in Latvia) in the time period 2004–2006 and 427 (or 24.4% of all enterprises in Latvia) in 2006–2008, respectively. The lowest share of innovative enterprises was made by large enterprises with the number of employees ranging from 250:34 innovative enterprises (or 44.1% of all enterprises in Latvia) in time period of 2004–2006 and 42 (or 66.7% of all enterprises in Latvia) in 2006–2008, respectively. However, there were few large enterprises in Latvia in manufacturing.

Table 2

**Turnover and the Number of Employees in Innovative Enterprises:  
Per cent Distribution by Kind of Activity**

Turnover and the number of employees in innovative enterprises: per cent distribution by kind of activity				
	Turnover of innovatively active enterprises as per cent of the total enterprise turnover		Number of employees in innovatively active enterprises as per cent of the total number of employees	
	2006	2008	2006	2008
Industry – total				
Total	45.8	68.9	34.4	54.1
10–49	11.8	30.0	10.9	32.3
50–249	33.4	57.1	26.7	47.5
>250	70.8	91.6	59.3	83.9
...manufacturing				
Total	39.5	65.4	31.9	53.3
10–49	12.0	37.4	11.0	34.5
50–249	35.1	55.9	28.1	47.3
>250	60.6	91.1	53.7	84.7

*Source: (CSB, Innovation data, 22.01.2012)*

According to the latest data provided by the Central Statistical Bureau, it must be admitted that, in comparison with the year 2006, the turnover of innovatively active enterprises as per cent of the total enterprise turnover increased in the year 2008 up to 68.9% of industry total. The lowest turnover was observed among small enterprises and stood at 11.8% and 30.0% in 2006 and in 2008, respectively; while the highest turnover was made by large enterprises and stood at 91.6% in 2008. In comparison with 2006 (34.4%), the number of employees in innovatively active enterprises as per cent of the total number of employees increased to 54.1% in 2008. The highest number of employees in innovative enterprises was observed in large enterprises and stood at 83.9% in 2008.

In comparison with the year 2006, the turnover of innovatively active enterprises as per cent of the total enterprise turnover increased to 65.4% in 2008 in manufacturing in total. The lowest turnover was made by small enterprises and stood at 12.0% and 37.4% in 2006 and in 2008, respectively. The highest turnover was generated by large enterprises and stood at 91.1% in the year 2008. In comparison with 2006 (31.9%), the number of employees in innovatively active enterprises as per cent of the total number of employees increased to 53.3% in 2008. The highest number of employees in innovative enterprises was observed in large enterprises and stood at 84.7% in 2008.

## Conclusions

Innovation is treated as the key source of additional revenues from new products or services. Actually, innovation offers high potential for competitive advantage and also helps to save costs as well as improve the quality of the existing process. Innovation has been acknowledged as a major contribution to the enterprise's success.

The average level of enterprises with innovation activity in the EU-27 stood at 50% and Latvia was the country with the lowest percentage of enterprises with innovation activity of 24% among the enterprises in the EU-27 in 2008. The average level of enterprises with any type of co-operation as a percentage of innovative enterprises in the EU-27 stood at 26%, while in Latvia at 17% in 2008. There is a need to make Latvia more innovative in order to catch up with the main competitors and recover the path of sustainable growth. Globalization not only set the new economic order but also brought new challenges and opportunities. The Latvian enterprises cannot compete in this new environment unless they become more innovative and respond more effectively to costumers' preferences and needs.

## References

- Alpkan, L., Bulut, C., Gunday, G., Ulusoy, G., Kilic, K. (2010). *Management Decision*, Vol. 48 No. 5, pp. 732–755.
- Bastic, M., Leskovar-Spacapan, G. (2006). *What do transition organization lack to be innovative?* *Kybernetes*, Vol. 35, No. 7/8, pp. 972–992.
- Chandler, G. N., Keller, C., Lyon, D. W. (2000). *Unravelling the determinants and consequences of an innovation-supportive organizational culture*. *Entrepreneurship Theory and Practice*, 25, 1: pp. 59–76.
- Cozijnsen, A. J., Vrakking, W. J., & van Ijzerloo, M. (2000). *Success and failure of 50 innovation projects in Dutch companies*. *European Journal of Innovation Management*, 3, pp. 150–159.
- CSP, Innovation data. Available from: <http://www.csb.gov.lv/statistikas-temas/inovacijas-galvenie-raditaji-30336.html> [Accessed on 22nd January 2012].

- Dubra, I. (2011). *Key Factors Affecting Development of the Enterprise Innovation Capacity, Current Issues in Economic and Management Sciences Conference Proceedings*. ISBN 978-9984-45-417-7, Riga: University of Latvia, pp.174–186.
- Dubra, I. (2012). *Innovation creation inside the Latvian firms: influential factors analysis, International conference proceedings of Planetary Scientific Research Centre*. ISBN 978-81-922428-4-2, Dubai, U.A.E., pp. 512–516.
- Eurostat (2011). *Science, Technology and Innovation in Europe*. Luxembourg: Publications Office of the European Union, ISBN 978-92-79-19843-4.
- Gudmundson, D., Tower, C.B., & Hartman, E.A. (2003). *Innovation in small businesses: Culture and ownership structure do matter*. Journal of Development Entrepreneurship, Vol. 8, No. 1, pp. 1–17.
- Johne, A.F., & Snelson, P.A. (1988). *Success factors in product innovation: A selective review of the literature*. Product Innovation Management, 5, pp.114–128.
- Khazanchi, S., Lewis, M. W., Boyer, K. K. (2007). *Innovation-supportive culture: the impact of organizational values on process innovation*, Journal of Operations Management, Vol. 25, No. 4, pp. 871–884.
- Laursen, K., Salter, A. (2006). *Open for innovation: The role of openness in explaining innovation performance among UK manufacturing firms*. Strategic Management Journal, Vol. 27, No. 2, pp. 131–50.
- Lee, Y. S. (2000). *The sustainability of university-industry research collaboration*. Journal of Technology Transfer, Vol. 25 No. 2, pp. 111–133.
- Tang, J. (2006). *Competition and innovation behaviour*, Research Policy, Vol. 35, No. 1, pp. 68–82.
- Lester, D. H. (1998). *Critical success factors for new product development*. Research Technology Management, 41 (1), pp. 36–43.
- Schumpeter, J. A. (1943). *Capitalism, Socialism and Democracy*. London: Allan & Unwin, pp. 57–69.
- Van der Panne, G., van Beers C., Kleinknecht, A. (2003). *Success and failure of innovation: A literature review*. International Journal of Innovation Management, Vol. 7, No. 3, pp. 309–338.

# **CONSTRUCTING COMPOSITE PERFORMANCE INDICATORS: CASE STUDY OF BELARUSIAN UNIVERSITIES**

**Alexander Gedranovich**

PhD, Head of the Chair of Information Technologies and Math,  
Minsk Institute of Management  
*gedranovich@miu.by*

**Branislau Hedranovich**

PhD, Vice-rector for Vice-Rector for Academic Affairs and Innovation,  
Minsk Institute of Management  
*gba@miu.by*

## **Abstract**

Modern university in order to be competitive and generally up-to-date has to demonstrate ability to produce moderate outputs from limited inputs, i.e. has to have acute level of productivity. The higher education sector, however, has some features which make it difficult to measure productivity: it is non-profit making; universities produce multiple outputs (e.g. education, academic research, policy recommendations, etc.) from multiple inputs (e.g. governmental and donor support, faculty and staff, facilities, etc); it is multi-purposed.

The major approach to analyzing the performance of universities is their ranking based on weighted criteria convolution. It includes the most widely cited Academic Ranking of World Universities, QS World University Ratings and other. All treatments like this has essential drawbacks, such as using mixture of inputs and outputs, unclear or arguable weighting scheme, unaccounted scale effects, absence or facilitation of classification procedure.

Most of these drawbacks can be resolved using Data envelopment analysis (DEA). In this paper we introduce the methodology that involves some statistical extensions of DEA to construct “data-driven” composite performance indicators. We engage statistical test, proposed in Pastor et al. (2002) to exclude insignificant indicators along with Simar & Wilson (2000) approach to bootstrap confidence intervals for DEA scores.

**Key words:** *University; Performance; Composite Indicators; Data Envelopment Analysis*

## Introduction

Today it is worth remembering that the development of a modern “knowledge economy” reflects a larger transition from an economy based on land, labour and capital to one in which the main components of production are information and knowledge. Some studies show that return rates on investments in education are higher than real interest rates (for details see, e.g., Schleicher, 2006). Because of that, the most effective modern economies will be those which produce mostly information and knowledge – and make that information and knowledge easily accessible to the greatest number of individuals and enterprises. Thus, universities are who called upon to settle this task in the first place.

The level of competition at the market of educational services is growing both in individual countries and in the world in whole (see comprehensive statistics in Гедранович, 2009). Recognisability of the higher educational institutions, the prestigiousness of their services and the reputation at the national and international market becoming the key factors of their competitive success (Stukalina, 2008).

Modern university in order to be competitive and generally up-to-date has to demonstrate ability to produce moderate outputs from limited inputs, i.e. has to have acute level of productivity. The higher education sector, however, has some features which make it difficult to measure productivity: it is non-profit making; universities produce multiple outputs (e.g. education, academic research, policy recommendations, etc.) from multiple inputs (e.g. governmental and donor support, faculty and staff, facilities, etc); it is multi-purposed.

During the past two decades the former Soviet Union countries were developing their education systems in different directions. It can be distinguished “Baltic” model of development – a quick transition to Western (European) standards immediately twenty years ago (Bridges, 2007), “Asian” model (the most prominent representative is Kazakhstan) – massive shift to the American model of education in the last decade, accompanied by considerable financial investments, as well as “Slavic” model (Russia, Ukraine, Belarus) – the most conservative among those represented (Elliott & Tudge, 2007).

Higher education is probably the most important driving force of formation of the society able to stand the economic, political and social challenges of today. Our understanding of the relative performance of the higher education in the countries that adopted different patterns of the educational reform would allow to come up with the recommendations to the policy makers on the optimal path of the educational reforms that leads to more competitive and productive university education. In addition, our understanding of what drives productivity of higher education in the former Soviet countries will enable to provide with the policy recommendations on challenges and opportunities that exist in individual countries and may impact such educational reforms.

In this article we focus on Belarusian system of higher education. We construct composite performance indicators for universities and compare them to already known results from the literature.

## Literature review

The major approach to analyzing the performance of universities is their ranking based on weighted criteria convolution. It includes the most widely cited Academic Ranking of World Universities (ARWU), QS World University Ratings and other (see Ковалев & Гедранович (2007) for overview of international rankings). All treatments like this has essential drawbacks, such as using mixture of inputs and outputs, unclear or arguable weighting scheme, unaccounted scale effects, absence or facilitation of classification procedure (for detailed discussion, see, e.g., Turner, 2008; Billaut et al., 2010).

Another approach to assessments of universities' performance is productivity analysis. The theoretical basis of modern productivity analysis, based on the consideration of production as a set of processes, was laid in Koopmans (1951) and Debreu (1951). Farrell (1957) suggested the universal index, suitable for any type of organizations, for measuring the productivity of an arbitrary production unit (DMU – Decision Making Unit) “from the studio to the whole economy”, which makes some input factors or resources (inputs) in the output factors or products (outputs).

Koopmans (1951) introduced the concept of input and output orientation of model. Input orientation implies that the output variables are fixed and the task is to minimize inputs, i.e. to solve the problem of search for “function of the minimum cost of production” or “minimum use of resources”. Output-oriented model, by contrast, is looking for maximum production with fixed resources.

Existing approaches to the construction of a production frontier can be divided into parametric and nonparametric, as well as stochastic and deterministic. Parametric methods require *a priori* specification of functional relationship between resources and production units; in non-parametric methods there is no such limitation. In the case of stochastic production frontier the presence of noise and errors in the data is allowed, the deterministic approach assumes that all the experimental points belong to the set of production, i.e. the possibility of noise presence is excluded.

In this paper we apply nonparametric deterministic methods, among the main benefits of which is possibility to identify a small number of restrictions on the set of production (usually convexity and free disposability), option to calculate the efficiency in case of multiple input and multiple output variables simultaneously, identifying the most efficient production frontier that can be achieved in practice, the calculation of simple indices of efficiency for each production unit, the presence of models with input and output orientations.

One of the most common way to estimate a deterministic production frontier and performance scores is Data envelopment analysis (DEA), introduced in Charnes et al. (1978). Under this method we can construct a piecewise linear production frontier on experimental data with respect to which the efficiency of DMU can be measured. In an early version of the DEA, which is also called CCR – by the first letters of the names of its authors, – it was assumed constant return to scale on the final product (CRS – Constant Returns to Scale). In Banker et al. (1984) DEA model was modified to account for the variable return to scale (VRS – Variable Returns to Scale). This version is often referred to as the BCC model.

In case of input-oriented model, the performance score of Farrell-type takes values from 0 to 1 and indicates how unit may proportionately reduce the use of their resources for a fixed amount of production. Often in practice the metric defined by Shephard (1970) used instead, which is the reciprocal to the Farrell’s metric.

Data envelopment analysis in recent years became a popular tool for evaluating the performance of various production units, including universities. The application of DEA to the measuring the technical efficiency of national universities can be found, e.g., in Abbott & Doucouliagos (2003) for Australia, Johnes (2006) for England, and Хацкевич et al. (2008) for Belarus. Carrico et al. (1997) demonstrated how DEA can be used to produce customized individual league tables of UK universities, Bournol and Dulá (2006) examined DEA as a ranking tool in contrast to well-known ranking “Top American Research Universities” and found DEA suitable tool for these types of studies.

One of the main drawbacks of nonparametric deterministic methods is the difficulty in statistical inference for performance evaluations, as their properties are still not fully explored. Nevertheless, Pastor et al. (2002) proposed the test to estimate the significance of variables for nested DEA-models; Simar & Wilson (2001) suggested the set of tests for detection of irrelevant inputs and outputs as far as for finding whether variables can be aggregated; using bootstrap methods adapted for the DEA-models by Simar & Wilson (2000) it is possible to construct confidence intervals for performance scores.

## Methodology

A set of production  $\Psi$  in terms of the Farrell-Debreu can be described as follows:

$$\Psi = \left\{ (x, y) \in \mathbf{R}_+^{p+q} \mid x \text{ can produce } y \right\}, \quad (1)$$

where  $x \in \mathbf{R}_+^p$  – is a vector of  $p$  inputs,  $y \in \mathbf{R}_+^q$  – is a vector of  $q$  outputs.

Koopmans (1951) introduced the concept of input and output orientation of model. Input orientation implies that the output variables are fixed and the task is to minimize inputs, i.e. to solve the problem of search for “function of the minimum cost of production” or “minimum use of resources”. Output-oriented model, by contrast, is looking for maximum production with fixed resources. In order to assess the performance of Belarusian universities output orientation suits better, because resources of HEIs are fixed in the short term.

For a set of production  $\Psi$  metrics for Farrell output score of a production unit  $\lambda(x, y)$  are defined as follows:

$$\lambda(x, y) = \sup\{\lambda \mid (x, \lambda y) \in \Psi\}, \quad (2)$$

where  $\lambda(x, y) = 1$  means that DMU belongs to a production frontier, and  $\lambda(x, y) > 1$  points to the possible proportional increase in production in case of elimination of inefficiencies.

In practice, production set  $\Psi$  and hence the efficiency metric  $\lambda(x, y)$  is unknown, so the problem of their evaluation on a set of experimental data  $\chi_n$  arises:

$$\chi_n = \{(x_i, y_i), i = \overline{1, n}\}, \quad (3)$$

where  $n$  – number of production units.

Estimation of feasible production set for a given observations  $\hat{\Psi}_{DEA}(\chi_n)$  using DEA-model can be obtained from the following expression:

$$\hat{\Psi}_{DEA}(\chi_n) = \left\{ (x, y) \in \mathbf{R}_+^{p+q} \mid y \leq \sum_{i=1}^n \gamma_i y_i, x \geq \sum_{i=1}^n \gamma_i x_i, \sum_{i=1}^n \gamma_i = 1, \gamma_i \geq 0, i = \overline{1, n} \right\}, \quad (4)$$

where  $\gamma_i$  – some weighting factor for the first production unit, calculated to the experimental data. Value (4) corresponds to the model with the variable effects of scale. CCR-model differs from the BCC-model, only with the lack of equality

$\sum_{i=1}^n \gamma_i = 1$ . Comparison of the results from two models for the constant and variable return to scale allows considering if DMU is in optimal size of production, i.e. scale efficient.

For a given experimental point  $(x_0, y_0)$  which corresponds to DMU0, output efficiency metric  $\hat{\lambda}(x_0, y_0)$  as defined by Farrell can be written as:

$$\hat{\lambda}(x_0, y_0) = \max_{\gamma_1, \gamma_2, \dots, \gamma_n} \left\{ \lambda \geq 1 \mid (x_0, \lambda y_0) \in \hat{\Psi}_{DEA}(\mathcal{X}_n) \right\}, \quad (5)$$

where  $\hat{\lambda}(x_0, y_0)$  is technical efficiency for DMU0 or Farrell-type performance indicator. Banker et al (1984) showed that DMU0 would be effective in case if its technical efficiency is equal to 1 (i.e. DMU0 is on the production possibility frontier), and limitations on resources and output in (4) take the form of equity. In the case when performance indicator is greater than 1, DMU0 is inefficient, and removal of this inefficiency (i.e., moving to the frontier of production possibility frontier) leads to a proportional increase in product by value of  $\hat{\lambda}(x_0, y_0)$ .

The study will look on micro-data from Belarussian universities. To construct the performance indicators, without loss of generality, we select data from the HEIs' survey for the 2006/2007 academic year. After excluding universities, for which no data were available, and universities that are not functioning at present, we consider the remaining 50 HEIs.

Traditionally (Bonaccorsi et al. (2006), Хацкевич et al. (2008), etc.), the analysis of resources of universities distinguishes the following micro-indices: faculty and students (*Human capital*), logistical and information base (*Physical capital*), financial resources (*Financial capital*).

We considered following variables in the first micro-index: full-time equivalent of faculty (*TEACHERS*), the number of administrative staff (*ADMIN*), adjusted number of students (*STUDENTS*), calculated as the total number of full-time students plus the half of the number of part-time students. In forming the second micro-index we took into account such indicators as: total area of teaching and laboratory facilities of HEI (*SPACE*), the number of units of literature in the university libraries (*VOLUMES*) and the total number of computers in HEI (*COMPUTERS*). To assess the financial capital of educational institutions there were involved expenditures on salaries of faculty (*EXP\_SALARY*), the cost of research work (*EXP\_RESEARCH*) and the cost of updating the library collection and equipment (*EXR\_LIBRARY\_EQUIP*).

The performance of universities can be evaluated by two micro-indices: training (*Teaching*), scientific activity (*Research*) and international activity (*International*). The adjusted number of high school graduates (*GRADUATES*) can be one of the best indicators for assessing the productivity of training specialists. The impact of scientific

activity was measured by quantity of publications by academic staff and postgraduate students. In our work we had a look on the number of published books (*BOOKS*) and publications in national journals only (*ARTICLES*), since publications in the Western peer-reviewed journals are rare in post-Soviet universities. International activity was evaluated as a proportion of foreign students in the total number of students (*FOREIGN\_STUD*).

Number of citations and citation indices (e.g., h-index) are widely used to compare performance of scholars or scientific units. However, in case of post-Soviet countries, number of citations is not good variable as soon as there is no available data on citation of publication in national journals. On the other hand, international databases (such as Thomson Scientific or Scopus) contain little of records for publications of CIS’s scholars, moreover their affiliations are often unclear.

In order to reduce the dimension of data we used Pastor’s test for nested DEA-models (Pastor et al. 2002), applied to every single variable in full model. As a result of the review variables *ADMIN*, *COMPUTERS*, *VOLUMES* and *FOREIGN\_STUD* were excluded as insignificant. Variables related to financing were merged into one – *EXPENDITURES*, and variables *ARTICLES* and *BOOKS* were united in *PUBLICATIONS*. We performed tests with recommended parameters  $\bar{\rho} = 1.1$  and  $p_0 = 0.15$ . P-values for all tests after which variables were excluded were less than 0.10. Descriptive statistics for the remaining variables is shown in *Table 1*.

*Table 1*

**Descriptive statistics of model variables**

Variable	Average	Median	Maximum	Minimum	St. Dev
<i>Inputs:</i>					
<i>TEACHERS</i>	413	318	1 826	35	358
<i>STUDENTS</i>	4 686	3 608	20 955	284	4 200
<i>SPACE</i>	18 733	13 196	84 347	2 075	17 971
<i>EXPENDITURES</i>	3 380	1 897	29 659	174	5 670
<i>Outputs:</i>					
<i>GRADUATES</i>	925	778	4 182	58	894
<i>PUBLICATIONS</i>	372	150	4 197	3	665

## Empirical estimation of performance indicators

All calculations were performed with FEAR library (Wilson, 2011) for the statistical package R (Team R Development Core 2011). We constructed performance indicators via evaluating technical efficiency (5) for HEIs data. This model was output-oriented with a constant returns to scale (CRS).

Simar & Wilson (2000) described a method of constructing confidence intervals for technical efficiency using the bootstrap. We run this bootstrap-procedure for 2000 samples and constructed confidence interval with significance of 0.05. The calculation was performed for Shephard-type performance indicators, which denotes the fraction of possible product from the university. Thus, if the indicator is equal to 1, then the entire university is using all available resources to implement its activities in two main directions. If it is, for example 0.5, it means that with available resources university can increase the efficiency in 2 times, but it needs to get rid of inefficiency – institutional and other impediments to producing graduates and publishing scientific papers. The results are presented in *Table 2*, the names of universities are shown as Russian abbreviations.

*Table 2*

**Performance indicators and their confidence intervals for Belarussian HEIs,  
2006/2007 academic year**

HEI	Type	Performance indicator	Confidence interval	
			Left bound	Right bound
1	2	3	4	5
AMVD RB	Public	0.2161	0.1750	0.2861
AUpPRB	Public	0.3463	0.2916	0.4123
BarGU	Public	0.4188	0.3617	0.4842
BGAI	Public	0.1887	0.1581	0.2204
BGAM	Public	0.2020	0.1665	0.2396
BGATU	Public	0.2575	0.2202	0.3231
BGUFK	Public	0.6480	0.5641	0.7639
BGVRK	Public	0.3433	0.2936	0.3927
BGMU	Public	0.9905	0.8122	1.1757
BGPU	Public	1.0000	0.8712	1.1803
BGSA	Public	0.1226	0.1010	0.1433
BGTU	Public	0.5998	0.4927	0.7616
BGU	Public	1.0000	0.8281	1.4441
BGUIR	Public	0.5859	0.4835	0.6813
BGUKiI	Public	0.7684	0.6722	0.8561
BGUT	Public	0.2084	0.1800	0.2353
BGEU	Public	1.0000	0.8735	1.1167
BIP	Private	0.4833	0.4177	0.5722
BITU	Public	0.4779	0.4090	0.5534
BrGTU	Public	0.4605	0.4060	0.5172
BrGU	Public	0.8564	0.7236	1.0083
BRU	Public	0.1637	0.1351	0.1968
BTEUPK	Private	1.0000	0.8656	1.2509
VA RB	Public	0.2448	0.2014	0.3022
VGvAM	Public	0.4940	0.4098	0.5811
VGKS	Public	0.5540	0.4795	0.6577
VGMU	Public	0.4941	0.4116	0.5670

1	2	3	4	5
VGTU	Public	0.5108	0.4513	0.5721
VGU	Public	0.6664	0.5863	0.7470
GGMU	Public	0.2121	0.1791	0.2545
GGTU	Public	0.4589	0.4058	0.5142
GGU	Public	0.5055	0.4440	0.5643
GrGAU	Public	0.2272	0.2015	0.2527
GrGMU	Public	0.3052	0.2584	0.3801
GrGU	Public	0.5746	0.5063	0.6459
IPD	Private	0.1791	0.1432	0.2394
IPP	Private	0.1995	0.1762	0.2236
ISZ	Private	0.4000	0.3758	0.6020
KII MChS	Public	0.7143	0.6235	1.0689
MGVAK	Public	0.2741	0.2277	0.3167
MGPU	Public	0.4598	0.3837	0.5542
MGU	Public	0.4229	0.3697	0.4713
MGUP	Public	0.3694	0.3188	0.4243
MGEI	Private	0.6296	0.5383	0.7985
MGEU	Public	0.8530	0.7010	1.1383
MITSO	Private	0.5976	0.5200	0.6667
MIU	Private	0.7294	0.5972	0.9283
PGU	Public	0.5958	0.4939	0.7553
ChIUP	Private	0.3426	0.2965	0.4036
Envila	Private	0.1803	0.1579	0.2028

Generally, as of 2006/2007 academic year, the productivity of Belarusian HEIs was low. Only 7 universities out of 50 exceeded the threshold of 0.80 for the Shephard-type performance indicator, and 9 universities had the value of this metric between 0.60 and 0.80. These results strongly contrast to already known research outputs. For instance, Johnes (2006) found that overall mean technical efficiency of Britain universities is over 0.90; Abbott & Doucouliagos (2003) demonstrated that about 78 percent of Australian universities have performance over 0.90. See *Table 3* for details.

*Table 3*

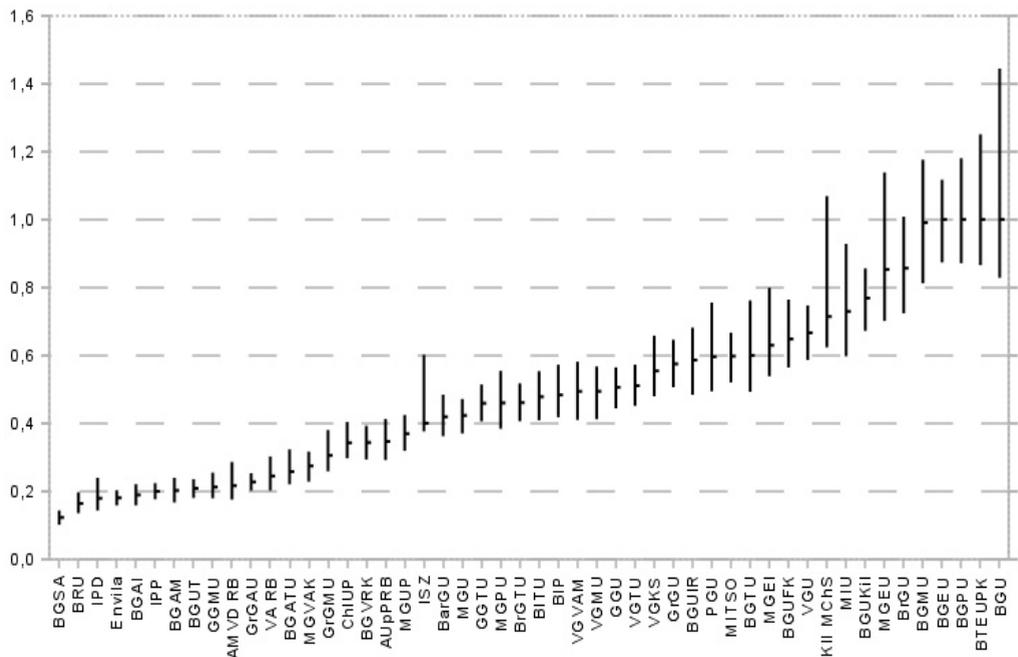
**Performance indicators distribution**

Performance indicator	Number of universities	Public	Private
0.80–1.00	7	6	1
0.60–0.80	9	8	1
0.40–0.60	15	13	2
<0.40	21	15	6

Also we can note very slight differences between public and private universities in terms of competitiveness. Despite leaders are public universities, private schools

introduced proportionally in this ranking. Thus, 2 of 10 best HEIs as far as 4 of best 20 are private. Given the total number of private universities is 10 – it is quite an unexpected result. Moreover, public universities’ average score was 0.4948 (standard deviation – 0.2542) while private average – 0.4741 (standard deviation – 0.2540). So, we can’t reject null hypothesis that averages are the same at significance level of 0.8197.

Figure 1 shows the confidence intervals for Shephard-type performance indicators. If for some universities the confident intervals intersect, then we can say that the baseline data is not sufficient to draw conclusions about the difference in the competitiveness of these institutions. It is also notable that the intervals for leading universities do not intersect with the intervals for outsiders.



*Figure 1. Confidence intervals for performance scores of Belarussian universities, 2006/2007*

## Conclusion

Thus, the paper proposes the methodology of composite performance indicators construction, based on DEA scores. Unlike methods based on weighted linear convolution, this approach allows to evaluate how efficient educational institutions use their resources to achieve the targets. As the most important resources, disposable by universities, the authors propose to use the full-time equivalents of faculty and students, a total area of teaching and laboratory facilities and expenditures on faculty’s salary, purchasing of equipment and maintenance of the library collection. To assess the impact of HEIs’

activity we use two indicators: the adjusted number of graduates and total number of published articles in refereed journals and academic published books with approval of the Ministry of Education.

Calculation of the experimental performance indicators for Belarusian universities for the 2006/2007 academic year has shown that this technique can be used to assess the resources' utilization efficiency by HEIs. In particular, the analysis has shown that difference between performance of private and public schools in terms of resources utilization is merely non-existent. Another notable result is a strong contrast to Western-type educational systems in distribution of performance indicators along national universities.

## References

- Abbott, M. and C. Doucouliagos (2003). The efficiency of Australian universities: a data envelopment analysis. *Economics of Education Review* 22(1), 89–97.
- Banker, R., A. Charnes, and W. Cooper (1984). Some models for estimating technical and scale inefficiencies in data envelopment analysis. *Management Science* 30(9), 1078–1092.
- Billaut, J.-C., D. Bouyssou, and P. Vincke (2010, July). Should you believe in the Shanghai ranking? *Scientometrics* 84(1), 237–263.
- Bonaccorsi, A., C. Daraio, and L. Simar (2006). Advanced indicators of productivity of universities: *An application of robust nonparametric methods to Italian data*. *Scientometrics* 66(2), 389–410.
- Bougnol, M. and J. Dula (2006). Validating DEA as a ranking tool: An application of DEA to assess performance in higher education. *Annals of Operations Research* 145(1), 339–365.
- Bridges, D. (2007). *Higher education and national development: universities and societies in transition*. Psychology Press.
- Carrico, C. S., S. M. Hogan, R. G. Dyson, and A. D. Athanassopoulos (1997). Data envelopment analysis and university selection. *The Journal of the Operational Research Society* 48(12), 1163–1177.
- Charnes, A., W. Cooper, and E. Rhodes (1978). Measuring the efficiency of decision making units. *European Journal of Operational Research* 2(6), 429–444.
- Debreu, G. (1951). The coefficient of resource utilization. *Econometrica* 19(3), 273–292.
- Elliott, J. and J. Tudge (2007). The impact of the west on post-soviet Russian education: change and resistance to change. *Comparative Education* 43(1), 93–112.
- Farrell, M. (1957). The measurement of productive efficiency. *Journal of the Royal Statistical Society. Series A (General)* 120(3), 253–290.
- Johnes, J. (2006). Data envelopment analysis and its application to the measurement of efficiency in higher education. *Economics of Education Review* 25(3), 273–288.

Koopmans, T. (1951). Activity Analysis of Production and Allocation, Chapter An Analysis of Production as an Efficient Combination of Activities. *Cowles Commission for Research in Economics*. New York: John-Wiley and Sons.

Pastor, J., J. Ruiz, and I. Sirvent (2002). A statistical test for nested radial DEA models. *Operations Research* 50(4), 728–735.

Schleicher, A. (2006). *The economics of knowledge: Why education is key for europe's success*. Lisbon council policy brief, Organisation for Economic Co-operation and Development (OECD).

Shephard, R. (1970). *Theory of Cost and Production Functions*. Princeton: Princeton University Press.

Simar, L. and P. Wilson (2000). Statistical inference in nonparametric frontier models: The state of the art. *Journal of Productivity Analysis* 13(1), 49–78.

Simar, L. and P. Wilson (2001). Testing restrictions in nonparametric efficiency models. *Communications in Statistics-Simulation and Computation* 30(1), 159–184.

Stukalina, Y. (2008). How to prepare students for productive and satisfying careers in the knowledge-based economy: creating a more efficient educational environment. *Technological and Economic Development of Economy* 14(2), 197–207.

Team R Development Core (2011) R: A Language and Environment for Statistical Computing. *R Foundation for Statistical Computing*, Vienna, Austria. ISBN 3-900051-07-0.

Turner, D. (2008, May). World university rankings. *International Perspectives on Education and Society* 9, 27–61.

Wilson, W. (2011). *FEAR: Frontier Efficiency Analysis with R*, 2011. R package version 1.14.

Гедранович, А. Б. (2009). Перспективы Республики Беларусь на международном рынке образовательных услуг в посткризисный период, Место Беларуси в посткризисной экономике, Новые свойства посткризисной экономики. Место Беларуси в посткризисном мире, с. 128–135.

Ковалев, М. М., А. Б. Гедранович (2007). *Международные рейтинги университетов*. Высшая школа 57, 12–15.

Хацкевич, Г. А., Б. А. Гедранович, А.Б. Гедранович (2008). Построение индексов конкурентоспособности вузов с помощью DEA-методологии. *Теоретичні та прикладні питання економіки* 15, 47–55.

# COMPETITIVE ADVANTAGES OF INSTITUTIONS OF HIGHER EDUCATION IN THE INFORMATION ECONOMY

**Valiantsina Hedranovich**

PhD in pedagogics, Vice-Rector for Research and International Affairs,  
Minsk Institute of Management  
*gedrvv@miu.by*

**Volha Kandratsenka**

MA in economics, Head of the Research Department,  
Minsk Institute of Management  
*hiedranovich@gmail.com*

## Abstract

An organization providing proper information management may look forward to both improvement and creation of its competitive advantages. In this connection, the authors define the notion ‘competitive advantage’ inherent in the institutions of higher education, identify competitive advantages typical for the information economy as well as propose directions for creation of new competitive advantages.

**Key words:** *competitive advantages, information economy, institutions of higher education*

## Introduction

High competitiveness of an organization is essential for its efficient activity and is becoming increasingly important under conditions of substantial openness of national economy as the economic laws tend to market economy laws. The increasing competitiveness encourages organizations to create sustainable competitive advantages which previously were not characteristic of them. Furthermore, organizations need to increase their competitive potential and to carry out monitoring of existing capabilities with a view to create new competitive advantages.

The economy of the Republic of Belarus exhibits a tendency to increase its openness that is caused by a number of historical and geopolitical factors. As a consequence, organizations have to operate under permanently increasing competition both in the domestic and world markets. The given circumstances inevitably lead either to creation of new and improvement of the existing methods of formation of competitive advantage or to the cessation of activities of organizations due to their uncompetitiveness.

To ensure successful functioning of an economic entity in a competitive environment, which is formed by modern economy, it has to follow the principle of innovation. This implies transparency and willingness to develop and implement as well as use new tools, new ways of working, and finally – willingness to create competitive advantages. Thus, information is not just a source of new knowledge and new data, but it is a resource for formation of competitive advantages (Hedranovich, 2011).

“In any company, information technology has a powerful effect on competitive advantage in either cost or differentiation. The technology effects value activities themselves or allows companies to gain competitive advantage by exploiting changes in competitive scope” (Porter & Millar, 1985).

From the standpoint of an institution of higher education (IHE) providing educational services, students are regarded as regular customers. The IHE is interested not only in attracting the largest possible number of regular customers, but also in ‘customer quality’ in order to:

- provide services with maximum efficiency;
- get prerequisites for improving the provided services because of growing needs of the customers;
- prepare competitive professionals and, consequently, confirm the prestige of the IHE.

On the other hand, under conditions of tough competitive struggle for ‘quality customers’, the IHE has to create new competitive advantages, addressing the needs of various segments of potential customers.

The objective of the article is to identify the competitive advantages inherent in institutions of higher education, which are operating in the information economy, as well as to suggest ways to create such advantages.

## **Competitive Advantages Inherent in the Institutions of Higher Education**

The notion of ‘competitive advantage’ is multifaceted in nature and has been defined by many authors who have taken into account certain characteristics of the notion. Several definitions of competitive advantage of an organization are presented onwards.

Competitive advantage at the company level is the ability to consistently and profitably deliver products and services which customers are willing to purchase in preference to those of competitors (Department of Enterprise, Trade and Employment).

Competitive advantages of the organization – concentrated revelations of superiority over the competitors in the economic, technical and organizational spheres of the

enterprise activity which can be measured by economic indicators (additional profit, the higher profitability, market share, sales volume) (Azoev & Chelenkov, 2000: 48).

Competitive advantages of the enterprise – the efficiency of the enterprise's activity in any field, which, firstly, gives it the best ability (in comparison with competitors) to attract and retain consumers, and secondly, allows receiving a steady income, and on this basis to provide the reproduction of fixed capital (Golovachev, 2005).

The competitive advantage of the organization is a characteristic of the organization, which places it in a good light at a competitive market. Herewith, advantages extend in a varying degree to all goods or services of the organization (Hedranovich, 2011).

At the same time, it is necessary to be aware of such an important feature of competitive advantage as durability. It is clear that sooner or later competing organizations will have copied or outdone existing competitive advantages, with the exception of some of the unique. Therefore, the process of creation and retention of competitive advantages is continuous for the successful organization.

The competitive advantage of a product means the characteristics, properties of the goods or trade mark, that create certain advantage for the product over its direct competitors. These attributes or characteristics can be very different and relate both to the product (basic service) and additional services accompanying basic service, to forms of production, marketing or sales which are specific for the company or goods (Lamben, 1996: 264).

The competitive advantage of goods (services) is a characteristic, property of goods (services) or additional effect from consumption that determines the superiority of the goods (services) over similar goods (services) of competitors (Hedranovich, 2011).

Based on the materials by Hedranovich (Hedranovich, 2011), it is possible to distinguish the following **competitive advantages of IHE** (see the list below). At the first level, competitive advantages are listed; at the second – the factors of competitive advantages, while at the third – indicators that determine factors.

1. Predisposition of senior managers to innovations.
  - 1.1 Scientific activity of senior managers.
    - 1.1.1 Publication of scientific articles.
    - 1.1.2 Participation in conferences.
  - 1.2 Educational level of senior managers.
    - 1.2.1 Having the degree of Grand PhD.
    - 1.2.2 Having the degree of PhD.
  - 1.3 Computer literacy level of senior managers.
    - 1.3.1 Level of a PC user.
    - 1.3.2 Activism of IT usage.
  - 1.4 Age.
    - 1.4.1 Mean age.
2. Advanced material and technical base.

- 2.1 Technical equipment.
  - 2.1.1 Number of computers per student.
  - 2.1.2 Lecture rooms with multimedia equipment.
  - 2.1.3 Availability of specialized laboratories.
- 2.2 Comfort of premises.
  - 2.2.1 Cleanliness and neatness.
  - 2.2.2 Ergonomy.
  - 2.2.3 Aesthetic qualities.
- 2.3 Sport and wellness base.
  - 2.3.1 Availability of premises and grounds for physical training.
  - 2.3.2 Availability of sports equipment.
  - 2.3.3 Availability of the recreation centre.
- 2.4 Auxiliary base.
  - 2.4.1 Availability of dormitories.
  - 2.4.2 Availability of canteens.
3. Advantageous location.
  - 3.1 Convenient location.
    - 3.1.1 Compactness of the campus.
    - 3.1.2 Remoteness from the centre.
    - 3.1.3 Public transport.
  - 3.2 Ecological.
    - 3.2.1 Ecological compatibility of the district.
    - 3.2.2 Availability of recreational areas.
4. Range of provided educational services.
  - 4.1 Levels of education.
    - 4.1.1 Higher education.
    - 4.1.2 Postgraduate education.
  - 4.2 Stages of education.
    - 4.2.1 Bachelor majors.
    - 4.2.2 Magistracy majors.
    - 4.2.3 Postgraduate studies majors.
    - 4.2.4 Doctoral studies majors.
  - 4.3 Extra education.
    - 4.3.1 Pre-university training.
    - 4.3.2 Professional development.
    - 4.3.3 Refresher courses.
5. Recognition.
  - 5.1 Demand for graduates.
    - 5.1.1 Job placement.
  - 5.2 Recognition in the state.
    - 5.2.1 Having premiums.

- 5.2.2 Having rewards.
- 5.3 Presence of recognized scientific and educational schools.
  - 5.3.1 Number of disciples defended.
  - 5.3.2 Publication of scientific results.
- 5.4 International recognition.
  - 5.4.1 Number of cooperation agreements.
  - 5.4.2 Participation in international scientific programs and projects.
  - 5.4.3 Participation in international education (cultural) programs and projects.
  - 5.4.4 Availability of educational programs for foreign students.
  - 5.4.5 Academic mobility.
  - 5.4.6 Organization of international events.
  - 5.4.7 Participation in international organizations.
- 6. Productive scientific activity.
  - 6.1. Using the research findings in the IHE's activity.
    - 6.1.1 Implementation of results into business processes of the IHE.
    - 6.1.2 Educational and methodical publications.
  - 6.2 Preparation of highly qualified scientific staff.
    - 6.2.1 Successfully finished postgraduate studies.
    - 6.2.2 Defended their theses alumni.
  - 6.3 Publication of the research results.
    - 6.3.1 Monographs.
    - 6.3.2 Articles.
- 7. Adjusted system of management in the IHE.
  - 7.1 System of employee motivation.
    - 7.1.1 Bonuses.
    - 7.1.2 Differentiation of wages.
    - 7.1.3 Social package.
    - 7.1.4 Inner awards.
  - 7.2 Organizational structure.
    - 7.2.1 Optimal staff composition.
    - 7.2.2 Delegation of powers.
    - 7.2.3 Certified Quality Management System.

Different approaches can be applied when carrying out the numerical evaluation of competitive advantage: extracting knowledge from the existing regulatory and other documents (incl., the data contained in the automated information systems); data collection from special forms filled out by experts; information collection and modelling of activities through working groups and individual experts' polling.

Expert data is for some degree of uncertainty, so for the data conversion it makes sense to apply the technologies of knowledge management (in particular, the theory of

fuzzy sets (Zhelezko & Siniavskaya, 2009: 8)). In addition, the mathematical and instrumental methods of economics can be used while calculating (Zhelezko & Siniavskaya & Akhrameiko, 2004).

Competitive advantages of the organization should be distinguished from competitive advantages of the services provided by the organization. In the list below (formed similarly to the previous list) the elements of **competitive advantages of a service named 'higher education'** are disclosed.

1. Level of demand for graduates from employers.
  - 1.1 Academic performance of graduates.
    - 1.1.1 Average score.
    - 1.1.2 Generated competences.
    - 1.1.3 Creative potential.
  - 1.2 System of interaction of IHE with companies.
    - 1.2.1 Having contracts with companies for an internship.
    - 1.2.2 Number of requests for graduates.
    - 1.2.3 Students' internship under the contracts.
  - 1.3 Academic performance of applicants.
    - 1.3.1 Average score of testimonial.
    - 1.3.2 Score on the profile discipline.
    - 1.3.3 Entrance tests scores.
2. Cost of service.
  - 2.1 Efficiency of resources usage.
    - 2.1.1 Relative cost of maintaining the support staff.
    - 2.1.2 Optimal curricula.
    - 2.1.3 Optimal distribution of academic load.
    - 2.1.4 Provision of own areas.
3. List of specialties and specializations.
  - 3.1 Wide range of specialties and specializations.
    - 3.1.1 Availability of unique specialties and specializations.
    - 3.1.2 Availability of popular specialties.
    - 3.1.3 Number of specialties and specializations.
4. Academic mobility.
  - 4.1 Availability of international exchange programs, etc.
    - 4.1.1 Number of programs.
    - 4.1.2 Number of students participating in programs.
5. Competency evaluation system (Hedranovich & Gedranovich, 2011).
  - 5.1 Objectivity of the system.
    - 5.1.1 Testing holding.
    - 5.1.2 Adequacy of test measuring instruments.
  - 5.2 Person-oriented evaluation.
    - 5.2.1 Rating system of evaluation.

- 5.2.2 Availability of the feedback from consumers.
- 6. Present-day educational documentation.
  - 6.1 Involvement of academic staff into development of documentation.
    - 6.1.1 Updatability of funds of educational and methodological materials.
    - 6.1.2 Provision of educational disciplines with literature.

For disposal of redundant data thereafter can be applied the methods of selection and verification of criteria, for example, Model AR-DEA (Gedranovich, 2011).

## Competitive Advantages Typical for the Information Economy

Information economy encourages organizations to form formerly unknown competitive advantages. Under such circumstances, there appear new leaders in competitive struggle, using their competitive potential in the best way.

Innovation is the principle which organization should follow in order to operate successfully in the new competitive environment, formed by the information economy. This principle implies openness and willingness to the development, implementation and use of new tools, new ways of working, and as a result, the willingness to obtain a competitive advantages.

Thus, information is not just a source of new knowledge and new data but it is a resource of formation of competitive advantages for the efficient operation of the organization in the information economy (Hedranovich, 2010).

The IHE has a number of advantages that allow increasing the competitiveness of the IHE, using the available resources – results of conducted scientific research, presence of highly qualified scientific and academic staff, possibility of training the specialists with a high innovative potential.

Taking into account previously presented competitive advantages of the IHE let us formulate the competitive advantages of the IHE, functioning in the information economy:

1. Management of key business processes with the help of automated information systems.
2. Participation in the world rankings of the IHEs and set the strategic focus to engage high positions in the rankings.
3. Implementation of the interaction and information exchange with (between) students and teachers through the website.
4. Using modern technical means, such as self-service terminals, QR-codes, code scanners, etc., to exchange information.
5. Providing access to educational and scientific resources of the IHE in electronic form.
6. Presentation of the IHE in the social networks.

Having formed the above-mentioned competitive advantages, the IHE will undoubtedly occupy a leading position in the competitive market of educational services. Nevertheless, possessing a certain competitive advantage, it is necessary to maintain its performance at the highest level. Regular audits of information and organizational processes should also be carried out to provide timely detection of preconditions for the creation of new competitive advantages.

## Conclusions

On the basis of the definitions given by certain authors, a multifaceted nature of the notion of ‘competitive advantage’ is disclosed in the article. Several definitions of competitive advantage of an organization are exemplified.

The authors reveal some peculiarities of competitiveness of the IHE. The classification of competitive advantages of the IHE is proposed, incl., the factors influencing the advantages and the indicators that can be used to determine the impact of factors.

Further on, the competitive advantages of a service ‘higher education’ are disclosed with their factors and indicators. The authors propose the types of competitive advantages of the IHE typical for the information economy.

By their nature, the IHEs are not only producers of professional staff, but also incubators. They are a source of new ideas, suggestions and innovative projects. To carry out this mission effectively, the IHE should use the methodology of formation of competitive advantages, adapted to the conditions of modern economy.

In order to promote IHE within the information economy, it’s necessary to create an adequate system for evaluating the competitive advantages of an organization and to propose directions of creation of these advantages. The following directions can be proposed:

- implementation of information technologies in organization management;
- application of information and communication technologies in educational process;
- development of information infrastructure and organizing extra services.

## References

- Azoev, G. L., & Chelenkov, A. P. (2000). *Competitive Advantages of Firm*. Moscow: Printing House “The News”.
- Gedranovich, A. B. (2011). Generalization of Composite Indexes with the Help of AR-DEA-Models. Problems of Forecasting and State Regulation of Socio-Economic Development: Proceedings of XII Intern. Scientific Conf., Minsk: October, 20–21 2011. V. 3. pp. 175–177.

- Golovachev, A. S. (2005). Methodological Foundations of Competitiveness of Enterprises and Goods. *Economics and Management*. 1 (1). pp. 4–8.
- Hedranovich, V. B. (2010). Problems of Formation of the Organization Competitive Advantages in the Information Economy. *The Problems of Innovative Development in Research of Higher Educational Institutions: collection of articles of the international scientific and practical conference*, Tula, 30.11.2010. pp. 135–139.
- Hedranovich, V. B. (2011). Methodological and Methodical Aspects of Competitiveness Evaluation of Organization. *Economics and Management*. 27 (3). pp. 51–57.
- Hedranovich, V. V., & Gedranovich, A. B. (2011). Methods of Quality Assessment of Test Questions. *Innovative Educational Technologies*. 26 (2). pp. 19–25.
- Lambert, J.-J. (1996). *Strategic Marketing. The European Perspective*. St. Petersburg: Science.
- Porter, M. E., & Millar, V. E. (1985). How Information Gives you Competitive Advantage. *Harvard Business Review*. July-August. pp. 149–160. United Kingdom. Department of Enterprise, Trade and Employment.
- Zhelezko, B. A., Siniavskaya, O. A., & Akhrameiko, A. A. (2004). Estimation of Quality of Objects with Complex Structure under Uncertainly Conditions. *Computer Data Analysis and Modeling: Proc. of the Seventh International Conference*, Minsk: September 6–10, 2004, V.2. pp. 67–70.
- Zhelezko, B. A., & Siniavskaya, O. A. (2009). *Fundamentals of the Theory of Rough Sets: Textbook*. Institute of Parliamentary and Entrepreneurship. Minsk.



## COOPERATION OF THE STATE EMPLOYMENT AGENCY AND EMPLOYERS

**Galina Kozaka**

Dr.sc.ing., assoc. prof., Riga Tehnical University  
*galina.kozaka@rtu.lv*

**Judīte Jakubāne**

Mg.oec., assoc. prof., Riga Tehnical University  
*judite.jakubane@rtu.lv*

### Abstract

Deterioration in the Latvian labour market has reduced the demand for labour force and increased unemployment. In order to reduce unemployment and increase employment, the activities are being organized in cooperation with the State Employment Agency (SEA) to reduce unemployment and to return the unemployed to the labor market. The organization and promotion of cooperation with employers plays the major role in this process. Employers should be encouraged to interact with public authorities by providing information on what benefits they can gain from this cooperation, as well as employers should ensure the activity transparency. The low activity of the employers' cooperation with the State Employment Agency has a negative impact on the recruitment of the unemployed. **The aim of the present paper** is to explore the SEA cooperation with employers. Additional selection criteria in the recruitment program have been developed to ensure faster and more accurate selection as well as additional criteria for the SEA's organized activities to make them more attractive to both employers and the unemployed.

**Key words:** *employment, employer, improvement of cooperation*

### Introduction

Deterioration in the Latvian labour market has reduced the demand for labour force and increased unemployment. In order to reduce unemployment and increase employment, the activities are being organized in cooperation with the State Employment Agency (SEA) to reduce unemployment and to return the unemployed to the labour market. The organization and promotion of cooperation with employers plays the major role in this process. Employers should be encouraged to interact with public authorities by providing information on what benefits they can gain from this cooperation, as well as employers should ensure the activity transparency. The low activity of

the employers' cooperation with the State Employment Agency has a negative impact on recruitment of the unemployed. **The aim of the present paper** is to explore the SEA's cooperation with employers. The authors of the article set forth the following tasks: 1) to study and describe the labour market policy of the implementing bodies; 2) to describe how the State Employment Agency forms the process managed by the society; 3) to describe the SEA's process control measures for employers and their performance analysis; 4) to develop questionnaires for employers and the unemployed in order to assess the operation of the SEA and services.

The study used the statistical data analysis, questionnaires' results and employee (expert) interview methods.

Additional selection criteria in the recruitment program have been developed at the employer's request to ensure faster and more accurate selection, as well as additional criteria for the SEA's organized activities to make them more attractive for both employers and the unemployed.

## The unemployment situation in the economy of Latvia

Promotion of employment in Europe and Latvia is not just a political goal – it is the economic and social necessity. Currently, a part of the working age population does not work for various reasons, and therefore much effort is spent on incorporation of economically inactive people into the labour market. For this purpose, it is necessary to improve the national tax and benefit system to create motivation for all social groups to participate in the labour market and provide a degree of flexibility combined with the employment security.

Rapid economic growth that was observed in Latvia from 2004 to 2007 had a positive impact on the labour market situation, fostering growth of economically active population, employment growth and unemployment decline. Decrease in economic activity during the global financial crisis, which began at the end of 2007, negatively reflected in the employment figures starting with the end of 2008 – a decrease in economically active population and employment, and increased unemployment rate (see *Figure 1*).

The average unemployed is: a woman aged 45–50 with professional education acquired in Latvia. [2]

Population by economic activity and gender is displayed in *Figure 2*. *Figure 2* is indicative of the fact that men are most active, but to the year 2010 their number has decreased as a percentage. The number of the unemployed and economically inactive men has increased.

There is a large number of economically active women in the labour market, which is positive; however, the number of employed women has been declining over the last 2 years.

The number of unemployed women has increased, but the upward trend is less than for the unemployed men.

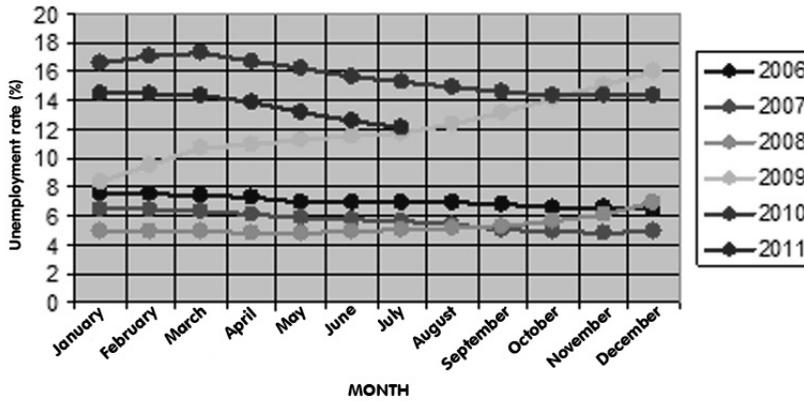


Figure 1. Registered unemployment rate (Unemployment rate, %)

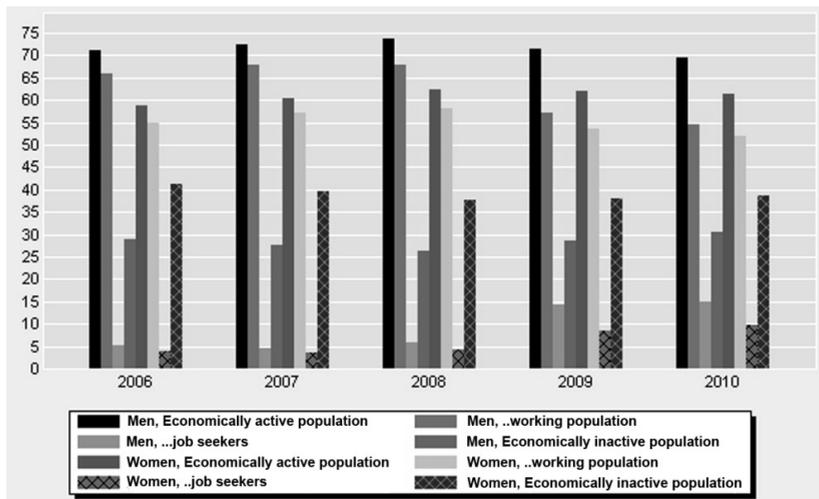


Figure 2. Population by economic activity and gender, % [5]

Comparing the proportion of women and men in the economically inactive population, it can be concluded that about 30% of the economically inactive population are men and around 40% – women. The number of men – the economically inactive population, tends to rise to the year 2010, but women – falls.

The main institutions at the national level dealing with the social policy issues are the Ministry of Welfare, the Ministry of Economics and the Ministry of Education and Science. The Ministry of Economics is responsible for promoting entrepreneurship and creating a business friendly environment, including infrastructure development. The Ministry of Education and Science is responsible for education and training at all levels.

## The State Employment Agency in cooperation with the society

**The State Employment Agency (SEA)** is implementing national policy in the field of unemployment reduction and in the support of the unemployed, job seekers and people at the risk of unemployment. The **SEA's mission**: to be a reliable partner for the employer and the employee, promoting the reduction of unemployment and contributing to the labour market balance. Employers are the ones who have direct contact with the SEA's work results – trained within the framework of occupational training and retraining or unemployed, or job seekers involved in active or preventive activities. At the same time employers are also the clients of the SEA's implemented activities – the employer provides information to the SEA: what kind of profession and qualification workers will be required in companies and institutions represented by the employers. The employer is able to order training of personnel necessary for the company within the framework of the SEA's organized employment activities.

Today's labour market situation encourages mutual cooperation of the SEA and employers to reduce the labour qualitative and quantitative deficiency. To strengthen cooperation with employers, the SEA applies various forms of cooperation – workshops to inform employers about the services offered by the agencies and discussions about quality compliance with the needs of employers, employers' advisory council, individual meetings, etc. Employers have the opportunity to submit their proposals for the SEA service development. In case of employer's announced corporate restructuring, the SEA plans service development for those who are exempt from work. Both, employers, whose businesses through the following activities reduced potential tensions, and the SEA's rapid response to the changes in the labour market conditions may reduce the risk that dealing with the situation in the future may need much more funding.

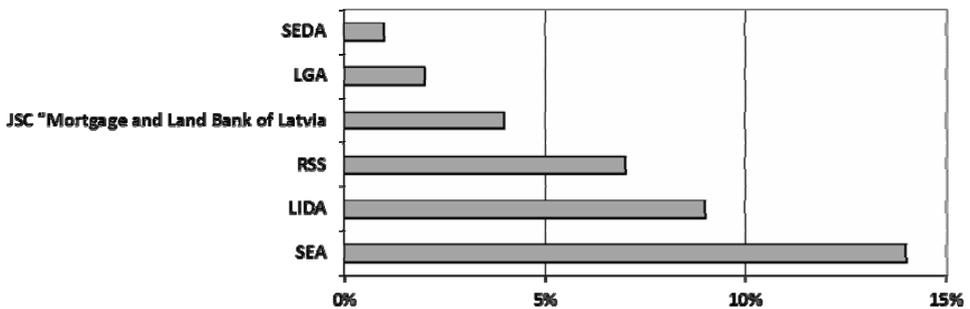
For next three years, the SEA's steps to improve cooperation with employers and agencies, as well as innovative approaches to promoting employment issues are included in the strategy's fifth task – to provide the employer-driven SEA service development and evolution [4, 3 – page 9].

Publicity activities organized in 2010:

- more than **3800** publications in the central, regional press and the Internet;
- more than **2530** informative stories and broadcasts on the central TV and radio;
- **70** media announcements, **120** announcements for Latvian national news Agency "LETA" and **104** topicalities for the SEA website;
- reports on the employment situation in Latvia **in a number of foreign media** – Finnish, Austrian, British, French, German, etc.;
- a forum "An Employee in the Labour Market of Tomorrow" organized by the SEA;

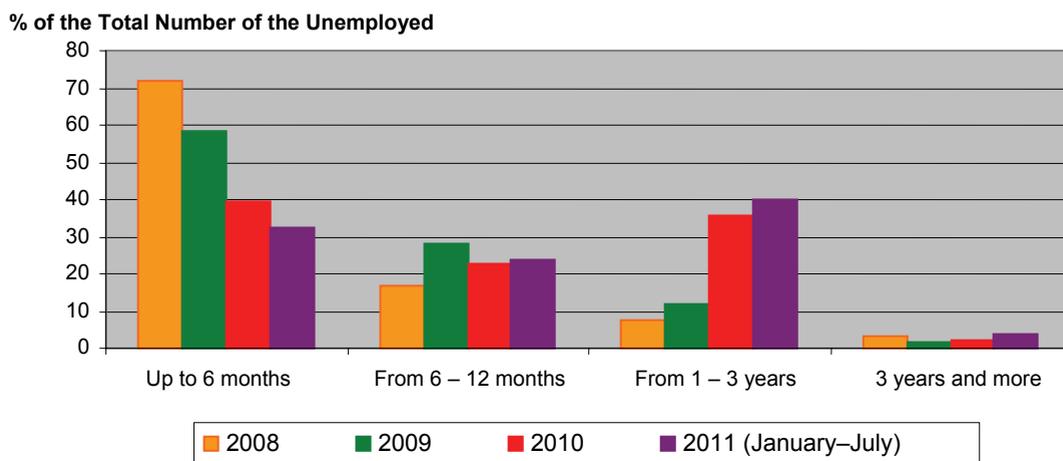
- **33 seminars for the heads of regional governments and employers** "National Employment Agency's New Employment Activities, their Implementation. Current Issues, Problems and solutions "[2, page 36].

Important information about the Latvian business environment is expressed in the report on business survey results. The Latvian businessmen very rarely use services of various state institutions (see *Figure 3*): most businessmen – 14%, used services of the State Employment Agency, 9% contacted the Latvian Investment and Development Agency (LIDA), 7% – the Rural Support Service (RSS). The rest of the questionnaire included information that the use of institutions' services does not exceed 7% specific weight: JSC "Mortgage and Land Bank of Latvia" – 4%, the Latvian Guarantee Agency (LGA) – 2% and the State and Regional Development Agency (SRDA) – 1%. Evaluating public service exploitation rates in various target groups, it's observed that the State Employment Agency services were more often used by businessmen in manufacturing and industrial fields (21%) as well as in construction (17%) fields, employees in the cities (23%), medium (24%) and large enterprises (27%), in Latgale (25%), in Zemgale (19%) and in Kurzeme (18%) of employees, as well as companies with foreign capital (19%) [1, pp.223–232].



*Figure 3.* Estimation of the public institution's service use

Young people aged 15–24 who have recently graduated from high school or university without work experience rank the 1st among the registered unemployed, so there is difficulty in job placement. Employers want employees who already have experience, thus reducing employees' training costs. Older people rank the 2nd and disabled people the 3rd among the registered unemployed, the number of which slightly increases. A small number of registered unemployed are persons after child care leave and persons held in custody. The proportion of the unemployed by the duration of unemployment for the period from 2008 to July 2011 is displayed in *Figure 4*.



*Figure 4.* Structure of unemployed persons by duration of unemployment

Following *Figure 4*, it can be concluded that by 2010 most of the unemployed were in the SEA's register up to 6 months, but in 2011 – from 1–3 years, which means that the number of long-term unemployed increased. These are those unemployed persons who cannot find a job, do not seek it or their profession currently is not required in the labour market, wherewith they do not have the means of subsistence. The problem also lies in the fact that the longer a person is unemployed, the harder it is to return to work. These people have not only substantive issues, but also social and psychological. According to the authors, a special attention should be paid to the long-term unemployed to return them to the labour market – have to think about the SEA's activities.

Registered unemployed and vacancies during the period from 2008 to July 2011 are displayed in *Figure 5*.

Following *Figure 5*, it can be concluded that in Q1 of 2008, around 5 unemployed claimed for each vacancy, but in Q4 – 24 unemployed. Due to the development of economic crisis, 129 unemployed persons claimed for each vacancy in Q4 of 2009. During this time, employers offered fewer new work places, as they tried with the existing resources to maintain and manage their activities. In 2011, the situation started to stabilize – the number of the unemployed decreased, and employers began to offer more new work places. In July 2011, 33 unemployed persons claimed for each vacancy.

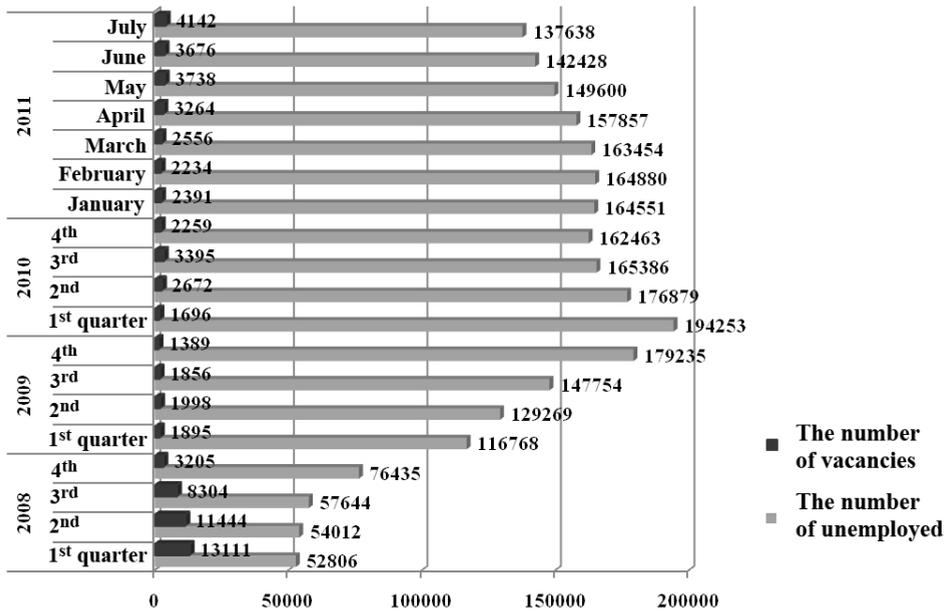


Figure 5. Registered unemployed and vacancies in Latvia [2].

The SEA offers a variety of active employment activities for the unemployed, job seekers and those at the risk of unemployment, as well as preventive activities to reduce unemployment, which are also provided for employers. Any activity organized by the SEA involves different number of the unemployed. The number of participating unemployed persons is set up by financial resources allocated on the basis of market surveys carried out as to what market experts are most acute. Opinions are collected from both the unemployed and employers. The total number of persons involved in the SEA's activities during the period – 2007 – July 2011 is shown in *Table 1*.

Following *Table 1*, it can be concluded that from 2009 a lot more people were involved in activities, compared to 2007 and 2008. If in 2009, a total of 37 757 persons were involved in all activities, then in 2010 it was already 2 times more, and in the first half of 2011 there were 25 279 persons involved. To reduce unemployment and help people upgrade their qualifications, more financial resources for involvement in activities were provided in order to help them to return to the labour market.

Table 1

**Number of Persons Involved in the SEA's Activities**

	<b>Profes- sional training</b>	<b>Training with an employer</b>	<b>Activities for certain groups</b>	<b>Complex support activities</b>	<b>Informal learning</b>	<b>TOTAL</b>
2007	3893	0	141	42	7878	13278
2008	2171	0	1136	0	6486	9793
2009	9954	441	609	7515	19238	37757
2010	8297	1129	2132	16957	42574	71089
2011* January–July	4317	589	844	7610	11919	25279

The most important indicator – how many people of those, who were involved in the activities organized by the SEA, found a job. Placement of job is evaluated as effective, if the relationship is initiated within 6 months after participating in one of the activities. Data on recruitment after participating in the SEA activities are shown in *Table 2*.

Table 2

**Number of Recruited Persons after Participating in the SEA's Activities**

	<b>Profes- sional training</b>	<b>Training with an employer</b>	<b>Activities for certain groups</b>	<b>Complex support activities</b>	<b>Informal learning</b>	<b>TOTAL</b>
2009	1612	293	604	218	356	3083
2010	4742	346	573	3692	10694	20047
2011* January–July	2670	621	277	2887	9314	15769

Following *Table 2*, it can be concluded that the year 2010 was the most successful, because most of persons were recruited after participation in the activities organized by the SEA, i.e., 20,047 persons. According to the authors, the year 2011 could be even more successful, because after half a year already 15,769 persons started working. The positive trend in placement may be related to the fact that the economic situation is improving and market is recovering.

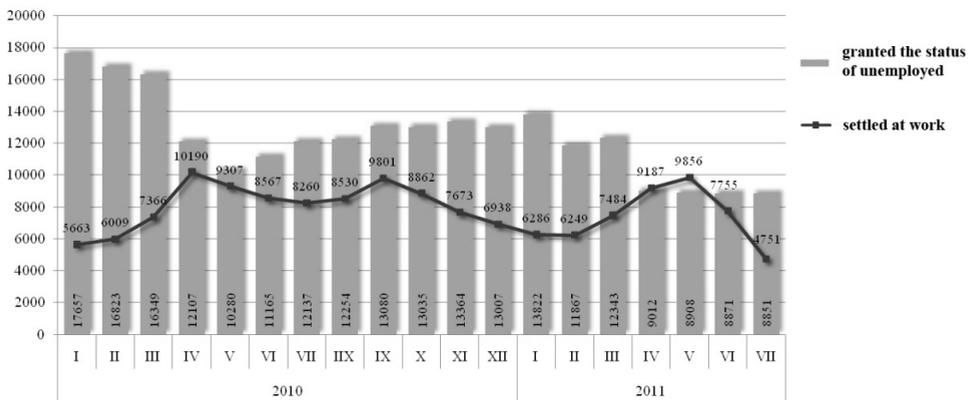
Analyzing the situation in each placement individually, it is concluded that practical training with an employer is the most successful. At the conclusion of this activity, 59% of training participants got a job. This is due to the fact that employer chooses his staff and carries out practical training for a particular work and after he/she recruits those persons for work. According to the authors, this is the most effective activity, and it would be necessary to allocate additional funds to involve more participants.

The next organized measure that facilitates placement is an activity for certain groups of individuals – 41% of participants continue to work in the existent company or find job elsewhere. It is most difficult to find a job for this target group, because workplace often requires a special adjustment and only few employers are willing to hire people with disabilities, and to adapt the workplace. According to the authors, this activity is set to continue, maintaining the allocated financial resources, as it is often the only help for people to work and even for a certain period of time to be useful and active in the labour market.

After completion of training, 39% of participants find job in their chosen profession. Less than half of the persons involved found a job. This is probably due to the fact that there are professions, where it is difficult to recruit and it's not enough to have a certificate and skills after course completion, because employer requires other important skills. So, the course attendance won't significantly facilitate recruitment.

In the informal training, after course completion, 28% participants are recruiting and 22% of participants are recruiting after attending events and activities within the framework of the complex activities. According to the authors, one of the reasons for low recruitment rates is that a person after acquiring the language courses (English, German) is going abroad and/or does not enter into a labour contract with employer. Another reason could be that training is not sufficient, because informal training courses last only up to 2 months. So, it is necessary to extend the time of course adoption, so that the acquired knowledge would be more valuable. The third reason is that informal training has the shortest involvement period from all the activities, during which the scholarship of LVL 70 is paid per month and often the unemployed people are attending the course because of these scholarships, so it is a matter of motivation and job recruitment.

The number of persons receiving the status of the unemployed and the unemployed, who are recruited in 2010 and 2011 by month, is displayed in *Figure 6*.

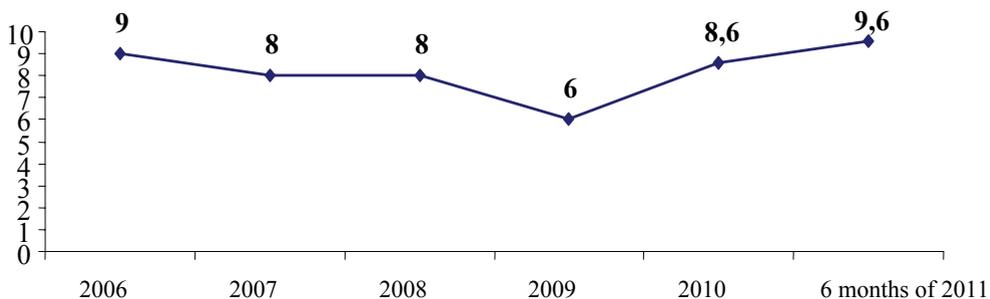


*Figure 6.* The number of the unemployed status receivers and the unemployed, who are recruited [2]

Following *Figure 6*, it can be concluded that during the first 3 months of 2010 on average 16 943 job seekers per month received the status of the unemployed and 6,346 persons on average got job per month. Most got job in April of 2010 – in total 10190 persons. Statistics show that in 2010 more than 97 thousand unemployed persons registered in the SEA found job – 75% after participating in activities organized by the SEA.

Since the year 2010 was the most active in respect to the number of the unemployed involved in training, it is interesting to find out which target group most actively participated in activities. Following the available data, it can be concluded that unemployed young people aged 15–24 are most active, while the unemployed at the pre-retirement age rank the 2nd. The activities attended by the most persons are related to increasing competitiveness. The researches show the following tendency: the training courses are most actively attended by persons who have been registered for up to 6 months, and the longer a person is recorded, the more passive he/she becomes, and it is more difficult to return the person to the labour market. Thus, if this problem is not solved duly, a stable population group of those who do not want to work will develop. Wherewith, employers complain that there are no employees. The state has to work more with the long-term unemployed and strive to return them to the labour market, so this target group needs additional financial resources.

The average unemployment duration in months for the unemployed who are recruited during the period 2006 – June 2011 is displayed in *Figure 7*.



*Figure 7.* The average unemployment duration of unemployed who are recruited (in months) [3, page 9]

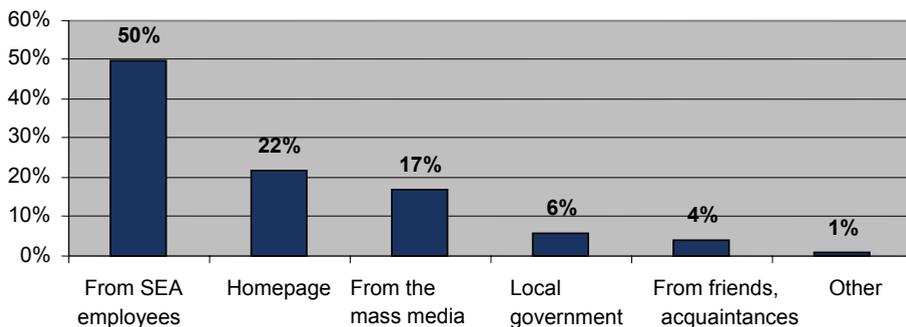
Following *Figure 7*, it can be concluded that the unemployed who were registered in 2009, had the shortest period of unemployment. In 2010, the period of unemployment has increased by 2.6 months and it is higher than in 2007 and in 2008, when unemployment duration was 8 months. In the first half of 2011, unemployment reached 9.6 months, which is by 0.6 months more than in 2006. So the period of unemployment is higher,

which is negative, because recruitment proceeds more slowly. So the cooperation with employers should be promoted through the development of new, more effective activities, so that the unemployed would quickly return to the labour market.

## The State Employment Agency for cooperation in evaluation

The survey results show that most employers become aware of the SEA services directly from the SEA employees (see *Figure 8*), as the next most popular sources of information are mentioned the SEA’s website and the media.

So it can be concluded that the SEA’s employees are the most capable of influencing the public image of the SEA. The happier with the work and salary will be employees, the better they will communicate with customers. At the moment, when the SEA’s employees are overloaded and wages are reduced, motivation to work decreased, and there is evidence of a relatively high staff turnover, which contributes to poor information transfer to the outside, because new employees cannot learn everything so quickly. The inquiry shows that most – 55% of respondents, had no previous contacts with the SEA, 45% had cooperation. The most active companies in cooperation with the SEA were in Zemgale and Latgale region, the lowest activity – in Rīga region. In Latgale region, it is also more difficult to find employees, so more companies are looking for assistance in the SEA.



*Figure 8.* Employers' sources of information about the SEA and its services [7, page 1]

Following *Figure 9*, it may be concluded that the Rīga region should pay more attention to enhancing the image and service promotion of the SEA. Perhaps advertising on the television and radio should be used, which is considered to be effective and cover a very wide audience, or – to go in person to employers with an offer, because personal contact provides greater impact, than heard offer.

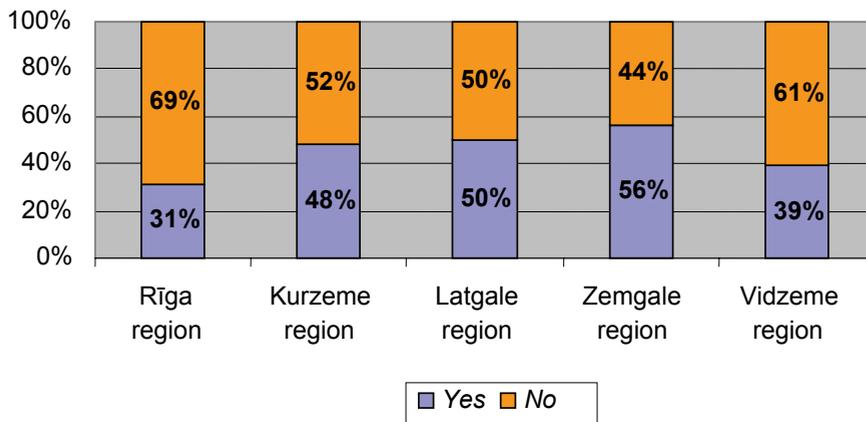


Figure 9. Cooperation with SEA in regions [7, page 2]

Following the survey results, the authors conclude that the most popular SEA’s service among employers is vacancies recording and cooperation in seeking the employees. Other types of cooperation with the SEA mentioned by respondents – participation in workshops and surveys, different types of consultations, participation in paid temporary jobs and subsidized employment. Most employers are satisfied with collaboration between the temporary engaging in gainful employment, subsidized employment and student activities. The least approvingly assessed by employers are EURES consultations. The survey results showed that the information about SEA’s services and labour market is most often searched on the website (see *Figure 10*).

The information in the SEA’s website is regularly updated. The website has information on all the activities proposed, but employers were interested in other information – changes in legislation, information on purchases and other vacancies etc. According to the authors, the information on the website must be complete and identical in three languages – Latvian, Russian, and English. At the moment, detailed information is provided in Latvian, while in other languages – minimal, but the employers represent also other nationalities, so equal and complete information should be ensured.

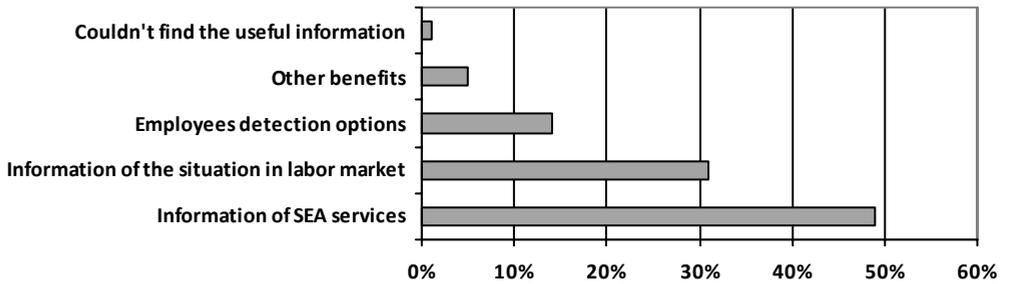


Figure 10. Benefit from the SEA’s website visits [7, page 5]

The study shows that employers often do not see the benefits of cooperation with the SEA. The lack of interest is partially related to the outdated views of the SEA as a bureaucratic government structure, which cannot build partnership relations with employers. The greatest objections of the company representatives were created by the fact that the SEA offers non-compliant employees to the employer or doesn’t have any suitable applicant to offer. Those who have not worked with the SEA or the established cooperation is not very successful, are confident that it is more focused on providing assistance in case of unemployment. Employers have the impression that a large proportion of unemployed persons registered in the SEA are not interested in finding a job.

In small and medium-sized enterprises, a common recruitment method is personal contacts – recommendations of company's employees and their acquaintances. This method helps to quickly obtain reliable information about the worker's qualifications, attitude towards work and the suitability of the company's needs.

The data in Figure 11 show that only about 22% of employers are looking for employees with the help of the SEA.

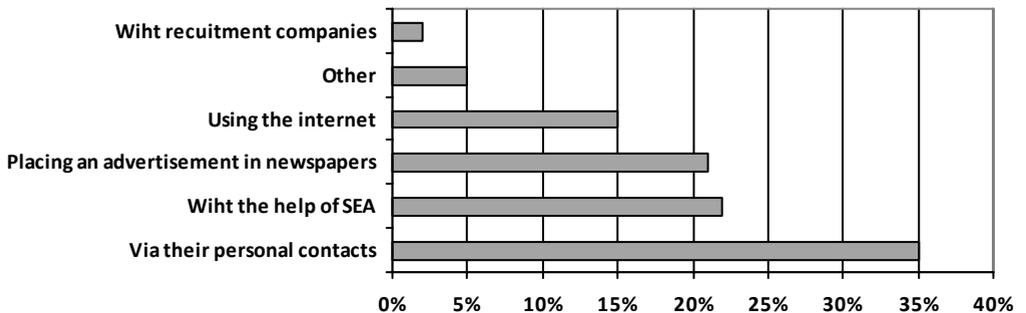
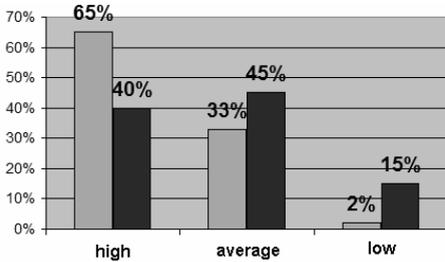


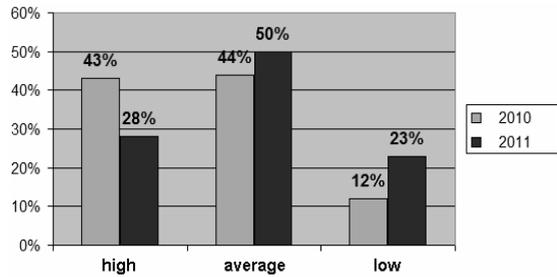
Figure 11. Ways of searching recruitment [7, page 5]

In order to evaluate the SEA's activities and services more thoroughly, the authors believe that it is important to analyze not only opinions of the employer but also of the unemployed. In order to make the results comparable, the 2011 questionnaire was used for the same issues as in 2010. Respondents' satisfaction with the SEA services in 2010 and 2011 is shown in *Figure 12*, while the SEA's staff skills assessment level by providing information on the situation in the labour market and job vacancies is presented in *Figure 13*.

Comparing the survey results, it can be concluded that respondent satisfaction with the SEA's skills to provide complete information on the situation in the labour market and job vacancies has decreased.

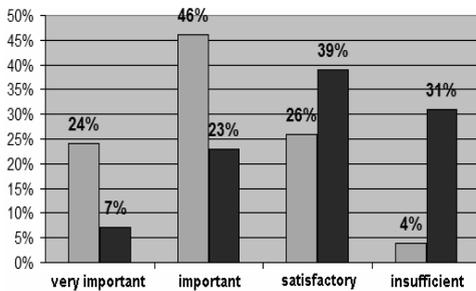


*Figure 12.* SEA staff skills in providing information of SEA services [8, page 11]

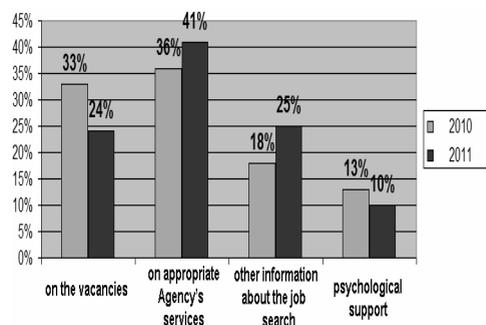


*Figure 13.* Employees' skills in providing information on the labour market and job vacancies [8, page 12]

Respondents' assessment of the SEA's staff assistance in the job search process for 2010 and 2011 is shown in *Figure 14*, while respondents' benefit from the SEA's consultations is shown in *Figure 15*.



*Figure 14.* Respondents' assessment of SEA staff assistance in the job search process [8, page 14]



*Figure 15.* Respondents' benefit from SEA staff consultations [8, page 15]

Comparing survey data of 2011 and 2010, it should be noted that in 2011 respondents gained more information about the appropriate SEA services, and less psychological support and information about job vacancies.

Evaluation of usefulness of SEA's services in the job search process in 2010 and in 2011 is shown in *Table 3*.

*Table 3*

**Usefulness of SEA's Services in Job Search Process [8, p. 42]**

NVA services	2010	2011
Information about job vacancies	86%	65%
Information day	92%	69%
Activities to increase competitiveness	92%	73%
Career advice	89%	65%
Professional further education and professional development training programs for unemployed	92%	70%
Acquisition of informal education	95%	72%
Training with an employer	80%	62%
Activities for certain groups	82%	66%
Consultations on issues of EURES	80%	62%
Work practice in local governments with LVL 80 scholarship	90%	64%
Complex support activities	83%	61%
Professional higher education for unemployed	78%	65%
Youth work practice	–	64%
Lifelong learning activities for employed persons	–	64%

Following the survey results, it is possible to conclude that SEA service usefulness evaluation in 2011 was lower (66%) than in 2010 (87%). As the most efficient activities respondents both in 2010 and 2011 recognized the information days (advising clients on SEA's activities, rights and obligations of the unemployed), activities to increase competitiveness, professional and informal education.

After the analysis of all the activities organized by the SEA, the authors concluded that in order to encourage employers to participate in any of the activities, there must be sufficiently large amount of funding for the employers. Employers are aware of the services provided by the SEA, but they are applying for the activities with the highest obtainable funding. For example, employers actively took part in the youth work practice, because of insufficient funding, but in the measure "Workplace for the Young Person" – employers' activity is low because funding is limited.

An important condition for the performance indicators was met at the time and response to employers' activity is flexible transfer of financial funds among activities. For example, if in one of the activities employers' activity is high, this measure should be given additional funds from the measure in which employers' activity is lower. The main goal is recruitment.

## References

- Ministry of Economics of the Republic of Latvia. (2009). Administratīvās procedūras un uzņēmējdarbības vide Latvijā 2001.–2009. gads. *Uzņēmēju aptaujas rezultātu ziņojums*. Rīga: pp. 223–232.
- The State Employment Agency. (2010). *Pārskats par NVA darbības rezultātiem 2010. gadā*. Presentation materials, unpublished materials, pp. 10, 17, 19, 36.
- The State Employment Agency. (2011). *Pārskats par NVA darbības rezultātiem 2011. gada 6 mēnešos*. Available at: SEA unpublished materials, pp. 9, 27, 50.
- The State Employment Agency. (2008). *Nodarbinātības valsts aģentūras darbības un attīstības stratēģija 2008. – 2010. gadam*. Rīga, pp. 7–9.
- Central Statistical Bureau. (2011). Population by economic activity and sex [Online]. Available from: <http://data.csb.gov.lv>[Accessed on:11/09/ 2011].
- The State Employment Agency. (2010). In 2010, the labor market showing signs of stabilizing [Online]. Available from :<http://zinas.nra.lv> [Accessed on: 30/12/ 2010].
- Hudčenko, V. (2011). Darba devēju apmierinātība ar NVA pakalpojumiem aptaujas rezultātu apkopojums. Resource viewed: 09.10.2011. Resource available: SEA unpublished materials, pp.1–5.
- The State Employment Agency. (2011). *Informatīvs ziņojums – bezdarbnieku apmierinātības aptauja*. SEA unpublished materiāls., pp. 3, 11, 12, 14, 15, 42.

## **RAISING COMPETITIVENESS BY DEVELOPMENT OF INNOVATION MANAGEMENT SKILLS**

**Gundega Lapina**

Dr.paed, project manager, Latvian Technological Center  
*gundegal@edi.lv*

**Ilmars Slaidins**

Dr.sc.ing, professor, Riga Technical University  
*ilmars.slaidins@rtu.lv*

### **Abstract**

The leading EU innovation policy documents emphasize the priority of innovation in raising competitiveness. Implementation of research results in EU is not satisfactory due to the lack of knowledge and skills in managing innovation.

The paper presents a review and analysis of knowledge and skills gaps, and reveals training needs on innovation management in industry with the main focus on SMEs.

Research is done by the team of Leonardo da Vinci project “E-Learning Innovation Management Course for Vocational Training”. The research includes SMEs needs analysis on innovation management knowledge and skills in Latvia, Finland and Great Britain. Basing on this research outcome, the e-learning course content was developed: innovation theory and practice, creativity and innovative entrepreneurship, new product development and implementation, financing innovation, intellectual property management in the innovation process and innovation support systems.

It is expected that after studying a full course, the SMEs people will be equipped with the necessary knowledge and skills to manage innovation in company. The course graduates will be able to use creative thinking for development of competitive new business and products, will know the right sources for innovation financing and right ways of protecting intellectual property, and possible state and EU support systems for innovation.

After piloting the course in spring 2012, the e-learning course on innovation management will be launched in autumn 2012.

**Key words:** *innovation management, innovation skills, e-learning*

## Introduction

In the recent years innovation is becoming more and more important for enterprise competitiveness. The companies are competing with new products, processes, strategies, IT solutions, business approaches, organisation models and market niches. The companies are exploiting their knowledge and skills for innovation that makes them competitive and brings success. However, only minor part of companies is happy with the results gained and success achieved. Especially, during recession, the companies are paying tremendous efforts to survive, and only some of them are starting new developments. In small countries, like Latvia, it is difficult to compete with large countries and industries. Small countries do not go for radical innovation, however in national markets also an incremental innovation or innovation “new for company” can bring a competitive advantage. The competitive advantage of companies lies in the ability to innovate: understanding of innovation, ability to take part in innovation and to manage innovation processes in order to be competitive. Ability to innovate requires certain knowledge and skills.

Many researchers have studied the ability to innovate – both obstacles and the success factors. Referring to John Bessant (Bessant, 2003:40), innovation management professor from the School of Management at Cranfield University, the main reasons why people are not being able to innovate are: They do not know, how to do it – lack of knowledge and skills; They are not permitted to express opinions or offer ideas – do as you’re told; They feel shy or anxious about offering an idea; They feel it is not their place – someone else’s job; They fear what others in the group might say, or do – peer pressure; They feel it is not worth their while – why to bother?

In order to overcome these obstacles, the company should develop the awareness and skills – through training, encouraging expression of ideas (e.g. through brainstorming), expanding the responsibility for implementing ideas (e.g. through team-based activities) and enhancing motivation (e.g. through changing the reward or recognition system).

What kind of knowledge and skills are required for innovation? This paper will refer to the most recognized EU documents about innovation skills and related deficiencies, and will analyse the study on SMEs needs for innovation training performed in the framework of Leonardo Da Vinci project “E-Learning course of Innovation Management for vocational training” (E-IM). Based on this needs analysis, a new e-learning course for SMEs on Innovation Management has been developed.

## OECD Study on Skills for Innovation and Research

The analysis of recent innovation performance in EU countries, is presenting general tendencies and the advantages and gaps of the national innovation systems in EU countries (European Commission, 2011). A deeper analysis of the EU innovation performance indicators per country, both success and failure factors, might bring new ideas for national governments to improve the innovation situation in the countries: research and education, innovative entrepreneurship, public and private contribution in promotion of innovation. Relating to the European Innovation Scoreboard results, the OECD (Organisation for Economic Co-operation and Development) study “Skills for Innovation and Research” (OECD, 2011:11) states that “empirical studies linking data on stocks and flows of skills at the country and industry level to innovation indicators would provide valuable evidence to complement more theoretical discussions of skills for innovation.”

Focusing on innovation, the ability to innovate, and skills and knowledge necessary for innovation, the OECD study is providing more targeted and detailed analysis on European SMEs gaps of innovation skills: “Innovation depends on people who are able to generate and apply knowledge and ideas in the workplace and in society at large. OECD countries have long recognised the need to develop skilled people through education and training. But as they strive to find new sources of growth to underpin a strong and sustainable future, they increasingly try to understand the types of skills needed for innovation and the best ways to build them”, is said in the OECD study (OECD, 2011:9).

The OECD study has collected the common EU opinions about the labour market needs for skills and knowledge. The OECD study provides an overview of the most important EU research results, the data and the evidence in order to clarify the essence of innovation skills for different types of innovation and in different stages of innovation. It aims to increase understanding of the desired skills base for innovation and the policies that might enhance the development of such skills, and to point to areas for further analysis. Referring to the opinion of several EU researchers studies on innovation related skills, the OECD defines the term: skills for innovation: “In the widest sense, skills for innovation could be any ability, proficiency, competency or attribute that contributes to the implementation of new products, processes, marketing methods, or organisational methods in the workplace” (OECD, 2011:22).

The OECD study summarizes the most known classifications of different innovation related skills, starting from technical to business skills, and from technological knowledge to “soft” skills – business and communication, interaction, teamwork and leadership skills. The OECD classification of innovation skills is presented in *Table 1*.

Table 1

**OECD classification of innovation skills**

Type of skills	Description
Basic skills and digital-age literacy	Skills of reading, writing and numeracy; “digital-age” skills – skills that enable People to access and interpret information in knowledge-based society; technology fluency – allows people to use digital technology, communication tools and networks. Information and communication technologies literacy is almost as important as general literacy.
Academic skills	Skills associated with the subject matter areas covered in educational institutions – e.g. English, mathematics, physics, law. These skills are obtained through education system and are transferable across situations.
Technical skills	Specific skills needed in occupation and may include academic skills and knowledge of certain tools or processes.
Generic skills	Problem solving, thinking critically and creatively, ability to learn, ability to manage complexity.
“Soft” skills	These skills are closely related to generic skills. They include working and Interacting in teams and heterogeneous groups, communication, motivation, volition and initiative, ability to read and manage one’s own and others’ emotions and behaviour during social interaction; multicultural openness for understanding and communications across cultures, and receptiveness to innovation.
Leadership	Similar to “soft skills”, related to managerial level. They include team building and steering, coaching and mentoring, lobbying and negotiating, co-ordination, ethics and charisma.

Source: OECD 2011:32

The OECD study puts a great emphasis on managerial and entrepreneurial skills, which are necessary for managing innovation process – “putting innovative ideas into practice and enabling organisations to adapt and respond in competitive environments” (OECD, 2011:34).

Important skills for innovation are creativity and design. If former concept of innovation considered creativity to be necessary in the idea generation phase of innovation, then the recent research results emphasize the crucial role of creative thinking in whole innovation process – transforming ideas into new products and processes. If former assumptions on creativity and design related it to arts, then the latest studies present clear link of creativity and design to industry and production.

Referring to Rasmussen’s (2009) study, OECD provides a definition of creative and innovative competence skills: “This competency involves three skills or components: transfer and combination skills, so that one is able to establish an association between two contexts that are normally perceived as separate; balanced autonomy, so that one with knowledge and experience in the relevant field can formulate a problem of his/her own with confidence; end focus and discipline, so that one can maintain a sustained and focused effort” (OECD 2011:36). It is interesting to mention, that one of

the latest American empiric research results on the world's most successful entrepreneurs personal skills, also pointed to similar groups of skills, which they are calling "the successful innovators DNA": associating (connecting and combining), questioning, observing, networking, experimenting (Dyer, Gregersen, Christensen, 2011).

Very important, above all, are learning skills and ability to learn fast and adapt to new environments. According to J. Bessant theory of High Involvement Innovation (Bessant, 2003), one of the innovative organisation's features is continuing and stretching individual development and continuous learning. The most innovative organisations are the learning organisations. Learning organisation means not only staff training, but learning as a part of company's culture – learning from experience, learning from competitors, learning from each other and learning from own and others' mistakes.

Besides all above mentioned skills, which can be classified in one or another way, the OECD is paying attention to the consumer skills, necessary for coping with new technologies and contributing new ideas. All the ideas and businesses are developed for consumers' needs. Therefore it is crucial to have "ability to research and critically analyse information, to manage resources effectively, to assess risk and balanced judgement in making responsible decisions, to communicate effectively and to know when to seek professional advice (OECD, 2011:39)." Consumer analysis skills include also abilities to use internet tools, where users develop, rate and comment. There are important also the analytic abilities to assess the consumer feedback and to implement it into the innovation. As it is pointed also in the American research on innovator's DNA (Dyer, Gregersen, Christensen, 2011), the consumer skills or skills to target innovation to the consumer needs, is one of the most important innovation success factors.

If we go deeper in the innovation in an organisation, whether it is a product, service or process innovation, the needs for innovation skills are different in different stages of innovation process. OECD study has summarized the innovation skills for different stages of innovation (*Table 2*).

Besides the above mentioned, all the innovation process stages require "generic innovation management skills: ability to co-ordinate activities, select people, assemble teams, motivate workers, resolve problems, create a supportive environment, communicate, provide focus and leadership" (INNO-GRIPS, 2007).

As we know from the innovation theory, depending on its pace, importance and measures, innovation may be radical or incremental. The INNO-GRIPS study (INNO-GRIPS, 2007) compared the skills associated with radical innovation and those associated with incremental innovation and came to a conclusion: "The radical innovation needs very highly qualified and expert science and technology skills, synthesising skills, knowledge translation and transfer skills, lobbying and negotiation skills, opportunity recognition and market development skills and co-ordination skills. The more common incremental innovation requires science and technology,

engineering and design skills, process management and technical skills, co-ordination skills, market research and analysis skills, business and product positioning skills, strategic analysis skills and ICT skills (OECD, 2011:44)”.

*Table 2*

**Skills for different stages of innovation**

<b>Stage of innovation</b>	<b>Abilities, knowledge and skills for the stage of innovation</b>
Sourcing and selection of ideas	Identification, collection and filtering of ideas for innovation Ability to interpret data, evaluate the viability of new ideas, knowledge to apply intellectual property protection mechanism.
Development of innovation ideas	Technical and design skills, as well as skills of assembling teams, allocating and managing budgets, generating spaces and conditions or experimentation, sourcing complementary inputs, establishing linkages.
Testing, stabilisation and commercialisation	Evaluation of the costs, benefits and risks; understanding of customer needs their ability to “absorb” innovation. Technical, engineering, design and marketing skills. Risk management, strategy formulation.
Implementation and diffusion	Project management skills, technology transfer, managing and coordination skills, analysis of consumers’ and production feedback.

*Source: OECD 2011:41*

From another side, the OECD study is analysing the innovation related education and training trends in EU. OECD realizes that, educational attainment, has risen steadily in OECD member countries, and around one-third of 25–34 year-olds now have a tertiary education. Young people increasingly graduate in the social sciences, business and law, and there has been a relative decline in the share of science and engineering (S&E) graduates in a number of countries. Latvia is a very extreme example with 55,65 % graduates in social sciences, business and law and just 11,76% graduates in science and engineering in year 2007 (Stratēģiskās analīzes komisija :9).

The general rise in attainment is also reflected in employment data; employment of tertiary graduates has risen, skilled occupational categories have grown relative to semi-skilled, and skilled occupations in the category “human resources for science and technology” have outpaced overall employment growth in most countries”. (OECD, 2011:10)

OECD study states that innovation is not only the issue of higher education or tertiary education, also its role in vocational education has to be increased. The main education policy question is how to co-ordinate the education and labour market policies: “Strengthening market signals so that tertiary education institutions are well attuned to the demands of the labour market is a key area for policy attention. Areas to consider include co-ordination of education and labour market polices at ministerial

level, improving data on and analysis of labour market outcomes, and encouraging flexible provision and lifelong learning options at tertiary institutions. Vocational education and training (VET) systems can be made more responsive through increased involvement of the business sector and unions in curriculum development and staff exchanges (OECD, 2011:12).” Besides the tertiary and vocational education, the OECD study states that in general, “innovation-relevant skills may be acquired at all levels of education”.

The OECD study summarizes different EU-wide, multilateral research results on the skills for innovation, presents tendencies and average situation in the EU education and labour market, provides detailed analysis on skills necessary for different types of innovation and different stages of innovation. However, this study does not answer to the question – how to reach improvement in mastering these skills by graduates of the existing education systems? It does not provide any ready-made model for training and teaching innovation skills in a specific country, sector and business environment.

## Innovation management skills for Innovation Union

The purpose of the Innovation Union flagship program is to enhance the European innovation capability by improving the conditions and access to finance for research and innovation related activities in Europe. Innovation Union, being the EU strategy Flagship initiative, points out all the most important targets of innovation, innovation related education, and innovation skills development. Promoting excellence in education and skills development is one of the key initiatives of Innovation Union.

The Europe 2020 Flagship Initiative “Innovation Union” provides a vision of EU wide innovation perspective for next 10 years. In relation to education and development of innovation related skills, the “Innovation Union” states that “the education and training curriculum focuses on equipping people with the capacity to learn and to develop transversal competences such as critical thinking, problem solving, creativity, teamwork, intercultural and communication skills. Special attention is paid to address identified skills gaps. Entrepreneurship education and training is widely available or included within curriculum” (European Commission, 2010:34). To make this programme a success education and training system must be adjusted to provide people with knowledge and skills on how to create a new products and services. It is important to complement creativity with ability to plan, implement and commercialise the new product or service.

Innovation Union is considered to be strategy for future. It includes a strong, substantiated vision, and sets short and long term targets for EU countries. In some aspects, the targets may seem to be too radical; however, also the EU and all the countries need radical innovations to stay competitive. As it is said by Miloš Ebner, R&D director from Slovenia, “radical future needs the right people! People, who can

cope with change: self-motivated, self-confident, self-initiative, flexible, energetic; individuals who know where and how to connect new networks but remain autonomous. Future researchers must have “dual” mind: both – technical and market-driven, realistic and creative, individuals who can take the initiative and good team players. People, who can observe, communicate, collaborate and innovate in a complex, fast-changing environment (Stamm, B., Trifolova, A., 2009:159).”

## The SMEs needs analysis on innovation management skills

The results of innovation performance, studies on innovation skills and their discrepancy to the labour market requirements, gaps in innovation skills, future targets relating innovation education – all these questions are very well stated and analysed in the above mentioned and other EU studies. They bring the background for new activities to eliminate the gaps in education and in SMEs innovation skills.

However, at the same time, in different levels, new initiatives to eliminate the innovation skills gaps are started. In the framework of Leonardo da Vinci project “E-learning course of Innovation management for vocational training” (project number 2010-1-LV-LEO05-0089), the project research group carried out the SMEs needs analysis for e-learning course on innovation management, achieving empiric results on innovation skills needs in the project participant countries – Latvia, Finland and United Kingdom.

The needs analysis was performed in three countries in October-November 2010. Each country conducted a desk based research, interviews and consultations with academics. The guiding questions that were used for the interviews with SMEs were built upon three pillars: 1. Innovation in the company, 2. Experience and knowledge needed for innovation, 3. Training needs that they envisage that can help companies. Content analyses of relevant documentary and online resources, as well as of interviews, emails and discussion related to responses, were conducted in order to identify key themes and to answer our guiding questions. Below there is a summary of the methodology used by each partner and the outcomes of the study:

Latvia: The methodology of analysis was desk research, Internet search, and examination of study programmes, interviews with SMEs and officials, as well as deductions from materials of conferences on innovation matters.

Reviewing available programmes in Latvia it was found that there does not exist e-learning courses on innovation management specially designed for SMEs. All existing programmes are offered by higher education institutions focusing on students or are short seminars offered by companies.

Finland: In Finland the topic Innovation Management was analyzed through desk research by collecting information from several sources about the needs for training

programs and the current supply for the programs. Also some expert interviews were made in order to increase overall understanding about the needs and existing training courses.

Finland is ranked high in all EU country comparisons concerning Innovation and R&D activities. Still there are no open e-learning courses on Innovation management in Finnish available for SMEs. Universities and universities of applied sciences have their own e-learning materials in their own closed learning environments. In Finland, for students, there are innovation management programs in universities and in universities of applied sciences and one can also find Master Programs in Innovation Management.

Great Britain: Key policy documents relating to vocational training and innovation were identified from the desk research including editions published by CEDEFOP, UKTI, Policy Connects, AURIL, Department of Business Innovation and Skills etc. In addition, telephone interviews, an email survey, one focus group and face-to-face interviews were conducted.

A survey of over 2000 small UK employers found the most important reasons for training were providing workers with the skills required to do their current jobs (filling skills gaps) and to improve business performance (Kitching and Blackburn, 2002). The skills that employers tend to say are lacking focus on soft skill areas, particularly in communication, customer handling, team working and problem solving.

The outcome of the international study was that there are great differences between the countries – in national vocational systems, research level, but all three countries are lacking an e-learning innovation management course for SMEs.

The analysis in the abovementioned partner countries revealed that the following topics need to be included in the E-Learning Innovation Management course:

- Creating an Innovative Enterprise, including overview of Innovation theories, and understanding the fundamental drivers of innovation and creation of an innovative culture. The topic could include creation of an innovation plan, knowledge management and project management elements.
- New product development, giving overview on process and methods of new product development and implementation: idea generation/creative thinking, idea screening, cooperation, collaboration, networking, market research and business analysis, concept development, testing, technical implementation, commercialisation.
- Intellectual property rights management, covering the topics of identifying the main types of intellectual property, understanding the techniques and tools used to identify and critically appraise intellectual assets, preparing and evaluating an IP exploitation strategy, sourcing finance and developing a financial case for the exploitation of Intellectual property, identifying and describing the key elements of a licensing agreement, identifying intellectual assets.

- Tools for enhancing innovation culture, such as cultivation of creativity, generation of new ideas, brainstorming techniques, demands on competence of human resources, assessment of training needs, development of leadership skills.
- Introducing new products and services to the market, covering full process from idea to market – assessment of a new business idea, evaluation of a new business idea, preparation of a plan using lifecycle management techniques for a new idea, and taking an idea to the market.
- Financing of innovation, covering public funding, such as national funding support programmes and European and International programmes; and private funding, such as business angels, venture capitalists, bank loans and methods used by financiers – costing /pricing and risks analysis.

During the project group meeting, the final decision of the course content was made. The decision was based in the needs analysis results and took into account the project work program, and the project experts experience in collaboration with SMEs, innovation management, teaching and e-learning material development. The E-IM e-learning course target group is SMEs – professionals, and the students – potential workforce for SMEs. This course on innovation management is created for those studying in professional study programmes in colleges and universities, as well as managers, product and service developers in SMEs. E-IM course may be very useful for those having education in some speciality and having already work experience in some field to open up their innovation potential.

## E-learning course – innovative solution for raising competitiveness

E-learning is an innovative solution to fill-in the knowledge and skills gap of SMEs people on innovation management. Distance learning and e-learning is providing very flexible learning conditions and therefore is much better suited to SMEs than traditional face-to-face training. At the same time this methodology provides learner support and administration ensuring low drop-out rate, as well as achievement of clearly stated learning outcomes.

The course aims to provide students with knowledge and skills needed to start and/or manage innovation in a company. Taking into account SMEs needs analysis, the innovation skills analysis and the developed course content and methodology, it is defined that after the completion of the course learner will:

- know basic principles, forms, types and sources of innovation and components of innovation management; be able to identify and describe innovation in a company;

- know what is creativity and its role in innovative entrepreneurship, types and methods of creative thinking and be able to use creative thinking tools: lateral thinking, brainstorming, 6 thinking hats method;
- know the process and methods of a new product development and its stages starting from research and development up to commercialization;
- be able to evaluate different aspects of new business idea and design implementation plan;
- be able to perform analysis of financial aspects of innovation, know the investment funding sources, be able to evaluate them and to choose the right one meeting appropriate requirements;
- understand intellectual property rights, know their role in business and how to protect them, be able to identify intellectual assets of company;
- know how innovation performance is measured and how innovation is supported at national and EU level with strategic policy documents and initiatives like Innovation Union,
- know innovation support structures, how do they operate, their role and how to work with them and benefit.

Following one of the basic principles of the constructivism pedagogy – learning by doing, it is important that learner have some link to any SME producing product and/or service. The course includes a long range of tasks (73 tasks), which are related to the everyday business activities of the learner. This way, it is easier for a learner to comprehend the theoretical aspects of innovation, and from another side, by doing these tasks and exercises, the learner gains benefit for his company.

The E-IM Course consists of 6 modules and is intended for three month studies (3 ECTS). The course modules are covering following topics: Innovation: theories and practice; Creativity and innovative entrepreneurship; New product development and implementation; Financing Innovation; Intellectual property management in the innovation process; Innovation support systems.

During the piloting stage of the course, the course materials are available in the project virtual learning environment [www.e-im.eu](http://www.e-im.eu), and in another websites provided by project partners, based on open source Moodle course management system software. Currently the E-IM course is piloted Riga Technical University (RTU) students in the Faculty of Electronics and Telecommunication, and a group of special pilot SMEs, who are supposed to provide a structured feedback to the course authors. The course is delivered through the RTU learning portal ORTUS based on Moodle LMS.

The course structure and learning environment will allow communication and consultations with tutors and among learners as well. In order to implement the course after the end of the project, there are trained five tutors for different vocational and higher educational establishments.

## Conclusions

The education and training systems in EU have to be adjusted to provide employees with the necessary skills for innovation. The multilateral analysis of EU documents gives a clear view on labour market requirements for innovation related skills of employees. There are the skills gaps from technological skills to “soft” skills – business, communication, teamwork, leadership and creativity. These skills are important for innovation processes and raising the competitiveness of companies.

The E-IM Project team has analysed the education and training situation and SMEs needs for innovation related knowledge and skills in Latvia, Finland and UK. The Project research group has concluded that the e-learning course on innovation management is the best solution to provide employees of SMEs with the most necessary knowledge and skills. The course content and training activities are based on research results obtained in the E-IM project. The E-IM course on innovation management will provide necessary knowledge and innovation skills for individuals to raise their competitiveness in labour market. Studying the E-IM course, the learners will acquire the necessary knowledge to manage the innovation processes in company. They will know innovation theories, concepts and role of innovation in the company, innovation support systems and intellectual property rights; be able to use creativity techniques in new product development, design the implementation plan and provide analysis of possible funding sources.

## References

Bessant, J. (2003). *High-Involvement Innovation Building and Sustaining Competitive Advantage Through Continuous Change*, UK.

Commission Communication “Fostering entrepreneurial mindsets through education and learning”. (2006) COM 33 final, Available from:

[http://eur-lex.europa.eu/LexUriServ/site/en/com/2006/com2006\\_0033en01.pdf](http://eur-lex.europa.eu/LexUriServ/site/en/com/2006/com2006_0033en01.pdf) [Accessed 22/01/2012]

Dyer, J., Gregersen, H., Christensen, C.M. (2011), *The Innovator’s DNA*, Harward Business Review Press, USA.

European Commission, DG Enterprise and Industry (2011), European Union Scoreboard. Available from: [http://ec.europa.eu/enterprise/policies/innovation/facts-figures-analysis/innovation-scoreboard/index\\_en.htm](http://ec.europa.eu/enterprise/policies/innovation/facts-figures-analysis/innovation-scoreboard/index_en.htm) [Accessed 22/01/2012]

European Commission (2010) Strategy Europe 2020 Innovation Union. Available from: [http://ec.europa.eu/research/innovation-union/index\\_en.cfm?pg=action-points](http://ec.europa.eu/research/innovation-union/index_en.cfm?pg=action-points) [Accessed 24/01/2012]

INNO-GRIPS (2007). *Skills for Innovation, Miny Study 02*, PRO-INNO Europe, November.

Kitching, J., Blackburn, R.(2002). *The nature of training and motivation to train in small firms*. London, UK : Department for Education and Skills.

OECD (2011), *Skills for Innovation and Research*, OECD Publishing.

Stamm, B., Trifolova, A. (2009). *The Future of Innovation*, Cower Publishing Limited, UK.

Stratēģiskās analīzes komisija (2010) *Augstākā izglītība Latvijā: fakti, problēmas un iespējas*, Available from: [www.saki.lv/component/attachments/download/495](http://www.saki.lv/component/attachments/download/495) [Accessed 23/01/12].

Tidd, J., Bessant, J., Pavitt,K. (2001). *Managing Innovation*, 2<sup>nd</sup> ed., John Wiley & Sons Ltd.



## VALUE OF WORK FOR THE DEVELOPMENT OF MODERN BUSINESS

**Magdalena Łuka**

PhD, Assistant Professor at The John Paul II  
Catholic University of Lublin (Poland), Institute of Pedagogy  
*magdalenaluka@kul.pl*

### Abstract

The article describes a very important and current issue i.e. – success in modern business. Success in modern business depends on many factors. The main factor which is both also the greatest value on which business is based is the work of man. It really develops and enriches human and is not a source of degradation for the price of financial success.

**Key words:** *work, value, modern business, unemployment, workaholism*

Work is the reality that surrounds and defines a human being. His basic adult life constitutes a vocational job. The effects of a human's work constitute a crucial factor in his assessment. Thanks to work, not only is he able to gain the resources needed to maintain himself and his family but also he can develop himself and grow. Work is the basis of social life, it creates and strengthens social bonds, enriches the community, and co-creates works of culture and civilisation, which are then used by the next generations.

The lack of a job is not only the source of financial problems and frustration but it also poses a serious social problem. However, work should not enslave a human being; its excess may break a family, destroy the worker, or have other effects.

### Work as a developmental factor of a human being

In literature concerning the issue of work (philosophical, economic, psychological and even medical books) one can find many different definitions of work in the form of loose comments or formal definitions. Mostly the thematic scopes raised in discussions concern the definition of work as an effort (spending of energy, pains), a complementation of nature (the production, creation of useful things, satisfying needs), and as the act of processing of the world (ruling over the nature, overcoming natural conditions, creating order in the world, the becoming of a human being) (Gałkowski, 1980: 164). The content of those spheres is clearly overlapping. On the one hand, the objective aspect is accentuated, that is the processing of goods, ruling

over the world; on the other hand, the subjective aspect, in the form of creating order in the world, overcoming natural conditions and finally the becoming of a human being. According to the Papal Council *Iustitia et Pax*, work “*in the subjective meaning, constitutes the whole activity, resources, tools and techniques used by humans to produce, in order to (...) make the land surrender.*” (Papieska Rada *Iustitia et Pax*, 2005: 183), while “*work in the subjective meaning means the activity of human beings, as active creatures, able to engage in various activities, which are included in the work process and are in accordance to their own vocations.*” The subjective character of work confers on it a permanent dimension; work in the objective sense it is a changeable aspect of human activity (Papieska Rada *Iustitia et Pax*, 2005: 183).

John Paul II in his Encyclical *Laborem exercens* clearly states that “the subjective dimension of work should dominate over the objective dimension” (Papieska Rada *Iustitia et Pax*, 2005: 184). According to the Pope “the first basis of work’s value is the human being itself – its subject. It is concerned with the very important issue of ethical nature: unless it is true that a human being is assigned and called upon to work, above all the work is “for the human being”, and not the human being “for work”. He adds that the aim of a human’s work “does not have the final meaning alone. In the end, the aim of work (...) is the human himself.” (Jan Paweł II, 2005: 6).

Work can be analysed through its objective and impartial features: among other things, time and energy measured in physical units. However, all those qualities reachable through different means cannot be referred in the same way to each person – they can be associated by that person with various levels of life, and they may have various meaning and play various roles. A person’s capacity for cognition and contemplation, freedom and emotionality, means that he has his own, intrinsic cognition of phenomena, often different from the physical process. Perhaps in the analysis of a human’s subjectivity one should above all look for the essence of work. Without such a kind of reference what would be the difference between a human and a machine’s work?

A human being is a creature called upon to do the work which is closely connected to his dignity. The human being not only transforms nature through his work and not only adjusts it to his needs, but also develops himself thanks to it. It is proven, *inter alia*, by numerous documents of Catholic Social Science, among others the Constitution *Gaudium et spes* of the Second Vatican Council.

It should be pointed out that more than half a century ago, Cardinal Stefan Wyszyński indicated that work constituted one of the most important fields of a human’s life. In work one can see the greatest social power and even a crucial purpose for human life (Wyszyński, 1957: 7–14).

A human being fulfils himself by action, and his need to work is prior to material needs, satisfied by the creations of work. This need lies in the comprehended nature of the human being, a being created in God’s image and after His likeness (Piwowarski, 1989: 275).

Work is inseparably connected with the human's role. A human through his work gains the means needed to satisfy his own and other people's material needs, while at the same time he needs it as a means of own self-realisation. It does not mean that work does not pose any economic value but it is a secondary issue, subordinate to the basic aim of work. In this consists the priority of work over ownership postulated in the above-mentioned Encyclical, and also in relation to technical, organisational and economic elements, because work is a form of realisation of a human's personality, a means to his development. A human's work cannot be treated as something which only accompanies a human being. On the contrary, it is *"the fundamental dimension of human's existence, of which the human's life is created every day, from which he takes the needed dignity"* (Papieska Rada Iustitia et Pax, 2005: 182). *"Human work is the key, I think, the most important key, to the whole social issue"* (Jan Paweł II, 2005: 3).

We realise that nowadays a human being adopts various attitudes towards work, and has various expectations concerned with his sphere of life. It is not always concerned with activities enriching a person.

## The attempts of modern business to abuse work

Economic growth should serve a human being and should be managed by him. It means that we should support everything that serves a human being. One should increase efforts to create and develop enterprises, and at the same time workplaces, and enhance production methods. One should, however, remember that the basic aim of growth is not only the growth in the number of goods on the market or in profit or gains, but also the act of being of service to a human being in his development and satisfaction of needs. In the modern business it happens too often that the final aim of human efforts slips into the background and in such a way a human-technician is created, not a human fully developed.

Human work does not only consist in the creation and exchange of material goods. No tools (e.g. financial speculation) can replace work, while, when they are uncritically promoted and accepted, it might lead to abuse, which might end up in a crisis, even a world crisis, which we experienced in the first decade of the 21<sup>st</sup> Century.

Every human being has the right to work. One should, however, not forget that it is not fair or human to organise work in such a way as to inflict damage on anyone, justifying it with so-called economic laws. Unfortunately, more and more often we are witnesses to such shady dealings.

## Unemployment

Unemployment is one of the most common problems of our times. It can take various forms and is a phenomenon present in all parts of the world. It concerns dozens of

millions people in Europe and hundreds of millions of people around the world, also posing a constant threat to those who either work or are getting ready to start work. The specific atmosphere of the uncertainty of tomorrow is created, disturbing the harmonious and peaceful development of the human being and society.

Unemployment is a phenomenon present on the job market, under which the good of a human being and community as well as the economic calculation, skills and abilities of each members of society who want to use their strengths and qualifications at work, are not used according to requirements (Czuma, 1985: 351).

Unemployment belongs to a group of the most burning social issues of the modern world. It stems from various, far-reaching effects felt both by the unemployed and whole societies. It has its economic and also social and psychological dimension. During the evaluation of the phenomenon of unemployment from the moral point of view, the Catholic Church states that it is contrary to its proper and acceptable situation. John Paul II recognised it as the negation of one of the non-transferable rights of a human being and at the same time noted the threat of the spread of his phenomenon on an unprecedented scale (Jan Paweł II, 2001: 7–8).

Unemployment brings about unquestionably negative consequences in the personal, as well as social, dimension. Thus, modern industry should not excessively reduce workplaces and at the same contribute to the growth of unemployment being driven only by economic reasons. It is a very short-sighted action, and is an insult to human dignity.

## **Workaholism**

The notion of workaholism was introduced by the psychologist Wayne E. Oates. He described the analogy between the experiences of an alcoholic experiencing the abstinence syndrome and the experiences of a workaholic in the situation where he is not engaged in vocational activity (Kalinowski, Czuma, Kuć & Kulik, 2005: 69).

This phenomenon was previously mainly associated with Japan, a country where work from morning to evening is common. There have also been many cases of deaths due to overwork and stress, named *karoshi*. Since the 1990's, together with the spread of the free market economy in Europe, workaholism became a common kind of addiction. Not everybody who works more than 8 hours a day is a workaholic. An overworked person lives with the idea that he will have a rest soon, will go on vacation, while a workaholic does not feel the need to take a break, he is totally engrossed in his work. A workaholic in his thoughts is constantly concentrated on his work, he ponders how to solve a problem, plans what to do tomorrow, with whom to meet, and he is not able "to close the door behind him." Workaholism in vocational life brings about many adverse impacts; an overworked person in time becomes less effective and less creative. Perfectionists and persons who want to perform every task

perfectly often become workaholics, people who do not know compromises. Perfectionists may be very tiresome and cause conflicts among co-workers because they lack the distance from their job and other people.

Apart from the somatic consequences (problems with concentration, nervous and fear disorders, cardiovascular diseases, etc.) workaholism also brings many negative consequences in the sphere of social contacts. A person inflicted with such an addiction cannot talk about anything else but work, and neglects his hobby and very often his friends and family.

Workaholism usually develops in very hard-working, ambitious, competitive and success-oriented persons. These features are by definition positive but diligence and excessive ambition, when taken to extreme, may contribute to the development of the addiction.

Modern business should not excessively abuse diligence and ambition in people. The urge to achieve better results in business should not push people into the addiction. It is thus important for the modern employer to take into account, and respect, the right of employees to rest.

### **Professions with adrenaline**

Adrenaline is a substance that is released in the body in stressful situations and causes a number of physiological responses. It prepares the body for fight or flight, through which it plays the major role in the reaction of the human body to a danger. A symptom of the growth of adrenaline is dilated pupils, faster heartbeat or higher blood pressure. Some people consider this bodily response as desirable and positive, and try to purposefully elicit it as often as possible.

The most popular way of “balancing on the edge of life and death” (sometimes even in the literal sense of this term) is extreme sports. They have many supporters – for some people it is a way of spending free time and entertainment associated with risk, but for others it can also become an addiction. In the beginning, before the first attempt, fear usually dominates, then, after conquering this feeling, there is a desire to undertake new challenges. As time passes adrenaline rushes are not so significant, so other extreme sports are practised to stimulate them. Some do not even notice when they fall into the trap of addiction.

We can see such people who look for the desired dose of adrenaline every day when carrying out their professional duties. A fireman, tamer of wild animals, stunt man, parachute-jumping instructor, mountain-climbing instructor, detective, pilot, and finally air-traffic controller – these are professions that cannot be associated with boredom, routine, or lack of concentration. If the choice of such activities is caused by the desire to participate in an original activity, if it is to bring benefits to ourselves and others, we are talking about professions which enrich and support development.

However, if the activity associated with practising the above-mentioned professions becomes habitual, takes a large part of daily time, is the cause of health, financial, family and other problems, and is hard to stop completely and permanently, it's an addiction. This is another example, when the work – in particular, the attitude and expectations towards it – becomes a factor pathologising life.

### **Deriving benefits from the work of others**

Slavery is one of the oldest social formations. It is based on the idea of using the work of a person or group of persons without remuneration. These people are enslaved, meaning that they belong to their master, they cannot leave work for him, and he can buy and sell them.

Slavery was widespread in ancient Greece, Rome and Mesopotamia. The work of slaves, who typically came from prisoners of war, was the basis of the existence of other social groups. Such a system of using other people survived for many centuries. The first country that legally banned slavery was France, which was on 4 February 1794. However, slavery lasted formally until the mid-20<sup>th</sup> Century, Saudi Arabia didn't ban it until 1962. Although this system is now widely condemned, in many parts of the world it has survived.

It's hard to believe that in the 21<sup>st</sup> Century slavery still exists and often in the worst, most immoral form – the exploitation of the child. The data is appalling: millions of children around the globe are forced to perform a variety of slave work. According to a recent report of the humanitarian organisation *Save the Children*, in Third World countries more than one million children work in inhuman conditions, mostly in gold mines. It is also emphasised that thousands of six-year-olds not only work more than fifteen hours a day, but also often suffer from hunger and cold (Knie-Górna, 2007: 1). Children are forced to take various jobs, ranging from selling newspapers, water, flowers, incense sticks, and souvenirs to cleaning shoes and so-called domestic help. Children are also used to work in hotels, restaurants, shops, and also in various workshops, such as the manufacture of jewellery.

Another example of the enslavement of others is procuring. The criminal codes of most countries punish people who in order to derive material benefits incite others to engage in prostitution, or expose them to it.

Slavery can be seen in the legal category – in this respect it belongs to the past, and has been prohibited in all jurisdictions of the world, but it should also be subject to moral evaluation because it is a problem of exploitation of man by man. Making a living that is not accompanied by freedom, voluntariness, and respect for others, but is the result of a desire to gain dishonest, quick profit, does not fulfil its core functions as work (Kalinowski, Czuma, Kuć & Kulik, 2005: 9–44).

## Conclusion

Looking around is enough to see the products of human labour everywhere. All the purposefulness of human effort can be seen in them. Work aims at giving things new values, adapts them to our needs. Work provides a person not only with the financial means necessary for sustenance and survival, but is also the means of his development. The measure of the value and meaning of human work is mankind, his finding fulfilment in what he does, but the degree and method of the transformation of the world is correct insofar as it is subject to man (Gałkowski, 1979: 92).

Work can be a destructive activity if it is not a free and rational choice of man, does not lead to his development, but it enslaves him causing physical and often spiritual destruction. Therefore, it does not meet the basic functions, i.e., it does not contribute to the development of a working person, does not alter the external world, and does not create proper human relationships.

Therefore, it depends on the type of attitude towards work by modern business, whether this important realm of human life contributes to its improvement, or to its degradation, whether it contributes to the proper development of entrepreneurship, which should ultimately serve humanity.

## References

- Czuma, Ł. (1985). Bezrobocie. In: Gryglewicz, F & Łukaszyk, R & Sułowski, Z (eds). *Encyklopedia katolicka*. T. II. Lublin: TN KUL.
- Gałkowski, J. W. (1980). *Praca i człowiek*. Warszawa: Instytut Wydawniczy "PAX".
- Gałkowski J. W. (1979). *Praca w ujęciu* Kard. K. Wojtyły. *Roczniki Filozoficzne*, XXVII (2) p. 82–97.
- Jan Paweł II (2005). Encyklika *Laborem exercens*. In: *Encykliki Ojca Świętego Jana Pawła II*. vol. I, Kraków: Wydawnictwo Św. Stanisława B. M. Archidiecezji Krakowskiej & Wydawnictwo M.
- Jan Paweł II (2001). *Należy wprowadzić w życie nowe formy solidarności*. Przesłanie do uczestników międzynarodowej konferencji na temat "Praca jako klucz do kwestii społecznej" 14.09.2001 r. L'Osservatore Romano. Wydanie polskie. 11–12 p. 6–8.
- Kalinowski, M., Czuma, I., Kuć M. & Kulik A. (2005). *Praca*. Lublin: Wydawnictwo KUL.
- Klose, A. (1995). *Katolicka nauka społeczna w zarysie*. Tarnów: Biblos.
- Knie-Górna, J. (2007). *Dzieci niewolnicy świata* [Online]. Available from: [www.opoka.org.pl/biblioteka/I/IK/dzieci\\_niewolnicy.html](http://www.opoka.org.pl/biblioteka/I/IK/dzieci_niewolnicy.html) [Accessed 10/01/2012].
- Papieska Rada Iustitia et Pax* (2005). [Kupny, J (sc. ed.)]. *Kompendium nauki społecznej Kościoła*. Kielce: Wydawnictwo Jedność.

Piwowarski, W. (1989). *Nauczanie Jana Pawła II o pracy ludzkiej*, Lublin [no place of publication].

Waszkiewicz-Stefańska, M. (2002). *Praca jako główna forma działalności człowieka dorosłego*. Edukacja Ustawiczna Dorosłych. 3 p. 52–57.

Wyszyński, S. (1957). *Duch pracy ludzkiej. Myśli o wartości pracy*. Warszawa: Księgarnia św. Wojciecha.

# **EU MIGRATION POLICY ON THE RESTRUCTURING OF LABOR EMPLOYMENT UKRAINE**

**Svitlana Manzhali**

Doctoral student, Kyiv national university of trade and economic (KNUTE)

*mans1@ukr.net*

## **Abstract**

The problems of migration and migration policy of the EU in the context of globalization and the intensification of integration processes and transformation of the economies in overcoming the economic crisis, the use of the experience of migration policy, improvement of migration policy in Ukraine as a way of restructuring the employment of labor.

**Key words:** *migration, migration policy, the only migration policy, migration law, EU countries*

## **Research and findings**

The current intensification of the process of international migration, which is a consequence and also one of the important factors of globalization, can be fully observed in Europe. An important part of the integration process – the movement of people (migration), along with the free movement of goods and capital, is the subject of joint policy-making countries – members of the European Union. It concerns the situation in the middle of community and migration relations with third countries, including Ukraine.

One of the important principles of formation of the European Union is the principle of free movement of labor within a single migration space. Create a single migration space provides for a common migration policy that gradually and with great difficulty has been the subject of joint efforts within the EU. This is because the process of harmonization of migration legislation and management within the European Union began relatively recently. This issue is extremely important for Ukraine as a direct neighbor of the EU and the countries seeking membership in this international organization.

### **Unsettled part of global problem**

Main reason that hinders of the EU common immigration policy is that national migration policies of member states differ considerably, reflecting different socio-

economic situation, the nature and degree of severity of migration problems, special relations with former colonies, that manifested in simplified entry of immigrants with them. Different is also the legal, administrative and financial capabilities of European countries, cultural and political traditions.

The problem of a single migration acutely faced by the EU relatively recently. In the initial stages of integration in the founding treaties only sealed among the free movement of labor within the European single market. With the signing of the Treaty on European Union has been greatly expanded the legal framework for joint measures to regulate migration, response to the problem of refugees, illegal immigration and some other problems in the investigated area (Договор о создании Европейского Экономического Сообщества, 1994, 278–284). Only in the Treaty of Amsterdam a separate part is devoted to freedom of movement, asylum and immigration. Special Protocol Agreement with the EU law integrated Schengen agreement. Since then, the only EU policy on migration should be based on the following major provisions:

- equitable distribution of costs;
- common standards for admission of family members of immigrants and migrant workers;
- common standards for refugees;
- equal rights of citizens and foreigners;
- facilitating access to citizenship;
- increase the participation of foreigners in political life;
- prevent discrimination in employment and living conditions.

The Amsterdam Treaty also secured the right of EU institutions to make migration necessary for States Parties to the decision, and this area moved from the third to the first pillar, which made it possible to simplify the decision making process. In accordance with the agreed provisions of the mechanisms of the common immigration policy within the EU include the following tools:

- exchange of information on the situation in the countries – sources of migrants;
- embassies of cooperation – Schengen countries, especially where strong emigrant trends;
- exchange of statistical data of the problems identified, particularly on large groups of refugees;
- division of financial costs for deportation.

Formation of a single migration policy of the EU provides for measures for the further development of the countries of origin. Council of Ministers proposes to take to implement such financial instruments as “Content-based migration and asylum”, “Tools for Development Cooperation”, “Tools for Stability”, “the European Neighbourhood and Partnership”, “tool to help EU membership and European fund Development”.

Urgent issue is the impact of a single EU migration policy on the process of cooperation between the EU and Ukraine in the context of its European orientation. The only migration policies of EU member states is extremely important for Ukraine because:

- from Ukraine to the EU is a large emigration flow that requires supervision and regulation;
- actively developing Ukrainian-European cooperation in preventing illegal migration;
- in the context of the orientation of Ukraine towards the EU integration is necessary to achieve European standards in the field of migration law and management.

During the global economic crisis on Ukraine's political and socio-economic importance is the question simplifying migration of citizens of Ukraine, the conditions for the protection of their rights and interests, expanding employment opportunities in the EU (Чехович С. Б., 1997). Solution to this issue should facilitate migration policy of the EU, which aims at creating conditions to combat illegal immigration and encourage immigrants with high skills to transform the EU висококонкуренто-спроможний center of the global economic system. EU measures are taken to change the situation of "brain-drain" the situation "revenue drain", including by "brain circulation" in education and health care, and avoid the entire intellectual output of the key sectors in the countries of origin and destination countries. Therefore, Member States have reached an agreement to simplify the reception of scientific personnel from third countries. Demographic situation in Europe encourages active policy on migration of unskilled seasonal workers and actualizes the problem of simplifying immigration procedures for Ukraine.

With the formation of a single EU migration policy in Ukraine there are some actual "challenges" that require adequate responses. Firstly, the introduction of more open immigration policy will enhance the attractiveness of the EU for potential migrants from Ukraine, particularly highly, which may adversely affect human and intellectual potential of the state and therefore require increasing efforts to reduce immigration, the return of emigrants. Second, an extensive and detailed legislation in the sphere of migration will require in the process of EU integration of hard work from its implementation, meet European standards. Thirdly, the formation of a common EU migration policy is based on further coordination of members in employment and combat unemployment, the regulation of movement of migrants in accordance with the state of employment in the EU. These "challenges" require the attention of scholars in their research and solutions.

Basis, to hold a single migration of EU policy towards Ukraine can become a problem of employment, because the effectiveness of employment in the EU and Ukraine affect the scope, direction and structure of migration flows. Solving this problem may

contribute to compliance with the countries – members of the European Union's overall strategy for employment, which was developed and put into operation in 2000 at the European Council summit in Lisbon, according to which, full employment is the key to economic and social policy, and its successful implementation – a major priority. It should be noted that after the Lisbon strategy is the development of its implementation is targeting other European programs in the field of employment. Implementation of high aims set for the union, due to the structural reforms that are subject to extensive research by leading scientific and analytical institutions that carried out the order structure of the EU. The main problems in employment, of which at the present stage facing the European Union, there is need for economic reforms in order to adapt the modern European economy with the objective changes caused by globalization and demographic problems associated primarily with the general process of aging and, therefore, reduce the number of persons of working age. The consequence of the above processes was of employment in various sectors of national economies of the European Union.

Despite the protectionist policy of agricultural producers, an unprecedented customs and tariff protection of domestic agricultural market from foreign competition and export subsidies, reduce the rate of employment in agriculture “old residents” of the EU are significant, namely, five times in 30 years (from 20% in 1970 City), doubled in 20 years (1980 – 8%), a third in ten years (1990 – 6.7%). In the EU-15 from the 90's, the pace slowed, but are still significant: from 4.0% in 2000 to 2.8% in 2009, i.e. 1.4 times, and in the EU 27, this figure the average decreased from 7.1% to 4.7% or 1.5 times. The most significant reduction in employment in agriculture was observed in Romania, Greece, Ireland and Bulgaria. In these countries as of 2009 this indicator exceeded its average value in the EU-27 in two or more times (*Table 1*).

*Table 1*

**The share of employment in agriculture countries – EU Member States (%)**

Country	Years				
	2000	2003	2006	2009	2009–2000
<i>EU (15)</i>	<i>4,0</i>	<i>3,7</i>	<i>3,3</i>	<i>2,8</i>	<i>-1,2</i>
<i>EU (27)</i>	<i>7,1</i>	<i>6,2</i>	<i>5,4</i>	<i>4,7</i>	<i>-2,4</i>

At the same time, worsening macroeconomic situation in Ukraine has led to the exacerbation of contradictions in social and labor sphere related to the lack of an effective restructuring of employment, narrowing employment opportunities, incomplete use of busy labor, lower real income from employment. Aggravation of the situation in employment is objective, since the growth of negative expectations on the part of manufacturers revealed through reduction in overall demand in the workforce claimed by enterprises of all forms of property in service employment. Virtually all economic activities were characterized by a significant reduction in the need for labor. Thus, a significant reduction in output, which occurred during the last period in

agriculture has led to a gradual increase in supply over demand number of unemployed by reducing the number of jobs submitted by businesses to the employment service about 9 times (Статистичний збірник, 2011) (*Table 2*).

*Table 2*

**Dynamics of changes in the structure of demand for labor  
and its proposals for professional groups in 2008–2010**

Professional team	The need for businesses thousand people			Unemployed population, thousand people		
	first half of 2008	first half of 2009	first half of 2010	first half of 2008	first half of 2009	first half of 2010
Qualified workers of agriculture, including fish farming and fisheries	3,5	1,5	1,4	28,3	22,4	12,5

## Conclusion

Thus, the lack of labor force employed in agriculture in the EU on the one hand, and an excess of unemployed in agriculture of Ukraine, on the other hand, create objective conditions for the development of migration flows from Ukraine to the EU. Obviously the fact that no common solution to this process with the EU and Ukraine, the migration flow becomes “shadow” manifestations. Similar is the situation in other sectors the EU and Ukraine – construction, industry, services. This requires consideration during a single migration policy of the EU on Ukraine as a factor structure of the unemployed population of Ukraine and the peculiarities of his official employment in the EU.

## References

- Договор о создании Европейского Экономического Сообщества (1994). In: *Сборник междунар. правовых док., регулирующий вопр. Миграции. Междунар. орг. по миграции.*
- Чехович С. Б. (1997). *Питання вдосконалення порядку нормативно-правового регулювання міграційних процесів в Україні.* Державно-правова реформа в Україні. Київ.
- Статистичний збірник “Ринок праці України – 2010”. *Розділ 1. Економічна активність ДКС* (2011). Available from: <http://www.dcz.gov.ua/control/uk/statdatacatalog/list> 2008–2010 pp. [Accessed: 22.01.2012]



## **A COMPARISON OF SOCIAL WELFARE POLICIES IN THE BALTIC STATES**

**David E. McNabb**

Ph.D. in Administration and Marketing, Professor,  
Pacific Lutheran University (USA)  
*mcnabbde@plu.edu*

**Gundar J. King**

Dr. Habil. Econ., Professor and Dean Emeritus,  
Pacific Lutheran University USA, Latvia  
*kingga@plu.edu*

**Andris Pētersons**

PHD, Assoc. Professor, Dean of the Public Relations Faculty at the  
*Turība* School of Business Administration in Riga  
*andris.petersons@turiba.lv*

### **Abstract**

This is a comparative analysis of complementary and conflicting policies that guide public welfare programs in the Baltic States, with a particular emphasis on policies and programs in Latvia. Within the framework of the research, domestic and regional reports of surveys of individual opinions and perceptions were studied. This exploration should help improve economic, political and social decision making in the three States. In addition, it may be useful for policy makers in European countries that have relatively low incomes and rapidly declining working populations. The principal conclusions of this study suggest that welfare programs can be optimized by a better allocation of resources which are more closely aligned with the more needy segments of society. The policies and programs that increase the polity's trust in government's ability to improve social capital in all its forms are also critical for long-term improvement in the well-being of citizens in the Baltic States.

**Key words:** *Baltic States, conflicting and complementary policies, economic crisis, the European Commission and the International Monetary Fund, happiness, health care, material welfare, trust and social capital, welfare concepts*

## Introduction

The three Baltic States – Estonia, Latvia, and Lithuania, have a long history of foreign dominance in common that only ended in the last decade of the twentieth century after fifty years of Soviet control. Having lost as much as one third of their population during German and Soviet occupations, today these three small nations have seriously damaged population structures and little social capital to fall back on.

The post-communist countries fall into three categories: developing, post-communist European, and former USSR (Fenger, 2007; Lazutka, 2010). Developing countries, such as Georgia, Romania and Moldova are characterized by high levels of infant mortality and low life expectancy. Post-communist European countries, such as Bulgaria, Croatia, the Czech Republic, Hungary, Poland and Slovakia are characterized by economic, political and social systems that reflect elements of conservative (Austria, France, Germany, Greece) and social-democratic systems (Finland, Denmark, Norway, Sweden).

Former USSR countries, such as Belarus, Estonia, Latvia, Lithuania, and the Ukraine are hobbled by legacies of their communist past. These include a large public sector, high levels of female participation in government and the economy, and fluctuating, uneven economic growth and inflation. The Baltic States, of course, fall into this last category, and suffer the same problems as the other states in this category: low levels of public trust in government, and low investments in social welfare programs and social capital (Fenger, 2007; Lazutka, 2010; McNabb, King, and Pētersons 2010).

The governments of these strategically important nations find themselves struggling with enormous difficulties as they seek to develop and build as well as maintain adequate social welfare services in the face of economic problems exacerbated by the steep recession of 2008–2010. The economies of the three Baltic States were among the hardest hit of the 27 EU member states by the recession (Mitra, Selowsky, and Zalduendo 2010). Thus, the defining characteristic of social welfare in the Baltic, compared with most of the rest of the European Union, is austerity. Much of the expected positive long-term benefits of the European Union accession remain a promise only, held at bay by entrenched corrupt politics, a rapidly ageing population, and massive emigration of younger workers to affluent EU countries.

## Study Goals and Methodology

The primary objective of the study was designed to compare traditions, institutions, policies, and programs of general welfare in the three Baltic States – Estonia, Latvia and Lithuania. Twenty years after the restored independence, these countries are still

deep in the conflicts of transition processes. The comparative approach is the main tool for the assessment of social policies and social welfare itself (Aspalter, 2006).

In the case of the Baltic societies, the collapse of the Soviet Union was followed by gradual or piecemeal efforts to adopt welfare traditions, policies and delivery systems extant in European, especially Nordic, nations. The essence of these processes is the establishment of more optimal social policies, the building of social capital and the adoption of better management practices.

In other words, the central governments of the three nations are no longer the sole architects of social welfare and related policies. The making of policy processes is now more closely related to a global trend of policy delegation to a combination of private organizations and enterprises, and public agencies. They may be elusive, varied and diffused, and yet more responsive to the expressions of private and public needs (Wedel *et al.*, 2005).

### **Basis for Comparison**

We chose the 1995 *World Values Survey* and the 2010 *Legatum Prosperity Index* as a base for comparisons. Even though the Baltic people traditionally associate their closeness to nature with their well-being, we have set aside the *Happy Planet Index* as one that gives the emphasis on the preservation of natural environment that is well beyond current Baltic concerns. Our priorities have the main focus on Latvia, the materially poorest and emotionally unhappiest nation of the three. The most important contrasts are provided by Estonia, while in many respects, the Lithuanian situation is similar to that of Latvia.

The principal purpose of this study is twofold: first, to briefly compare current social welfare systems in the three Baltic States, and second, to explore the feasibility of using public opinion to guide the policy formulation, delivery implementation, and development of more integrated welfare programs. The essential hypotheses of this study are:

- The gap between the ideal and realistic limits to the expansion of social welfare programs is a bar to developing welfare systems to the extent that meets public satisfaction.
- Social welfare expectations are tied to the historical values and opinions of the citizens of the three Baltic States.
- Current economic conditions will continue to limit the feasibility of implementing basic safety net welfare programs.
- Well-being requires a broad approach to social policy.

In addition to previously noted welfare concepts, we draw on personal observations in the field, public reports and information published in the press.

Due to the physical limitations, this study uses the least information about welfare in Lithuania.

Our principal source of information is the *Latvijas Barometrs*. Monthly reports are based on public opinion surveys. About 1,000 respondents, selected with the stratified random sampling method, are questioned on their beliefs and attitudes held on such important issues as government roles, budgeting priorities, welfare needs and consumer behaviour. The second author is a regular evaluator of these reports. The public opinion information is supplemented with more limited surveys, as well as individual and focus group interviews in the field.

### **Limitations of the Study**

One of the problems related with attempting a comparative analysis like this is that there is no single universally accepted definition of social welfare and social welfare policy. In one popular textbook, social welfare is seen as “anything ...that affects the quality of life...of people;” and social welfare policy is defined as follows, “Broadly conceived, social welfare policy includes nearly everything government does – from taxation, national defence, and energy conservation, to health care, housing, and public assistance” (DiNitto 2007, 2). While definitions of this extent are clearly beyond the scope of this paper, we do include health care, housing and public assistance, and social safety net programs as key components in our analysis.

Even though it is possible to imagine a comprehensive welfare theory such as the one described by DiNitto, the application of these broad concepts fails for reasons of prohibitive administrative procedures and distribution costs, as well as individual conflicts that cannot be resolved. Today, common yet incomplete or conflicting separate measures of welfare are often derived from the more materialistic approaches, such as the cost-benefit analyses (Rosen, 1995) to the more emotional Gross National Happiness (GNH), and other development indices. For the purposes of this study, we have adopted a conception of welfare that includes personal value systems that relate to welfare functions, together with economic, social and political elements. In the Baltic States, these applicable concepts range from classical welfare theory to prosperity and happiness.

Another difficulty is that universal perceptions of what constitutes minimally acceptable social welfare do not exist. Opinions vary greatly from one person, group or political body to another. We could find no real consensus; earlier studies of values held in the Baltic States suggest a confusing variety of beliefs that guide economic relationships and behaviour (King, Barnowe & Bankovskaya, 1994). Values change unevenly even in groups that have important interests in common. Moreover, the values held also vary significantly in the countries of the Baltic region (King and Barnowe 2003). For many observers, the foundation of any social welfare system is the core social safety net.

The institutions and systems for providing social services are similar but not identical in the three States. The titles of ministries charged with welfare functions present only minor deviations from each other. In Estonia, it is the Ministry of Social Affairs; in Latvia it is the Ministry of Welfare, and in Lithuania the Ministry of Social Security and Labour (Paas *et al.*, 2004). For this study, all three were considered as equal and comparable welfare ministries. Functions of public health agencies included in this study were also similar.

In social policy, safety net programs are meant both to help catch those falling downward economically before they land into destitution and to provide assistance or a minimum income to the poor. Social safety net programs are included in our analysis because they play an important role in augmenting the relatively low percentages of GNP the three Baltic States spend on social welfare. The World Bank defines social safety nets as “non-contributory transfer programs targeted in some manner to the poor or vulnerable” (Grosh, Del Ninno, Tesliuc and Ouerghi 2008: 4–5). While in the United States, the term is synonymous with welfare in general, in Europe social safety nets typically refer only to such means-tested cash transfer programs as follows:

- Cash transfers or food stamps, whether means tested or categorical as in child allowances or social security payments;
- In-kind transfers, with school feeding programs and mother/child supplement programs being the most common, but also include take-home food products, school supplies and uniforms, and similar items;
- Price subsidies meant to benefit households, often including for food or energy;
- Jobs on labour-intensive public works schemes (sometimes called workfare).
- The in-cash or in-kind transfers to poor households that are subject to compliance to specific conditions on education or health;
- Fee waivers for essential services, health care, schooling, utilities, or transport.

Important opportunities to improve the safety net programs exist in the introduction of improvements in the Baltic States’ administrative bureaucracy. These changes would permit the simplification of many of these transfers while improving support payments to pensioners and welfare recipients.

## Evolution of Public Welfare in the Baltics

Before World War I, the Baltic provinces were governed as parts of the Russian empire. Estonia and Latvia were predominantly agricultural, industrialized and trading port cities, such as Rīga in Latvia and Tallinn in Estonia were expanding rapidly. However, the basic Protestant values extant in the majority rural populations did not change much even in these worldly cities. During this time, suppression of literacy by

the imperial Russian authorities and a more gradual industrialization slowed the economic development in Catholic Lithuania.

Provision for the well-being of the majority of the populace in the three Baltic States was understood to be family affairs. In that sense, all family members were engaged in lifelong farming. Essentially, the population was provided opportunities to eat well, and to have adequate shelter. Beyond the families, rural communities provided poorhouses for the destitute. Cities and larger municipalities gradually built and maintained hospitals and medical doctors often treated the poor free of charge.

Welfare policies and systems slowly began to take a form during the interwar period of independence. Minimal health services, often integrated with insurance programs managed by labour unions, became more established. Minimal workman's compensation programs for injured and invalid personnel were initiated. Pension programs were established for government service employees. Strictly speaking, the development of more complete welfare services was interrupted by the Soviet occupation.

### **Soviet Systems**

Soviet nationalization of urban real estate, farms and other private assets, and the massive transfer of farm workers to industrial enterprises of the public sector, brought major changes. The public sector mandated policies for all, including members of collective farms. Over the fifty years of Soviet occupation, the Baltic populations were dependent on the Soviet system for minimal subsistence and very limited public services of poor quality (Brinkmanis, 2011).

This system promised employment and inexpensive food and shelter, as well as modest pension entitlements at an early age. Soviet social welfare practices, including free medical care, established strong popular claims for basic welfare entitlements. Beyond these basic provisions, there were expectations that the Baltic countries would adopt policies and practices on the much higher level common in the Nordic countries (Paas *et al.*, 2004).

### **Transition Period**

Differing attitudes toward change in the Baltic States characterize the speed and the scope of the transition after 1990. Primary value orientations (as defined by W. England) of Estonian, Latvian, Lithuanian managers, as well as Russian leaders in Latvia, generally reflected beliefs held along ethnic cultural lines.

A study by King *et al.*, (1994) found that the Russian subculture evidenced pragmatic, moralistic, affective, and mixed orientations. Latvians and Lithuanians were seen as the least pragmatic (16% and 6%), comparatively moralistic (30% and 41%) and relatively affective (9% and 25%). Estonians were nearly the same as the U.S. citizens in their pragmatic orientation (49%), and least moralistic (23%).

Table 1

**GDP per Capita in EU10 Purchasing Power Standards**

	1995	2000	2005	2008	2009
<b>EU27</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>
EU 15 (core countries)	116	115	113	111	111
Slovenia	74	80	87	91	87
Slovakia	48	50	60	72	71
Hungary	52	55	63	64	59
Croatia	46	49	57	63	61
Poland	43	48	51	57	61
<b>Estonia</b>	<b>36</b>	<b>45</b>	<b>62</b>	<b>68</b>	<b>63</b>
<b>Latvia</b>	<b>31</b>	<b>37</b>	<b>49</b>	<b>57</b>	<b>49</b>
<b>Lithuania</b>	<b>36</b>	<b>39</b>	<b>53</b>	<b>62</b>	<b>53</b>
Bulgaria	32	28	37	43	44
Romania	–	26	35	48	45

Source: R. Lazutka, Vilnius University and University College London, 2010; Eurostat 2010.

Not surprising, most of the Soviet welfare principles were retained during the transition years. Few legislative changes were made reluctantly. In practical terms, effectiveness of welfare programs largely depended on the strengths of economic performance; GDP per capita in the three Baltic States is among the lowest of ten of the newest Central and Eastern European members of the EU (Table 1). The economies of Estonia, Lithuania and Latvia all show a substantial decline in their relative position from 2008 to 2009. In 2009, Estonia's level of GDP per inhabitant was similar to that of Hungary; Lithuania and Latvia were clearly below the level of Poland, and followed only by Bulgaria and Romania. Government income declined substantially as the Baltic countries gradually switched to market economies (Brinkmanis, 2011). The immediate impact was the emergence of a large number of pensioners that have difficulties in meeting their basic needs and a large number of elderly and female unemployment (Table 2).

Table 2

**Unemployment Rates for Males and Females, 2004 and 2009**

	Male		Female		Up to 25 Years	25–74 Years	55–64 Years
	2004	2009	2004	2009	2009	2009	2009
Estonia	10.4	16.9	8.9	10.6	27.5	12.0	62.4 <sup>a</sup>
Latvia	10.6	20.3	10.2	13.9	33.6	14.9	59.4 <sup>a</sup>
Lithuania	11.0	17.1	11.8	10.4	29.2	12.1	53.1 <sup>a</sup>

Source: R. Lazutka, Vilnius University and University College London, 2010;  
<sup>a</sup>Eurostat 2011

The high unemployment rates in countries with rural work traditions are more than simply expensive in terms of safety net payments; paid unemployment reduces productive engagement of previously common work in families and undermines austerity programs. Changes are taking place, however. Monthly surveys in the *Latvijas Barometrs* tracking important changes in public opinion reveal that significant value changes have occurred since the restoration of independence in 1991. In 1995, the *Subjective Well-being in 97 Countries* report ranked the populations of Baltic States near the bottom of their list: Estonia was 84 on the list, Latvia 87, and Lithuania 86. However, a detailed *Legatum Institute's Prosperity Index* comparison of prosperity and well-being rankings of 110 countries revealed that a far less pessimistic picture had emerged in Baltic States (*Table 3*).

*Table 3*

**Prosperity Rankings of Estonia, Latvia and Lithuania**

<b>Ranking</b>	<b>Estonia</b>	<b>Latvia</b>	<b>Lithuania</b>
Overall	35	47	42
Economy	59	81	76
Entrepreneurship	23	37	39
Education	36	47	45
Health	39	42	38
Safety and Security	36	45	35
Personal Freedom	68	67	70
Social Capital	43	92	49

*Source: Legatum Institute, 2010*

The Nordic countries are often perceived as models of Baltic aspirations. The commendable ethical behaviour noted in the Nordic countries suggests that the abatements of corruption should also have a very high priority. The 2008 *Transparency International Corruption Index* ranks Estonia the 27th among 180 countries, Latvia the 52nd, and Lithuania the 58th. Measures to improve the corrupt social and political environments would increase both the general well-being in the Baltics and improve economic conditions.

**Theoretical Improvements**

The Fundamental Theorem of Welfare Economics is the most appropriate guide for planning and implementing welfare program changes. It encourages the consideration of both private and public costs and benefits. Although the theorem logically links calculations to intervention with public finances, shortcomings in measuring externalities suggest great caution in the use of this classical approach to improvements (Rosen, 1995). Moreover the weaknesses of the economic systems in the Baltics limit

the use of the principles of welfare economics. Efficiently functioning market economies, a condition for Pareto efficiency, do not yet exist in the Baltic States.

Even a limited review of theoretical approaches to welfare improvements shows little interdisciplinary consensus. The economic approaches seek to optimize and rationalize the allocation of scarce resources of public finance (Rosen, 1995). Thus balanced cost-benefit judgments would suggest and shape social interventions. The broader, more recent emphasis on happiness as a more appropriate indication of welfare is more emotional. Moreover, the individual does not fit traditional economic concepts well.

The measures of national happiness now in vogue across Europe remain problematic. Simply stated, there are no international standards of happiness (Gross Domestic Happiness) that are uniform and stable enough for wide applications and comparisons of changes.

In scanning welfare theories for concepts applicable in the Baltic States, we find the need-related motivation theories (Maslow, 1970) useful guides to structuring programs that would improve individual satisfaction. The meeting of physiological and safety needs seems to relate well to the most basic welfare expectations. Despite the relevance of Maslow's theories, recent works of psychologists such as Seligman (2011) reject the notions of any single, comprehensive welfare theory and suggest well-being as a more useful concept. Indexes of well-being constructed in Great Britain (*The Economist*, 14 May 2011) may suggest similar application in the Baltics. In practice, however, welfare programs are likely to include a dual emphasis on both the eupsychian processes and the universal, if incomplete, measurable basic maintenance needs.

## **Current Status**

In many aspects, the levels of welfare in the Baltic States remain low in comparison with other EU countries. Large segments of the Baltic populations are poor, and depend on public welfare programs. In low income countries transfer payments for the poor are very difficult to make.

The status of general welfare in the Baltic countries is reflected in the *Legatum Institute's* rankings of prosperity shown in *Table 3*. The nearby Nordic countries of Norway, Denmark and Finland rank 1, 2, and 3 respectively in the list. They show the Baltic States about on par with Latin America, but ahead of former Soviet republics.

The overall prosperity rankings are close enough to form general impressions. The principal *Legatum* observation places the Baltic States among the poor in the EU, an aspect that makes for unhappy comparisons with the neighbouring Nordic countries. It also indicates that the Baltic progress has been uneven in the twenty years of restored independence.

The rankings most related to welfare in terms of this study, are those of health, safety and security. There are significant differences in these for the three States. Estonia's entrepreneurship and government are highly rated, but Latvia's economy and social capital are well below average. A strong quality orientation, a vigorous entrepreneurship and a sound government help make the economy relatively strong and its public services tolerable in Estonia. In contrast, a weaker economy and high distrust makes it more difficult to expand social capital for general welfare in Latvia. Perceptions of well-being in Lithuania are strengthened by a social organization in which small communities continue to play important roles.

## National Policies

By European Union 15 standards, the health and welfare systems continue to appear substandard. However, particularly for metrics such as infant mortality and female life span, significant improvements have taken place since 1990. The EU standards are moving the social policies in the three neighbouring states closer together, but differences shaped by long-held cultural traditions and philosophies remain. We address each country's social policies next.

### **Social Welfare and Health Policies in Estonia**

At barely 15% of its annual Gross Domestic Product (GDP) on social protection benefits, Estonia's spending on social support remains among the lowest among all EU countries. In 2008, only Latvia at 12.6% and Romania with 14.3% reported lower percentages. This and all remaining expenditures per GDP are based on purchasing power standards (PPS). In 2008, the EU27 average was 26.4% of GDP, with France the highest at 30.3%, closely followed by Denmark at 29.7% and Sweden at 29.4% (Puglia 2011).

The Estonian social protection system has two major components: social security and social welfare (Trumm, 2005). Social security includes seven programs: 1) health insurance, 2) unemployment insurance, 3) pension insurance, 4) state unemployment allowances, 5) state family benefits, 6) social benefits for disabled people, and 7) state funeral benefits. Social welfare assistance includes cash benefits (the subsistence benefit) and social services as provided under the system of social welfare that is separate from the system of social security.

**Features of the Estonian Social Welfare System**

<b>Program</b>	<b>Type of coverage</b>	<b>Eligible clients</b>	<b>Expenditures as a % of GDP (2008)</b>
Social insurance (4% of earnings paid by employee; 16% by employer)	Old age, disability, survivors, unemployment, etc.	Contributing employees, employers and self employed; all persons residing permanently in Estonia, noncitizens residing temporarily, and legal refugees eligible	9.22 <sup>a</sup>
State social benefits	Family allowances, disability allowances, social pensions	Families with children; the elderly, disabled, etc.(categorical)	15.0 <sup>b</sup>
Social assistance	Guaranteed minimum income (GMI), housing benefit	The poor (means tested)	0.093 <sup>c</sup>

*Sources: A. Turay 2010<sup>a</sup>; The Baltic Times 2011<sup>b</sup>; Ministry of Social Affairs of Estonia, 2009<sup>c</sup>.*

Social protection in Estonia is managed by the Ministry of Social Affairs. Two government agencies (the Social Insurance Board and the Labour Market Board) and two corporate bodies (the Health Insurance Fund and the Unemployment Insurance Fund) administer the country's social protection programs. Percentages of the social tax and other sources are shown in *Table 5*.

Approximately two-thirds of the total financing for the Estonia health care system comes from the mandatory Estonian health care insurance fund (EHIF), an earmarked portion of the 13 percent social employment tax. The second largest source of funding for health care is household out-of-pocket payments (OPPs) primarily for prescription drugs. At the beginning of 2009, more than 95 percent of the population was covered by the system. The EHIF funds are pooled to purchase services from private and public providers.

The Social Insurance Board administers pension insurance, family benefits, social benefits for disabled persons and funeral grants. The Labour Market Board administers state unemployment allowances and a registry of unemployed persons and labour market services. The Estonian Unemployment Insurance Fund is in charge of unemployment insurance, and the Health Insurance Fund runs the health insurance program.

Table 5

**Sources of Health Care Financing in Estonia by Institution, 2000–2007 (%)**

Source	Main revenue	Health expenditures		Health expenditure + temporary incapacity benefit	
		2000	2007	2000	2007
<b>Public sector</b>		<b>76.4</b>	75.6	<b>79.3</b>	<b>78.7</b>
Central government	VAT, personal and corporate income tax, excise duties, other revenues	8.4	9.7	7.3	8.5
Local governments	Personal income tax, land tax, other local taxes, other revenues	2.0	1.7	1.8	1.5
Health insurance fund	Earmarked part of the 13% social tax on wages and social tax paid on behalf of benefit recipients from the state budget	66.0	64.2	70.2	68.8
<b>Private sector</b>		<b>23.3</b>	<b>23.3</b>	<b>20.4</b>	<b>20.3</b>
Households		19.7	21.9	17.3	20.3
Private insurance		1.0	0.3	0.8	0.3
Private enterprise		2.3	1.1	2.2	0.9
<b>Foreign sector</b>		0.3	1.1	0.3	1.0
<b>Total</b>		<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

Sources: Vörk, Habicht, Xu and Kutzin 2010; Thomson, Vörk, Habicht, Rooväli, Evetovits and Habicht 2010

**Social Welfare and Health Policies in Latvia**

The *Latvijas Barometrs* respondents maintain a chronically despondent view of the nature and performance of the Latvian government, including its ability to provide badly needed social capital. Two thirds of the respondents expressed pessimistic opinions in the *Latvian Barometrs*, (hereafter LB), No. 29, (September 2010). This report gives a clear picture of unhappiness and disappointments of the population of Latvia. The respondents tended to blame an ineffective and distrusted government for an almost complete catalogue of actual or perceived calamities.

Respondents assigned blame for the Great Recession on politicians who did not meet public expectations, 55%; on “greedy business types”, 12%; and on the wrong choices made by voters in the previous parliamentary elections, 10%. They also suggested several priorities for the state budget: health care (60%), economic development (57%), material improvements in social welfare (43%), and tax, as well as budget deficit reductions (35%).

Only 1% reported they trusted the government. However, the respondents indicated that their trust in government would increase with abatement of corruption (43%), pay and pension increases (39%), delivery on promises made by politicians (32%), purposeful economic development (28%), and the reduction of bureaucratic procedures (28%). Only 3% expressed a priority for ecological improvement.

More than one third (37%) respondents of the LB May 2011 survey 37% indicated a continuing widely spread dissatisfaction with the government, 88% of respondents said they were totally dissatisfied and largely dissatisfied with the way the government was handling these programs. This attitude was a reflection of views that the bad news exceeded the good (59%), and that the media stressed the negative (35%). Almost two thirds of the respondents (59%) felt that they would be happier with honest politicians. One third (37%) wished that the country would not have financial obligations to the international bailout lenders.

Priorities for higher well-being indicated by respondents included 1) improvement of economic conditions (53%), 2) replacement of the currently powerful politicians (49%), and 3) a change in values held (36%). With the arrival of spring and a higher export activity, the LB June 2011 survey showed minor reduction of negative sentiments about the government performance (83%). About one tenth (12%) of the population was reasonably satisfied with government performance. The majority (55%) claimed to living on very tight personal budgets.

We believe this pessimism is understandable because the unemployment rate in Latvia has been fluctuating around 12% for more than a year (Latvian State Employment Agency, [www.nva.lv](http://www.nva.lv), 2009). Most of these persons are seniors under the age of 45, permanently without a job, and the government only provides supplemental income for from four to nine months. Latvia has a one of shortest period for unemployment benefit in the EU. Moreover, many people in all three Baltic countries, especially in Latvia, will never receive any benefits from the state budget because they work unofficially (i.e. in the “black economy”).

During first seventh months of 2011 in Latvia, 1,545 persons had been employed illegally in more than in 400 enterprises compared to 778 persons in 230 enterprises who did so in 2010 (Data from State Labour Inspectorate 2009, [www.vdi.lv](http://www.vdi.lv)).

The popular unhappiness was demonstrated when the Latvian Parliament replaced the fairly popular President Valdis Zatlers who had initiated a referendum to dismiss it. The replacement was Andris Bērziņš, a politically little known MP of the Farmers’ Party. The referendum, scheduled for 23 July 2011, was expected to pass with new parliamentary elections to follow in the fall. Former President Zatlers was organizing his own Zatler’s Reform Party that stressed honesty in a limited government as the primary ruling principle.

## Latvia's Social Welfare System

Latvia's social welfare system consists of the traditional three major programs of social insurance, state-sponsored social benefits, and social assistance (*Table 6*). These programs are implemented through and assisted by a social safety net and local community-sponsored delivery systems.

*Table 6*

### Latvia's Social Welfare System

Program	Type of coverage	Eligible clients	Expenditures as a % of GDP (2008)
Social insurance	Old age, disability, survivors, unemployment, sick leave, aternity/paternity, parental	Contributing employees, employers and self employed	7.79
State social benefits	Family allowances, disability allowances, social pensions	Families with children the elderly, disabled, etc. (categorical)	0.63
Social assistance	Guaranteed minimum income (GMI), housing benefit	The poor (means tested)	0.09

*Source: Ajwad, I. 2010*

Majority funding for Latvia's social welfare system is financed through a mix of employee and employer taxes, and transfers from the general budget. Municipal funding is used for local social assistance program. State and local funding is enhanced by grants from the European Union Social Fund (ESF) and the World Bank.

The ESF assists member states through programs designed to help educate and train workers and assist employers in developing new job opportunities, and help integrate the disadvantaged into the work force. In some member states and regions, the ESF also supports improvements in public administration and public services.

The World Bank supports social safety net programs in member states. These can be public works programs, greater Guaranteed Minimum Income aid, co-pay exemptions for the poor, and financing for preschool programs, among others. The less than one-tenth of one percent of GDP Latvia spends on social assistance-primarily for the GMI-is the lowest among all EU member states.

In 2011, Latvia received a \$142 million World Bank's loan for social safety net program support and social sector reform (Villarino, 2011). The loan was needed to off-set the deep budget cuts and high unemployment caused by the economic crisis of 2008 and 2009. The World Bank loan will be used to aid government agencies to pay for preschool and child development programs, pay for transporting students whose

schools were closed to new schools, free poor persons from health service copayments, and subsidize payments for medicines.

In the second half of 2011, the Latvian Employers' Confederation reached an agreement with the Ministry of Finance of Latvia about taxation strategy for next three years. This strategy presumes keeping the tax base on today's level until 2014. This is in answer to business concerns about ongoing state budget consolidation for next year. The most significant task for the newly elected Latvian Parliament is development of workplaces.

The effects of the deep recession combined with historically low government provision for social welfare and health services under the Soviet system continues to exacerbate the problems caused by a lack of social capital (World Bank 2010b). Most likely, they also contribute to the Latvian people's pessimistic public opinion and lack of trust in government that were reflected in the LB opinion surveys cited. Expenditures of healthcare for the most recent years available on healthcare for the Baltic countries, as well as Croatia and Denmark for comparison, are shown in *Table 7*.

*Table 7*

**Expenditures for Healthcare, Most Recent Year (in 2010)**

Country	Total health expenditure in GDP	Total health expenditure per capita \$1US PPP	Public sector provider as a percent of total	Inpatient as a percent of total	Private out of pocket expenditure as % of total
Estonia	5.0	\$ 846	77	33	21
Latvia	6.4	\$ 860	61	52	39
Lithuania	5.9	\$ 862	67	n/a	32
Croatia	7.4	\$ 1,001	81	n/a	18
Denmark	9.4	\$ 3,139	84	36	15

*Source: World Bank 2010b*

In a late 2010 review of government expenditures in Latvia after the recession of 2008-9, the health of Latvians-and particularly of men-was described as being "well below what it should be," and that without a national focus on more cost-effective policies, Latvia has "little prospect of converging on health with the original EU states within the foreseeable future" (World Bank 2010a). Instead of directing resources toward improving primary care and prevention programs that would reverse the situation, the Latvian government applied more of its limited resources on improving acute care. In 2007, the life expectancy at birth in Latvia was still only 66 years for men (lowest of the EU27) and 76 years for women.

Latvia finances healthcare through general taxation. All permanent residents are eligible to participate in this system. Nearly 82 percent of the payments to healthcare providers come from the annual state budget, with another 9 percent as payments from private patients and 3.5 percent as patient co-payments. Compulsory state insurance benefits and municipal programs together account for another one percent. Facilities

also receive 5 percent from the EU and their own non-health related activities such as gift shops and cafeterias.

Other than for the total percent of GDP spent on healthcare, Latvia is consistently at or near the bottom in every category. However, it should be noted that from 2000 to 2007 – brief period of high prosperity, Latvia increased per capita spending on health care by about 139 percent in real terms. Although it has dropped since 2008, in 2010 it was still 74 percent higher than in 2000. Also, there was a 5.5 percent decline in the population of Latvia in this period.

*Table 8*

**Healthcare Providers Selected other Countries per 100 000 Population, 2010**

Country	General			Hospital	
	Physicians	Practitioner	Dentists	Nurses	Beds
Estonia	328	63	87	655	557
Latvia	305	55	68	548	757
Lithuania	407	77	70	735	814
Croatia	259	65	72	524	535
Denmark	317	77	79	953	349

*Source: World Bank 2010b*

*Table 8* displays the data about the numbers of healthcare providers. Latvia has the lowest number of general practitioners among the three Baltic States per 100, 000 population; although close to the average number of doctors overall, the number of hospital beds, and in the total number of nurses (12,472) or 757 per 100,000. The large number of hospital beds results in inefficiency in the hospital sector, with excessive in-patient use and too few outpatient services. The 2010 plan to improve hospital efficiency includes elimination of 5,000 beds and improvement of efficiency of outpatient facilities.

The *Centre of Concordance* political party, whose members are mostly Russian speaking politicians, promises to increase the budget for healthcare up to 4.5% of GDP. The liberal party *Unity* proposes keeping the budget below 5% of GDP until 2014 (the 2011 budget for healthcare in Latvia is 3.5% of GDP, or 486.5 million lats). The new government promises to keep healthcare financing at 2009–2010 levels. Another idea is to institute a secondary healthcare program financed by every person. Whatever happens, the consensus is that the primary healthcare systems in these projects are provided for free. Clearly, whatever system emerges, the healthcare system of Latvia will expect huge changes.

## Social Welfare and Health Policies in Lithuania

Lithuania, like Estonia and Latvia, still suffers from a series of negative social developments that began with the collapse of its economy in 2008 (Lazutka, 2010). Increased demand for social support has been hobbled by a rate of emigration ranging over 1.5 % a year since 2001, a fragmented system of social protection for the unemployed, growing numbers of pensioners, children living in poverty and substandard housing, as well as high income inequality.

*Table 9*

### At-risk of Poverty and Housing Overcrowding in Lithuania, Latvia and Estonia

Region	At-risk of poverty rate for pensioners (2008)	Housing overcrowding rate (percentage of total population)
EU27	16.2	18.2
EU 12	15.4	45.9
Lithuania	30.8	49.9
Estonia	43.3	41.7
Latvia	55.1	58.1
Bulgaria	31.7	48.1
Slovenia	17.9	39.5
Slovakia	9.7	42.9
Poland	9.6	50.8
Hungary	6.8	48.3

*Source: R. Lazutka, Vilnius University 2010, from EU Statistics on Income and Living Conditions (SILC) data revised 2011*

*Table 9* illustrates the poverty at-risk and housing overcrowding rates for Lithuania, Estonia and Latvia compared with the EU27 and several other Eastern European countries.

On nearly a par with that of Latvia and Estonia at about 13% of GDP, Lithuanian expenditures for social protection systems are much lower than in the majority of other member states. The average for the EU27 was close to 24% and more than 25% of GDP for the core EU15. The composition of social protection benefits in Lithuania is similar to the EU average, with pensions accounting for slightly more than a half of the total (World Bank, 2009). Only partially due to the economic crisis that began in 2008, benefits increased by 34% over a year earlier. The makeup of the Lithuanian social protection system is displayed in *Table 10*.

*Table 10*

**Makeup of the Lithuanian Social Welfare System**

<b>Program</b>	<b>Type of coverage</b>	<b>Eligible clients</b>	<b>Expenditures as a % of GDP (2008)</b>
Social insurance benefits	Old age, disability, survivors, and unemployment insurance, sick leave, maternity/paternity, parental	Contributing employees, employers and self employed; sickness and maternity benefits tied to earnings; old-age pensions have both an earnings and non-earnings component	9.0
State social assistance	Family allowances, disability allowances, social pensions	Families with children the elderly, disabled, etc.(categorical)	10.5 <sup>a</sup>
Social Benefit Program (SBP)	Cash benefits and benefits in kind subject to family's income and property. Similar to GMI in other EU countries	The core safety net for the poor; means tested	0.1

*Note<sup>a</sup>: This represents a 34% increase over the more normal rate of 8.7% in 2007*

*Source: World Bank 2009.*

A major thrust of the Lithuanian social policy is for local governments to play a dominant role in the planning and administration of social assistance benefits to beneficiaries. Funds are passed to each local government monthly. Although the funds are earmarked for each benefit, local governments have some flexibility to transfer funds across benefits at the end of each quarter.

A problem with administering the program at the national level is that no central database of assistance benefits and beneficiaries exists, thus limiting control over who gets what. Information is kept at the local government jurisdiction and in many cases it is available only for individual programs.

## Conclusions

The conclusions of our study are made with reference to the particular Baltic settings that shape social policies in both the broad and more traditional narrow sense. Although Estonia, Latvia and Lithuania differ from each other in many ways, they also have much in common. Looking back at two decades of independence regained, all three have made notable progress in forming essential social infrastructure and policies.

Even if they are still behind the countries of Northern Europe, they are well ahead of their former ruler, the resource-rich Russia.

Generally speaking, the well-being of Estonians, Latvians and Lithuanians remains closely tied to national independence. The preservation of their ethnic identities is very important to them. It is also the ethical and social base for economic and administrative improvements. The potential for further improvements is there; even though economically still poor, all three lead the European Union in recovering their earlier growth.

Estonia is the happiest of the three Baltic countries. Estonians proudly reflect on their remarkable economic and cultural achievements since 1990. There, the host majority dominates the three most important cities and most of the countryside, while Russian colonists are found predominantly in the northeast districts. Integration of the two populations is making progress, however.

In several respects, Estonia ranks close to Costa Rica, which is often cited as the happiest of the countries. Estonia, although poor, is viewed as a developed country by the International Monetary Fund, and is a member of the *euro* bloc. Recent recessions have affected Estonia less than Latvia and Lithuania. As a result, it has a stronger economic base for social welfare programs than the other two Baltic countries.

At the same time, Latvia is negatively affected by a large Russophone minority population – one-third of the population – that still values the Soviet system promises and defies the Latvian efforts at political and cultural integration. The country still struggles with a large budget deficit that limits its ability to implement effective social welfare programs. In many ways, this results in distrust and disagreements that hobble social, economic and political progress in social policy. A recent survey showed one-half of the population reporting they were unhappy.

The main policy priorities of the governments of all three Baltic States is achieving sustainable and balanced economic development, restructuring of the domestic economy, creating of new jobs, and increasing the states' international competitiveness. If governments put these promises into practice, the region's GDP will grow enough to fund the growing cost of maintaining the EU mandated welfare systems.

In Lithuania, much of social behaviour is guided by religious traditions based on rural and Catholic Church values. These traditions place heavy emphasis on local control and administration of social programs; local control both enables and conflicts with the implementation of national welfare policies. The country has a negligible minority population, a point that enabled ethnic integration to occur with little disruption. Moreover, social norms, including welfare policies, change slowly. Although highly patriotic, the nation tends to support progressive social actions similar to those of the larger European Union member states.

We believe that the validity of the four hypotheses guiding this study confirmed the analysis approach as appropriate for further comparative analyses. First, the research

supported the idea that the gap between the ideal and the real in social policy is a positive force when there is visible progress toward the ideal. The ideal, however distant, can become a general national goal in emerging economies when the nation is as integrated as Estonia. Nordic goals and values are compatible with Estonian values of honesty, reliability, and equality. High welfare standards are possible by high productivity.

In Latvia, two incompatible ideals constrict progress toward a comprehensive social welfare system. One is based on a traditional work ethic as a factor in a society that aspires to happiness and well-being. The other, more collectivist ideal is counterproductive. It does not motivate the nation to generate the income needed for more generous welfare programs, and thus leaves a large portion of the population unhappy.

Lithuanian expectations and performance are close to values held in the rural communities and by the urban population that retains values that are philosophically linked to farm life.

Second, social welfare expectations are indeed tied to the values held in common. In Estonia and Latvia, these expectations are gradually changing from the unrealistic goals that are carryovers from an idealistic memory of Soviet hegemony. This progress is slow and uneven. Dreams only gradually lead to real goals and operative values that shape behaviour. In Lithuania, religious values remain a strong and leading force supporting the idea of a generous and reliable social safety net.

Third, regardless of intent, basic welfare programs are necessarily linked to the economic means available. In the relatively poor Baltic States, the minimum practical support is shaped by policies that aim to reverse the demographic decline that has limited government action since 2008. In Estonia, social policies are influenced by moves to induce or maintain a high rate of labour participation.

Fourth, basic welfare programs become acceptable when they are a part of satisfied, indeed, happy, public. However, the basic support programs cannot stand alone. The only way to support them is to make them compatible with the individual goals and national norms. For this to happen, national policy makers must consciously and deliberately examine all factors in the *Legatum* list. Improved rankings could well be steps in progress to national well-being. The most important of these is building a working polity. Progress towards this goal is being achieved in Estonia and Lithuania, but may be endangered in Latvia.

## References

- Ajwad, I. (2010). *World Bank support to develop an emergency social safety net in Latvia*. Washington, DC: World Bank Human Development: Europe and Central Asia. PowerPoint presentation. Accessed on July 21, 2011 from [http://siteresources.worldbank.org/SAFETYNETSANDTRANSFERS/Resources/281945-1131468287118/1876750-1276118517853/SSN\\_Showcase\\_Ajwad-Latvia.pdf](http://siteresources.worldbank.org/SAFETYNETSANDTRANSFERS/Resources/281945-1131468287118/1876750-1276118517853/SSN_Showcase_Ajwad-Latvia.pdf)
- Alcock, P., & Craig, G. eds. (2001). *International Social Policy*. Houndmills, UK: Palgrave.
- Aspalter, C. (2006). New developments in the theory of comparative social policy. *Journal of Comparative Social Welfare*, 22(1), pp. 2–22.
- Baltic Times*. (2011). Eesti (Estonia) in brief (July 14). Accessed on July 23, 2011 from [www.baltictimes.com/tools/print\\_article/29038/](http://www.baltictimes.com/tools/print_article/29038/)
- Bauman, K., Carle, A., & Short, K. (2006). Assessing the adult wellbeing topical module in the survey of income and program participation (SIPP). Paper presented at the 29th General Conference of the International Association for Research in Income and Wealth, Joensuu, Finland.
- Brinkmanis, O. (2011). Letter to Gundar King, 9 May, 2011.
- Diener, E. (2000). Subjective well-being: the science of happiness, and a proposal for a national index. *American Psychologist*, 55, pp. 34–43.
- DiNitto, D. M. (2007). *Social Welfare: Politics and Public Policy*, 6th ed. Boston, Pearson.
- Eurostat (2010). *GDP per capita, consumption per capita and comparative price levels*. Brussels: European Commission. Accessed on July 24, 2011 from [http://epp.eurostat.ec.europa.eu/statistics\\_explained/index.php?title=GDP\\_per\\_capita\\_consumption\\_per\\_capita\\_and\\_comparative\\_price\\_levels](http://epp.eurostat.ec.europa.eu/statistics_explained/index.php?title=GDP_per_capita_consumption_per_capita_and_comparative_price_levels)
- Eurostat (2011). *Unemployment statistics*. Accessed July 24, 2011 from [http://epp.eurostat.ec.europa.eu/statistics\\_explained/index.php?title=File:Table\\_unemployment\\_rates\\_by\\_age\\_and\\_gender.PNG&filetimestamp=20110504125603](http://epp.eurostat.ec.europa.eu/statistics_explained/index.php?title=File:Table_unemployment_rates_by_age_and_gender.PNG&filetimestamp=20110504125603)
- Fenger, H. J. M. (2007). *Welfare regimes in Central and Eastern Europe: incorporating post-communist countries in a welfare regime typology*. *Contemporary Issues and Ideas in Social Science*, 3 (August), pp. 3–30.
- Fleurbaey, M. (2008). *Individual well-being and social welfare: notes on the theory*. Unpublished manuscript. Accessed July 20, 2011 from [www.stiglitz-sen-fitoussi.fr/documents/Individual\\_Well-Being\\_and\\_Social\\_Welfare.pdf](http://www.stiglitz-sen-fitoussi.fr/documents/Individual_Well-Being_and_Social_Welfare.pdf)
- Frey, B., & Stutzer, A. (2006). *Should national happiness be maximized?* IEW Working Papers. University of Zurich.
- Fukuyama, F. (1995). *Trust: Social Virtues and Creation of Prosperity*. New York: Free Press.
- Grosh, M., del Ninno, Tesliuc, C. E., & Ouerghi, A. (2008). *For Protection and Promotion: The Design and Implementation of Effective Safety Nets*. Washington, DC: The World Bank. Accessed on July 22, 2011 from [http://siteresources.worldbank.org/SAFETYNETSANDTRANSFERS/Resources/For\\_Protection\\_and\\_Promotion\\_complete.pdf](http://siteresources.worldbank.org/SAFETYNETSANDTRANSFERS/Resources/For_Protection_and_Promotion_complete.pdf)

- Hacker, B. (2009). *Hybridization instead of clustering: transformation processes of welfare policies in central and Eastern Europe*. *Social Policy and Administration*, 43(2), pp. 152–169.
- Kahneman, D., & Krueger, A. B. (2006). *Developments in the measurement of subjective well-being*. *Journal of Economic Perspectives*, 20(1), pp. 3–24.
- King, G. J., & Barnowe, J. T. (2003). Competition and cooperation: Managerial values and social capital on the Baltic rim. *Lituanus*, 49(3), pp. 37–67.
- King, G. J, Barnowe, J. T., & Bankovskaya, S. (1994). Complementary and conflicting personal values of Russophone managers in Latvia. *Journal of Baltic Studies*, 24(3), pp.249–272.
- Koppel, A., Kahur, K., Habicht, T., Saar, P., Habicht, J., & van Ginneken, E. (2008). Estonia: health system review. *Health Systems in Transition*, 10 (1), 1–230.
- Kvieskienė, G. (2010). Challenges of social policy: between reform and crisis. *Socialinis Ugdymas*, 11(22), pp. 75–83.
- Lazutka, R. (2010). *What kind of welfare state is emerging in Lithuania?* Unpublished presentation. University College London. Accessed on July 21, 2011 from [www.ucl.ac.uk/nordicbaltic/HealthWelfare/romasSlides](http://www.ucl.ac.uk/nordicbaltic/HealthWelfare/romasSlides).
- Lendvai, N. (2008). EU integration and the transformation of post-communist welfare: traversing a ‘quantum leap’? *Social Policy and Administration*, 42(5), pp. 504–523.
- Maslow, A. (1970). *Motivation and Personality*, 2nd ed. New York: Harper and Row.
- McNabb, D. E., King, G. J., & Pētersons, A. (2010). The Evolution of Public Trust and Social Responsibility in the Baltics. *EBS*, 2010(27), pp. 22–37.
- Ministry of Social Affairs of Estonia (2009). *Health, Labour and Social Life in Estonia 2000–2008*. Tallinn: Republic of Estonia. Accessed on July 23, 2011 from [www.sm.ee/fileadmin/meedia/Dokumendid/Publikatsioonid/2009/esiduskogumik\\_2009eng.pdf](http://www.sm.ee/fileadmin/meedia/Dokumendid/Publikatsioonid/2009/esiduskogumik_2009eng.pdf)
- Mitra, P., Selowsky, M., & Zalduendo, J. (2010), *Turmoil at Twenty: Recession, Recovery, and reform in Central and Eastern Europe and the former Soviet Union*. Washington, DC: The World Bank.
- Paas, T., Hinnosaar, M., Masso, J., & Szirko, O. (2004). *Social Protection Systems in the Baltic States*. Tartu: University of Tartu, Estonia. Accessed June 13, 2011 from <http://infritik.mtk.ut.ee/www/kodu/RdPEc/mtk/febpdg/febawd26.pdf>
- Puglia, A. (2011). In 2008 gross expenditure on social protection in EU-27 accounted for 26.4% of GDP. *Eurostat: statistics in focus*, 17 (2011). Accessed on July 26, 2011 from [http://s3.amazonaws.com/zanran\\_storage/www.eds-destatis.de/ContentPages/24446677946.pdf](http://s3.amazonaws.com/zanran_storage/www.eds-destatis.de/ContentPages/24446677946.pdf)
- Rosen, H. S. (1995). *Public Finance*, 4<sup>th</sup> ed. Chicago: Richard D. Irwin.
- Santos, S. A. (2010). Belgian, Dutch, Lithuanian and Portuguese women have a say: countries’ social policies within Europe. *Socialinis Darbas*, 9(2), pp. 23–30.
- Seligman, M. (2011). *Flourish: A Visionary New Understanding of Happiness and Well-Being*. London: Nicholas Brealey.
- Thomson, S., Võrk, A., Habich, T., Rooväli, L., Evetovits, T. and Habich, J. (2010). *Responding to the Challenge of Financial Sustainability in Estonia’s Health System*. Copenhagen: World Health Organization.

- Trumm, A. (2005). Recent Developments of Estonia's Social Protection System. Department of Sociology and Social Policy, University of Tartu. Accessed on July 26, 2011 from <http://siteresources.worldbank.org/INTECONEVAL/Resources/EstoniaSocialPolicyReview.pdf>
- Turay, A. (2010). Right is right? *Estonia Today* (December 16). Accessed on July 23, 2011 from <http://estoniatoday.blogspot.com/2010/12/parempoolne-on-oige-right-is-tight-by.html>
- Van Oorschot, W., Arts, W., & Gelissen, J. (2006). Social capital in Europe. *Acta Sociologica*, 49(2), pp. 149–167.
- Villarino, E. (2011). World Bank funds Latvia's social safety net program. (May 27). *Devex: The Development Newswire*. Accessed on July 22, 2011 from [www.devex.com/en/blogs/the-development-newswire/world-bank-funds-latvia-s-social-safety-net-program?g=1](http://www.devex.com/en/blogs/the-development-newswire/world-bank-funds-latvia-s-social-safety-net-program?g=1)
- Vörk, A., Habicht, J., Xu, K. and Kutzin, J. (2010). *Income-related inequality in Health Care Financing and Utilization in Estonia since 2000*. Copenhagen: World Health Organization.
- World Bank. (2007). *Social Assistance in Central Europe and the Baltic States*. Accessed on June 13, 2011 from <http://sitesources.worldbank.org/INTECONEVAL/Resources/SocialAssistance/ReviewDraft.pdf>
- World Bank. (2009). *Lithuania: Social Sectors Public Expenditure Review*. Accessed on July 25, 2011 from [http://www-wds.worldbank.org/external/default/WDSContentServer/WDSP/IB/2009/08/11/000333038\\_20090811234715/Rendered/PDF/486040ESW0p1161LIC0dislosed08111191.pdf](http://www-wds.worldbank.org/external/default/WDSContentServer/WDSP/IB/2009/08/11/000333038_20090811234715/Rendered/PDF/486040ESW0p1161LIC0dislosed08111191.pdf)
- World Bank. (2010a). *Latvia: From Exuberance to Prudence: A Public Expenditure Review of Government Administration and the Social Sectors, Vol. 1: Overview and Summary*. Accessed June 13, 2011 from [www.pietick.com/files/100201/lv\\_per\\_v1.pdf](http://www.pietick.com/files/100201/lv_per_v1.pdf)
- World Bank. (2010b). *Latvia: From Exuberance to Prudence: A Public Expenditure Review of Government Administration and the Social Sectors, Vol. 2: Analytical Report*. Accessed on June 13, 2011 from [www.pietick.com/files/100201/lv\\_per\\_v2.pdf](http://www.pietick.com/files/100201/lv_per_v2.pdf)



## MODERN FEATURES OF ADJUSTING IN THE LABOUR-MARKET

Ellana Molchanova

PhD in Economics, Professor, Kyiv National Economic University named after  
Vadym Hetman – self-governing (autonomous) research  
*ellanam@ukr.net*

### Abstract

The present papers deal with two basic models of adjusting of labor-market are considered. Each of models includes the set of tools of adjusting of labor-market and unemployment. Analyzed the certain mechanism of functioning of labor-market with elements state and trade-union interference, such as legislation of a minimum wage, stimulation of businessmen to develop the business, forming of potential labor force, control after terms and payment of labor on enterprises, the states regulate duration of workweek, an unemployment payments; and government control of labor-market in certain countries. Minimum wage and payment levels are analyzed on unemployment in separate countries. Changes are analyzed in financing of the system of social security in case of unemployment. Modern practice of the developed countries in the questions of decision of a ration participation of employers and workers in forming of insurance funds in case of unemployment

**Keywords:** *the labor-market, adjusting, mechanism, instruments, wage, the labor force, the unemployment, the insurance funds, a trilateral dialog*

### Modern features of adjusting the labour-market

**Topicality of issue.** Under the present conditions, the globalization becomes the important real index of international economy development in each country of the world community. In this connection, the issues of effective functioning of the economy, the determination of the activity development directions, scales and depth of relationship with the national economies of other countries, their regional alignments become of considerable importance. The importance of consideration of integrating and globalization processes for the country is determined by the interlinked factors. First, transition to the market economy and overcoming the transformation crisis is closely linked with the necessity of finding by a country a proper place in the international trade. Second, the development of the country's own mechanism of entering the world competition environment oriented towards providing the economic

development and implementation of the country's national interests is vital for the country under the conditions of globalization and internationalization strengthening, international labor share intensification and production activities transnationalization. A stable positioning of the country in the world labor market is one the above mentioned orientation.

*Analysis of the latest investigations and publications.* The problems of labor force integration in the world labor market were highlighted by such Ukrainian scientists as Kosik V. V., Pankova L. A., Danilenko N. B., Rumyantsev A. P., Klymko G. N., Vavrishchuk N. G., Novitskiy V. E., Dakhno I. I., Bochan I. O., Libanova E., Pirozhkov S. and others. The foreign scientists who profoundly studied this issue include K. Bauer, H. Fassmann, S. Goedings, M. Okolski, P. Pederson. But this issue was not reflected in full measure. Therefore, further investigation of this matter is required.

*Purpose of investigation.* The Investigation of the comprehensive methods of the world labor market regulation in the regional perspective.

*Basic material.* It is known that under present conditions the state authority in each country the process of labor force reproduction on the national level as well as on the company's level and also the employers pay a certain attention to the labor force reproduction processes. There is only a certain level of influence of the state and employers on the above mentioned processes which depend on the economic development model accepted in the country. Proceeding from this, two types of model of inter-company labor market namely "paternalistic" and "bureaucratic" and two models of the state regulation of economy – "socially oriented" and "liberal" – can be separated. The combination of the above models creates four varieties of these models.

But in the country with socially-oriented or liberal model of economic development, two varieties, for example socially-oriented paternalistic or bureaucratic, can exist depending on the company's policy in the inter-company labor market. These models can theoretically be effective in Ukraine but considering the national features, the socially-oriented bureaucratic model will prevail.

The above mentioned model should work together with a certain mechanism of labor market functioning with the elements of state and trade-union interference. Such mechanism consists the subjects, objects, targets, functions, tools and means of influence, structural mechanisms and infrastructure, namely:

1. The state should supervise the level and differentiation of wages.  
In 2007, 20 EU members with minimal remuneration established by law, had the monthly remuneration level from Euro 92 to 1570. Proceeding from this index all countries can be divided into three groups (*Table 1*).

**Minimal Remuneration Level**

Group I up to Euro 300 per month		Group I from Euro 400 700 per month		Group I over Euro 1200 per month	
Bulgaria	Euro 92	Portugal	Euro 470	France	1254
Romania	Euro 114	Slovenia	Euro 522	Belgium	1259
Latvia	Euro 172	Malta	Euro 585	The Netherlands	1301
Lithuania	Euro 174	Spain	Euro 666	Great Britain	1361
Slovak Republic	Euro 217	Greece	Euro 668 in June 2006	Ireland	1403
Estonia	Euro 230			Luxembourg	1570
Poland	Euro 246				
Hungary	Euro 258				
Czech Republic	Euro 288				

*Source: narrated by the author as per [www.ilo.org/trends](http://www.ilo.org/trends).*

As of 2005 the percentage of persons who got the minimal remuneration was 1% in Spain and up to 17% in France. In the same year the level of minimal remuneration in different EU countries was from 30% to 50% of the average remuneration in industrial sector before tax.

2. One of the most important functions of the state is in stimulating the companies to develop their businesses and thus to create jobs and increase the labor force quality.
3. The state should take the responsibility for forming the potential labor force and employment.
4. The trade-unions perform supervision over the conditions and remuneration provided by the business entities.
5. The duration of working week is regulated by the state.

France changed the labor law through introducing a 35-hour working week and eliminating the tough restrictions for part-time employment that increased the employment level. Germany also reduced the working day duration.

The reduction of the working day in the Netherlands is regulated through the collective agreements on the branch and inter-branch and company levels.

6. Unemployment remuneration

The system of social insurance in case of unemployment foresees the application of various mechanisms and tools of supporting the unemployed people. The practice of social insurance in case of unemployment in the USA, Western Europe and Japan works since the beginning of the XX century. And this system has been developed and improved during the whole period of existence. In the beginning, the support was given to the

employed people with rich working experience and insurance history and who contributed to the insurance funds in due time. As a rule, the amount of unemployment remuneration was equal for all in that time, and the duration was restricted with several months in some countries, in other countries – for one year and more. Later, the system of social insurance in case of unemployment evolved: the number of professions under which the support was paid increased; the amount of support also become higher; later the remuneration depended on the value of salary of the insured employed people at the last job place; the period of remuneration payment has become longer.

Today, irrespective of the considerable attention of the society to the problems of unemployment and permanent improvement of the social insurance system, not all categories of people are covered with this system in many countries. For example, in Belgium and Denmark this category includes the high-paid government officers, seasonal and part-time workers, outworkers, individual businessmen. The terms of unemployment remuneration payments are also different in different countries. For example, the so-called stand-by period proceeds. The duration of this period in Italy is seven days, in France, Great Britain and Ireland – three days, in Germany, Belgium, the Netherlands, Denmark, Luxembourg the remuneration is paid starting from the first day the case of unemployment occurs. (Дяченко, Долинський, Товтич, Ткач, 2009, 142)

The availability of **well-developed system of social insurance in case of unemployment** is another feature of the British labor market. Within the government program of national insurance, the unemployed people during one year are paid certain funds that make it possible to keep the normal life standard level provided that they are actively searching for a job. After one year is over, the unemployed are still paid, but the amount of remuneration is lesser. The program is financed due to the obligatory allocations made by the employers and employees. Besides, the system of non-government social insurance is also quite developed.

*The level and duration of remuneration payments also differ from each other.* In Denmark, the amount is 90% of the previous remuneration provided that this amount does not exceed a certain maximum level and is paid during four years. In the Netherlands, this term is 2 years and amount is 70% of the previous remuneration. But the exact level of remuneration is adjusted in each case and depends on the age, period of being employed and family status of an unemployed. In some countries, the level of remuneration in case of unemployment varies from 30 % to 60% of the previous remuneration; in some countries this amount is fixed. There is a law in majority of countries according to which even if the term of unemployment relief is over, the unemployed are paid the amount of money not lower than low-income level. In this

case the system of supervision and control of the incomes of all family members of unemployed person. (Table 2)

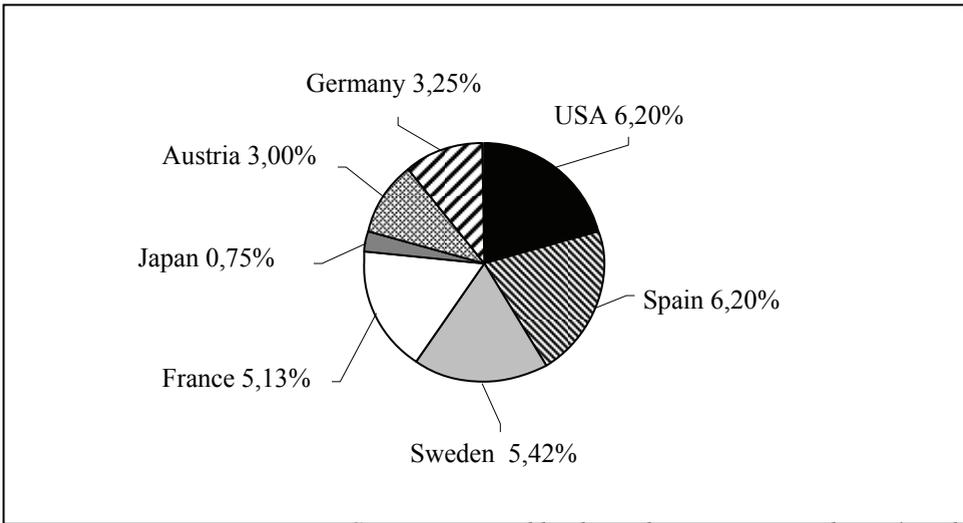
Table 2

**Unemployment compensation**

	<b>Persons without any unemployment compensation</b>	<b>Terms of compensation payment “stand-by periods”</b>	<b>Levels and duration of payments</b>	<b>Duration of payment</b>
Denmark	Some categories of high-paid government officers, season and part-time workers, individual business activities	from the first day	90 % of previous remuneration	4 years
Belgium				
Italy	All categories are paid remuneration	7 days		
France		3 days		
Great Britain		3 days	100% 1 year reduction of compensation starting from the second year	
Ireland		3 days		
Germany		from the first day		
Luxembourg		from the first day		
The Netherlands		from the first day	70 % of remuneration paid at the last job place	2 years

Source: narrated by the author as per [www.ilo.org/trends](http://www.ilo.org/trends).

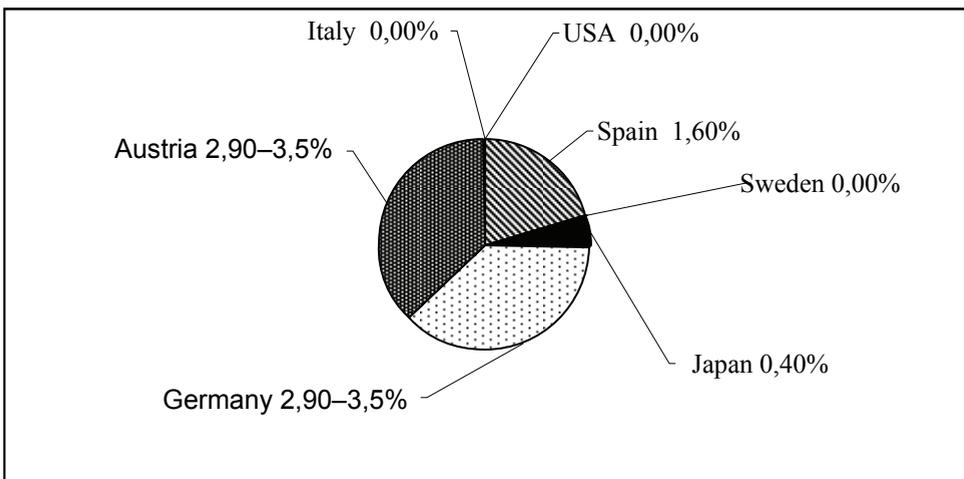
The financing of the system of social insurance in case of unemployment underwent a number of changes. In the beginning the cash of insurance funds was formed from the insured employees’ contributions. Later, the financing of the social insurance funds has become mainly the employers’ responsibility. At present, the practice of the economically developed countries in the share of the employers (% of the remuneration funds) and employees (% of individual remuneration) in forming the social insurance funds (in percentage) is as follows: in the USA and Spain the employers allocate 6,20%; in Sweden – 5, 42%; in France – 5,13%; in Japan – 0,75%, in Austria – 3,0%; in Germany – 3,25%. (Picture 1).



Source: narrated by the author as per [www.ilo.org/trends](http://www.ilo.org/trends)

Picture 1. Share of employers in forming the insurance funds in case of unemployment

Concerning the allocations from the employees to the insurance funds in case of unemployment, the USA, Sweden and Italy do not practice such allocations, and allocations in Japan make 0,4%, in Spain – 1,6%, in Germany, Canada and Austria – 2,9–3,25 % (Picture 2).



Picture 2. Share of employers in forming the insurance funds in case of unemployment (Золин, 2008,139)

The state that compensates the lack of funds for proper social support of some groups of unemployed is a third participant that forms the insurance funds in case of unemployment. The government of Japan is financing 25% of cost of unemployment remuneration.

The experience of the foreign countries makes it sure that the trilateral partnership (employee, employer and the state) in financing the social insurance fund in case of unemployment ensures the highest level of social protection of the employees.

The Concept of Worthy Labor which is a suitable political basis to confront the crisis, is one more method of fighting the world crisis. The idea is that the trilateral dialog with the state, employers' organization and employees plays the most important role in fighting the economic crisis and in developing the proper political measures.

In November 2008, the Administrative Council of ILO that many countries have been using political measures upon the ILO recommendations, namely:

- 1) expansion of the people categories covered with the programs of insurance against unemployment; professional training of the dismissed people; protection of retirement pensions against the depreciation caused by the "shocks" in financial markets;
- 2) the state capital investment in the infrastructure and dwelling; in social infrastructure and creation of the "green" jobs including the organization of urgent public work;
- 3) support to the small and medium business entities;
- 4) social dialog on the level of business entities, economy sector and the whole state (Яценко, 1998)

## Conclusions

Thus, while forming the mechanism of the modern labor market, it is reasonable to study the kinds of regulation performed by the state within the labor market:

- 1) protective (restriction of measures that may cause the decrease of protection of different groups of population);
- 2) encouraging (creation of conditions under which the various forms of activities can be performed and developed);
- 3) restrictive (exclusion of activities of separate people or groups for they can not have an advantage over the others);
- 4) directive regulation (influence of the government on the labor market with the consideration of the people's interests);
- 5) regulation through the economic and financial events (taxes, grants) that facilitate the growth of proposition or employment in the labor market.

Proceeding from the above stated, the mechanism of social protection can be divided into the following institutes:

- 1) obligatory social insurance (pension, medical, in case of unemployment, against accidents at work);
- 2) voluntary social insurance (pension, medical, in case of unemployment, life and health);
- 3) government social assistance;
- 4) state social guarantees (free-of-charge medical aid and education, affordable living houses and educational services) ;
- 5) public organizations of mutual assistance (consumers societies, invalids societies, charity funds and churches).

The institutes of labor force market infrastructure are intended to fulfill the following tasks:

- 1) correction of employment proposals depending upon the market's players interests;
- 2) assistance in implementing the labor rights and right for earned incomes;
- 3) assistance in employment;
- 4) assistance in overcoming the misbalance between the proposal and demand of labor force and performing the preventive actions to prevent the misbalance in the labor work market;
- 5) assist in cooperation between the employees and employers in the labor force market on the basis of social partnership;
- 6) determine, together with other links that serve the market of capital, goods and services, the level of labor force movement (creation and liquidation) and transfer (dismissal, re-share) of labor force within the employment spheres, industry branches and territories;
- 7) coordinate the power-holding structures activity, labor and employment systems, education and social protection; institutions that prepare and conduct the investment policy and strategy in the sphere of labor remuneration and people's income; public organizations of employees and employers associations.
- 8) But the world financial – economic crisis affects the personnel management, so we will analyze the measures taken in the sphere of personnel management which are recommended by the world-known experts to avoid or overcome the crisis in the labor market.

1. Reduction of cost. The companies are cutting or “freezing” the costs of personnel management including the remuneration funds, corporate events, training and development, employment and business trips.

2. Personnel cut. Generally, 79% of companies suspended the employment in October – November 2008. 48% of companies consider the personnel cut as the necessary measure of the personnel quantity optimization at 10% on the average. The half of these companies has already cut the personnel within September – November 2008. Other companies are planning to cut personnel in December 2008 – January 2009, and others – in II quarter of 2009. 56% of companies are planning to dismiss a certain number of employees in each department on the basis of the results of annual attestation to form the list of employees to be dismissed. This may be connected with the fact that some companies have not yet introduced (or have introduced recently) the system of personnel effectiveness management. The most popular is the dismissal upon the parties’ mutual consent – staff reduction as per the law, and some are practicing the voluntary termination.

3. Changes in the remuneration structure. 89% of respondents are planning to change or have already changed the remuneration structure. Only 5% of companies reduce the minimal basic remuneration. Main of them stated that the remuneration level would remain on the level of 2008, or would increase slightly (10% on the average), but such increase will be lower than it was planned before in 2009. Some companies are planning to increase this level only to have compensation of inflation losses.

4. Additional privileges. The absolute majority of the investigation participants reduces or rejects the increase a short-term remuneration (annual bonus). Less than 10% of respondents are planning to change the long-term programs of remuneration. These changes in remuneration structure are introduced mainly since January 2009.

Nearly 60% of participants plant to change or have already changed the policy of additional privileges to their employees. The companies decrease the limits of mobile communication and vehicle operation by the employees. 15% of the companies that gave privileges in meal and medical security (additional life insurance) not decrease these expenditures through cutting their scope or number of persons entitled to privileges, or they are looking for other suppliers of services with more profitable conditions. Some companies have already made a decision to cancel medical insurance in IV quarter of 2008 or since January 2009. Nearly 10% of companies that made extra payments for leaves, sick-leaves and maternity leaves informed of the cancellation of reduction of such extra payments. Some companies that provided special conditions for the employees to take credit also informed of the changes in these programs including the increase of crediting rates, toughening the requirements to the debtors and crediting conditions as well as the cancellation or suspension of the program as such. Another privilege that was provided by the employers – fitness clubs – has also been cancelled by many companies.

Many companies still stand for waiting or plan their changes only in some activities. But the majority of them say that depending on the market situation they will be forced to initiate changes in 2009.

Irrespective of the above described measures, practically all participants involved in the investigation realize that one of the main factors of success in the future lies in retaining the key employees. This is quite a positive progress in comparison with the position taken by the companies after September 1998 when the mass (often unreasonable) staff reduction took place. The investigation participants remarked that since 2009 the absolute majority of companies managed to survive under conditions of budget cut. In III–IV quarters of 2009 the personnel expenditures continued to decrease. As the result of general decrease of wages in the market, the companies will have the possibility of attracting the best experts at more profitable conditions. At the same time, the professionals aged over 40 will face difficulties in finding the job than their younger colleagues.

The companies expect the employee's loyalty increase and as the result the higher efficiency from the personnel. Concerning the service suppliers (first of all the recruiting and consulting companies), they have already started to revise the conditions of more profitable proposals. In spite of many companies changes the suppliers, the reduction in price of the given category of services can hardly be expected.

## References

- Гришнова О.А.(2001) *Людський капітал: формування в системі освіти і професійної підготовки*. Знання, КОО.
- Дяченко Б., Долинський С., Товтич М., Ткач В. (2009) Європейський ринок праці в системі міжнародної міграції трудових ресурсів. В: *Економіка АПК* №2. С. 138–143.
- Золин І. (2008) Стратегія регулювання ринку труда в умовах глобалізації мирової економіки. В: *Проблеми теорії і практики управління* №7. С. 40–47.
- Кредісов А. (2008) Нове бачення міжнародної трудової міграції. В: *Економіка України* №12. С. 83–84.
- Кризис и рынок труда. Трехсторонний взгляд: кандидаты, работодатели, кадровые агентства.*[Електронний ресурс]. Режим доступу: <http://www.treko.ru>
- Кузнецов В. (2008) Сучасні проблеми міграції робочої сили. В: *Управління трудовими ресурсами: проблеми і перспективи розвитку: Збірник доповідей міжнародної наук.–практ. конференції*. Хмельницький: ТУП.
- Матрусова Т. Н. (1997) Механизм государственного управления рынком труда в Японии. В: *Труд за рубежом* № 4. С. 17–38.
- Матрусова Т. Н. (2003) Трудовая политика государства в отношении лиц старших возрастов в Японии. В: *Труд за рубежом* № 2. С. 23–48.

Павловська О. (2003) Зарубіжний досвід фінансового забезпечення ринку праці. В: *Справочник кадровика* № 5. С. 62–69.

Ульяницька О.В. (2009) Проблеми безробіття і трудова міграція українців. В: *Актуальні проблеми економіки* №8. С. 167–172.

Цапенко И.П. (2009) Развитие страны: интеграционная политика в отношении иммигрантов. В: *Мировая экономика и международные отношения* №3. С. 59–69.

Яценко В. (1998) Страхування від безробіття як чинник стабілізації зайнятості в Україні. В: *Україна: аспекти праці*. № 3. С. 9–14. 4.

[www.ilo.org/trends](http://www.ilo.org/trends). Офіційний сайт МОП. [Електронний ресурс]. – Режим доступу: <http://www.treko.ru>



## **MODELS OF E-BUSINESS AS AN EXAMPLE OF IMPLEMENTATION NEW TECHNOLOGIES INTO NEW ECONOMY**

**Jan T. Mróz**

PhD, assistant professor,

Institute of Sociology Off-Campus Faculty of Social Sciences  
The John Paul II Catholic University of Lublin in Stalowa Wola

*jan41mroz@op.pl*

### **Abstract**

The aim of article is showing different possibilities of participating a contemporary businessman in new economy based in large degree on new technologies of Internet. Internet faces both new challenges and opportunities. The author explains how important can be interaction between traditional economy and e-economy – he gives a few examples. In farther part of article a notion of e-business is discussed as well as some its features like scaliness, interactivity, flexibility, brand managing and individualisation in net business. After that general benefits for enterprise using from Internet are pointed out shortly. Then, in main part of this paper, the author discusses two classifications of business models, elaborated by Michael Rappa and Paul Timmers. In the first one such models are enumerated and discussed: brokerage, web advertising, infomediary, manufacturer, affiliate, community and utility. In the second one are analysed: e-shop, e-procurement, e-auction, e-mall, third party marketplace, virtual communities, value chain service provider, value chain integrators, collaboration platforms, information brokerage and trust service provider. Discussing every model are taken into account: an essence – how it works, profits for sellers and buyers or for enterprise and client. Additionally some general remarks about e-learning, e-commerce and a blogger are added. In the final part the author considers bright and dark sides of e-business in face of this what was presented.

**Key words:** *e-business, business model, e-economy, e-learning, e-commerce, blog, blogger*

### **Interaction between traditional economy and e-economy**

It is difficult not to agree with Manuel Castells who a decade ago claimed that dissemination of Internet the most versatilely takes advantage of business world. His way of defining the meaning of Internet for this world: transforms a manner of leading of economy activity exerting influence on relations of business firms with deliverers and clients, on managing of them, on productive processes, on cooperation with other

firms and on ways their financing; influences on price of stocks (shares) by financial markets – with perspective of 10 years seems to be still unusually accurate and up-to-date (Castells, 2003: 77). The author locates electronic business (e-business) in new economic landscape, which a significant element becomes e-economy. Castells defines it as every economic undertaking which decisive functions in the scope of managing, finances, innovations, production, distribution, sale, relations between workers and contacts with clients are realized in majority with the assistance of Internet (or other computer nets), apart from kind of connection between virtual and physical side of firm (Castells, 2003: 79).

How it shows oneself, model of net enterprise (firm) based on Internet doesn't have to curb oneself only to technological industry. In subject literature positive results of enlargement oneself this model into many different sectors of economy were described (herein I'll give only 3 examples): French firm Valeo, producing exchangeable parts to cars – a half of orders accepts with intermediary of Internet; Webcor – building firm, became a leader in his branch mostly thanks to placing in the net all essential information on each project, so that architects, workers, deliverers, and clients know, currently, what is happening on the whole building ground, and they can react quickly when some corrections are necessary; producer of metal door Weyerhaeuser from Wisconsin automated his activity thanks to interactive net, what has caused decrease supplies and distribution costs, reduction amount of mistakes and double profits (Castells, 2003: 87).

Good introduction before defining an essence and novelty of e-business will be more detailed example of net enterprise model, derived from traditional sector of economy – clothing industry. I mean firm ZARA from La Corunia (Spain), which projects, produces and sales to licensable net of shops not expensive and fashionable clothes. During a few of years from appearing on the market this firm started efficiently to compete with other clothes nets, it had already had hundreds of shops in thirty-four countries, and market value maternal company reached total amount of two milliard dollars.

The mystery of Zara's success, beyond small projects of sewn clothes, is computer net structure of the firm. In sale points each transaction is registered in portable appliances programmed with taking into account a characteristics of given purchaser. Every day, manager of the shop converts inflowing to him data, after that he sends them to project centre in La Corunia. There fashion designers, on the ground of market reaction, currently change patterns of clothes. New patterns are sent to computerised, laser sewing machines in main factory of the firm in Galicja. Then parts of clothes are sewn according given project, most often in local small factories. Thanks to this system Zara produces twelve thousand patterns of clothes a year and every two weeks sends new batch of clothes to the shops (Castells, 2003: 88–89).

## The meaning and features of e-business

Piotr Majewski notion “e-business” defines as “economic activity in any legal form, allowing to obtain clients with the help of Internet. E-business we can name everything it what we do in the Internet for obtaining clients – purchasers our products or services (2007: 9).

According to Jacek Jakiela e-business is „way of conducting of firm relying on using a potential of informational-communicational technologies and Internet in which especially essential is delivery to a client a product of the highest quality”. For the author e-business is “whichever undertaking – tactical or strategical – which with the help of informational technologies transforms business dependencies and processes realized by the organization (2008: 23).

Andrzej Tubielewicz doesn't give however definition of “e-business” itself, but concisely characterizes its effectiveness as a tool of business, improving activity of enterprises and their commercial relations. In conviction of the author e-business constitutes the future of economic activity, in spite of this, that nowadays taking advantage of Internet for the needs of sales and marketing, supply in stuff and components to production, logistics of development of products and managing of personnel – is common. Connected with Internet e-business means opening itself an enterprise outside and enables gaining clients and choosing deliverers on considerably greater than so far market (2004: 54–55).

Differently from mentioned authors an essence and profits of e-business formulates M. Castells. As he claims: “an essence of a business is based on Internet interactive communication between producers, consumers and firms giving services. Opportunity of global influence, direct access and distribution with taking into consideration requirements individual client allows to reduce expenses, to improve the quality, to increase productivity and to satisfy better the needs of a purchaser” (2003: 90).

What can bring this new technological medium into new model of conducting businesses it is scaliness, interactivity, elasticity, brand managing and individualisation in net business. In further part of this paper these notions will be described in more detailed way within discussed models of e-business. Herein I'll only mention that: in *the scaliness* that is the point that achieved operations or transactions can have local or global range, the net can evaluate – broaden or shrink, together with being changed strategy without bearing costs not exploited production power, because it can be reprogrammed or placed on another track with the help simple procedure; in *the interactivity* the net ensures connection between deliverers, clients, subcontractors and workers and it takes place in multidirectional system of sending information and undertaking a decision, allowing to investigate a transaction in real time; in *the elasticity* that is the point about possibility of supervision economic undertaking and simultaneously enlarging its range or differentiation its structure, in accordance with

needs of each project; in *the managing* of brand informational systems based on Internet allow to take into account in process of production and sale turned information between all elements of net, also to detect and to improve mistakes; in *individualisation* can be achieved (it), that the final product (merchandise or service) is adapted to requirements of concrete client. It is possible thanks to personal and repeated contacts by intermediation of net (Castells, 2003: 90–92).

## General remarks on business models

Internet gives to net enterprise possibility of organic evolution in response on changes in technology, systems of production and needs of market. Doing so, it doesn't lose from field of view the aim of each business: of earning money. The question arises, in what way a firm can take advantage of Internet features to obtain and to sustain competitive predominance, so for achieving in longer perspective greater profitability than its competitors. The answer is model of Internet business, that is accepted by given firm method of obtaining of profits in longer period using Internet. The manner of reaching by firm, using Internet for leading business, to obtain profits from run activity is defined in literature as a model of Internet business (Afuah & Tucci, 2003: 85, see also: 24)

Model of Internet business is a dynamic system: it consists of changing in time elements and relation between them, and enables earning thanks to Internet. An enterprise takes advantage of Internet characteristics in such way to use possibilities embraced in each element of business model, e.g. in: the value offered to customers, the offer, sources of revenues, pricing policy, organizational capabilities and in maintaining competitive advantage – to construct defined system of links between these elements (Afuah & Tucci, 2003: 24–25).

According to Michael Rappa business models are widely discussed, especially in the context how the web changes traditional business models. However little attention is paid on what this expression means. Therefore he defines the most basic sense of this notion, so according to him a business model is “the method of doing business by which a company can sustain itself – that is, generate revenue. The business model spells-out how a company makes money by specifying where it is positioned in the value chain (Rappa, 2000).

In composition such model enters a set of actions connected directly with Internet and crossing beyond this sphere, both planned activities and improvised, which make possible the firm achieving profits from Internet activity in longer time. Properly formulated business model gives the firm competitive prevalence in branch, ensuring profitability greater from achieved by competition (Afuah & Tucci, 2003: 85–86).

In practise occurs enormous diversity Internet's business models and differences in conceptions of activity occur not only between different sectors, but also between

particular firms within the same branch. What is more, these models undergo permanent transformations. Obviously given firm, enterprise can make as a dominant one of them, and others to use in lesser degree.

## Classification of business models according to Michael Rappa

In further, fundamental part of article, I would like to offer and discuss classification of business models elaborated by Michael Rappa (2000) and Paul Timmers (1998). So, let's move to their models. Rappa distinguishes and describes 9 kinds of models. Described models are introduced in different way. Additionally given firms have possibility of combining different models as a part of their whole Internet business strategy. Giving general remarks he refers to increasing importance of business models saying that some of them became a form of intellectual property (so are protected with a patent). As the author claims, many business methods (he uses this word as a synonym "models"), patents, have even been granted.

In **brokerage model** firms play the role of organizers of markets, who interconnect purchasers and sellers charging a fee from transactions realised by their intermediation. The formula for fees can vary. Brokers play a frequent role in business-to-business (B2B), business-to-consumer (B2C), or consumer-to-consumer (C2C) markets. The examples in such models can be travel agencies, Internet broker services or auction services. Brokerage models include:

*Marketplace Exchange* – offer a full range of services covering the transaction process, from market assessment to negotiation and fulfilment (Orbitz, ChemConnect); *Buy/Sell Fulfilment* – takes customer orders to buy or sell a product or service, including terms like price and delivery (CarsDirect, Respond.com); *Demand Collection System* – the patented "name-your-price" model pioneered by Priceline.com. Prospective buyer makes a final (binding) bid for a special goods or service, and the broker arranges fulfilment (Priceline.com); *Auction Broker* – conducts auctions for sellers (individuals or merchants). Broker charges the seller a listing and commission scaled with the value of the transaction. Auctions vary widely in terms of the offering and bidding rules (eBay); *Transaction Broker* – provides a third-party payment mechanism for buyers and sellers to settle a transaction (PayPal, Escrow.com); *Distributor* – is a catalog operation that connects a large number of product manufactures with wholesale – and retail buyers. Broker facilitates business transactions between franchised distributors and their trading partners. *Search Agent* – a software agent or "robot" used to search-out the price and availability for goods or service by the buyer, or to locate hard to find information; *Virtual Marketplace* – or virtual mall, a hosting service for online merchants that charges setup, monthly listing and/or transaction fees. May also provide automated transaction and relationship marketing services (zShops and Merchant Services at Amazon.com).

The web **advertising model** is an extension of the traditional media broadcast model. The broadcaster, in this case, a web site, provides content (usually, but not necessarily, for free) and services (like email, IM, blogs) mixed with advertising messages in the form of banner ads. The banner ads may be the major or sole source of revenue for the broadcaster. The broadcaster may be a content creator or a distributor of content created elsewhere. The advertising model works best when the volume of viewer traffic is large or highly specialized. Rappa distinguishes different variations in this model like: *Portal* – usually a search engine that may include varied content or services. A high volume of user traffic makes advertising profitable and permits further diversification of site services. A *personalized portal* allows customization of the interface and content to the user. A *niche portal* cultivates a well-defined user demographic. (Yahoo!); *Classifieds* – list items for sale or wanted for purchase. Listing fees are common, but there also may be a membership fee (Monster.com, Craigslist); *User Registration* – content-based sites that are free to access but require users to register and provide demographic data. Registration allows inter-session tracking of user surfing habits and thereby generates data of potential value in targeted advertising campaigns. (NY Times); *Query-based Paid Placement* – sells favourable link positioning (i.e., sponsored links) or advertising keyed to particular search terms in a user query, such as Overture's trademark "pay-for-performance" model. (Google, Overture); *Contextual Advertising / Behavioural Marketing* – freeware developers who bundle adware with their product. For example, a browser extension that automates authentication and form fill-ins, also delivers advertising links or pop-ups as the user surfs the web. Contextual advertisers can sell targeted advertising based on an individual user's surfing activity; *Content-Targeted Advertising* – pioneered by Google, it extends the precision of search advertising to the rest of the web. Google identifies the meaning of a web page and then automatically delivers relevant ads when a user visits that page (Google); *Intromercials* – animated full-screen ads placed at the entry of a site before a user reaches the intended content (CBS MarketWatch); *Ultramercials* – interactive online ads that require the user to respond intermittently in order to wade through the message before reaching the intended content. (Salon in cooperation with Mercedes-Benz).

Following described by Michael Rappa model is **infomediary model**. Giving justification for existence of this model the author claims that data about consumers and their consumption habits are valuable, especially when that information is carefully analysed and used to target marketing campaigns. Independently collected data about producers and their products are useful to consumers when considering a purchase. That is why some firms function as infomediaries (information intermediaries) assisting buyers and/or sellers to understand a given market. Herein are shortly described some firms acting in this model.

*Advertising Networks* – feed banner ads to a network of member sites, thereby enabling advertisers to deploy large marketing campaigns. Ad networks collect data

about web users that can be used to analyse marketing effectiveness (DoubleClick); *Audience Measurement Services* – online audience market research agencies (Nielsen/Netratings); *Incentive Marketing* – customer loyalty program that provides incentives to customers such as redeemable points or coupons for making purchases from associated retailers. Data collected about users is sold for targeted advertising (Coolsavings); *Metamediary* – facilitates transactions between buyer and sellers by providing comprehensive information and ancillary services, without being involved in the actual exchange of goods or services between the parties. (Edmunds).

A **merchant model** is created for wholesalers and retailers of goods and services. Sales may be made based on list prices or through auction. This model comprises: *Virtual Merchant* – or e-tailer, is a retail merchant that operates solely over the web. (Amazon.com); *Catalog Merchant* – mail-order business with a web-based catalog. Combines mail, telephone and online ordering. (Lands' End); *Click and Mortar* – traditional brick-and-mortar retail establishment with web storefront (Barnes & Noble); *Bit Vendor* – a merchant that deals strictly in digital products and services and, in its purest form, conducts both sales and distribution over the web (Apple iTunes Music Store);

Let's discuss **manufacturer (direct) model** at this moment. The manufacturer or “direct model”, it is predicated on the power of the web to allow a manufacturer (i.e., a company that creates a product or service) to reach buyers directly and thereby compress the distribution channel. The manufacturer model can be based on efficiency, improved customer service, and a better understanding of customer preferences (Dell Computer). Let's explain more important notions (names) associated with this kind of model. *Purchase* – the sale of a product in which the right of ownership is transferred to the buyer. *Lease* – in exchange for a rental fee, the buyer receives the right to use the product under a “terms of use” agreement. The product is returned to the seller upon expiration or default of the lease agreement. One type of agreement may include a right of purchase upon expiration of the lease. *License* – the sale of a product that involves only the transfer of usage rights to the buyer, in accordance with a “terms of use” agreement. Ownership rights remain with the manufacturer (e.g., with software licensing). *Brand Integrated Content* – in contrast to the sponsored-content approach (i.e., the advertising model), brand-integrated content is created by the manufacturer itself for the sole basis of product placement.

What is specificity the **affiliate model**, following one considered by M. Rappa? According to the author the affiliate model – in contrast to the generalized portal, which seeks to drive a high volume of traffic to one site – provides purchase opportunities wherever people may be surfing. It does this by offering financial incentives (in the form of a percentage of revenue) to affiliated partner sites. The affiliates provide purchase-point click-through to the merchant. It is a pay-for-performance model – if an affiliate does not generate sales, it represents no cost to the merchant. The affiliate model is inherently well-suited to the web, which explains its popularity. Rappa gives and describes such variations like: banner exchange, pay-per-click, and revenue sharing programs.

As far as the **community model** is concerned, the viability of this model is based on user loyalty. Users have a high investment in both time and emotion. Revenue can be based on the sale of ancillary products and services or voluntary contributions; or revenue may be tied to contextual advertising and subscriptions for premium services. The Internet is inherently suited to community business models and today this is one of the more fertile areas of development, as seen in rise of social networking. Let's specify variations of this model.

*Open Source* – software developed collaboratively by a global community of programmers who share code openly. Instead of licensing code for a fee, open source relies on revenue generated from related services like systems integration, product support, tutorials and user documentation (Red Hat); *Open Content* – openly accessible content developed collaboratively by a global community of contributors who work voluntarily (Wikipedia); *Public Broadcasting* – user-supported model used by not-for-profit radio and television broadcasting extended to the web. A community of users support the site through voluntary donations (The Classical Station – WCPE.org); *Social Networking Services* – sites that provide individuals with the ability to connect to other individuals along a defined common interest (professional, hobby, romance). Social networking services can provide opportunities for contextual advertising and subscriptions for premium services (Flickr, Friendster, Orkut). Users are charged a periodic – daily, monthly or annual – fee to subscribe to a service. It is not uncommon for sites to combine free content with "premium" (i.e., subscriber – or member-only) content. Subscription fees are incurred irrespective of actual usage rates. Subscription and advertising models are frequently combined. *Content Services* – provide text, audio, or video content to users who subscribe for a fee to gain access to the service (Listen.com, Netflix); *Person-to-Person Networking Services* – are conduits for the distribution of user-submitted information, such as individuals searching for former schoolmates (Classmates); *Trust Services* – come in the form of membership associations that abide by an explicit code of conduct, and in which members pay a subscription fee (Truste) *Internet Services Providers* – offer network connectivity and related services on a monthly subscription (America Online).

Let's move to the last model discussed by Michael Rappa. The **utility model** or "on-demand" model is based on metering usage, or a "pay as you go" approach. Unlike subscriber services, metered services are based on actual usage rates. Traditionally, metering has been used for essential services (e.g., electricity water, long-distance telephone services). Internet service providers (ISPs) in some parts of the world operate as utilities, charging customers for connection minutes, as opposed to the subscriber model common in the U.S. The author enumerates two variations: *metered usage* – measures and bills users based on actual usage of a service, and *metered subscriptions* – allows subscribers to purchase access to content in metered portions (e.g., numbers of pages viewed) (Slashdot).

## Classification of business models according to Paul Timmers

Following Paul Timmers' classification (1988: 5–7) we can distinguish eleven business models that are currently in use or being experimented with. His business models are as follows in next paragraphs.

*E-shop* is Web marketing of a company or a shop. In first instance this is done to promote the company and its goods or services. Increasingly added is the possibility to order and possibly to pay, often combined with traditional marketing channels. Benefits sought for the company are increased demand, a low-cost route to global presence, and cost-reduction of promotion and sales. Benefits for the customers can be lower prices compared to the traditional offer, wider choice, better information, and convenience of selecting, buying and delivery, including 24-hour availability. Where repeat visits to the e-shop are done, one-to-one marketing can increase those benefits for both seller and buyer. Seller revenues are from reduced cost, increased sales, and possibly advertising. Most commercial Web sites are business-to-consumer electronic shops, selling for example flowers by Fleurop (<http://www.fleurop.com>) or air tickets by Travelocity (<http://www.travelocity.com>).

*E-procurement* is electronic tendering and procurement of goods and services. Large companies or public authorities implement some form of e-procurement on the Web (an example is Japan Airlines at Fehler! Textmarke nicht definiert.). Benefits sought are to have a wider choice of suppliers which is expected to lead to lower cost, better quality, improved delivery, reduced cost of procurement (e.g. tendering specs are downloaded by suppliers rather than mailed by post). Electronic negotiation and contracting and possibly collaborative work in specification can further enhance time- and cost saving and convenience. For suppliers the benefits are in more tendering opportunities, possibly on a global scale, lower cost of submitting a tender, and possibly tendering in parts which may be better suited for smaller enterprises, or collaborative tendering (if the e-procurement site supports forms of collaboration). The main source of income is reduction of cost (automated tender processing, more cost-effective offers).

*E-auction* is following model. Electronic auctions (on the Internet) offer an electronic implementation of the bidding mechanism also known from traditional auctions. This can be accompanied by multimedia presentation of the goods. Usually they are not restricted to this single function. They may also offer integration of the bidding process with contracting, payments and delivery. The sources of income for the auction provider are in selling the technology platform, in transactions action fees, and in advertising. Benefits for suppliers and buyers are increased efficiency and time-savings, no need for physical transport until the deal has been established, global sourcing. Because of the lower cost it becomes feasible to also offer for sale small quantities of low value, e.g. surplus goods. Sources of income for suppliers are in reduced surplus stock, better

utilisation of production capacity, lower sales overheads. Sources of income for buyers are in reduced purchasing overhead cost and reduced cost of goods or services purchased. Examples of electronic transactions are the ESPRIT project Infomar (for ESPRIT and ACTS projects see [www.ispo.cec.be/ecommerce/ecomproj.htm](http://www.ispo.cec.be/ecommerce/ecomproj.htm)) and FastParts ([www.fastparts.com](http://www.fastparts.com)).

*E-mall* or an electronic mall, in its basic form, consists of a collection of e-shops, usually enhanced by a common umbrella, for example of a well-known brand. It might be enriched by a common — guaranteed — payment method. An example is Electronic Mall Bodensee ([www.emb.ch](http://www.emb.ch)), giving entry to individual e-shops. When they specialise on a certain market segment such malls become more of an industry marketplace, like Industry.Net ([www.industry.net](http://www.industry.net)), which can add value by virtual community features (FAQ, discussion forums, closed user groups, ...). The e-mall operator may not have an interest in an individual business that is being hosted. Instead the operator may seek benefits in enhanced sales of the supporting technologies (e.g. IBM with World Avenue). Alternatively benefits are sought in services (e.g. Barclays with BarclaySquare), or in advertising space and/or brand reinforcement or in collective benefits for the e-shops that are hosted such as increased traffic, with the expectation that visiting one shop on the e-mall will lead to visits to 'neighbouring' shops. Benefits for the customer (real or hoped for) are the benefits for each individual e-shop (see above) with additional convenience of easy access to other e-shops and ease of use through a common user interface. When a brand name is used to host the e-mall, this should lead to more trust, and therefore increased readiness to buy. Benefits for the e-mall members (the e-shops) are lower cost and complexity to be on the Web, with sophisticated hosting facilities such as electronic payments, and additional traffic generated from other e-shops on the mall, or from the attraction of the hosting brand. Revenues are from membership fee (which can include a contribution to software/hardware and set-up cost as well as a service fee), advertising, and possibly a fee on transactions (if the mall provider processes payments). The commercial viability of the e-mall model has been questioned in its current implementation and in the current state-of-the-market. IBM World Avenue, for example, has folded. One of the reasons may be that the 'neighbour' concept does not translate into physical distance in cyberspace, where each location is only one click away. Therefore, not much additional convenience in finding shops is delivered. Furthermore, the sophisticated user (i.e. the majority of those on the Web today!) is able to handle a variety of seller-buyer user interfaces and therefore may be less attached to a uniform user interface. On the other hand, there are also indications that an increasing number of companies wish to outsource their Web-operations, which may increase the opportunity for e-malls or 3rd party marketplaces (see below). Possibly this reflects the shift from early adopters to mass-market use of the Internet amongst businesses.

*Third party marketplace* is an emerging model that is suitable in case companies wish to leave the Web marketing to a 3rd party (possibly as an add-on to their other channels). They all have in common that they offer at least a user interface to the suppliers' product catalogues. Several additional features like branding, payment, logistics, ordering, and ultimately the full scale of secure transactions are added to 3<sup>rd</sup> party marketplaces. An example for business-to-consumers is to provide a common marketing around a special one-off event profiled by well-known brand names, such as the recent e-Christmas experiment. ISPs may be interested in this model for business-to-business, using their Web builder expertise. However, it may equally appeal to banks or other value chain service providers. Revenues can be generated on the basis of one-off membership fee, service fees, transaction fee, or percentage on transaction value. Examples of 3rd party marketplace providers are Citius, TradeZone (<http://tradezone.onyx.net>), and to some extent FedEx VirtualOrder ([www.fedex.com](http://www.fedex.com)).

The ultimate value of *virtual communities* is coming from the members (customers or partners), who add their information onto a basic environment provided by the virtual community company. The membership fees as well as advertising generate revenues. A virtual community can also be an important add-on to other marketing operations in order to build customer loyalty and receive customer feedback. Virtual communities are already abundant within specific market sectors for example in books such as Amazon.com, apparel/garments (<http://apparelex.com/bbs/index.htm>), steel industry ([www.indconnect.com/steelweb](http://www.indconnect.com/steelweb)), nanotechnology ([www.nanothinc.com](http://www.nanothinc.com)), and many others. Firefly provides an interesting case of virtual community building, adding value to the community by building customer profiles ([www.firefly.net](http://www.firefly.net)). Virtual communities are also becoming an additional function to enhance the attractiveness and opportunities for new services of several of the other business models listed here (e.g. e-malls, collaborative platforms, or 3rd party marketplaces).

*Value chain service providers* specialise on a specific function for the value chain, such as electronic payments or logistics, with the intention to make that into their distinct competitive advantage. Banks for example have been positioning themselves as such since long, but may find new opportunities using networks. New approaches are also emerging in production/stock management where the specialised expertise needed to analyse and fine-tune production is offered by new intermediaries. A fee – or percentage based scheme is the basis for revenues. Examples of value chain service providers are the FedEx or UPS ([www.ups.com](http://www.ups.com)). Web-based package shipping support.

*Value chain integrators* focus on integrating multiple steps of the value chain, with the potential to exploit the information flow between those steps as further added value. Revenues are coming from consultancy fees or possibly transaction fees. An example value chain integrator is the ESPRIT project TRANS2000 in the area of multimodal transport. Marshall offers its customers added-value from transaction information, which is provided through Extranet solutions like PartnerNet and MarshallNet (see

Young et al 1996, Mougayar 1997, and G7-10 WG 1997). Some of the 3rd party marketplace providers are moving into the direction of value chain integration.

*Collaboration platforms* provide a set of tools and an information environment for collaboration between enterprises. This can focus on specific functions, such as collaborative design and engineering, or in providing project support with a virtual team of consultants. Business opportunities are in managing the platform (membership/usage fees), and in selling the specialist tools (e.g. for design, workflow, document management).

*Information brokerage* enables to reach defined and detailed information. A whole range of new information services are emerging, to add value to the huge amounts of data available on the open networks or coming from integrated business operations, such as information search, e.g. Yahoo (www.yahoo.com), customer profiling business opportunities brokerage, investment advice, etc. Usually information and consultancy have to be directly paid for either through subscription or on a pay-per-use basic, although advertising schemes are also conceivable. A special category is trust services, as provided by certification authorities and electronic notaries and other trusted third parties. Subscription fees combined with one-off service fees as well as software sales and consultancy are the sources of revenue.

*Trust service provider* is last model considered by Paul Timmers. An example can be Belsign (www.belsign.be). Many consultancy and market research companies are now offering commercial business information services via the Internet. Search engines are a special category of information services, with the public Internet facility (rather than intranet versions) usually based on advertising as a source of revenue. Advanced information brokerage to support negotiation between business is being developed by the ESPRIT CASBA and MEMO projects.

In everyday use the term e-learning means such ways of learning in which communication between the learner and the teacher proceeds thanks to computer technology. Use of the term e-learning often is extended to situations in which teaching is conducted at a distance, using a computer and / or information and communication technologies, such as intranets (Jacek Woźniak 2009: 32–33).

Another view suggests e-learning ASTD: “anything delivered, enabled, or mediated by electronic technology for explicit purpose of learning. The term includes online learning, Web-based learning, and computer-based training. It excludes things that might fit under ‘distance learning’ but are non-electronic, such as books. It also includes learner-to-learner interactions, as occur in our online community” (Kirschner & Paas 2001: 349)

Jeremy Wright believes that the "blog is a communication tool, a marketing technique, a mechanism for listening and a way to communicate directly with the client, but on a global scale. The company can find out a lot from blogs, including what they say about it its clients, as well as people who do not benefit from its services. Your company

can use blogs to disseminate information about itself, its offer and for acquiring return information from customers (2007: XI–XII). Using blogs a company can engage or conduct a dialogue with customers. You can also use the blog to provide the customers positive relationships. Positive experience can completely change the way your customers perceive you and your company. Blogs can thus create brand company, can interact with customers and obtain feedback about the company about its products – making with these information practical use. (XII)

Blogs can change the way you communicate with customers, increase your market presence, to deliver you customer feedback directly from them, but also transform the functioning of the internal schema of your business. The use of blogs can minimize overloading the e-mail boxes, evoke the staff brainstorming, which will facilitate the generation of new ideas. Like any communication tool, blogs expand the range of possibilities of functioning of the company and ultimately lead to creation entirely new opportunities for growth, development of products and quality control. Taking advantage the best aspects of mass marketing they change communication from one-way process in a bi-directional flow of information – in the dialogue (Wright 2007: 2).

Summarizing more significant ascertainments depicted in this article let's conclude a few conclusions.

E-business is not confined to the activity solely in the network, but it is a new form of conducting any kind of economic activity for the Internet, via the Internet or on the Internet, using various types of linkages between the place where production takes place, a place where transactions are made. E-business is the essence of the new economy, characterized by capability of reprogramming manpower, technological innovation, and valuation by financial markets. In the new economy, productivity growth is the engine of development, and innovation is the source of productivity. E-economy gradually transforms the old economy into the new one, which begins to embrace the entire planet, though in very unequal degree. It seems just that this innovation, which refers to technologies, processes and products, to the greatest extent explains the increase in yield production and increased competitiveness of firms. New informational and communication technologies and especially the Internet and other computer networks play a vital role in the economy based on processing of information and communication. From Manuel Castells (2003: 120–121) point of view innovation in itself is a function of three main factors. First one is expanding knowledge in science, technology and management. It is necessary to have good research-developmental centers, being able to develop bases of innovation. The second factor is the availability of highly educated flexible labour force, capable to use knowledge to increase productivity. The third factor are the entrepreneurs – able and willing to take on the risk of converting innovative projects onto economic ventures. Partially it depends on the impact of an entrepreneurial culture, but also on the openness of social institutions on entrepreneurship.

## References

- Neville, C. (2007). *The Complete Guide to Referencing and Avoiding Plagiarism*. Maidenhead: Open University Press.
- Afuah, A. & Tucci, C.L. (2003). *Biznes internetowy. Strategie i modele*. Translated by P. Kotwica, W. Biliński. Kraków: Oficyna Ekonomiczna.
- Castells, M. (2003). *Galaktyka Internetu. Refleksje nad Internetem, biznesem i społeczeństwem*. Translated by T. Hornowski. Poznań: Dom Wydawniczy REBIS.
- Majewski, P. (2007). *Czas na e-biznes*. Gliwice: Wydawnictwo HELION.
- Jakiela, J. (2008). *E-biznes dla MŚP. Korzystanie z innowacji w biznesie*. Rzeszów: Wydawnictwo Wyższej Szkoły Informatyki i Zarządzania.
- Tubielewicz, A. (2004). *Zarządzanie strategiczne w biznesie międzynarodowym*. Warszawa: Wydawnictwo Naukowo Techniczne.
- Rappa, M. (2000). *Managing the Digital Enterprise: Business Models* [Online] Managing the Digital Enterprise Page. Available from: <http://digitalenterprise.org/models/models.html> [Accessed: 30/12/2011]
- Timmers, P. (1988). Business Models for Electronic Markets. *Electronic Markets* 8 (2) p.3–8.
- Woźniak, J. (2009). *E-Learning w biznesie i edukacji*. Warszawa: Wydawnictwa Akademickie i Profesjonalne.
- Kirschner, P. & Paas, F. (2001). Web-Enhanced Higher Education: a Tower of Babel. *Computers in Human Behaviour* 17 (4).
- Wright, J. (2007). *Blogowanie w biznesie. Rewolucyjny sposób na zwiększenie sprzedaży, zbudowanie marki i osiągnięcie spektakularnych sukcesów*. Translated by K. Robson. Warszawa: Wydawnictwa Akademickie i Profesjonalne

## **FUTURE MANAGERS: LANGUAGE COMPETENCE FORMING AND MORAL ETHICS QUALITIES BRINGING-UP**

**Romanovskyi Oleksandr**

PhD ed., professor, WIUU rector, Ukraine

**Romanovska Yuyliia**

PhD philol., professor, WIUU vice-rector, Ukraine

**Romanovska Oleksandra**

PhD philol., WIUU, Director of International department, Ukraine

**Horpynchuk Kateryna**

WIUU, Ukraine

### **Abstract**

The problem of moral and ethical qualities and linguistic competence of future businessmen and manager formation and increasing interest of the Ukrainian people to master the literary Ukrainian language is being considered in the present article.

The experience of effective training in native and foreign languages using them in practice, moral and ethical education based on the example of the Ukrainian-American Humanitarian (Liberal Arts) Institute „Wisconsin International University (USA) Ukraine” is being analyzed in the current article.

**Key words:** *ethical qualities, linguistic competence, literary Ukrainian language, effective training*

### **Introduction**

Forming moral and ethical qualities of future entrepreneurs is an important and at the same time a challenging task since it is closely connected not only to psychological and pedagogical problems of training and education but also to innate traits of character, personal outlook and many other objective and subjective factors. It is not a secret that the success of the business highly depends on the upbringing, high moral and ethical qualities of a person doing business, total absence of xenophobia, fairness, ability to stay true to the promises and other positive traits of character. Values, ethical and moral norms, worked out by the historic practices of the society, are highly respected

in democratic countries and are a must for successful business. The 70 years of the “fighting against God” system called *Communism* ruined good Christian moral values which always were, are and will be the basis for the well-being of the society. Probably all know the 10 Commandments which were given to Israel through Moses by God on Mt. Sinai<sup>1</sup>. One can read about this in the Old Testament. Great German Reformer – Martin Luther, in his Catechism gives the following explanation for the 7<sup>th</sup> Commandment (“You shall not steal”): “*We should fear and love God so that we do not take our neighbour’s money or possessions, or get them in any dishonest way, but help him to improve and protect his possessions and income.*”<sup>2</sup> With such and other simple words this man has shrugged the whole world and layed the foundation for a new term “Protestant ethics”. This term as well as the lifestyle are quite unfamiliar to the majority of Ukrainians and thus is of little value and use, although it has proved to be very effective and deserves to be taught and practiced.

In democratic countries moral and business ethics complement political and economical basis of this democracy – freedom and protection of the rights and life of each person, free and equal opportunities for expression, choice of profession, work, freedom of religion etc. Democracy has a motto: “*Freedom is a blessing and reasonable grounds are needed for its limitations*” and “*Violation of human rights is denial of their human dignity*”. That is why moral standards as well as the laws, which have morality and justice as their basis, – regulate the norms of life and behavior of every separate person as well as of the whole society. The higher is the degree of economic and political development of democratic society the higher are the moral standards as well as more complete and more consistent is the legislation. Under such favorable circumstances, when public morality and legislation system of the country together support the entrepreneurship of each person, protect their right for property, protect the freedom of labor and freedom of distribution of products, non-interference in private life – it is possible to successfully establish private business, the basis for economic strength and sustainability of a democratic society.

An intelligent and well-educated person is an accomplished and well-trained professional with high moral and ethical standards, patriotically raised, with a sufficient humanitarian education, ready to work in any sphere of human activity. In the context of globalization and integration of Ukraine into the European society Higher Educational Institutions should pay great attention specifically to the humanitarian, moral and ethical trainings of the future specialists. Long ago it has been already proven that culture is a superstructure and language is the foundation. So if any person wants to be successful he/she should have the foundation, a thorough knowledge of the language. This has to be of big concerns for managers, because their main goal is

---

<sup>1</sup> Genesis 20:3-17

<sup>2</sup> CONCORDIA/Злагода (Martin Luther’s big Catechism), Lutheran heritage Foundation, Kyiv 2004

to organize people in order to receive benefit. In order to succeed the manager has to use correct words that will set the goal before the people, the words that will encourage and motivate employees, will make them associates. Thus, Universities need applicants who know their mother language as well as foreign languages.

## Protestant ethics as the engine of economic transformations

History shows that only the Word of God can change the world for better, can change the way people treat each other, change the way they treat their work. The influence of the Refomation cannot be overemphasized. As the result of Refomation people turned back to God's Word and received all kinds of blessings. Pohorilyi Olexandr stated: *"Protestant ethics was not the cause of capitalism as a rationally oriented economic system. It couldn't and didn't create that system. However, new values that were created by the ideologists of the Reformation encouraged the "breakthrough" of the system of traditionalist ideas about peoples' life and the place of economic factors in that life. This, in turn, facilitated the establishment of new, different from traditional understanding meanings of profession, work, discipline (without which the functioning of the modern economic institutions is impossible)in the mass consciousness."* (Pohorilyi)

A famous Russian journalist Vladimir Pozner<sup>3</sup> in his interview (July 2010), that shook the Russian internet community, clearly stated his atheistic beliefs by comparing three Christian confessions: Orthodox, Catholics and Protestants. Answering the question of a journalist I. Lazaryeva "Do you really believe the one of the greatest tragedies of Russia is that it accepted Eastern Orthodoxy?" V. Pozner said: *" Yes, I think that , greatest or not greatest, but it is a tragedy for Russia. If we are talking about Christian religions, and there are three of them: Orthodoxy, Catholicism and Protestantism, then in my opinion Orthodoxy became a power that threw back not only Russia but also such countries as Greece and Bulgaria. If we compare the current level of live, the level of freedom, democracy level and the level of quality of life than these countries are definetly the last in the list. Catholic countries are ahead of them. And the leaders in the list are Protestant countries such as Scandinavia, Germany and so on. Yes, I think that really was a tragedy"*. (Русская Служба Новостей)

Vladimir Pozner is not a theologian but he clearly saw what many thinking people pay attention to nowadays. Reformation, that turned people back to the Christ, became a blessing for those who accepted it. And the financial crisis that has been going around the world for a couple of years now is the best illustration for that. One of the leading Western sociologists of the XIX–XX centuries Max Weber (he was also named "great bourgeois antipode of Karl Marx") believed that Protestantism played one of the key

roles in establishing the system of values in capitalism. In one of his works “Protestant ethics and the spirit of capitalism” (1904) he wrote that changes in religious views caused great changes in the behavior of Europeans. He wrote that Protestant ethics strengthened the social and economical changes since 16<sup>th</sup> century. But fully its regulatory role is revealed nowadays. *“When you check out the employment statistics of any country with a mixture of confessions one would notice one very important thing that is actively discussed in Catholic press, literature and during Catholic congresses in Germany. The majority of successful entrepreneurs, highly skilled specialists, especially senior technical and commerce personnel are Protestants. This fact is also supported by the Confessional statistics and not only there when difference of denominations coincide with national differences and in the same manner with difference in culture development levels, as in the eastern Germany where population consists of Germans and Poles. We observe this phenomenon almost everywhere where the capitalist development provided opportunities for appropriate social stratification and occupational differentiation. And the more it happened the more convincing was the confessional statistics.... In the 16<sup>th</sup> century majority of the richest and most economically developed countries greatly due to their close location to the trade routes of the Empire and their natural conditions accepted Protestantism. The consequences of that helps these countries to fight for their welfare even now”.* (Weber 1994)

Specialists present the model of democratic society as a right triangle, at the basis of which one can find business and the supporting sides are the government and the church (which is considered to be the same as moral). If we want to expand the understanding of a democratic society we can suggest a pyramid as a model. The basis is business and the lateral sides are the government legislation, church and physical protection of business, which is provided by the government as the army and police. Similarly, we can present a model of business that exists in a democratic society as a right triangle – the base is the entrepreneurial citizens of society, and lateral sides – training and business ethics. Or it can be presented as a right pyramid whose base is the entrepreneurial citizens of society, and side edges – training, business ethics and public (legal and physical) defense of business. Moreover, crucial is the presence of entrepreneurial citizens in society and ethical business. And the functions of the state is to ensure equal opportunities, rights and freedoms for business done by the citizens. Successful entrepreneurship is always legal, conducted within the law and is incompatible with the phenomena of corruption, abuse, fraud, bribery.

In order to raise worthy and moral businessmen it is really important to implant the best samples of culture which were accumulated in the Ukrainian society for over a 100 years. It is as important to add to that context the samples of foreign cultures which can nourish the moral education. This can be possible under two circumstances:

- 1) Effective use of the Ukrainian language by future businessmen.
- 2) Effective use of foreign languages by future businessmen.

## Moral and ethical qualities of future managers and entrepreneurs

Main subject of business ethics is a businessman who is not only doing business and is a human being, individual and a citizen of a society. Regarding this it is important to mention that businessmen have special obligations arising out of their role in society.

An extremely important task of education in preparing future entrepreneurs is their moral and ethical education. It is well known that ethics is the science of morality, its origin, nature, development and role in a society as well as in personal lives of people. Morality, by definition, is a social institution – a set of rules that covers certain social relations. It consists of a system of standards that are recognized and divided by members of the cultural community.

And if morality is something that a person should do in order to comply with social norms of behavior, then ethics is involved in research and study of philosophical arguments “for” or “against” norms of morality that exist in a social setting. Morality sets special demands for people, depending on region and specifications of human activity. However the basic principles of morality are of social and universal significance and apply to all people, strengthening the most important things, securing main and general that constitute culture of interpersonal relations and is accumulated in centuries-old humanity development.

Entrepreneurship and manufacturing (business) exist in a social setting. Entrepreneurs and manufacturers (businessmen) have to evaluate (analyze and measure!) the degree of morality of their actions in terms of morality (not just common sense and their own good). It is beneficial for business itself to behave and act morally. In this case, common sense can be considered as a motive and justification of ethical conduct.

Moral and ethical education of future business is as important as their professional training and practical training. Business is not a fixed and unchanging reality but a part of the world that is fast and ever changing. Business not only creates problems, but also provides opportunities for their technical solution. This demonstrates creativity and provides both material and moral satisfaction. Future businessmen are taught to understand the objective reality that their business is not only their personal matter. Business influences the society because it is part of an integrated global business. Therefore, society has the right to evaluate and regulate their influence on the performance of a single businessman, societal vital activities and its existence security.

As an independent subject “business ethics” appeared in the Ukrainian curriculum quite recently. The same goes for all the subjects related to business. The main thesis of business ethics – *“in business one should do good and avoid evil.”* Therefore it is appropriate to teach future businessmen that they have to take responsibility for their

activities. Businessmen should be able to properly choose the necessary means in order to avoid causing damage to the society. It is important to teach future businessmen to evaluate the consequences and analyze the results of their business (industrial) activity from the standpoint of unchanging, Biblical morality and ethics, preventing or minimizing evil or harm that can be done to the society or individual by their business. Business can cause different kinds of harm and its consequences. The worst and the most dangerous harm that can be done to a human being is the one that hurts their dignity or unfluences the resources that are necessary for their development and their life. Here we should once again quote Luther's Catechism. Explaining the 5-th Commandment<sup>4</sup> Luther wrote: *"We should fear and love god that we may not hurt nor harm our neighbor in his body, but help and befriend him in every bodily need [in every need and danger of life and body]"*. And explaining the 8-th Commandment<sup>5</sup> says: *"We should fear and love God that we may not take our neighbor's money or property, not get them by flase ware or dealing, but help him to improve and protect his property and business"*.

Thus, solving the problem regarding minimization or total prevention of evil=harm from business we should at once throw aside a false theory that states "the goal justifies the means". From the traditional standpoint of ethics (which states that people are responsible themselves for choosing at least their goals and means) follows a major and crucial principle of business ethics: "everybody is responsible for the chosen goal and means for its achievement". And by choosing that goal or means a businessmen should understand that his neighbors are not only his relatives but all the people around him (parable about the Good Samaritan)<sup>6</sup>. The principle of correspondence is used to evaluate a possibility of evil or risk of any evil as well. It can be used only then when the aim and means of the aim achieving is good. Future businessmen are taught that they should use this principle in their activity, especially while there is a possibility or some risk that physical or moral evil may appear. It is taught that businessman as every other citizen has certain rights and obligations. Not going to deep into business ethics as a subject we will derive only the most important aspects of business ethics studying of which is important for future businessmen and which we strongly recommend to use in future activities.

- 1) Moral and ethical issues concerning the expedience of establishing specific business, organization and managing the activities of the company.
- 2) Moral and ethical issues that arise when employees are hired or fired, when the company deals with the evaluation of their real qualifications, promotion, assessment of the efficiency of employees and the reward system.

---

<sup>4</sup> You shall not murder!

<sup>5</sup> You shall not bear false witness against your neighbor!

<sup>6</sup> New Testament, Luke 10:29-37

- 3) Moral and ethical issues concerning the private life of employees (spheres of legal interest of companies, interference level conditions) and company's activities, trust in relations and conflicts of interests, negative events (bribery, extortion, theft), ethical aspect of accepting presents, financial and other interests, additional job, head hunting, etc.
- 4) Moral and ethical issues dealing with industrial, commercial and other kinds of spying, secrecy, integrity and trust, control and denunciations, positive and negative examples of management, etc.
- 5) Ethics and morality in professional relationship.
- 6) The following factors are also of great importance: relations between businesses, business structures and trade unions, local communities, environment, government, legislation, international business, etc. A lot of moral and ethical problems arise during the interaction of business (private, family, medium, etc) and social economy, display of chauvinism and nationalism.

In Ukraine specifically it is reasonable to focus on moral and ethical issues that deal with corruption, abuse of position, bribery of officials, extortion done by the representatives of executive power, incorrect and unfair competition, lack of freedom and alternative solutions concerning political legislation and economic development of the country that has negative impact on the effectiveness of entrepreneurship in the country.

Finally, we should mention that the subject "Business Ethics" is required to be mastered by future businessmen for their future civilized professional activities. And since most entrepreneurs set up their own businesses during education or right after graduation from high school – "Business Ethics" should be included into the curriculum of schools (along with such courses as entrepreneurship, business administration, basic accounting, legislation, introduction to micro-macroeconomics, environment protection, etc.).

The problem of moral and ethical education of future entrepreneurs as well as education of youth is hard but important to solve. The study of this aspect should be given special attention since morality is one of the components of a modern democratic society.

## Language as an important factor of socialization

If we consider culture as social memory and some collective intellect then the following conclusion just may pop into our mind: only by transferring a certain part of reality into language can this part be preserved in the history of the nation. Last years battles on the high government levels can serve as a bright example. Russia, through its politicians was repeatedly telling Ukraine to rewrite our history books and basically create a new concept of teaching history of Ukraine in our schools. Specifically, deputy of Russian Duma from political party "Yedinaya Rossiya" Sergei Markov stated that he believed that a mission of high priority is "a drastic and radical change

of history books in modern Ukraine”, because according to him they are rigged”.<sup>7</sup> The importance of studying the Ukrainian language is nowadays highly discussed in Ukraine. Some measures are taken so that people use it more in their everyday life and the life of citizens of the country. Special attention is paid to further education of intelligent and educated Ukrainian nation, which would freely use their national language. Unfortunately, use of the Ukrainian language in business and in domestic purposes develops really slowly. Experts have long ago proved that culture is built over the language that one or another community uses, and their internal organization builds the structure for this language. Therefore, the definition of culture as such, which is subject to the peculiarities of functions of the language, gives the possibility to consider the culture and language as a similar concept in general semiotical<sup>8</sup> understanding of these terms. (Засекіна) In Ukraine, the state language is Ukrainian and many people use it. There is also another language of a powerful minority that is used in Ukraine – Russian. It would be great if people and their language coexisted peacefully in our country and the language issue would not become an obstacle to mutual understanding in society and not be used in any political order based Divide et impera – divide and conquer<sup>9</sup>. In the individual aspect language serves the role of an important factor and an instrument of socialization, because entering the society and communion in it involves interiorization<sup>10</sup>. But a collective aspect means not only common to mankind but nationally-specific that serves as grounds for national identity of a human being. Important role of implementing the speech identity is knowledge of foreign language – second and some other language. By second we mean the language that surrounds the person, language that is spoken and heard by this person, language that is almost accepted as mother tongue. Thus the grounds for studying it are created. Another foreign language is studied only in the educational surrounding. In Ukrainian realities the second language is Russian, in some regions Polish, Hungarian, Romanian, Belarusian. And foreign languages are Germanic, Romanic and Oriental. Since Russian is the language of a very powerful neighboring country, that gives special attention to the functions of their language in the post Soviet countries, we can see that the Ukrainian language needs special protection as national language.

In Ukraine year 2011 is proclaimed as the year of the Ukrainian First Book – Peresopnitske Gospel. It should be added that this Gospel is the very first translation of the Gospel to the Ukrainian language and is a real achievement of our nation, the evidence of the

---

<sup>7</sup> “Депутат Госдумы (Сергей Марков): в написании истории учебников Украины должна участвовать “Единая Россия””. Found on the page dated 10.02.2012 the address <http://ukranews.com/ru/news/ukraine/2010/10/13/28934>

<sup>8</sup> Semiotics – study of various signs and systems of signs.

<sup>9</sup> The motto of the empires that wanted to divide the country into smaller parts in order to rule over it.

<sup>10</sup> Formation of the inner structures of person’s psychology through assimilation of external social behaviour.

Christian history and appliance to the European civilization. Nowadays the President of Russia pledges on the Ostroh Bible, President of Ukraine – on Peresopnitske Gospel, and President of France pledges on the Gospel that was brought by the Ukrainian princess and later Queen of France – Anna Yaroslavna. As one of the famous Orthodox Theologians and a translator of Bible into Ukrainian Mytropolyt Ilarion (real name professor Ivan Ogienko) said: *“The translation of the Gospel into Ukrainian was possible because of Reformation. In one of his works “Ukrainian Church” (Kyiv, Publisher “Ukraina”, 1993, pages 109–110) Ilarion writes – The consequences of the Reformation in Ukraine were as those in Europe and Poland. Great interest in the works of church arose not only among the Polish nobility in Ukraine but also among the citizens who became really close to the deeds of church. But the most important idea that strengthened the Reformation was the same as in Europe, Czech Republic and Poland. It was the translation of the Gospel into the nations living language, as well as the use of this language during the church service... Polish Protestant translations spread among Ukrainians and encouraged them to use their own language too. It also encouraged to follow the teaching of the Protestants. At the same time, in the middle of 16<sup>th</sup> century, gospel is translated into Ukrainian language and the Polish translations serve as the originals. In the same way Peresopnitske Gospel (1556–1561) was translated from the Secluzian’s Lutheran New Testament (1553).”* (Ogiyenko 1993, p.109,110)

Bishop of the Ukrainian Lutheran Church wrote: “So, our Ukrainian history proclaims, that when the freedom of faith and the ideas of the Lutheran Reformation rule in our country – our people will be spiritually blessed, and that will bring cultural ... and welfare” (Horpynychuk). It is important to understand that the blessing that will bring welfare is also the good spiritual food. For that reason Peresopnytske Gospel was translated into spoken Ukrainian language. Translation of moral, spiritual literature today will also bring to Ukraine the ideas that guide Europe: rights of people, democracy and the priority of legislation.

## Foreign languages in the life of Ukrainian society and in the Life of WIUU

While doing research on the influence of knowledge on the professional development it was discovered that having such knowledge is a complex personal resource. This source provides the opportunities for selfactualization, effective cooperation with a great number of people, access to knowledge and scientific research, access to specialized literature. For a successful integration into the European society, and even for good relations as neighbors, it is important to have a number of specialists who know not only their mother tongue but are also fluent in foreign languages. We should specify studying of the foreign languages in Ukrainian schools is not that satisfactory,

although better than a decade ago. Only in specialized schools or in schools with intense courses of studying foreign languages one can find good results. Such schools can be found in big cities and smaller towns. And the kids who live in the villages, despite being talented, don't have such chances. That is why they need to have some access to Internet, access to sources that are shared by the educators from all over the world, especially from democratic countries with clear Christian heritage. Internet doesn't provide necessary philological knowledge, neither can it totally replace fictional, educational and scientific literature. But it surely can increase the level of preparation of people that long for this knowledge, because without knowledge or with poor understanding of a foreign language makes finding a decent job times harder. In addition to that, it slows down the career development, makes communications with foreigners more complicated. Fluent foreign language opens the doors to international cooperation, raises the intellectual level of a person, gives an opportunity to study in Universities all over the world.

How were our citizens encouraged to study foreign languages? Only by the need to survive and their personal interest. That is the best motivation. The market is offering such people a wide range of services, but the best way to learn a foreign language is by communicating with the native speaker as well as practice in the Mother country of that language. To prove the necessity and usefulness of knowing foreign languages let's take a look at the educational experience of Ukrainian-American Liberal Arts Institute "Wisconsin International University (USA) in Ukraine" (WIUU). The main feature of WIUU is that for 13 years, while successfully preparing Bachelors and Masters in Business Administration as for Ukraine so also for 22 other foreign countries, the Institute attracts many foreign teachers – PhDs, Professors, Masters. As the result all the graduates of WIUU have a job, have a successful professional career in Ukrainian and International companies, Corporations such as: Kyivoblenergo (Ukraine & USA), auditing companies in Ukraine such as Baker Tilly, Ernst & Young, Pricewaterhouse & Coopers; Deutsche Bank in Ukraine; Raiffeisen Bank Aval in Ukraine; "Reuters" in Ukraine; informational Center in UN; Peace Corps; pharmaceutical company Pfizer; Tetra Pak Ukraine; Panasonic Ukraine; Volvo Ukraine; hotels Premier Palace Kyiv and many others. Some of the WIUU graduates take over their parents businesses and many of them have started their own companies.

## Charity in WIUU

Another special feature of WIUU is the promotion of humanism – spiritual rebirth. Through sponsorship and charity students along with specialists from WIUU have opened 3 computer classes with 12 places each ( in school in Shapovalivka village, Sumy region, school in Kuzmivka village, Rivne region, in boarding school-orphanage in Babanka village Cherkasy region (for kids with mental and physical disabilities).

Student and employees of WIUU also provide corporate help to orphanage in Babanka: opened a sports playground, renovated restrooms and shower rooms, regularly visiting the orphanage in order to communicate with the kids staying there. Students also organize sight-seeing trips for children to Kyiv, collect clothes, toys, books and other useful things, do various activities with the kids. In addition to that, students and staff of the University provide assistance to 49 schools in Kyiv and Kyiv region in humanitarian activities. That includes training English teachers, printing and transferring English teaching materials, such as books, manuals, etc. For the past 10 years over 2,000 students of high schools along with many adults participated in the meetings with foreign professors from WIUU. Every Saturday English movies with various topics: morals, ethics, people's values, ecological problems were demonstrated for free with further discussion of these movies with American Professors and our students. This was possible because of the assistance of the U.S. embassy and we want to thank them separately.

## Conclusion

Over the last century Ukrainians suffered all possible disasters: World war, socialist revolution, communist aggression, political repressions, famine genocide of the Ukrainian people, more political repressions, another World war, again famine, political prosecutions, economic decline, etc. When you look at the history of Ukraine from a longer perspective it might look like a black stripe. As one of activists of Ukrainian National Republic stated "it is impossible to read this history without sedatives". Bishop of Ukrainian Lutheran Church Vyacheslav Horpynchuk writes: *"Why do we Ukrainians live like that and why can't we get over these troubles? Some people might continue accusing outer enemies, economic crisis which shake the world from time to time, but all of that is simply avoiding reality. And this reality is far more scary and dangerous. This reality is called sin. Lack of resistance to sin led people to the mass rejection of God in the beginning of the XX century, when a vast majority of people followed the devils teachings of Bolsheviks. Mentally these people remain in those teachings till now."* (Horpynchuk. Sermon: "Mercyful and Fair")

Deceitfulness, theft, fornication, envy, murder of infants by abortions – all of these awful sins, defects, that deteriorate Ukrainian society just like cancer. Only totally blind people can't see that, people whose eyes are blinded, ears are covered and conscience is burnt by the ruler of this world – the devil. These sins are raised by the spoilt, corrupted world to the rank of virtues. At the same time true virtues are laughed at and pointed out as retrograding, something old fashioned, stupidity and inability to live. Ukrainian history proves that when a country has freedom of religion and of highly moral ideas of Luther's Reformation then the people of this country are spiritually blessed. And this brings cultural, economic development and wealth. Ukrainian – American Liberal arts Institute "Wisconsin International University (USA) in Ukraine) WIUU does everything possible to promote the ideas of humanism and spiritual

revival. These principles are brought to life through proclamation of Christian values, humanitarian and active charity work, honesty and responsibility in business. In other words – formation of new business mentality that has Christian values of honesty, decency, entrepreneurship, integrity, responsibility as its foundation. Such formulating is possible only while paying special attention to the language forming of the personality.

## References

Englehardt E. E., Schmeltekopf D. D. (1992). *Ethics & Life. An Interdisciplinary Approach to Moral Problems*. Wm. C. Brown Publishers.

Horpynchuk V. “So – the Day of Ukrainain First Book”, found on the page dated 12.02.2012, the address <http://ukrainian-lutherans.blogspot.com/2012/02/4.html>

Ogiyenko (1993). *Ukrainian Church*. Kyiv: “Ukraine” publishing house.

Pohorylyi O. *Weber and his classical work*, found on the page dating 09.02.2012, the address <http://litopys.org.ua/weber/wbr01.htm>

Weber M. (1994). *Protestant ethics and the spirit of capitalism*. Kyiv.

*Russian Duma Deputy (Sergei Markov): “Yedinaya Rossiya” should take part in rewriting Ukrainian History books*, found on the page dated 10.02.2012, the address <http://ukranews.com/ru/news/ukraine/2010/10/13/28934>

*Russian News Service*, found on the page 09.02.2012, the address <http://vladimirpozner.ru/?p=3536>

Герет Т. М., Клоноскі Р. (1999). Дж. *Етика бізнесу* К.: Основи.

Засекіна Л: *Мовна особистість в сучасному соціальному просторі*. Found on page dated 10.02.2012 address <http://www.politik.org.ua/vid/magcontent.php3?m=6&n=76&c=1839>

Петрунин Ю. Ю., Борисов В. К. (2000). *Етика*. М.: Дело.

Романовський О. О. (2002). *Теорія і практика зарубіжного досвіду в підприємницькій освіті України: Монографія*. К.: Деміур.

## HUMAN CAPITAL IN CULTURAL CONTEXTS

**Matthias Roggo**

Ph.D., University of Berne, Switzerland, lecturer, career consultant

*mattroggo@aol.com*

### Abstract

This paper focuses on talent and leadership in a global economy. The concepts ‘talent’ and ‘human capital’ refer to experts and leaders of national and multinational enterprises. As markets expand and competition becomes more terse the demands for innovative talent and for a proper organization of knowledge increase rapidly. The motor of innovation is human capital or rather social capital. Since innovation is the key to competitiveness in a knowledge-based economy, securing talent and organizing knowledge become paramount. Creative and organizing talents work as part of teams and larger communities within and without a nation’s boundaries. Apart from a certain ‘business culture’ there are also local cultures that co-determine work and consumption attitudes. The world becomes ‘flatter’ and more flexible. The daily challenges for analysts and planners require ever more knowledge – and talent.

**Key words:** *social capital, talent management, leadership, organization of knowledge, communities of practice, process, pragmatism*

### Introduction

Since about twenty years the interest in talent management has gained considerable ground among scholars and economic leaders (Bjorkman & Smale, 2010: 30). Since the turn of the century – and more so after the recent financial crisis – the emergent economies of The Big Four outside the OECD (China, India, Russia and Brazil) and those of smaller developing countries suffer a serious lack of innovative talent and expertise. There is also a competition among Western corporations both sides of the Atlantic with regard to talent and leading capacities. In today’s worldwide information and technology economy multinational corporations and international organizations are faced with the problem of finding and promoting talent in order to remain efficient and competitive (global talent management). There are large talent pools (social communities and others) on one side and very specific demands on present and future candidates for leadership and responsibility.

Western talent seekers and headhunters are faced with the sheer quantity on one hand and increasing demands on candidates on the other (talent offer and demand). Yet quantity is not quality and vice versa. There has to be a clear definition of profiles and

reliable selection mechanisms. This is the main problem in the West when we speak about talent and talent management. In developing countries we rather observe a problem of quantity: the talent pools are almost dry compared to those of developed nations, if such pools exist at all. Another difference between developed and developing countries is the horizon of economical activities and interests. Western cum Asiatic multinational companies compete amongst themselves for prestige and position in a transnational, global market. Smaller industries have no place in this play other than a subordinate one as contributory producers or distributors. Talent management on a regional or global scale is about attracting, selecting and promoting talent in the interest of a corporation or organization (Scullion, Collings & Caligiuri, 2010: 106). Before developing talent and thereby increasing competitively, a firm (corporation, company, enterprise) is to develop something like ‘talent management’ on a reasonable basis. Such a reasonable basis would comprise fruitful contacts to educational institutions (be they public or private), a fair and objective selection process, a transparent structure to allow the identification with the firm’s goals and once a candidate is admitted a minimal range of action and responsibility within a company’s hierarchy (learning by doing). Such measures are the way a corporation organizes knowledge. There is no split between thinking and doing.

Unfortunately firms and organizations are often not able to recruit the talent needed or to discover and develop the talent already employed (Bjorkman & Smale, 2010: 30/32). This article tries to add some further aspects to the discussion of regional and global talent management by taking the notion of human capital as its starting point. The discussion will be partly sociological and partly philosophical due to the author’s own choice and competence. The following Section 2 will say something about demand and offer with regard to talent and human resources in general. Mobility and migration are topics that are linked to the “talent” theme, the special elite mobility of top employees. Section 3 is on the nature of innovation and Section 4 will offer some reflections on socio-cultural aspects of international economy and workforce. It deals with the important “community” theme. In the concluding part after the conclusion in Section 5 we shall have the opportunity to say a few words about the situation in Latvia.

## Demand and Offer in Talent Management

Many actual problems can be treated under the head above. If we begin with the ‘demand’ side we can point to four broad types of firms: (I) knowledge intensive + regional, (II) knowledge intensive + international, (III) routine intensive + regional, (IV) routine intensive + international. With the loose term ‘routine’ we do not mean ‘without knowledge’ but rather ‘without any urgent need for innovation’. Man is a creative being, and talent is never far from innovation. The ‘routine’ cases (III) and (IV) belong to an industrial economy based on work, consumption and waste

(resources, products, in a way also workforce). Work requires preliminary knowledge, to be sure, but classical industrial society is rather focused on expansion of markets than on innovation. Innovation becomes inevitable with the quantity of economic agents, that is, with increasing complexity and competition. The more services and products require qualified knowledge, the more important become non-material resources and human capital (intangible assets). The ongoing globalization process is based on the exchange of information, not so much on the exchange of material goods.

Globalization has turned the attention of private and public employers to the significance of human capital or human workforce in general. Without human support and human creativity global strategies could not be sustained. Talent is required. It is like a bridge between cultures and between markets. Talent means strategy and communication, in other words: business competence coupled with intercultural competence (Bjorkman & Smale, 2010: 32). The revalorization of human workforce and ingenuity can be seen as a historic chance to create a real partnership between employers and employees based on mutual respect. Again, this mutual respect is based on learning or knowledge. A career is a learning process, and who is willing to learn may enter someday into the narrow circle of decision-making. The other side pertaining to 'offer' is transporting the term 'social mobility' from the science of sociology. Social mobility is increasing within a nation as well as transnationally. Changing distribution of income and technological progress are impinging on social structure and thereby on culture and education. The globalization process and the slow unification process of some European nations around the Big Three (Germany, Great Britain and France) lead to a more liberal immigration policy. The two advantages seen in such a policy are the import/export of knowledge and expertise and the import/export of cheap workforce. There area host of problems which are not simply 'challenges' linked with this increase of mobility (see your local newspaper on these social and political matters). It is important to distinguish social and economical realities in order to understand what the 'offer of talent' means in practice. (For convenience we will speak of 'poor' and 'rich' countries without specifying who, what and how. An economically 'poorer' country with low income may be very 'rich' culturally and vice versa.) For a rich country harboring or hosting powerful corporations acting worldwide the demand of talent means the possibility to attract or import relatively cheap human capital and workforce. In a deeper sense of 'global' we can say, that this means a 'global increase' of knowledge and capacity in a given society or region. In the superficial sense of 'global' meaning 'being present worldwide' this will eventually result in a stronger competitiveness and very probably in a larger gross national product. The gain of rich and powerful regions of the world is just one side of the whole story. For poorer countries providing human capital and workforce the situation is much more difficult: a flight of intelligence – and possibly a flight of capital – is to be reckoned with (cf. Bjorkman & Smale, 2010: 32–33). Foreign investors and a political will to retain domestic talent could dam this loss of human

capital. For governments this would mean: investing more money in the nation's educational system, and if needed also in the national health care system. Conjoint public and private investments are the solution over the years. Talent pools certainly transgress borders, but the direction of attraction is rather one-sided and points to the actual centers of economic power. The 'flight of intelligence' and a weak or non-existent education system in 'poor' developing countries are factors that increase elite mobility and a strong bias toward Western cum Asiatic multinational corporations. The net result is disequilibrium of knowledge and of knowledge capacity. The question may be raised if extreme global, continental or regional biases can be in the long-term interest of international entrepreneurs and investors. Being out of balance during many generations doesn't seem very reassuring in the long run. There are too many challenges to be met.

## Culture and Creativity

In this slightly more philosophical section we will take a closer look at the relationship of culture and creativity – of 'old ways' meeting 'new ways'. What is creativity? – To some particularly orderly people creativity, experiment and innovation seem to approach the chaotic, the uncontrollable, the dissolving. Perhaps we should rather think in terms of habits. Metaphorically we could compare stagnation and innovation with water and ice. Whereas water can adapt and find new ways, ice is bound to melt as soon as warm air or warmer water draw near. In an interview, the known French philosopher Paul Ricoeur once spoke of creativity as 'breaking laws' rather than 'changing habits', but the idea is the same (the term 'law' being used in a non-literal sense): "Human creativity is always in some sense a response to a regulating order. The imagination is always working on the basis of already established laws and it is the task to make them function creatively, either by applying them in an original way or by subverting them (...)" (Ricoeur, 1983: 344). As this quote seems to say there are 'conservative' and 'progressive' variants of creative work. 'Applying rules in an original way but somehow differently' means in practice, that existing rules are extended to cover more duties or functions. It may work or not – if not, we are summoned to think quicker and 'more progressively'.

The quest for talent is not to be seen as a quest for solitary genius and far-reaching personal authority. There is 'genius' in the economic game, but this genius is the effect of collective effort. Human capital is not a wall built of solid bricks protecting a firm's interest against the onslaughts of its competitors. Today, human capital is to be understood as an aspect of social capital. Likewise, workforce of any kind is to be situated in a larger community of work and interest. Complex world economy, complex Western cum Asiatic society (EU + USA + Japan + allies) and complex knowledge require all the creative energies available in short time. Philosophical, sociological and economical theories of the past often had the 'brick in the wall' or pseudo-atomic

concept of man and society. But walls break, as ice would break when colliding with a heavy vessel. Group identities and group efforts are the categories of concrete transactions (this is the common offshoot of German Idealism, American Idealism and American Pragmatism). In the context of present research, ‘community’ is just another word for intelligent group activities (eds. Amin & Roberts, 2008). A very broad translation of the sociological terms ‘group identities’ and ‘group efforts’ could be simply ‘culture’ and ‘economy’ (both in a large sense). If anything is actually ‘free’ and ‘inventive’, then this is the community of work and interest, the so-called ‘community of practice’ which is basically a community of experience and learning (Laver, 2008). The totally free and autonomous individual, the cold and rational *homo oeconomicus* and a final and optimal world capitalism without cultural identities ‘invented’ by some clever individuals and protected by an international ‘Superstate’ are nothing more than lost abstractions roaming outside of pure theory.

## Life, Work and Communities

The middle term between ‘human capital’ and ‘social capital’ is ‘community’. This is our argument in a nutshell. Life and work are part of it. The main difference of modern times compared to the ages before 1500 A.D. is that living communities and working communities are no more congruent as they happened to be in earlier times (more or less, of course). When speaking about ‘roles’ and ‘role sets’ and thereby forgetting everything about social and anthropological facts, some scientists and commentators tend to forget that roles cannot be acted out without stages. A ‘role’ without any pre-existent frame or ‘stage’ becomes an abstract metaphor that sinks in the forgotten sea of theory. A ‘stage’ in real life is a community or an individual relating to other individuals and to non-human facts. Therefore, in speaking about roles and functions (sociology, social psychology and cultural anthropology) we should likewise think of ‘communities’ and ‘set of communities’. Employers and employees alike think and act in a personal and group-specific set of communities constituting the ‘stage’ of a set of private and professional roles. Roles and communities may, but need not, contradict one another (I mean role-role, community-role and community-community contradictions). Since we chose the phrase “cultural contexts” in the title of this essay rather than “pragmatic situations” (the names of American Pragmatists are mentioned in this essay), we can continue on the broad basis just presented. In a free but not unmediated manner we may define the terms ‘culture’, ‘cultural environment’ and ‘cultural context’ either semiotically as a process of exchanging and transmitting signs, meanings and traditions (this, however, is not done in this paper) or sociologically as a ‘community’ engaged in some coherent ‘cultural’ project over many generations. To make this second definition quite clear, we want to borrow a useful sentence from an essay on open-source communities such as *Facebook* or *Wikipedia*. It seems as accurate as any definition of ‘culture’ social or cultural anthropologists have proposed, at least for our purpose.

What follows shall be our pragmatic definition of ‘culture’ and in a contemporary economical context also of ‘community of practice’ or ‘situated practice’ (see Laver 2008 and Amin & Roberts 2008). In a way everything is... “(...) an effort undertaken by an epistemic community comprised of individuals who share a set of normative and causal beliefs and notions about the validity of specific knowledge, and who accept or produce a set of rules and norms for collective activity”. (taken from Mateos-Garcia and Steinmueller, 2008: 255)

The following three qualification of the sentence above seem interesting and appropriate (see the terms underlined above): (i) “collective activity” understood in a distributive sense, not strictly hierarchically or centralistically; (ii) “specific knowledge” for communities of specialists, “traditional knowledge” for cultural communities; (iii) rules and laws (in the legal sense) are not so often “invented” but rather modified or adapted to new circumstances. Theory (legislation) is always one step behind. We continue the quotation from the same essay. Cultures are far-reaching and long-living historical phenomena, because they draw energy from emotions, beliefs and “visions” (what comes sounds very much like William James): “When coupled with an appealing vision or purpose capable of engaging individuals in a creative endeavor, such communities can achieve productive outcomes superior to those of profit-motivated competitors.” (Mateos-Garcia & Steinmueller, 2008, speaking about open-source web sites) This is precisely what new business can learn from ‘old-fashioned’ traditions and cultures. You cannot talk motivation, loyalty and respect into existence, and you cannot buy it. If there is to be anything like ‘creativity’ or ‘innovation’ at the end, motivation, loyalty and mutual respect must be fundamental aspects of a firm’s practice. A company doing business with organizations made up of actual men and women should understand the fears and hopes of the working community employed by it. The ethically correct strategy is to go to some place, learn as much about its people as possible and to channel the socio-cultural energies within the structures of the company concerned.

This is how knowledge works outside of academia. In most cultures –and for most philosophers – knowing entails knowing-how. For true intellectuals and for most plain persons a knowing without an appropriate knowing-how is not much more than idle talk (remember the teachings of Socrates here; something of the sort can also be found in Gilbert Ryle, cf. Loasby in Cohendet & Simon, 2008: 230). A completely wrong strategy would be to go to some place on this globe and ‘explain’ over and over again to the people living and working there what is good for the company, why the West is the best etc. You cannot aline domestic and foreign workforce to some programme, to a set of numbers or to a grand mission. The company is not a congregation or a political party, after all, at least it should not be. Correctly and intelligently understood, culture is the model – or even the ‘mother’ – of economical activities, and not some antagonistic force surging from the past. Doing business is okay, but certainly not against local cultures or against helpless people (as in China). Taking two completely different examples linked to mysterious Japan we could point to the ridiculous example of those

fatal packages containing four golf balls by which a US firm evoked ‘successfully’ mourning and death in Japan (Albaum & Duerr, 2011: 181–182). A fine example of proactive behavior is displayed by Sony Music Entertainment. This well-known company from Japan is an international organization divided into regional and sub-regional divisions such as “Sony Music Japan”, “Sony Music Switzerland” or “Sony Music Central Europe” (Rugman, 2008: 29).

This is an effective strategy to improve competitiveness and to channel regional energies. Doing business is using and generating knowledge – using knowledge, not people. The vehicles of knowledge and the receivers of products and services are all humans (individuals and communities), and humans are rooted somewhere – they cannot be mobile without being local. The one category is not the negation of the other. An arrogant and detached ‘internationalistic’ attitude would betray a lack of general knowledge and of more general ‘human understanding’, that is, of insight. To talk and decide over the heads of (potential) employees and (potential) customers alike is presumably the effect of a bad ‘organization of knowledge’ or rather of no knowledge and insight at all. What worked yesterday may not work tomorrow, so a corporation is summoned to catch up as quickly as possible if there are any blanks in the company’s information agenda. The term ‘organization of knowledge’ points to the goal or effect of such knowledge, namely organization.

Organization may be ‘macro’ or ‘micro’ in range, but it is always the organization of physical and mental energy, that is, of human workforce. Since ‘human’, ‘work’, ‘local’, ‘knowledge’, ‘communication’, ‘exchange’, ‘trade’, ‘culture’ and ‘community’ are the many facets of the same complex phenomenon (social reality rather than abstract theory) organization must take place somewhere, even if decision-making is done elsewhere – which is also a somewhere. The scheme is the usual one: there is a mind-set, and there is a set of facts. In the ideal case, both interact organically with one another. The order ‘without’ reflects the order ‘within’, as the great John Dewey once said in another context. Basic philosophy (metaphysics) and modern physics teach us that the pair “matter and mind” is a close neighbour of the pair “process and structure”<sup>4</sup>. For persons without special interests the lesson to be taken home is: Thinking is as important as facts before your eyes. What you have in front of you, is the present; the only way to reach back to the past and forward to the future is thought and imagination (both together). Nobody makes plans with his/her hands or eyes. To underestimate the intellectual factor is to ignore the nature of social transactions.

The immediate outcome of cognition is effective organization or adaptation to different circumstances (a comparable process view was maintained by Keith Ruddle, 2008: 325–330). This adaptation may be temporal and lasting or geographical and culture-sensitive (cf. Albaum & Duerr, 2011: 178–194). Moreover, we should not forget that doing something in a sober way means to anticipate to some extent future events. To know is to know the future, to say it bluntly. But this is not everything: anticipating

events enables an actor to influence the course of things, at least he has the chance to do so. This is not the case for a person or a firm dry in knowledge and poor in general understanding. All this results in another important string of notions: ‘action’, ‘transaction’, ‘communication’, ‘knowledge’, ‘experience’, ‘anticipation’, ‘influence’ and possible gain of something aimed for. Having said so much, we may recall the concept of (more or less) open and flexible working communities, in the same sense as this concept was introduced two decades ago. The technical term ‘community of practice’ is not much older than the internet (the respective seminar was held in 1990 in Palo Alto – see Laver, 2008 and Wenger, 1998). Who is interested in history and philosophy knows, that many of the ideas expressed since 1990 are thought lines running back 50 to 100 years, when philosophers both sides of the Atlantic Ocean were doing pioneer work in pragmatism and process philosophy. The common keywords of the concept ‘community of practice’ and of the broad theories of pragmatist philosophers and process philosophers are: time, relations, context (situation), practice, process, community, change, creativity (innovation), liberty, agreement with reality and, of course, progress. Illustrious names are Peirce, James, Dewey, Bergson and Whitehead (see Roggo, 2009; Laver, 2008: 295 just hints at American Pragmatism in mentioning a book by R. J. Bernstein). Thus, seemingly new concepts and intuitions that take many years to enter into the economic and academic world are in many cases the intuitions and concepts of the great humanistic and naturalistic philosophers of the 20th century. Their theoretical experiments are powerful and mind-opening tools, as long as ‘thinking’ goes with courage and imagination and not with anxious reproduction and lack of inventiveness – which is to be hoped for the good of humanity. Some of the force of modern philosophy can be felt in the following passages about the organization of creativity: “Private firms and public organizations are becoming increasingly interested in harnessing the creative energies of distributed sets of people united in common tasks, capabilities, and projects. A whole new language and practice of knowledge management, rolled out by business consultants, schools of management, iconic figures, publications, and manuals, has come to the fore with the promise of renewal through situated learning and knowing (...). As a consequence, the social and the communitarian – however defined – have returned to the heart of thinking on competitive advantage and capitalist creativity. (...) the idea of organization by community has come increasingly into prominence as a management tool. Firms and non-commercial organizations are busily converting internal divisions and hierarchies into many job-specific communities placed in more or less equal relationship with each other.” (Amin & Roberts, 2008, 22–24).

This is one of many steps towards a democratization of economy. A more democratic economy is also a more humane economy, and this movement cannot be stopped by coercive means. An authoritarian “organization by community“ in a strict Chinese-communist way is the last we would wish for, even if this seems to work in the crude and repressive Chinese context. But China is another world. We must rather look for ourselves. Progress must one day become qualitative.

Quantity is not happiness – it never was. There has to be qualitative measures for work. Work that doesn't make sense for the communities involved is not “work” in the full sense but something inferior. This is perhaps the most important lesson to keep in our hearts and minds. Latvians are enviable: their Dainas teach them the nature of true and humane work. Perhaps we should revert to the Dainas too – they are a part of our common European heritage.

## Conclusion

If practice is dynamic and changing, then theory should try to understand such developments it has itself to be dynamic and changing (cf. Bernstein 1970 on change). Practice must adapt to facts, and theory must adapt to practice. Likewise, if an efficient structure is to have some appropriate organization, then the knowledge needed to realize such structures must be organized and managed methodically. All this is an application of process philosophy, the prime metaphysical innovation of the last century. In a faster and tougher world doing things ‘as usual’ and instinctively ‘without thinking’ is not advisable. If one is to conquer a market or a market-segment, one is to understand the targeted market, be it here or there. A company has to understand things inside out, drawing the whole line from its own employees to the final customer. Successful marketing and management rely on a proper understanding of men and women and of their whole environment with all its salient aspects (culture, politics, common ethical beliefs, life habits etc.). Something big ‘that works’ is something organic with its proper regularities and occasional dysfunctions. Teams are ‘organs’ and single employees living and yet dependent ‘cells’. Of course there can be a simple short-time picking-up of informed and talented people from one firm by acting in the same sector (cf. Albaum & Duerr, 2011: 266). Insider information may prove important but such short-term and low-range knowledge will hardly help to adapt a whole structure to a rapidly changing environment. A closer look will reveal the reality of social capital, that is, of teams and communities at work. Talent is selected and developed in order to boost cooperation within a team or to exchange assessments and results between teams and larger communities. So “talent management“ is nothing apart from “team management“ (team building and development) viewed from the angle of specific needs and individual employees. There is always a somewhere. At this juncture we should discard theoretical individualism without regrets. Managing challenges is managing human resources, and that is largely a question of organization, not of picking up some clever – and perhaps not very loyal – employees from concurrent firms.

## Postscript

At last we may make some observations about the situation in Latvia. For a low-income and high-culture country like Latvia talent management practically means developing and exporting talent to Europe and elsewhere. Social competence and the rate of learning are very high amongst young educated Latvians. They are as intelligent, progressive and ‘European’ as any other young men and women of their generation. It is true, many Latvians are skeptical when it comes to politics and questions of public education, as it is the case in every other European nation, Switzerland included. Nevertheless, we can try to outline an ideal program for a reasonable policy in difficult times. The role of public education in Latvia cannot be to educate young Latvians into leaving their country once for all. Its ‘patriotic’ duty towards Latvia can be pinpointed by four basic points:

- 1) the respect for Latvian culture and traditional values;
- 2) a general knowledge of real Europe (Switzerland and Russia included);
- 3) a broad understanding of the institutions of the European Union;
- 4) the possibility for Latvians to return to Latvia after some years of practice, education or career in another country. This is a challenge to be met by the Latvian state, but not by the state alone – a partnership with national and international companies and fruitful contacts with sensible EU partners will be indispensable. Latvia should favor contacts with nations and governments who understand its historical and geographical situation; sensible partners should also understand what it means to lose natives and human capital during 70 years and more. The exodus from the Baltic states has to be stopped. Mobility cannot be an argument against this. Sure, Latvia has to understand the others, but the others also have to understand Latvia.

## References

- Albaum, G. & Duerr, E. (2011). *International Marketing and Export Management*. London, New York etc.: Pearson Education.
- Amin, A. & Roberts, J. (eds.) (2008). *Community, Economic Creativity, and Organization*. Oxford: Oxford University Press.
- Amin, A. & Roberts, J. (2008). The Resurgence of Community in Economic Thought and Practice. In: Amin, A. & Roberts, J. (eds.). *Community, Economic Creativity, and Organization*, p. 11–34. Oxford: Oxford University Press.

- Bernstein, B. (1970). Social Class, Language and Socialization. In Burke, L. et al. (eds. 2000). *The Routledge Language and Cultural Theory Reader*, p. 448–455. New York and London: Routledge.
- Bjorkman, I. & Smale, A. (2010). *Global Talent Management: Challenges and Solutions* (in Spanish). *Universia Business Review* 3 (2010), p. 30–43.
- Boatman, J. & Wellins, R. S. (2011). *Poland Highlights. Global Leadership Forecast 2011*. Development Dimensions International, Pittsburgh, Pa. Available from: [http://www.globalleadershipforecast2011\\_polandhighlights\\_tr\\_ddi.pdf](http://www.globalleadershipforecast2011_polandhighlights_tr_ddi.pdf). (Accessed: 6<sup>th</sup> December 2011)
- Cohendet, P. & Simon, L. (2008). Knowledge-Intensive Firms, Communities, and Creative Cities. In: Amin, A. & Roberts, J. (eds.). *Community, Economic Creativity, and Organization*, Oxford: Oxford University Press. p. 227–253.
- Lave, J. & Wenger E. (eds.) (1991). *Situated Learning: Legitimate Peripheral Participation*. New York: Cambridge University Press.
- Lave, J. (2008). Epilogue. In: Amin, A. & Roberts, J. (eds.). *Community, Economic Creativity, and Organization*, p. 283–296. Oxford: Oxford University Press.
- Mateos-Garcia, J. & Steinmueller, W. E. (2008). Open, But How Much? Growth, Conflict and Institutional Evolution in Open-Source Communities. In: Amin, A. & Roberts, J. (eds.). *Community, Economic Creativity, and Organization*, p. 254–282. Oxford: Oxford University Press.
- Ricoeur, P. (1983). The Creativity of Language (abridged interview). In: Burke, L. et al. (eds. 2000). *The Routledge Language and Cultural Theory Reader*, p. 340–344. New York and London: Routledge.
- Roggo, M. C. (2009). *James and Whitehead. Evolution and the Return to Tradition* (in German). Contact author for questions, manuscript and this paper’s Keynote presentation (practical aspects).
- Ruddle, K. (2008). In Pursuit of Agility: Reflections on one Practitioner’s Journey Undertaking, Researching, and Teaching the Leadership of Change. In: Dopson, S. et al. (eds.). *Mapping the Management Journey*. Oxford: Oxford University Press. p. 320–340.
- Rugman, A. M. (2008). Globalization’s Regional Reality. In: Dopson, S. et al. (eds.). *Mapping the Management Journey*, p. 21–48. Oxford: Oxford University Press.
- Scullion, H., Collings, D. G. & Caligiuri, P. (2010). Global Talent Management. *Journal of World Business* 2 (2010). *Global Talent Management*, p. 105–108.
- Wenger, E. (1998). *Communities of Practice: Learning, Meaning and Identity*. New York and London: Oxford University Press.



## **MEDIUM-TERM PROBLEMS AND PERSPECTIVES OF LATVIA'S ECONOMIC SECTOR – TEXTILE INDUSTRY SECTOR**

**Inga Šina**

Dr.oec., Associate Professor, University College of Economics and Culture;  
national coordinator, Employers' Confederation of Latvia  
*inga.shina@gmail.com*

### **Abstract**

The present papers deals with the role of textile sector in the manufacturing industry to define the export potential of the sector, its future prospects, and restricting factors. Methods used: monographic approach and document study, survey, interviews. The author concludes that the sector has not overcome the crisis yet, though it keeps growing steadily and has high export potential. The author mentions high rotation of employees in the sector, ageing of employees and lack of skilled workers as a problem. Further successful development of the industry is hindered by high energy prices, relocation of factories to low-cost regions, unattractive tax system, and high labour force changes in Latvia.

**Key words:** *textile industry, export potential, long-term development, labour force*

### **Introduction**

In October 2009, the Ministry of Economics published the Informative Report on the Medium-Term Policy Directions of Economic Recovery, which defined the long-awaited medium-term goals and tasks of the Latvian national economy's development (by the year 2015), listed the government-supported priority segments and supported the Medium-Term Policy Directions of Economic Recovery 2009. There have not been any crisis management strategies during the years of crisis in Latvia. Consequently, the way out of the economic recession is not being directed purposefully; instead, it runs in an unorganized and self-development manner. Therefore Latvia is facing the consequences of the recession, i.e., unemployment rate approaching 15% in certain regions in 2010 (Central Statistical Bureau of Latvia). At the same time, there are sectors lacking skilled workers. On December 1, 2010, the National Education Development Agency in collaboration with the Latvian Employers' Confederation, the Free Trade Union Confederation of Latvia and the National Education Content Centre, as well as the State Education Quality Service has initiated the implementation of the European Social Fund's project "Development of Sectoral Qualifications System, and Increasing

the Efficiency and Quality of Vocational Education” (State Education Development Agency 2011). The major goal of this project was to form a permanently working quality system providing proper content of vocational education to meet development needs of the sector. The project will last until November 30, 2013. The goals of the project to be attained between 2011 and 2012 are to research 12 particular sectors, including textile industry sector and to define demands of the labour market. Within the framework of the research, professionals of the sector and a national coordinator of the project representing the Latvian Employers' Confederation offer the current vision about the sector, define problems and medium – term development prospects of the sector. A Sectoral Expert Council has been established already under the aforementioned ESF project, and it deals with aligning the sector needs with labour force planning, training, education and educational content issues. Though the textile industry sector has not been listed among the priority sectors and special support sectors by the Ministry of Economics, it should be mentioned that the sector has not fully overcome the economic crisis yet, but it keeps growing successfully.

## **Brief History of the Sector, Development, Labour Force and Changes Thereof**

Since long ago, textile industry has always been among the leading industries of the Latvian national economy. This sector has been showing increasingly rapid and significant growth annually. However, due to increasingly severe competition, higher inflation and production costs, growth of the industry is jeopardized. The development of the Latvian textile industry dates back to the first half of the 17<sup>th</sup> century ruled by Duke Jacob. The main purchasers of Dukedom's industrial products were Sweden (including Vidzeme), Poland (including Lettgallia), Russia, Denmark, Danzig, Holland, England, France, Portugal, Venice, the Antilles, and West-Africa. At the beginning of the 18<sup>th</sup> century, four operators per cotton weaver were required while ten operators per wool weaver were employed. In the middle of the 19<sup>th</sup> century, textile industry featured factories predominantly, i.e., enterprises running their work processes with the help of machinery operated by steam engines. The first textile factory in Rīga was established in Iļģuciems, 51 or 67 Daugavgrīvas Street, in 1794 – it was the joint stock company Iļģuciems Weaving Factory. In 1938, in Rīga, textiles, footwear and sewn articles were manufactured by 407 companies employing 19.6 thousand workers, while the production totalled LVL 113.7 million or 25.1% of gross industrial volume. In 2010, nearly 700 companies were working in textile industry, including 505 sewing manufacturers. The industry lists plenty of individual or small enterprises selling their manufactured products on the domestic market of Latvia. In comparison with the dawn of the industry, the structure of textiles has changed swiftly, as well. Textile industry is not a homogeneous sector but rather a diverse one incorporating a variety of sub-sectors. According to the comprehensive

economic activity classification, the sector's businesses fall under the following NACE codes: 13 – Manufacture of textiles; 14 – Manufacture of wearing apparel; 15 – Manufacture of leather and related products. The industry is represented by associations which represent also textile industry: VRUA – Association of Textile and Clothing Industry and LATVERA – Association of Latvian Lingerie Manufacturers. All Latvian textile industry enterprises can be classified in three groups:

- 1) individual and small enterprises manufacturing production for domestic market; The products are sold in local stores, fairs and exhibitions. Normally, product realization runs without accounting and using cash-registers. In Latvia, there are 350 of such enterprises, 97 represent textile industry and 253 – sewing industry.
- 2) enterprises implementing foreign orders only;
- 3) enterprises manufacturing ready-made products, and also procuring supplies.

*Table 1*

**Changes in Numbers of the Latvian Textile Industry and Leather Products  
Manufacturers between 2009 and 2011**

Name	2009	2010	2011
Manufacture of textiles	147	155	167
Manufacture of wearing apparel	594	588	544
Manufacture of leather and related products	50	48	44
<b>TOTAL</b>	<b>791</b>	<b>791</b>	<b>755</b>

*Source: (Association of Textile and Clothing Industry 2011)*

## Largest Manufacturers in the Sector, Distribution thereof, and the Number of Employees

There are 84 manufacturers governing the real situation within the sector: 24 companies in textile industry and 60 companies in sewing industry. A list of the major Latvian enterprises, distribution thereof and the number of employees is given in *Table 2*.

Table 2

**Ten Largest Textile Industry Enterprises in 2010**

Name	NACE	Address	Number of employees
'ELĒĢĪJA VĪLE' Ltd.	1392	403A Brīvības Avenue, Rīga, LV-1024	56
'LARELINI' Ltd.	1320	18 Lapskalna Street, Jelgava, LV-3007	69
'MAGISTR-FISKEVEGN GROUP. MFG' special economic zones, Ltd.	1394	155B Atbrīvošanas Avenue, Rēzekne, LV-4604	79
'BALTIKS EAST' Ltd.	1394	111 Zilupes Street, Rēzekne, LV-4601	85
'LENTA' Ltd.	1396	68/72 Jelgavas Street, Rīga, LV-1004	89
'P.E.M.T.' Ltd.	1392	403A Brīvības Avenue, Rīga, LV-1024	93
'MEŽROZE' Ltd.	1320	403A Brīvības Avenue, Rīga, LV-1024	122
'KLIPPAN-SAULE' Latvian-Sweden joint venture, Ltd.	1392	106 Bruņinieku Street 106, Rīga, LV-1009	133
'MAGISTR' Ltd.	1394	15 Višķu Street, Daugavpils, LV-5404	138
'LAUMA FABRICS' Ltd.	1391	19 Ziemeļu Street, Liepāja, LV-3405	529

Source: (Association of Textile and Clothing Industry 2011), (NACE classifier 2011)

Table 3

**Ten Largest Sewing Manufacturers in 2010**

Name	NACE	Address	Number of employees
'DINABURGA TEKS' Ltd.	1439	17B Višķu Street, Daugavpils, LV-5410	194
'PIONIERIS 2' Ltd.	1439	1 Robežu Street, Kalnciems, Kalnciems Parish, Jelgava District, LV-3016	246
JSC 'LAUMA LINGERIE'	1414	19 Ziemeļu Street, Liepāja, LV-3405	248
'AURORA BALTIKA' Ltd.	1431	4 Ikšķiles Street, Off.1, Ogre, Ogre District, LV-5001	264
'SRC BRASA' Ltd.	1413	3 Pārslas Street, Rīga, LV-1002	272
'NEMO' Ltd. Ltd.	1413	8 Sporta Street, Krāslava, Krāslava District, LV-5601	293
JSC 'RITA'	1414	3/5 Valentīna Street, Rīga, LV-1046	304
'V.O.V.A.' Ltd.	1414	10 Koku Street, Liepāja, LV-3405	321
'NEW ROSME' joint venture, Ltd.	1414	18 Hanzas Street, Rīga, LV-1045	328
'OGRES TRIKOTĀŽA' Ltd.	1439	4 Ikšķiles Street, Ogre, Ogre District, LV-5001	348

Source: (Association of Textile and Clothing Industry 2011)

These tables clearly show regional distribution of the companies – Rīga, Greater Rīga Area, and the largest cities of Latvia – Daugavpils, Liepāja, Rēzekne. *Nemo Ltd.* is the

exception, as it is based in Krāslava, the Latgale Region, and employs nearly 300 people. There is a simple explanation thereof – Krāslava hosted a huge sewing factory back in the Soviet period, and the factory employed inhabitants of Krāslava together with foreign guest workwomen. In the beginning of 2011, the sector employed a total of over 12 thousand inhabitants.

Table 4

### Number of Employees in Companies in 2010 and 2011

Number of employees	Manufacture of textiles				Manufacturing of wearing apparel				Total			
	Number of companies		Number of employees		Number of companies		Number of employees		Number of companies		Number of employees	
	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011
>250	1	1	546	529	6	7	1.955	2.130	7	8	2.501	2.659
100–249	4	3	557	393	17	17	2.531	2.601	21	20	3.088	2.994
50–99	7	7	535	526	27	25	1.842	1.769	34	32	2.377	2.295
20–49	12	11	380	306	49	44	1.467	1.342	61	55	1.847	1.648
10–19	14	15	196	204	79	62	1.039	865	93	77	1.235	1.069
6–9	21	17	155	125	61	66	446	496	83	83	601	621
2–5	64	64	190	181	191	167	581	509	255	231	771	690
0–1	32	49	31	42	161	156	142	136	193	205	173	178
Total	155	167	2.590	2.306	591	544	10.003	9.848	749	711	12.593	12.154

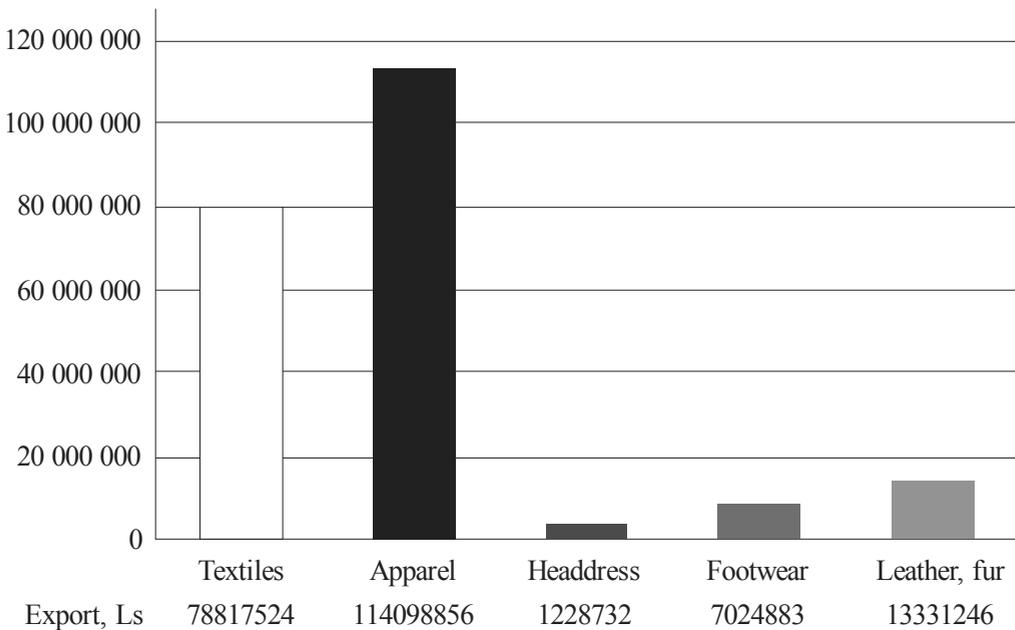
Source: (Association of Textile and Clothing Industry 2011)

Table 4 shows distinctly that the bulk of companies representing the textile industry are small individual companies with less than 10 employees. Break-up of the USSR entailed perish of the textile sector as well, voluminous orders disappeared, and the number of companies and employees shrank sharply. Between 1997 and the beginning of the crisis in 2007, the industry revived, discovered new export markets, and used the existing capacities and qualified workers. It is obvious that there are only eight companies currently employing over 250 workers. They include a textile manufacturer *Lauma* with old traditions in Liepāja and the sewing manufacturers *Ogres Trikotāža* in Ogre, *New Rosme* in Rīga, *VOVA* in Liepāja, *Rita* in Rīga, *Nemo* in Krāslava, and some others.

## Export Potential of the Sector, Future Prospects and Impeding Factors

Textile manufacturing industry is a typical export-oriented sector. Products are exported by 104 enterprises. Nearly 85% of manufactured goods are delivered to foreign countries, within the European Union, mainly – Sweden, Germany, Denmark, Italy, Estonia,

Lithuania, the Netherlands, and Finland (Association of Textile and Clothing Industry 2011). CIS countries get 7% of total exported volume of goods. Textile industry exported 2.6% of total export volume in Latvia in 2010, while import reached 1.2% (Association of Textile and Clothing Industry 2011). Thus, textile industry makes one of ten major exporters in Latvia. The major groups of export goods: textile clothing, knitwear clothing and knit fabric, chemical fibres and yarns, cotton yarns and fabrics, coveralls. Once there were remarkable export volumes also to CIS countries. For instance, in 1995, a total of goods valued at LVL 35 million were exported. However, export to the Russian market has decreased significantly over the recent years. This is indicative of serious problems in international political and economic relations. For example, the Latvian textile manufacturers exported goods valued at LVL 24 million to Russia in 1997, whereas the export made only LVL 6.4 million in 2003.



*Source: (Association of Textile and Clothing Industry 2011)*

*Figure 1. Export volumes by groups of goods, LVL in 2010.*

The Latvian entrepreneurs lose their competitiveness on international markets due to production costs growing significantly. As a result of increased costs of resources, wages and services, manufacturers are forced to increase product price. In the future, the impediments for successful growth of the industry in Latvia are:

**1) cost of energy resources**

Everybody knows that costs of goods made in China are remarkably lower. Therefore, in case of price increase, sales shrink automatically. Growth of energy costs is a

major threat to manufacturers. Quite a large number of companies, the big energy consumers especially, already have changed from *Latvenergo* to Estonian *Eesti Energy*.

## **2) relocation of production**

Relocation of production to lower-cost regions is reality to be reckoned with by the apparel manufacturing industry not only in the European Union in general, but also in Latvia. Relocation is headed also to CIS countries.

## **3) unattractive tax system**

Tax system is also unattractive to the manufacturing enterprises. Manufacturing of specific niche products as an alternative to low value-added or mass production, and design development as well, are mentioned by the Ministry of Economics as the key solutions to deter companies from relocation. To make investments in new technologies, the funds are required. Entrepreneurs suggest that funds invested back into business should be exempt from taxes.

## **4) cost of labour force**

Cost of labour force maintenance depend largely on volume of taxes, therefore the bigger the share the state collects, the lower the salary the entrepreneur can afford to pay to his/her employee (Sustainable Development Strategy of Latvia until 2030 (approved in 2010)).

# Professions, Educational Establishments, Future Technological Processes, Future Professions, and Involvement of Sectoral Expert Council in Education

The “Draft of the Textile and Apparel Industry Development Strategy 2005–2014” defines the strengths of the Latvian textile industry and the opportunity niches: processing of fine cotton fibre and manufacture of the fabric, manufacture of fire-resistant woollen and wool mix fabric, manufacture of knitted fabric for manufacture of woollen yarns and wool mix yarns, manufacture of flax fibre, hemp fabric and other ecological textiles and materials, manufacture of plus size clothing, disabled clothing (Draft of Textile and Apparel Industry Development Strategy 2005–2014 (approved in 2011)).

To date, the textile industry companies throughout the world – wherever they are based – face fundamental changes in technologies, data communication techniques and global competition (Smith&Block, 2002:56). The same applies to the textile industry of Latvia. The dominating new products and/or technological processes of the industry for the coming 3–5 years are:

- Manufacture of occupational clothing and special clothing in small batches. Currently, computers integrated into clothing, bags etc. become topical for sportsmen.
- Manufacture of high quality and designer lingerie for women and men, manufacture of underwear in small batches (manufacture of plus size lingerie, maternity underwear, post breast surgery lingerie).
- Development of linen and hemp sector through enhanced manufacture of non-woven fabrics for technical needs. Currently, the demand for technical textiles increases. Manufacture of technical textiles account for increasingly larger market share in Europe, pushing the manufacture of apparel textiles off. The reason is increasingly growing use of textiles replacing metals, plastic and other materials in national economy. One of the most perspective technical textiles is carcass type fabric. Those are employed in many fields starting with road construction to spacecrafts building. 3D fabrics are topical.
- Processing of textile waste and used clothing for manufacture of non-woven materials. Recycling of materials into non-woven materials.

Manufacture of goods with low value-added is non-profitable; therefore it is paramount to enhance recognisability of the Latvian textile trademarks in foreign countries and to improve intangible values of the products – design, style, and make investments in marketing development.

Specialists of textile, apparel, and leather industry, are prepared in many institutions of vocational education in Latvia: Liepāja State Technical School, Alsviķi Professional School, Ogre Secondary School of Crafts, Riga Style and Fashion Vocational School, Riga Secondary School of Crafts, etc. The following specialists are prepared by the educational establishments: tailor, modiste, pattern maker, fashion designer (applied arts items designer), sewn products manufacturer, garment designer, and garment stylist, etc. Despite the variety of names, the problem lies in the fact that they all are fashion designers. The author traces a huge problem: not a single school has developed an educational program for acquisition of new professions. This means that the Latvian textile industry will have an urgent need for qualified specialists in the coming years. Within the framework of the initiated ESF project “Development of Sectoral Qualifications System, and Increasing the Efficiency and Quality of Vocational Education” aimed at building a permanently working quality system providing proper content of vocational education to meet the development needs of the sector, the Expert Council of the Textile Industry has already been established and works on aligning the sector needs with labour force planning, training, education and educational content issues.

## Conclusions

- 1) The textile industry sector is not listed among the priority sectors and special support sectors by the Ministry of Economics.
- 2) The textile industry sector has not fully recovered from the economic crisis, yet it keeps growing successfully.
- 3) The sector features high export potential. The sector exported 85% of textiles and clothing in 2010. The major export markets are the European Union states, Russia and CIS.
- 4) Large enterprises have developed on the basis of factories built during the Soviet period and having accrued rich traditions.
- 5) The industry employs 12 thousand workers. The bulk of enterprises representing the industry are small companies, with less than 10 employees.
- 6) Though Latvia hosts plenty of educational establishments preparing specialists for textile industry sector, future technological processes generate new professions and require new, highly qualified specialists which are not trained in Latvia currently.
- 7) In future, the impediments for successful growth of the industry in Latvia are high price of energy resources, relocation of production to low-cost regions, unattractive tax system, and high changes of labour force.
- 8) The Sectoral Expert Council was established in the textile industry sector. The Council deals with aligning the sectoral needs with the labour force planning, training, education and educational content issues.

## References

Hatch, K. (1993). *Textile Science*. West Pub.

Smith, F., & Block, I. (2002). *Textiles in Perspective*. Prentice-Hall.

Report on the Medium-Term Policy Directions of Economic Recovery (2009). Available from: [http://www.latforin.info/fileadmin/portals/image/faili/Informativs\\_zinojums.pdf](http://www.latforin.info/fileadmin/portals/image/faili/Informativs_zinojums.pdf). [Accessed on 10/10/2011].

Sustainable Development Strategy of Latvia until 2030. (2010). Available from: <http://www.nap.lv/page/1>. [Accessed on 10/10/2011].

Association of Textile and Clothing Industry (2011). Available from: <http://www.vrua.lv/stats.html?l=2>. [Accessed on 10/11/2011].

Central Statistical Bureau of Latvia. (2011). Available from: <http://www.csb.gov.lv/notikumi/par-rupniecibas-produkcijas-izlaidi-2011-gada-novembri-33205.html>. [Accessed on 10/11/2011].

Central Statistical Bureau of Latvia (2010). Available from: <http://www.csb.gov.lv/statistikas-temas/nodarbinatiba-un-bezdarbs-galvenie-raditaji-30263.html>. [Accessed on 10/11/2011].

Draft of Textile and Apparel Industry Development Strategy 2005 – 2014. (2011). Available from: [http://www.em.gov.lv/em/images/modules/items/item\\_file\\_21131\\_1.zip](http://www.em.gov.lv/em/images/modules/items/item_file_21131_1.zip) [Accessed on 10/11/2011].

NACE classifier (2011). Available from: [http://www.lursoft.lv/NACE\\_classification.html](http://www.lursoft.lv/NACE_classification.html). [Accessed on 10/11/2011].

State Education Development Agency. (2011) Available from: <http://www.viaa.gov.lv/lat/strukturfondi/12111/>. [Accessed on 10/11/2011].

## HOMESCHOOLING – THE INNOVATIVE SOLUTION IN EDUCATION

**Justyna Truskolaska**

PhD, Assistant Professor of the Department of Psychopedagogy of the Family in the Institute of Pedagogue at the John Paul II Catholic University of Lublin

*justyna.truskolaska@kul.pl*

### Abstract

The present paper deals with the main issue related with teaching children at home (called home education or homeschooling) – whether the proper socialization of the pupil who implements compulsory education outside school is possible?

Homeschooling is an old, but currently again “revived” form of compulsory education. In many countries it is a legally admitted form of learning – teaching process. Poland has been belonging to these countries for twenty years (since 1991). However, a very small group of people uses this form of learning – teaching. Does it happen due to the fact that homeschooling raises too many doubts?

**Key words:** *homeschooling, home education, socialization, individualization*

### Introduction

One of the main concerns is the question related with the possibility of socialization of children taught at home. We can suppose that these students will be social or anti-social, shy, intimidated or lost in the "normal" society. The paper attempts to explain how home schooling meets the requirement of socialization and whether it threatens with educating alienated individuals. In order to discuss the topic, we used some reports from foreign researches (e.g. British and American). This problem has not been studied in Poland yet, although there is small number of theoretical studies.

### Individualization and Socialization (Contradiction or Complement)

Dealing with the problem presented in the title of the article requires the clarification of the terms ‘individualization’ and ‘socialization’, and their mutual relationship. They are usually treated as the opposite phenomena, and even contradicting each other – in principle – if you socialize, you do not individualize, and vice versa. So we think about them often, "or – or" as the processes that exclude each other. Is that really true?

The concept of individualization comes from *indyviduum* (Latin) – undivided whole, individual, entity. The individual, therefore, is the same as “personal, individual, separate, unique, featuring individual” (Kopaliński, 1988: 228) and individuality – “a unit, a prominent personage, with distinctive features not often found; a group of mental characteristics representing the human personality, originality, and specificity” (Kopaliński, 1988: 228). Thereby, individualization in Polish means, first – “the process of formation of the individual characteristics of the individual (...), the isolation, individualization, becoming independent”, and second – “taking into account the properties of individual units, adjusting standards, policies, etc. to individual units” (Słownik Języka Polskiego, 1978: 786) especially during the process of education.

According to Wincenty Okoń, individualization in education is “‘taking into account in the educational system the differences of the individual students’ development and adjusting the content, methods and organization of educational activities to these differences”. These differences relate to the general ability (students are able, average and not very capable), special interests, talents and work pace. In regular classrooms it is not easy to respect these differences. The purpose of individualization in education is to provide maximum opportunities for the development of students with different abilities” (Okoń, 2004:144).

The term ‘socialization’ comes from the Latin word *socialis* – social, marital, allied, and from *socius* – participant, comrade, an ally (Kopaliński, 1988: 472). According to Wincenty Okoń, socialization is, first – “all activities in the community, especially in the family, school and social environment, intended to make the individual a social being. These activities enable him/her to gain the skills, value systems and personality development that enables him/her to become a valuable member of society” (Okoń, 2004: 373–374). Secondly, socialization is understood as “all the changes taking place in the unit under the influence of social interactions, enabling him/her to become a valuable member of society” (Okoń, 2004: 373–374).

The aforementioned terms are interpreted as a process and as the result of this process. Society, especially educators – parents and teachers, undertake certain educational actions, due to which the process begins – the process of socialization or individualization. Behind it, however, proceed permanent changes in personality and behaviour of the pupil – he is becoming a socialized individual or individualist. The author of the present paper deliberately used the word 'or'. These changes are seen mostly as distinct ones – the pupil is “a social activist” or “an individualist”. But is it really so?

We should consider the following question – what is the purpose of socialization? Is it the upbringing of a subordinated, obedient conformist who does not cause problems in the classroom, school and university, as well as in the country? Or the goal of socialization is to educate a person of well-established system of values (so-called moral spine), brave and ready to defend his/her views, but at the same time a person who is not routine but

creative, joyful, open to the world, people and knowledge, and aware of his/her own value. In my view, the purpose of socialization is the second outlined pattern.

However, this pattern shows the type of individualist – a person who does not follow thoughtlessly the majority, but he/she can independently ask questions, gain knowledge, make decisions, he/she is unconventional and original (Ruszel, 2011: 47–57). So, perhaps the aim of socialization is to educate individuals – in the sense consistent with the definition mentioned beforehand. After all, as W. Okoń states, socialization has to provide valuable individuals to society. However, it should be clearly emphasized that an individualist does not mean a man alienated from society. A positive individualist is creative in thinking, courageous, responsible, values himself/herself, and therefore does not aim to compete with others, but rather to cooperate. This type of individualist is very necessary for a democratic society, the community of free people. So the process of individualization is not opposite to socialization, but a necessary condition.

Going a step further in this reasoning, we can conclude that socialization can be best carried out in the family. In normally functioning family the child is surrounded by love. It means not only positive emotions, but the attitude towards the child, which manifests itself in everyday life. In the family, the child can learn through experimentation, observation, imitation and make mistakes as well as fix them because it is surrounded by acceptance. Parents ensure sense of safety, thus the child has self-esteem, even though he/she is not always successful in his/her trials and makes errors. Parents also know their child the best – his or her possibilities and limitations, abilities and interests, temperament and problems. Moreover, there are few children in the family (fewer than in the class), thus a far-reaching individualization, both in teaching and upbringing is possible. In the author's opinion, a loving family, applying the principle of individualization, can socialize the best – can bring up creative, thinking, engaged and responsible members of society (Strzelecka, 2010; Moore, 2010).

## Home Schooling in Poland and Abroad as an Attempt of Teaching Individualization

Home teaching is a kind of breaking out the obligation to attend school – the education system imposed by the state. Such an obligation has existed in Poland for nearly a hundred years (since 1919), though in the interwar period, there was a choice of teaching at home. The earliest school obligation was introduced in Prussia in 1819 (Budajczak, 2004: 17). Home education has a tradition of many hundreds, if not thousands of years. So this form is in fact the traditional type of teaching children and adolescents. Teaching at home by parents, other family members or hired professionals (e.g. tutors, private teachers) was known and practiced by all civilizations. Attempt to introduce the so-called home education in many countries around the world in the 20<sup>th</sup> century is not novelty, innovation, eccentricity, or temporary fashion but rather a

proposal to return to tradition and freedom of choice connected with the way of teaching. Parents as the first, natural guardians and teachers of their children should have the possibility to decide of schools – state, private, social or domestic (Konstytucja RP, art. 70, p. 3; Bajda, 2009: 27–48).

In many countries it is increasingly popular alternative to teaching in schools. In England, there is the actual Education Act as of 1996 (based on the document as of 1944) permitting home education. Parents do not have to ask for permission for their choice to any state bodies, but only declare the decision regarding home education by admission of their child to school. Parents also do not have to follow the valid core curriculum; they are neither forced to purchase certain handbooks, nor to document the work, while children do not have to pass any exams (Budajczak, 2004: 36). The same applies to the USA, where each of the states, however, takes slightly different legal and organizational solutions (Farris, 1997; Chłodna, 2009: 119). In the USA, more than two million children are enrolled in home schooling. The history of home schooling goes back to the origination of the United States. Apart from the two mentioned countries, home schooling is legal in Canada, Australia, Portugal, Chile, Taiwan and Poland.

System changes in 1989 enabled our country to introduce legislative changes to support parents who want to teach their children at home. Under the Education Act as of September 1991 (amended on 19 March 2009), in Poland we can now conduct home teaching after completing several conditions. The primary condition is to obtain permission from the headmaster of the school the child attends. The second condition is to obtain the opinion of a psychologist and pedagogue (this is not binding on the headmaster or parents). In addition, it is necessary to submit a statement certifying that the child has passed annual exams in selected subjects and to provide the child with proper conditions for learning. The Polish law is more severe than English, and Polish homeschoolers fight for its liberalization. Their priority is, for example, the abolition of the need to obtain headmaster's consent. As a state official, he/she surely should only support the parents and not make the decision for them.

The Family Education Association is the body associating polish homeschoolers. On its website ([www.edukacjadomowa.pl](http://www.edukacjadomowa.pl)), it leads many activities in support of home schooling. You can find both the legal acts governing the organization of home education in Poland, information about associated events, frequently asked questions, scientific articles, teaching materials and ideas for educational work with their children. Homeschooling in Poland also went through theoretical studies. The first is a book by Marek Budajczak – a teacher, father and home educator, a precursor to this form of teaching in Poland. The second is a book edited by Marzena and Paweł Zakrzewski (also homeschoolers). The third is the book edited by Justyn Piskorski<sup>(2011)</sup>. Quite a lot of articles have been published in the scientific and everyday press.

Home schooling is known and widely described in the world. Both theorists and practitioners point out to the fact that it is a very good way of individualization. Parents have several children at home, sometimes one or two, so they can devote them more time than a teacher in the classroom. Certainly, they are also emotionally involved in their child's education. They also know better his or her needs, constraints, interests and talents. Homeschooling allows for personal contact with one child or a small group of children, which is a natural educational environment. Teaching is also based on a very good knowledge of his/her pupil. It is, as we know, the basic principle of correct individualization of teaching.

Numerous studies are indicative of the fact that the child at home needs less time than their peers at school to learn the same material (Budajczak, 2004: 78). Consequently, he/she can dedicate more time to the development of his interests and passions. In fact, this is the best form of learning, because according to Peter Kline, "Learning is most effective, when it's fun". Recent studies also prove that the family that teaches children at home has more time to develop children's individual interests, and what is more important – for their intergenerational transmission. Such families' experiences are known and described also in Poland (Taylor, 2009: 375–398).

However, it seems that educating (upbringing) is more important in individualization than teaching. Like the American or English school, the Polish school (though perhaps to a smaller degree) clearly undergoes the crisis, which is based on the absence of effective forms of transmission of moral, social and religious values. Homeschoolers' families have the luxury of individually providing their children with the most important values. Moreover, they do it by action, deed, and not just verbally. Another advantage is acting in community, in family. They can learn the most important things from their mum and dad in everyday life, in everyday common learning. This is done through the parents' fundamental decision of spending time to educate their children and take full responsibility for it. These families choose different organizational solutions – sometimes one parent even resigns from work. In many cases the parent who bears the main burden of educating the children has the so-called independent profession, allowing for convenient manipulation of working time. The solutions are sometimes very original and creative – strictly dependent on the individual needs of the family (Janicka-Galant, Galant, 2009: 151–206). Thereby, homeschooling in Poland and worldwide is a response to the need for an individual approach towards the child at every stage of education – from birth to maturity.

## Homeschooling – the Results of Socialization in the System of Individualization

Although there is no doubt about far-reaching individualization in homeschooling, there are concerns regarding proper socialization of children taught at home. In the first part of the paper, it has already been shown that socialization and individualization do not have to stand in opposition to each other, and in fact, that the proper socialization simply requires an individual approach towards the pupil. It turns out that the practice also confirms this conclusion. Home educated children who are regularly tested in Britain and the USA have a high level of socialization.

Marek Budajczak, the author of the first publications on home education in Poland (an employee of Adam Mickiewicz University in Poznań) cites in his book the studies of British and American authors, e.g., Tillmann, V. D., Ray, N. A., Medlin, R. G., Smith, C., Sikking, D., J. W. Taylor, S. W. Kelley and others. They clearly outline the benefits of home education of children in the USA and the UK in the aspect of their socialization (Budajczak, 2001: 54–65). It turns out that they visit more often and benefit more from libraries, science centres, museums, parks, botanical and zoological gardens. They also participate regularly in groups which develop their interests. According to Tillmann, up to 98% of home students attend at least two types of classes weekly (Tillman, 1995: 1–6 cit. by: Budajczak, 2004: s. 56.). Similar situation can be observed in Poland, which is confirmed by Polish homeschoolers. These groups not only develop pupils' passions, but also give them the possibility to contact with the peers with whom they share common interests. The popular groups are sports groups, scouting, dance and music groups, choirs, tourism and religious groups. According to Tillmann, about 30% of children (depending on age) are involved in voluntary activities. This is much more than among school youth. The results of researches (by Ray and Medline) cited by Budajczak, confirm the frequent participation of children educated by their parents in various social activities (2004: 56).

The social life of families that educate children at home is extensive. These families form a state, or nationwide associations and local groups of friends, which hold a joint study, social gatherings, holiday trips, etc. This way, the number of social contacts of children and parents increases. They can exchange their experiences, ideas and passions, or assist in acquiring knowledge. Parents and youth help younger children in learning and lead various groups. They use not only direct contacts, but also online media. Conferences and festivals of home education involving the whole family are organized in a certain country (in Poland too). Thus, for example – according to Ray's research – home pupils educated in the United States spend several hours a week with other children, and about ten hours with adults outside the family. Moreover, they spend much more time with their siblings and parents than school children.

Despite these “greenhouse” conditions, home pupils achieve not only higher than average academic performance (regardless of parents' education) but also above average socialization. They are creative, independent, active, joyful and knowing how to handle in a group, and even lead it – as evidenced by the results by Montgomery (1989, cit. by Budajczak, 2004: 61). In the aforementioned studies, Tillmann also shows that self-esteem (measured by the Self-Esteem Index) of children educated at home is higher than on average. Children learning at home, studied by Tillmann, to a greater extent than their peers at schools, attribute authority to parents, and to a lesser extent to their peers. Also home pupils examined by Smedley were more socialized and more mature (1992: 9–16 cit. by Budajczak, 2004: 62). Researchers also conclude that there are no cases of unemployment among home education graduates or people benefiting from social assistance in their adult life.

Naturally, the question arises, why do home educated children who do not have (or have few) contacts with their peers in school, achieve as good results of socialization, for instance, in psychological tests of various aspects of socialization. This brings a number of possible answers. First, children may take example from their parents, they respect their parents and stay with them for a longer period of time (so, of course, parents become models for their children). Secondly – the parents take, in a conscious way, responsibility for education of children, so they probably pay great attention to socialization and yet (under conditions of far-reaching individualization or education in a small group) they can more appropriately select an effective, in the case of a particular child, method of education. Thirdly – as self-esteem of children educated at home is high, if they have a sense of perpetration and the internal control that comes with success and acceptance of family, they can also operate effectively in the world. Successful development of a personality within the family is the basis for positive relations with “the rest of the world”. Finally, home pupils do not meet at all (or to a small degree) the negative patterns of school passivity, vagueness, boredom, indifference or unhealthy competition, and sometimes rudeness.

So it seems proved that the home environment, and especially learning at home, can successfully develop unique and strong personalities who have, at the same time, the high-level of social development, so they are valuable members of the family, peer group, community, and eventually the nation.

## Conclusions

The theoretical conclusion that arises from these considerations is the statement that the concepts and processes of socialization and individualization are not contradictory but complementary. Practical implications that arise from the above findings are: the need to incorporate the principle of individualization in the proper socialization, the huge role of the family in this process, and particularly the proved value of home education as an alternative form of learning, taking into account the principle of individualization in teaching and upbringing.

## References

- Bajda, J. (2009). *Rodzina – szkołą. Spojrzenie teologiczne*, w: *Edukacja domowa w Polsce*, M., P. Zakrzewscy (ed.), Warszawa, pp. 27–48.
- Budajczak, M. (2004). *Edukacja domowa*, GWP, Gdańsk.
- Chłodna, I. (2009). *Home schooling (nauczanie domowe) – szansa czy zagrożenie?* *Cywilizacja* 30, pp. 118–127.
- Farris, M. (1997). *The Future of Home Schooling: A new Direction of Home Education*, Washington.
- Janicka-Galant, A., Galant, P. (2009). *Edukowanie przez podróżowanie*, w: *Edukacja domowa w Polsce*, M., P. Zakrzewscy (ed.), Warszawa, pp. 151–206.
- Konstytucja RP, art. 70, p. 3.
- Kopaliński, W. (1988). *Słownik wyrazów obcych i zwrotów obcojęzycznych*, Wiedza Powszechna, Warszawa, p. 228.
- Montgomery, L. R. (1989). *The effect of home schooling on the leadership skills of home schooled students*, Seattle.
- Moore R. S., (2010) *Richard Stephenson's homeland – How to socialize young children*, <http://www.richardstephenson.net/dontgotoschool.htm> [Accessed on 28.08.2010].
- Okoń, W. (2004). *Nowy Słownik Pedagogiczny*, Wyd. Akademickie “Żak”, Warszawa, p. 144.
- Słownik języka polskiego*, (1978) PWN, Warszawa.
- Ruszel, M. E. (2011). *Wychowanie do procesu indywidualizacji i separacji w rodzinie*, w: *Rodzina. Wyzwania – zadania*, M. E. Ruszel (red.), Wyd. Diecezjalne, Stalowa Wola, pp. 47–57.
- Smedley, T. C. (1992). *Socialization of home school children*, *Home School Researcher*, No. 8, pp. 9–16.
- Strzelecka, J. (2010). *Sukcesy i zagrożenia w edukacji domowej*, [http://www.edukacjadomowa.pl/\\_art004.html](http://www.edukacjadomowa.pl/_art004.html) [Accessed on 14/9/2010].
- Szkola domowa. Między wolnością a obowiązkiem*, (2011), J. Piskorski (ed.), Instytut Sobieskiego, Warszawa.
- Taylor, J. D. (2009). *Taylors*, w: *Edukacja domowa w Polsce*, Zakrzewscy, M. P. (red.), Warszawa, pp. 375–398.
- Tillmann, V. D. (1995). *Homeschoolers, self- esteem, and socialization*, “Home School Researcher”, No. 11, pp. 1–6.

# NEW RULES OF PUBLIC ENGAGEMENT: ROLE OF SOCIAL MEDIA IN SCIENCE COMMUNICATION

Velga Vēvere

Dr. phil., Assoc. Professor, the University College of Economics and Culture, Latvia  
*vvevere@latnet.lv*

## Abstract

The long-standing concept of science communication as the public understanding of science (PUS, or deficiency model) by and large has been replaced by the concept of public engagement in science and technology (PEST, or sufficiency model). The special stress today is put onto involvement of the general public in the process. Thus the question of reaching the audience by the means of traditional and new media becomes the one on prime importance, and the new rules of engagement are to be considered. In short, they can be defined as following: interactivity of public relations, corporate and private science blogging, authenticity rather than story, accessibility, internet publishing – e-books, e-journals, online discussion groups, etc. The aim of the present paper is to explore the use of social media in the communication of the academic research institutions of Latvia and to work out concrete proposals for more efficient communication management. The paper consists of three main parts. The first and the second part deal with theoretical approaches and methodological issues; the second part – empirical research; the conclusion – the outline of future research. The methods used – the study of the theoretical literature, the comparative analysis of institutional home pages and links available, the interviews with PR specialists.

**Key words:** *communication, science communication, public engagement, social media, blogger relations*

## Introduction

During last two decades the theory and practices of science communication has experienced significant changes caused by the onset of new technological possibilities and shift in attitudes towards general public and. In other words, if the long standing tradition of science communication can be characterized as PUS (public understanding of science, or deficiency model) that presupposes the existing gap between intellectuals and general public and one-directional flow of information, the PEST (public engagement in science and technology, or sufficiency model) based on engagement of public in policy making and interaction between academics and lay persons. Nevertheless, today's communicative environment brings a forth the new multi-

directional and multi-dimensional forms of interaction that, in their turn call for reevaluation of classical methods and instruments of public relations. David Meerman Scott particularly brings up this theme in his groundbreaking book “The New Rules of Marketing and PR. How to Use News Releases, Blogs, Podcasting, Viral Marketing, and Online Media to Reach Buyers Directly” (Scott, 2010). The new rules (thirteen altogether) are accordingly: (1) marketing is more than just advertising; (2) PR is for more than mainstream media audience; (3) You are what you publish; (4) people want authenticity, not spin; (5) people want participation, not propaganda; (6) instead of causing one-way interruption, marketing is about delivering content at just the precise moment your audience needs it; (7) marketers must shift their thinking from mainstream marketing to the masses to a strategy of reaching vast numbers of undeserved audiences via the Web; (8) PR is not about your boss seeing your company on the Web; (9) marketing is not about your agency winning awards. It’s about your organization of winning business; (10) the internet has made public relations public again, after years of almost exclusive focus on media; (11) companies must drive people into the purchasing process with great online content; (12) blogs, online video, e-books, news releases, and other forms of online content let organizations communicate directly with buyers in a form they appreciate; (13) on the Web, the lines between marketing and PR have blurred. (Scott, 2010: 23–24) The present article pays a special attention to some particular aspects of this quite exhausting list of rules, namely, to the blogging relations of the academic research institution (the concept will be explicated in the first chapter of the article).

It has to be stated that the current effort is the next step in the research of science communication management in Latvia. The previous publication on the topic by the author (Vēvere, 2011) dwelled on the general issues – the concept of science communication, the system of science in Latvia, the methods of science communication and the study of attitudinal clusters. The main conclusion was that the science communication practices were hindered by the lack of knowledge about and/or negative attitudes towards the integrated marketing communications (e.g., advertising, public relations, sales promotion, direct marketing, etc.). Within the field of science all these elements of marketing communications mix acquire their particular features (how can you sell academic, specialized not popular, research in the history of philosophy to the general public?), but the overall aim is to communicate with people, to be visible in society and to facilitate intellectual interaction that can be productive for both parties (scientists and lay persons) involved. The goal of this article is to take the research one step further – to study the use of social media in science communication. To reach this goal the following methods were employed – the studies of theoretical literature on social media (particularly blogging) and online PR; the comparative analysis of institutional homepages and partly structured interviews. The original plan was use also the social media monitoring but the first trials made it clear that data were not obtainable since there were no science blogs, facebook profiles, twitter or

Youtube accounts of the Latvian scientific institutions, at least in the field of humanities. This fact led to the formulation of the working hypothesis: *The process of science communication in Latvia is hindered by the virtually nonexistent use of social media.*

The present article consists of three parts – the first of them is devoted to conceptual analysis of science blogging relations, the second – to the importance of web site and electronic publishing, while the third one is the case study, to be followed by conclusions.

## Science Blogger Relations – the Concept and Applications

The innovative term “blogger relations” was devised by John Cass in his article “Strategies and tools for corporate blogging” (Cass, 2007) in order to describe the new stage in science – public relationship – ever intensifying interactivity often inspired by the “receiving end” of communication, i.e., general public. This, in turn, requires new, more democratic attitude from academics and science managers, descent from the so-called ivory tower (self-centered, close circle, hierarchic communicative patterns). So the blogger relations refer to the process of developing blogs, conducting outreach to other blogs with aim of „building a connection with other bloggers and the audience in their community” (Cass, 2007: 41). As cultural phenomenon bloggers relations refer to informal conversations, creating goodwill and establishing credibility. The informality becomes the most distinguishing feature of this type of communication, and not to be aware of this on the part of scientists is to be mute and deaf, and invisible within the contemporary communicative environment. “Blogger relations [further in the text of the article BR – V. V.] involve skills from many different existing professions – public relations, search engine optimization, web design, and journalism.” (Cass 2007: 49) And the basic rules of BR are as follows: building a unique blogging strategy; understanding the importance of dialogue; understanding the importance of developing relationships; using the existing PR strategies; envisioning the future development and the growing role of BR. Let’s briefly dwell on each of these points proposed by John Cass keeping in mind our interest in science communication and science public relations. Firstly, the unique blogging strategy means that the blog should be recognizable among thousands and thousands of others, namely, it should arouse the initial interest and create the bond with reader and perhaps, more important, with other bloggers in the field. Secondly, the ongoing dialogue in science is as important as in any other field as it can be quite crucial in the case of funding allocation (from research grants till international projects). Of course, there exist official channels of communication with different types of authorities (annual reports and statistical information, self-evaluation reports) and scientific communities (conferences, journals, etc.), but at the same general public is the influential stakeholder. Thirdly, BR borrows a lot from the existing public relations tactics and strategies. But „blog readers are often looking for expertise not held by communication Professional or want to read about the topic or industry of interest from an expert in their field.” (Cass

2007: 46) In short, the people's trust is being placed in their fellow citizens. After all, if a reader trusts the blog author, the credit goes also to the blogger's company. Finally, it is necessary to follow up recent developments in the field of communication and understand the future role blogger relations. To be seen and heard in the overcrowded digital space in certain situation (economic recession, political instability, for example) could be a matter of life or death for scientific community. No, it doesn't mean that scientific discourse should be simplified but rather that interest in science and engagement should be facilitated. "One way of looking at Weblogs and emerging forms of scholarly discussion and work is that they are popularization of research, or a new form of dissemination". (Walker 2007: 136). Thus, the term blogger relations can be justly extended to the field of science and we may speak of the „science blogger relations” as well.

Still, the blogger relations should be viewed as a part of the social media relations and the social media itself. „Social media represents a shift from a broadcast mechanism to a many-to-many model, rooted in a conversational format between authors and peers within their social channels”. (Solis & Breakinridge, 2009: xvii) The stress in description of the social media is being put upon the change of very relationship between companies and their constituencies (Scoble & Israel, 2006), from traditional media to the patterns of interactivity (Poynter, 2010: 182). People are directly engaged and become „media” themselves. (Thevenot, 2007) At the first glance this statement looks like the embodiment of Marshall McLuhan's ingenious phrase “medium is the message” meaning that technological tools (starting with invention of first writing tools and ending with internet) influence the way people think and interact, and see themselves. It is so, but nonetheless the social media presupposes that each and every human being becomes the instrument of communication. That is, social media enables fast and efficient dissemination of information in the form of opinions, and other forms of subjective reflections upon urgent matters. This brings forth the problem of monitoring and measurement and of quality of information distributed and apprehended, as well as risks of flogging (false blogging) and mocking (parodies). The monitoring tools that are at hand currently (new tools are being created daily) are described by Rob Brown in his book “Public relations and the social Web. How to use social media and web 2.0 in communications.” (Brown, 2009) To be more specific, he mentions such monitoring tools as *Google Alerts*, *Google Trends*, *Technorati*, *Twitter Search* and so on. This is of the special importance as one of the first steps in developing the blogger relations is participation and commenting on the blog pages of other organizations and individuals, not only to aware of the current situation in the field, but also to create an interest and to insert a link to the newly created page. Lon Safko, in his turn, distinguishes 15 social media categories according to their nature – among them social networking, publishing, photo sharing, audio, video, microblogging, livecasting, virtual worlds, etc. (Safko, 2010). At the same time Safko puts forward three main interrelated and the most general classes of the social media phenomena, the so-called “Social Media

Trinity” – blogging, microblogging (twitter), and social networking (Safko, 2010: 687) According to the author, understanding of these blocks cover about 90 per cent of everything we need to know about the social media for developing an appropriate marketing strategy. He is looking at these tools through the prism of questions to be asked: *Who? What? Where? When? Why? How?* Who in the organization is entitled to do blogging, microblogging and networking? Who is interested in doing so? There are questions of the identification and actualization of the content, the choice and justification of message to communication, the choice of time and place, as well as the instruments to be used. At the end Safko proposes 5-stage social media development program (this will be the object of research scrutiny in the next publication by the author of the present article, devoted to the working out the social media strategy of the research institution of Latvia), thus we will leave this aside for now. Rather, it is necessary to discuss here the complex problem of science blogging.

The question of science blogging particularly has been investigated by several authors who have paid attention to such aspects as – knowledge sharing, management and dissemination (Ojala, 2005); creating and understanding the new writer and reader interactions through science blogging (Shanahan, 2011); new forms of public engagement with science – practices, challenges, and opportunities (Kouper, 2010); science-media interface (science journalism) (Peters, Brossard, Cheveigne et al., 2008). Still, prior to turning to the explication of these matters it is necessary to sketch the theoretical framework since the basic principles of the science blogging are virtually concurrent with the ones of corporate blogging. Hence, here we offer only a short excursus in the world of corporate blogging (of course, the theme itself deserves the serious attention; we resign to brief insight as our prime interest lies in the sphere of science blogger relations). The exhausting theoretical source in corporate blogging, in our opinion, is a publication by Cornelius Puschmann “The corporate blog as emerging genre of computer-mediated communication: features, constraints, discourse situation” (Puschmann, 2010). As it is possible to see from the title, the author focuses his attention mainly to the new forms of discourse, despite the fact that this is the thorough study of the theoretical grounds and contemporary practices of corporate blogging. This phenomenon is complex, as it comprises the both the corporate goals, values and the personal, informal, non-hierarchical style of communication. „By blending characteristics of private blogs such as openness, information sharing/offering, subjectivity and lack of fixed external purpose with the advantages of a self-directed discourse environment and the ability to showcase politeness by ceding discourse space, corporate bloggers show socio-communicative competence while retaining ultimate editorial control” (Puschmann, 2010: 87). Thus, it is necessary to find the compromise between the free expression and editing – information should be personal (a touch on informality) and at the same time it should comply with the mission statement of the company in case if there is one or company’s values. It is of the special importance as, according to social media surveys, the distribution of the blogspace is as follows: personal blogging – 79%,

corporate blogging – 12%, and professional blogging – 46% (Puschmann, 2010: 82). This spectrum shows another tendency to be taken into account – cooperation with professional bloggers in the field and squeezing into their agenda, creating an interest. Still, there is at least one critical aspect – company related (placed on the homepage or linked to it) individual blogs could be viewed as dishonest and manipulative by the potential readers (for example, during political campaign all of a sudden a number of seemingly neutral, but in reality supportive blogs appear). Despite this there are obvious advantages of corporate blogging – its non-hierarchic and immediate nature. “Blogging cuts across the organized and structured processes of internal communication, market communication and public relations forming the framework inside which corporate communication takes place” (Puschmann, 2010: 89). Accordingly, we can speak of such functions of corporate blogs as information (knowledge and service blogs), persuasion (campaigning, image building and collaboration blogs) and argumentation (customer relationship and crisis blogs). As well as blogs can be dividend into functional groups – public facing/internal; single-authored/team authored; stand-alone/part of a variable size blog hub (Puschmann, 2010: 93). When working on the strategy of blogger relations exploiting these divisions is the matter of success or in some cases a matter of plain survival of the company on the digital scene.

In their turn, Paul Argenti and Courtney Barnes have developed practical suggestions for blog maintenance and corporate blog writing within the context of digital media relations. The authors stress the matters of tone, regularity, authenticity, credibility and target orientation. Another feature to be emphasized is necessity for blogs to be open for commentaries – this ensures the live, active character of communication, feedback and helps in blog monitoring (see *Table 1*).

*Table 1*

**Corporate blog dos and don'ts (Argenti & Barnes 2009: 89)**

<b>Don't</b>	<b>Do</b>
Blog for the sake of blogging.	Evaluate your company's identity and stakeholder preferences to ensure that a blog is an appropriate platform for engaging key stakeholder groups.
Adopt a blog tone that doesn't match the corporate identity.	Make the blog's tone consistent with the identity and corporate culture. A blog doesn't have to be funny or offbeat to be successful.
Ghost-blog.	Ensure that the stated author of the blog is indeed the true author. This doesn't mean the corporate communication function shouldn't vet/edit posts; rather, it should make sure that messages are on point with all other communications outreach.
Blog only when the spirit moves you.	Blog early and often; most blogging connoisseurs agree that a blog with fewer than three posts per week is a blog not worth reading.
Use a corporate blog as a place to post press releases.	Blog about corporate news, but only in a way that is authentic and speaks to stakeholders. Say why they should care, point out an industry trend – anything to separate the blog content from that of the online newsroom.

Thus, the authors summarize the main points of corporate blogging practices. Could these practices be applicable to the sphere of science blogging and science bloggers relations? “The term science blog refers to a diverse category including (but not limited to) blogs that review and critique current scientific studies. analyse scientific news .., explain current areas of research interest .., document lives lived in science .., and provide a venue for student writing..” (Shanahan, 2011: 904) Answering to the question posted above, the author of the present article believes that science blogging, being a specific genre, could and should employ all strategic features of corporate blogging except for the fact that the gap between academia and general public remains open (the peculiarity of research work). In their current multiplicity of forms and contents science blogs present a challenge rather than an opportunity for public engagement with science. Lack of genre conventions, which for the audience translates into broken expectations and uncertainty, impedes the development of stable relationship and participation from the larger public, which may also be very heterogeneous. As a community of scientists or individuals close to science, the existing readers may enjoy the entertaining nature of science blogs and not need science blogs to serve as a place for discussion and rational debate. Relying on such community of readers, bloggers may reduce their interpretive activities and resort to copying, re-distributing, and re-packaging of the existing information, which is still quite rewarding given the background of the majority of current readers and yet requires much less time and effort. (Kouper, 2010: 8) This means that there is always of threat of communication to be self-centered activity while it is very important maintain communication with non-scientific actors.

But what about crisis communication since crisis may occur in all organizations? There is an abundance of reasons, some of them being external related to state policies, legislative issues and, not the least, stiff competition in the field (e.g. applying for grants in the situation of scarce funding), while other reasons are due to problems with an organization itself. This accounts for need to think about some crisis communication strategy – this matter calls for a special study that waits to be done in the nearest future by the author of the present article.

## Feed-on and Feed-back: the Role of Home Page and Electronic Publishing in Public Engagement with Science

All these new forms of communication, science blogger relations presuppose first of all interactivity, i. e., possibility of feedback and online discussions. Science bloggers need to be more aware of their audience, and focus on explanatory, interpretative, and critical modes of communication rather than on reporting and opinionating. (Kouper, 2010: 9) The primary space for accomplishing interactivity is a home page of a company. Let’s take a look at some characteristics of the genre of corporate homepages in general, in order to apply this paradigm to analysis of home pages of scientific institutions.

The current analysis will be done on the basis of M. J. L. Marco publication “A genre analysis of corporate homepage”. (Marco, 2002) According to the author different elements that can occur in the corporate home page (further on CHP) can be classified in four main groups.

The first group of elements is related to creating a positive image of the company/institution. These elements are: company slogans; introduction to the company – short history, description of current affairs; positive announcements and news headings or links to the press releases; internal links to more information about the company. “The purpose of these links is not to provide information, but to present the company as economically sound, dynamic, continually developing and improving, etc.” (Marco, 2002: 44) As we can see this all is applicable to science communication – the need of positive presentation is as important for scientific institution as for any business.

The second group of elements is related to introducing and offering products – showcase; adverts of new products; link to the virtual store. In the case of scientific institution this is information about books published by the institution or by scholars of the respective institute, supplemented with short information and/or with readers’ references and evaluative statements.

The third group refers to strengthening relations with the potential consumer. These elements are welcoming messages or address of the management; information for different groups of customers; possibility to see information in several languages; contact possibilities – e-mail addresses and office phone numbers; links to demo and free of charge products; feedback to customers. This seems to be one of the categories that could be used for science public relations the most effectively. In other words, here it is possible to make the target audience distinctions – to publish some specialized information (article previews, book reviews, pre-prints, conference papers, etc.) or more popular information for the general public – video files of popular lectures, journal articles or even the online journals or books (with permit of the authors, of course). Here we can speak of links to the profiles/accounts to social media (many organizations have telltale “B” (blog), “bird” (twitter), “f” (facebook), “Yoube” or other symbols). This is also a space where links to personal homepages (further on PHP) blogs can be brought into play. There are at least two ways how to go about it – first, the PHP or blogs can be directly linked to the CHP or the customers can be referred to personal pages by shortcuts or hyper-references.

And, finally, the function of the fourth group are intended to give information about the page itself – date and update; number of users who have visited the page; link to the web-masters e-mail; asking for customers’ opinion; copyright information; statement of privacy and terms of usage, etc.

What are the possible criteria for CHP evaluation? There are four criteria altogether.

**Purpose.** “Many of the elements of CPHs offer information, but this information has been carefully chosen and presented with the objective of creating a positive image of the company. Thus, the primary purpose of these pages seems to be image building.” (Marco, 2002: 50)

**Functionality.** CHPs are highly dynamic texts that are revised and rewritten on almost daily basis. As well as CHPs are characterized by interactivity and connectivity. “They include features such as e-mail to the company, online ordering, downloadable files. Some websites even offer the possibility to discuss and interact with others through newsgroups.” (Marco, 2002: 51)

**Form.** It is a very significant criterion as it concerns attracting customers’ attention and retaining it by the tools of navigation as well as of internet keyword search.

**Content.** CHPs can include any element that can be of interest to their readers at a specific moment.

CHP is the first page, the business card of the company. “This means that the CHP has enormous potential for advertising purposes and that it should be carefully designed to help the readers reach easily the information that they want and to get the readers to enter specific pages in the Website.” (Marco, 2002: 54)

## Case Discussion: Use of Social Media in Communication of the Scientific Institutions

To make the use of the theoretical considerations of the previous sections let’s turn to the case study. The object to be discussed is the Institute of Philosophy and Sociology of the University of Latvia. In order to make some comparison with yet another scientific institution the Institute of Latvian History at the University of Latvia was chosen. The reason for such choice is that both institutes are independent structural units of the University of Latvia, both are rather small in number of scholars, both (among others) are co-founders of the excellence center and participants in the State program “Letonika”. And, not the least, both institutions specialize in humanities.

First, we will take a look at their respective homepages according to the fore mentioned criteria – purpose, functionality, form and content, and then there follows commentaries on the part of people who deal with public relations in each of these institutes. And, finally, the obtained and processed information can serve for working out specific conclusions and to design the future plan of actions. For the sake of convenience we’ll employ abbreviations where IPS stands for the Institute of Philosophy and Sociology whereas ILH – for the Institute of Latvian history. *Table 2* presents the results of comparison of their respective homepages.

Table 2

**Comparison of the institutional homepages**

<b>Category/Institution</b>	<b>IPS</b>	<b>ILH</b>
Purpose	To convey information about the institute, its scientific, social and economic activities; publications, staff and researchers To present current and forthcoming projects Advertise positions	To convey information about the institute, its scientific, social and economic activities; publications, staff and researchers To present current and forthcoming projects Advertise positions
Functionality	Published both in Latvian and English, though the English version is out of date No downloadable files Limited or no interactivity No corporate profiles/accounts in social media No corporate blog No links to scholars' personal blogs or twitter accounts	Published both in Latvian and English Includes links to electronic data bases and downloadable files Limited or no interactivity No corporate profiles/accounts in social media No corporate blog No links to scholars' personal blogs or twitter accounts
Form	No keyword search possibilities There are navigation tools (bars and buttons) Visual image is neutral, non specific Conservative	No keyword search possibilities There are navigation tools (bars and buttons) Visual image is related to history Conservative
Content	Relevant to the sphere of activity	Relevant to the sphere of activity

The conclusions to be drawn from this comparative analysis are such: though homepages of both institutes present necessary information about their scholarly and social activities they both lack in interactivity and connectivity. In other words, there is a very limited or no possibility of digital publications in the form of articles, lectures, video or audio presentations, book reviews and readers' references. It has to be admitted that the ILH homepage includes links to downloadable databases, whereas the IPS homepage does not. Both CHPs exhibit conservatism, as they don't have accounts in Twitter and other social media profiles that are of a great importance in the contemporary communicative situation. Moreover, there are no public forums where the direct communication between the academics and the general public could take place.

The following step in the case study was interviewing the representatives of both institutes. These interviews consisted of a set of seven questions regarding the use of social media in science communication (the same set for both parties). First two questions

concern information about communication methods and information distribution channels. The answers were quite similar – both institutes employ traditional channels – printed media, posters, press releases, press conferences, e-mails and institutional homepages. It is characteristic that releases are prepared not by the public relations specialists but by the conference organizers themselves. (Zemītis, 2012) There are special attention paid to reach different audiences, the language is non-specific in order to be understood by everybody who is interested in philosophical issues (Šimfa, 2012) or the target group consists of specialists/historians (Zemītis, 2012). Both interviewees admitted the virtual absence of accounts/profiles in social media, though there have been idea to create Facebook and Twitter accounts, especially the latter one as it could demonstrate the interestedness into social processes commenting the actual events and expression (hopefully) a position (Šimfa, 2012), but the introduction of new forms of communication are being hindered by the fact that there is a need for a special person who would maintain and service the accounts and that this person should be knowledgeable in rather diverse matters (stone age and 20<sup>th</sup> century history, for example) (Zemītis, 2012). The question regarding the personal blogging is not so easy to answer – yes, both interviewees agree that this could be of use for the institutions, but at the same time it is doubtful if scholars would be ready and willing to use such form of communication at the present moment. To the question of homepage both specialists stress that its weakest aspect is the lack of feedback opportunities. At the same time both CHPs contain the actual information and in the case of the ILH also links to the databases (Zemītis, 2012). The last question concerned the necessity to work out crisis communication strategy. Each answer in this case, quite interesting, covered an aspect that taken together form a whole. Thus if the IPS stresses the need to be ready to react to criticism (often not substantiated), the answer by the ILH touches upon the problem of ever existing threats of closing down research programs especially in the field of humanities, sometimes resulting in the task to defend the field of humanities as such. It has to be taken into account that only rare media are willing to write about the problems in the field of humanities (Zemītis, 2012).

The case study: the research of the use of social media in the science communication in two scientific institutions – the Institute of Philosophy and Sociology and the Institute of Latvian History proved the hypothesis that the process of science communication is hindered by the virtually nonexistent use of the social media to be correct. This calls for the further studies in the field as well as working out the new strategic plan of communication.

## Conclusions

1. The innovative term “blogger relations” was devised by John Cass in order to describe the new stage in science – public relationship – the ever intensifying interactivity often inspired by the “receiving end” of communication, i.e., the

general public. This, in turn, requires new, more democratic attitude from academics and science managers.

2. Blogger relations refer to the process of developing blogs, conducting outreach to other blogs with aim of “building a connection with other bloggers and the audience in their community” (Cass, 2007: 41). The informality becomes the most distinguishing feature of this type of communication.
3. The term blogger relations can be justly extended to the field of science and we may speak of the “science blogger relations” as well.
4. We can speak of such functions of corporate blogs as information (knowledge and service blogs), persuasion (campaigning, image building and collaboration blogs) and argumentation (customer relationship and crisis blogs). As well as blogs can be dividend into functional groups – public facing/internal; single-authored/team authored; stand-alone/part of a variable size blog hub. When working on the strategy of blogger relations exploiting these divisions is the matter of success or failure.
5. In their current multiplicity of forms and contents science blogs present a challenge rather than an opportunity for public engagement with science.
6. There are four corporate homepage evaluation criteria – purpose, functionality, form and content.
7. The case study: the research of the use of social media in the science communication in two scientific institutions proved the hypothesis that the process of science communication is hindered by the virtually nonexistent use of the social media to be correct.

## References

- Argenti, P. A. & Barnes, C. M. (2009). *Digital Strategies for Powerful Corporate Communications*. New York, Chicago, San Francisco, Lisbon, London, Madrid, Mexico City, Milan, New Dehli, San Juan, Seoul, Singapore, Sydney, Toronto: McGraw Hill.
- Brown, R. (2009). *Public Relations and the Social Web. How to Use Social Media and Web 2.0 in Communications*. London Philadelphia: Kogan Page.
- Byron, D. L. & Broback, S. (2006). *Publish and Prosper. Blogging for Your Business*. Berkley, CA: New Riders.
- Cass, J. (2007). *Strategies and Tools for Corporate Blogging* Amsterdam, Boston, Heidelberg, London, New York, Oxford, Paris, San Diego, San Francisco, Singapore, Sydney. Tokyo: Elsevier.
- Institute of Latvian History at the University of Latvia – homepage. Available from: [www.lvi.lv](http://www.lvi.lv) [Accessed: 1st February, 2012]
- Institute of Philosophy and Sociology, University of Latvia – homepage. Available from: [www.fsi.lv](http://www.fsi.lv) [Accessed: 1st February, 2012]

- Kouper, I. (2010). Science Blogs and Public Engagement with Science: Practices, Challenges, and Opportunities. *Journal of Science Communication*. 09 (01) A02.
- Marco, M. J. L. (2002). A Genre Analysis of Corporate Home Pages. *LSP & Professional Communication*. Vol. 2 (1), p. 41–56.
- Ojala, M. (2005). Blogging. For Knowledge Sharing, Management and Dissemination. *Business Information Review*. 22, p. 269–276.
- Peters, H. H., Brossard, D., Cheveigne, D., Dunwoody, S., Kalfass, M., Miller, S., Tsuchida, S. (2008). Science-Media Interface: It's Time to Reconsider. *Science Communication*. 30, p. 266–276.
- Poynter, R. (2010). *The Handbook of Online and Social Media Research. Tools and Techniques for Market Researchers*. (2010). Chichester: John Wiley, Ltd. Publications.
- Puschmann, C. (2010). *The Corporate Blog as an Emerging Genre of Computer-Mediated Communication: Features, Constraints, Discourse Situation*. Göttingen: Universitätsverlag Göttingen.
- Safko, L. (2010). *The Social Media Bible. Tactics, Tools and Strategies for Business Success*. Second edition. Hoboken, New Jersey: John Wiley and Sons, Inc.
- Scoble, R. & Israel, S. (2006). *Naked Conversations. How Blogs are Changing the Way Business Talk With Customers*. Hoboken, New Jersey: John Wiley and Sons, Inc.
- Scott, D. M. (2010). *The New Rules of Marketing and PR. How to Use New Releases, Blogs, Podcasting, Viral Marketing, and Online Media to Reach Buyers Directly*. Second edition. Hoboken, New Jersey: John Wiley and Sons, Inc.
- Shanahan, M.-C. (2011). Science Blogs as Boundary Layers: Creating and Understanding New Writer and Reader Interactions Through Science Blogging. *Journalism* 12 (7), p. 903–919.
- Solis, B. & Breakenridge, D. (2009). *Putting the Public Back in Public Relations*. Upper Saddle River, New Jersey: FT Press.
- Šimfa, E. (2012). *Use of Social Media in Science Communication*. [Interview] 7<sup>th</sup> February 2012.
- Thevenot, G. (2007). Blogging as Social Media. *Tourism and Hospitality Research*. 7, p. 287–289.
- Vēvere, V. (2011). Science Communication Management in Latvia. *Economics and Culture* 3, p. 300–309.
- Walker, J. (2007). Inside the Ivory Tower. In: Bruns, A. & Jacobs, J. (eds). *Uses of Blogs*. New York, Washington D.C./Baltimore, Bern, Frankfurt am Main, Berlin, Brussels, Vienna, Oxford: Peter Lang.
- Zemītis, G. (2012). *Use of Social Media in Science Communication*. [Interview] 7<sup>th</sup> February 2012.



# METHODOLOGY OF CORRELATION OF THEORETICAL AND PRACTICAL ASPECTS

**Aelita Zīle**

Mg.TQM, Head of Forensics Department, State Police College

*aelita\_ziile@inbox.lv*

## Abstract

In the paper the author deals with theoretical and practical aspects of detection, visualisation and seizure of prints and makes the analysis of factors that have an impact on the process of visualisation. The author analyses practical situations and possible results, as well as factors that influence them. The author writes about results of a series of experiments led by Dr. Med. S. Pollak. The author expresses an opinion about formation, self-preservation, and preservation of papillae pattern prints on human skin and about combination of possible prints.

**Key words:** *method, adhesion, visualisation*

## Research and findings

More and more intensive spreading of information, knowledge and technological innovations happens nowadays in the rapid time of transformation. That is why the role of science is getting more essential and gives solutions both in theoretical and practical dimension. Along with growing possibilities demands are also growing. Thus transformation conditions promote introduction of new methods and opportunities into practice.

Human fingerprints and palm prints are mostly detected, fixed and seized on crime scenes. The growing role of the methods of visualisation of such prints is observed in the case when it is not possible to identify eventual witnesses of a crime.

At the moment optical, physical and chemical methods are used for visualisation of papillae pattern prints. Each of these methods has its advantages and disadvantages. That is why correlation of theoretical and practical aspects is essential.

Taking into consideration the fact that papillae pattern prints might be detected on different surfaces it is important to be aware of methods which can help to detect, fix and seize prints. Detection, visualisation, fixation and seizure of papillae pattern prints on human skin is being more closely observed.

Human skin is theoretically the same print-perceiving object as any other print-perceiving object. Taking into consideration the fact that skin is one of the largest organs in the body and adult's skin surface is on average 2 m<sup>2</sup> big there is a high

probability that there might be papillae pattern prints tracked on it. But on extraordinary occasions this print-receiving object has qualities that determine specificity of detection, visualisation and seizure of prints on this research object. At the beginning of the research it is essential to distinguish between the method chosen for visualisation of papillae pattern prints on living person's skin and on a dead person's skin because it will be one of the first criteria for choice of method of visualisation which is influenced by condition that the chosen method should not interfere with health. Secondly, a living person is moving creature and he/she can destroy possible papillae pattern prints on his/her skin because it is necessary to localize them for further research. That is why probability of detection of papillae pattern prints on living person's skin is high, but practically factors affecting it are so essential, that they make this probability almost impossible. Research of a dead human skin gives us great possibilities because research process is not influenced by factors mentioned above.

Research of a dead human skin is complicated process. There are optical, physical and chemical methods used for its research.

The task of optical methods is to detect papillae pattern prints without changing them. Usage of this method preserves prints in original condition. But this method does not stop natural ageing process of prints because it does not have direct impact on it. Thus this method helps us to detect a print and gives possibilities to use a method of visualisation for further research. The range of these methods is one of the widest ones. The choice of appropriate method is one of the most important moments in the process of visualisation because there is direct impact on a print. This impact stops natural ageing of the print. Wrongly chosen method can damage the print and make it useless for further research. The aspect of visibility of the print should be taken into consideration before choosing the method of visualisation of prints. Practically and theoretically there are distinguished three groups of visibility of prints: visible, faintly visible and latent. However, there are cases in practice when these groups of prints make such combinations as: one part of the print can be visible, but the second one – faintly visible; one part – visible, the second one – latent; one – faintly visible, the second one – latent; one – visible, the second one – faintly visible, the third one- latent. On the one hand such combinations of prints make detection of them easier, but it can make complex visualisation process difficult because it can be different for each part of the print.

The most common methods of visualisation are physical and chemical ones. In practice these methods complement each other, for example, at first prints are visualized with the help of cyanoacrylate fumes to increase adhesive qualities, then they are dusted with powder to increase contrast. However, using of these methods make the process of visualisation of prints longer. In addition, cyanoacrylate fuming of a victim makes the process more expensive and there is no result guaranteed. It is necessary to use these methods in laboratory conditions and special equipment is needed, for example,

cyanoacrylate fuming chamber and exhaust fume hood. That is why many scientists from different countries have made a series of practical experiments in order to find the most progressive method of visualisation of papillae pattern prints on a victim's skin.

One of such series of practical experiments was carried out in Institute of Forensic Medicine in Freiburg under guidance of its head Dr. med. S. Pollak. The aim of a series of experiments was to find simple method of visualisation and fixation of prints on a victim's skin to use it in criminalistics.

Great attention was paid to such parameters which had been described in his researches by Sampson: strength of pressure (strength that is used in formation of prints), peculiarities of a victim's skin, temperature of skin, temperature of environment, air humidity, time period from moment of finding a victim till beginning of visualisation of prints (Lenertz, Schönborn, Bohnert, 2002: 130).

Theoretically strength of pressure is of importance because, if prints are left on firm and smooth surface, for example, on glass, then papillary ridges are deformed because of mutual contact. This fact is proved by practical experiments. According to the fact that a human body is not so firm as glass a series of experiments guided by Dr. med. S. Pollak has proved that strength of pressure has no meaning for papillae pattern prints left on human's body.

Great attention was paid to condition of a victim's skin. Prints were put as possible on dry, smooth and uninjured skin. Several variations of them were used:

- Prints were put with organic grease and sweat of a hand;
- Prints were put with grease and fat from other parts of a body, for example, from forehead, scruff of the neck;
- Prints were put with hands covered by cream. Before putting prints it was necessary to wait until cream is absorbed in skin (Lenertz, Schönborn, Bohnert, 2002: 131).

In the process of formation there were formed prints which formation is equated with the process of formation of prints when a body is lifted up or moved, or there is pulling of a body imitated.

To visualize prints there are used:

- iodine fumes;
- magnetic powder and Magna Brush;
- Dusting with Marabu Brush (Lenertz, Schönborn, Bohnert, 2002: 132).

The results of a series of experiments have shown that prints on a victim's skin are best of all visualized by dusting them with Marabu Brush.

In general 486 prints were put during an experimental series. It was possible to trace papillae pattern prints on 150 prints, 59 of them could be used for further research with the aim to use them for person's identification (Lenertz, Schönborn, Bohnert, 2002: 133).

## Conclusion

Research done by the author makes it possible to conclude that detection of valid prints on a victim's skin for identification is influenced by a number of essential factors. Firstly, it is location of a victim and detailed inspection of it from general to singular because not always location of a victim is a crime scene. A victim can be brought to the location. This can indicate places where papillae pattern prints could be detected. Secondly, cause of death can indicate probable places for detection of papillae pattern prints on a victim's skin, for example, in the case of mechanical asphyxia. Thirdly, it is intensity of exudation of grease and sweat of a suspect in the time of committing a crime. The more grease and sweat is exuded, the higher probability that prints will be valid for identification. Fourthly, it is influence of biota and weather conditions on prints after point of death. If a victim, for example, is in the woodland, then possible papillae pattern prints are influenced at the same time by weather conditions and fauna. Fifthly, this is condition of body parts where prints are put. If there is hair on skin, it works as a streak between print-forming and print-perceiving object. Wrinkles on skin have also impact on it. They break papillae pattern of dermal ridges. Sixthly, these are adhesive features of body parts where prints are put. Adhesive features of a body part, where papillae pattern prints are put, can be more marked than adhesive features of print-forming substance, for example, on forehead, neck, and nape. In the process of visualisation of prints exuded substances of print-forming object, adhesive features of surface of print-perceiving object and of dactyloscopic powder chosen are of importance. If adhesive features of print-perceiving object are higher than adhesive features of print-forming object, then, by dusting a print with powder the surface of print-perceiving object will be strongly coloured. Thus papillae pattern print will not contrast with background. One more essential factor is natural ageing of papillae pattern print which starts from the moment of putting a print till beginning of the process of visualisation that stops natural ageing of the print. In this period of time the process of self-preservation of the print happens. If a print is put with greasy and sweaty substance, then self-preservation process of it can be longer. An expert is responsible for preservation of prints on a victim after finding it. The expert is responsible for examination of a victim and for preservation of possible prints on it till research under laboratory conditions.

The choice of the most modern method is one of the most essential factors. Human factor has an impact on the choice of several methods. By choosing a person attention

is paid to his/her knowledge, skills, experience and competence. In the process of choosing the method or methods initial general and detailed research is of importance. In the result of it there will be made decision about method of further research of an object, about technical equipment, materials and chemicals.

The author comes to a conclusion that theoretical aspects only does not guarantee positive results though they are logical and scientifically grounded. Experiment plays a great role in criminalistics. During the experiment made actions are as possible closer equated to print-forming process. Advantage of experiment is obtained great empiric basis, approved theoretical part that gives possibility for practical application on extraordinary occasions. It also discovers possible risk factors that can endanger results.

Nowadays variety of used methods is a precondition to get similar or identical results with the help of them. This can be reason for choosing of alternative method without influencing possible result. Already obtained results show the necessity to continue scientifically practical researches and at the same time modernize and approbate research methods used. Thus solutions for introduction of alternative methods will be found.

## References

Lenertz, O., Schönborn, S., Bohnert, M. (2002) *Daktyloskopische Spuren auf menschlicher Haut – Ergebnisse einer praxisorientierten Versuchreihe*. Archiv für Kriminologie. 210:129–138.



**Professional and educational innovations in  
translation and interpreting**



# TRANSLATION OF SCIENTIFIC ARTICLES' TITLES GRAMMATICAL AND SEMANTIC VALENCY IN LATVIAN AND ENGLISH

**Kristīne Gurtaja**

Mg.philol., lecturer, UCEC

*gurtais@gmail.com*

## Abstract

This article discusses peculiarities of scientific texts' title writing in the Latvian and English languages. Based on selected samples from the field of linguistics the author demonstrates the difference in the range of grammatical and semantic valency in the Latvian and English languages.

**Key words:** *scientific texts, titles, grammatical and semantic valency*

## Introduction

This article demonstrates a critical overview of divergences between Latvian and English scientific article titles. The author has chosen to analyze titles of scientific articles in the field of linguistics and they are taken from a scientific journal *Linguistica Lettica*, from the years 2003 and 2004. In order to justify the results of the analysis the author has analysed some representative theoretical sources characterizing the stylistic peculiarities of scientific texts in the Latvian and English languages.

All in all, we see that existing theoretical thought in Latvia is in favor of rather rigid attitude towards language of scientific texts. Rozenbergs (2004:75) in his *The Stylistics of Latvian* states that “The norms of the Standard written language have been largely worked out. They must be respected in the scientific and administrative styles of writing and in various genres of popular writing.”

However, conventions, norms, styles as well as genres have a tendency to change under the influence of various aspects. On the one hand, scientific texts are mere presentation of scientific facts expressed through a particular text. Thus they do contain specific terminology and grammatical structures that differ from fiction for example. On the other hand, as it is suggested by Mauranen (1993), the concept of academic discourse involves an apparent paradox – it is both universal and at the same time variable. It is universal since it represents the universality of science, and variable since it reflects cultural variation.

Hyland (1998) argues that scientists do more than just producing texts in which they present an external reality. They also negotiate the status of their claims, present their work most persuasively, and balance facts with evaluation and certainly with caution.

This means that scientists reporting their findings might actually invent or introduce stylistic peculiarities that are foreign to the target audience in order to attract readers.

## Latvian and English Titles Compared

Scientific texts and their quality have been discussed in Latvia (Nītiņa, 2003, Rozenvalde, 2007, Jansone, 2009, Baltiņš, 2003, Veisbergs, 2003, Kalnača, 2006 and others). Several authors admit that quality of the language in scientific texts has a room for improvement. Petre (2008: 13), for example, states that in sentences in scientific texts we find not only redundant words but also incorrectly chosen grammatical forms in word collocations.

Largely this is due to the fact that since Latvia regained its independence in 1991 academic community has been exposed to much larger and dominant languages, cultures and scientific styles. As a result, Latvian scientists are taking over not only lexical items but even grammatical constructions and punctuation patterns which are not typical for the academic style in Latvia.

Influence sometimes is felt in sentence structures – foreign patterns are taken over without considerations of syntactic difference between languages, as for example in the following title:

### *Example 1*

LV – Vārdkopterminu struktūra un datorizēta meklēšana tekstos.

EN – The Structure and Computerized Search of Multi-word Terms in the Texts.

In Example 1, the Latvian variant is meant as the original, the article itself also is in the Latvian language. The English counterpart is meant as the translation of the original title which is followed by an abstract in English. In the English language such word order as *the structure and computerized search of multi-word terms* is fully acceptable since both *structure* and *search* are coordinates linked by a coordinating conjunction *and*, expressed by nouns and are functionally alike thus being grammatically equal. Whereas in the Latvian language the word *struktūra* (*structure*) and *meklēšana* (*search*) even they both are nouns, the latter is a participle and represents an activity. Thus, these two words have different grammatical and semantic valency. This might be a case of misapplication of the structure of the English title directly to Latvian.

As a Latvian scholar Lokmane (2004) states: “There is a connection between words’ syntactic necessity and their valency. In other words, what kind of word form or class

the head word combines depends upon its semantic necessity to form such collocation.” (Lokmane, 2004: 268)

Scientific articles’ style as well as their titles is in many respects different in different cultures/language communities. Culture specific differences of intellectual styles in general are discussed by Galtung (1985). These differences are present even in the way we format our titles for academic articles, or how we present information in the article for that matter.

Titles, though usually just a very short part of any text, nevertheless represent an important part of a text in that they communicate the theme of the text as well as perform kind of a marketing function – they are supposed to arise readers’ interest in the competitive world. Since the opening up of former Soviet Union borders, understanding of competitiveness also in science starts slowly but changing. On the one hand, it happens because of more intense language contacts, on the other hand, indeed, scientists become aware that they might use slightly different stylistic means. For example, we can observe changing attitude towards colon use in the titles of scientific texts. According to Ceplītis (1989: 259), traditionally colon in the Latvian language is used in two cases: 1) it shows that what follows is an explanation or concretization (sometimes in a form of a list); 2) to identify that the following is a citation. In Blinkena (2009: 377–378), we already find more elaborated usage of colon – 9 different applications. 4 of these refer to technical identifications of numbers, 4 of these are the same as mentioned by Ceplītis (1989) but explained in more detailed way, and 1 is the use of colon in titles identifying that the following is a subtitle or a parallel title, or other additional information. According to Haggan (2004), in the English language this usage of colon is rather new as well: “.. it serves ... as an illustration of what is now a common research paper title structure: two noun phrases separated by a colon.” (Haggan, 2004: 293) The fact that punctuation norms change alongside with language itself is argued by Blinkena (2009): “Various assumptions about the punctuation system might have been unintentional and in the course of time have become tradition. Especially this regards the choice of punctuation marks and their placement... In this respect, Russian, German and English languages have had the most influence.” (Blinkena, 2009: 35)

#### *Example 2*

- Skolēnu lingvistiskā attieksme: valodas situatīvais aspekts.
- Basku valoda: euskara.
- Vārdu izvēle: aktualizācija un mode.
- Datorterminoloģija kartogrāfijā: problēmas un risinājumi.

In the Example 2 we can see that colon is used as a separation mark to show that following information is a subtitle. This usage of colon in titles has become quite a norm nowadays in the Latvian language, just as Blinkena (2009) argued – it has become already a tradition in the Latvian language.

## Conclusion

In this article, the author has demonstrated what are the recent tendencies concerning theory and practice of title writing in the English language (Mauranen, 1993; Hyland, 1998, Haggan, 2004 and how these tendencies are being taken over by Latvian scientists Blinkena, 2009). Sometimes misapplication of directly taken over syntactical structures from English into Latvian might be a cause of awkwardly sounding titles.

In conclusion, we can say that norms and our expectations towards scientific texts in general as well as to titles of scientific articles change. We become more flexible towards strict conventions of genres. There is a risk that under the influence of foreign patterns we might lose our cultural peculiarities concerning academic text writing in general. However, in the modern globalized world and with the abundance of available texts and sources on the Internet, we might lose our alert regarding correctness and purity of our own language. When it comes to educating young translators, pointing to such issues as semantic and grammatical differences as well as generally different intellectual styles are of crucial importance.

## References

- Blinkena, A. (2009). *Latviešu interpunkcija*. Zvaigzne ABC.
- Ceplītis, L., Rozenbergs, J., Valdmanis, J. (1989). *Latviešu valodas sintakse*. Rīga, Zvaigzne ABC.
- Haggan, M. (2004). *Research papers titles in literature, linguistics and science. Dimensions of attractions*. Journal of Pragmatics, 36, 293–317.
- Hyland, K. (1998). *Persuasion and Context: The Pragmatics of Academic Metadiscourse*. Journal of Pragmatics. 30.
- Hyland, K. (2000). *Disciplinary Discourses: Social Interactions in Academic Writing*. Harlow: Pearson Education.
- Lokmane, I. (2004). *Valence un sintaktiskais obligātums*. No “Vārds un tā pētišanas aspekti”, LiePU, 268.–275. lpp.
- Mauranen A. (1993). *Cultural Differences in Academic Rhetoric*. Frankfurt am Main: Peter Lang.
- Petre, B. (2008). *Vēlreiz par neveiksmēm zinātnisko rakstu valodā*. No “Valodas prakse: vērojumi un ieteikumi”. Populārzinātnisku rakstu krājums. 3. [laid.] Rīga, LU Akadēmiskais apgāds, 2008, lpp. 13–19.
- Rozenbergs, J. (2004). *The Stylistics of Latvian*. LU Akadēmiskais apgāds.

### *List of abbreviations*

EN – English

LV – Latvian

## THE EUROPEAN LANGUAGE PORTFOLIO IN NON-FORMAL EDUCATION IN LATVIA

**Silvija Kārklīņa**

MA Philology, director, Public Service Language Centre  
*silvija.karklina@ymc.lv*

**Ilze Ivanova**

Dr.Paed., Professor, University of Latvia  
*ilze.ivanova@lu.lv*

### Abstract

The present paper deals with maintenance of sustainable environment for language learning within the lifelong learning framework which is of utmost importance for individual growth and society on the whole. Despite of preference and adherence of adults to routine learning /teaching environment the new processes in the language situation across the globe have brought the following terms: ‘Common European Framework of Reference’ (CEFR), ‘synchronization of language acquisition levels’ and ‘effective cross-border communication’ into everyday life of our society. Therefore, the authors of the present paper have participated in the development of several European Language Portfolios for Adults and Professional People both in Latvia and abroad. Consequently, the new language tools were integrated in the practical teaching of adults which gave rise to introduction of the Common European Framework of Reference in language teaching in Latvia. The authors have analyzed the development of innovative language learning tools and their introduction and management in the learning/teaching environment which also leads to synchronization of the language acquisition process across Europe.

**Key words:** *economics, language learning tools, ELP, CEFR, support mechanism*

### Introduction

The internationalisation of economy, constantly developing forms of communication and increased mobility have been accompanied by a gradual weakening of social cohesion in many countries, one of them being Latvia which witnessed a referendum on the state language policy on February 18, 2012. The increasing fragmentation of our society at large means that the Council of Europe and the Latvian government should continue to intensify their efforts to strengthen cohesion in many European countries, including Latvia.

Language learning prepares a way for greater understanding among citizens and residents of a country or Europeans at large. Recommendation No. (82) 18 stipulates that “it is only through a better knowledge of European languages that it will be possible to facilitate communication and interaction among Europeans of different mother tongues in order to promote European mobility, mutual understanding and cooperation, and overcome prejudice and discrimination.”

Raising awareness regarding language acquisition and intensification of language learning is essential to all people in Latvia in order to foster an attitude of openness and leading to respect of other cultures.

The Council of Europe and the European Commission have done a lot in the field of modern language learning and their efforts to promote language learning have been observed also as a lifelong process where not only schools and higher educational establishments but also different lifelong learning educational institutions help learners to develop their language skills and foster different language acquisition processes.

## Background

The project of the Council of Europe “Modern Languages for European Citizens” where a series of 37 international workshops were held between 1984 and 1987 focused attention on new sectors and themes, as well as brought different experience together in order to investigate the development of learner autonomy, and “learning to learn”, bilingual education and the use of new information and communication technologies, new forms and methods of testing and assessment.

In 1998, John Trim indicated that these international workshops were important in building networks among international participants and giving a belief that language teaching professionals across Europe were building a common understanding and a common system in language teaching/learning, despite of diversity of national situations and systems (Trim, 1998).

He announced that a Draft of a Common European Framework for Language Learning, Teaching and Assessment had been produced, stating, “The Framework attempts to identify the main parameters and categories which will help practitioners to reflect on and report the decisions they make and the options they exercise as learners, teachers, teacher trainers, material producers, course designers, curriculum developers, when setting objectives, carrying out a learning/teaching programme, or assessing achievement or proficiency at a range of different levels” (Trim, 1998:47).

Along this announcement, there was an encouragement to use a European Language Portfolio (hereinafter – the ELP) after the feasibility studies had been conducted and a number of working models had been produced, with an aim for the learners to record

the full range of their language qualifications and learning experiences on the basis of the Common European Framework of Reference (hereinafter – the CEFR).

The CEFR was developed to promote transparency and coherence in teaching and learning of modern languages in Europe. The CEFR comprises a descriptive scheme of language use and competences. “The descriptive scheme of the CEFR includes a set of common reference levels, providing six ascending levels of language proficiency (proficiency implying not only the knowledge of a language but also the degree of skills in using it). Each level is characterised by a brief descriptive statement of what a learner can be expected to do with language at that stage. These descriptors were selected and scaled scientifically, and they cover both global proficiency and the ability to carry out specific communicative tasks. Together they form a descriptor bank that can be added to, updated and edited to meet present and future needs and are intended to be adapted in response to specific educational goals and contents” (Recommendation, 2008:7).

In order to facilitate the language situation in Latvia, the support came from the Council of Europe and the European Commission with regard to the introduction of support mechanisms to establish the common ground for foreign language learning and language proficiency assessment.

In 1998, John Trim reported that “advice and technical assistance have been given to the Baltic Republics and Slovakia regarding the national language policies, in such a way as to reconcile the objectives of language policy with respect to human rights of minority populations. Threshold Level descriptions have been produced for Estonian, Latvian, Lithuanian and Russian, using the updated Threshold 1990 specification” (Trim, 1998:46).

Nevertheless, in 2012, the assessment of foreign language proficiency in the formal secondary education in Latvia is not conducted in accordance with the Common European Framework of Reference.

## The ELP in Latvia

The ELP is an official document which records the language skills and the language experiences, as well as the cross cultural contacts of the owner of the portfolio.

It is important for learners to become aware of the various skills developed during the language acquisition process and to be particularly aware of the specific skills that are required for professional development in the foreign language. Thus, the ELP which is developed on the basis of the CEFR provides the learner with a general overview of his/her current language proficiency level, as well as the entire range of skills to be developed (Kārklīņa, 2005).

The Recommendation CM/Rec (2008)7 of the Committee of Ministers to Member States on the use of the Council of Europe's Common European Framework of Reference for Languages (CEFR) and the promotion of plurilingualism acknowledges the right to quality language education as an essential part of the fundamental right to education and the measures to be taken in order to ensure the implementation of the CEFR include the promotion of the use of the ELP, which is based on the CEFR.

The work on the 1<sup>st</sup> national ELP was started in 2004 and the working group was set up by the representatives from the Ministry of Education and Science, the State Language Agency and the Public Service Language Centre. The working group was chaired by Dr. Ieva Zuicena. The working group for the first ELP development comprised both, practitioners of the Latvian language and the English language as the first ELP version was developed. After two rejections on the validation of the submitted ELP for Adults by the Latvian Accreditation Committee and the State Language Agency, a supplementary part of the Biography in the Russian language was introduced for the full set of the Latvian ELP for Adults, currently comprising three languages: English, Latvian and Russian.

The accredited model of the ELP No. 84.2006 was awarded to the Public Service Language Centre in collaboration with the State Language Agency, and this model conforms to the Principles and Guidelines for ELP Developers.

Every ELP has three parts:

- 1) Language Passport where the learner records all the languages learned and his/her proficiency levels.
- 2) Language Biography where the learner sets the goals and records the study process as well as assesses the results achieved.
- 3) The Dossier is intended for collecting the documents proving the learner's competence in languages acquired and the best samples of his/her study work.

The descriptors in the checklists in the Language Biography of this Portfolio have been worked out from the ones developed for the "Common European Framework of Reference for Languages: Learning, Teaching Assessment, Strasbourg, Council for Cultural Co-operation, Education Committee", Council of Europe, 2000, for the European Language Portfolio, Swiss version (accreditation No. 1.2000) for the EAQUALS-ALTE ELP (accredited model No. 06.2000), for the Russian European Language Portfolio (accredited model No. 3.2000) and two other ELPs, mostly creatively reformulating them.

The Biography part consists of four chapters:

- 1) "Language Learning Goals" where the learner can answer the questions about his/her specific learning goals which will help the teacher develop a language programme according to the needs.

- 2) “Language and Intercultural Experience” is the chapter where a learner can register chronologically his/her language learning process and foreign culture acquisition.
- 3) “Learning to Learn” is the chapter which deals with the learning methods to make the learning process more efficient and effective.
- 4) “The Self-Assessment” chapter evaluates the specific language skills and sets the next targets in the language learning process. In the self-assessment pages of this chapter, each language skill (listening, reading, spoken production and spoken interaction, writing) is divided into six levels, which corresponds to the levels A1, A2, B1, B2, C1, C2, set by the “Common European Framework of Reference for Languages: Learning, Teaching, Assessment” where A1 is the lowest language proficiency level and C2 is the highest. The corresponding levels in Latvia are those which are used in the certification of the state language proficiency (for vocational purposes): 1A, 1B, 2A, 2B, 3A, 3B where A1 is the lowest language proficiency level, but 3B – the highest.

Two more European Language Portfolios have been developed in the subsequent years in Latvia: the European Language Portfolio for Nurses in 2006 and the European Language Portfolio for Railway Staff (2007).

The development of the European Language Portfolio for Nurses was funded by the European Commission under the Leonardo da Vinci Programme Project “Lifelong Learning for Nurses to Promote Mobility and Foster Exchange Capacity”, project No. LV/03/B/F/LA-172.001

The three parts: Passport, Biography and Dossier have been developed in the following languages: Finnish, Latvian Spanish, Italian, while English was used as the interface language for the specialists among the partnership to agree on different terminology and concepts in the medical field as the project partnership comprised professionals from the nursing field. The Public Service Language Centre in Latvia was a developer of descriptors, which comprised two aspects of the medical language: the generic character as drawn from the ELP for Adults of the national accredited model and professionally specific descriptors as prioritized in accordance with the language proficiency levels by the medical specialists.

The ELP for Railway Staff was developed within the framework of Leonardo da Vinci Programme Language Competencies Project “Uniform Railway Language for Safer Europe (project No. LV/06/B/F/LA-172.005)”. This vocational ELP is translated into 6 partner languages and fosters the development and assessment of the general English language proficiency levels as well as includes descriptors related to the professional field of train drivers and other on-board staff.

## Survey “On the Use of the ELP”

“Mentors Activate European Language Portfolio through Multimedia” (project No. 135454-LLP-2007-1-LV-KA2-KA2MP, funded by the European Commission) is a project with an aim to stimulate the practical use of the ELP via mentoring and multimedia.

Within the framework of the project “Mentors Activate European Language Portfolio through Multimedia (ActivELP)” a survey was conducted regarding the use of the ELP in language teaching and learning. The survey was distributed to language teachers in formal educational institutions and lifelong learning education providers.

One of the main goals of the survey was to determine to what extent the ELP has been used in language classes and how familiar language teachers were with the application procedures.

The survey does not claim to be representative of the project partner countries; nevertheless, this survey does reflect the general attitude and the general readiness of language teachers to use the ELP in language classes.

The project team collected 602 filled-in questionnaires from the following partner educational establishments: ECET in Bulgaria, PIXEL in Italy, Akademie IEE in Turkey, ICC (an international network of lifelong learning establishments), College of Computer Science in Poland, the University of Latvia, and PSLC in Latvia.

The teachers who took part in the survey agreed on the availability of the ELP in their respective countries which showed their awareness of the existence of this self-assessment tool. Despite this awareness, only 39% of the teachers had made an effort to use the ELP in the language teaching process. They also regarded the ELP Passport as the most popular and useful part of their classroom activities.

The positive finding was that the majority of the 602 teachers regarded the ELP to be a tool that could improve the quality of teaching. The greatest benefit of using the ELP was the fact that it fostered learner autonomy. A total of 64% of teachers confirmed their willingness to use the ELP in foreign language teaching provided there were ELPs available in their respective countries.

Although every European Union country has produced more than one ELP and there are more than one hundred validated models of the ELP. These models are not readily accessible to a learner or a teacher who wishes to use this support tool in their language classes which would help both an adult learners and a teacher know the progress towards a particular outcome in the teaching/learning process at certain points of their language acquisition process.

Linda Merricks states that assessment is a vital part of learning because it:

- motivates a learner;

- provides a feedback;
- serves as a performance indicator;
- diagnoses, which learning needs are especially important for mature students and adults to select for the next educational stage (Merricks, 2002). These functions are achieved when adult learners complete the checklists of skills, self-assessing their language acquisition process. By completing the ELP, an adult learner is able to benchmark his/her skills against the standard set by the CEFR.

A. Martel supports this new trend in teaching which aims at using a number of strategies to increase ownership of the decision-making process in learning: through teaching materials designed as resources that can be used by both teacher and learner; development of mastery through better understanding of learning processes and styles, training in reflexivity, development of portfolios and self-evaluation (Martel, 1998).

Furthermore, the support for the introduction of the ELP was given by the Latvia University Faculty of Pedagogy and Philosophy team headed by Dr. Ilze Ivanova which was a joint project of three countries on Current Foreign Language Teaching Policy in Europe (CUFTE). The project was conducted under the coordination of Akdeniz University and the first CUFTE Project meeting was held in Antalya, Turkey in 2008 with the participation of the partner countries: Austria and Latvia. The staff and the students from the University of Education in Upper Austria, the University of Latvia and the Akdeniz University (a coordinating institution) presented their studies and shared their ideas and experiences. The coordinator Ismail Hakke Mirici and expert Friedrich Buchberger analysed the foreign language teaching policy in Europe in detail. The respective European foreign language teaching policies of the participating three countries have been summarized in particular by each country coordinator and then, analysed by all participants in a comparative approach.

The CUFTE project dealt with the problems of the implementation and the dissemination of the ELP. Concluding the Project in 2010, a number of problems were determined and the suggestions were crystallised from the discussions concerning teacher training, curriculum design and the ELP application in practical teaching/learning situations.

## Conclusions

The ELP is an official document which records the language skills and the language experiences, as well as the cross-cultural contacts of the owner of the portfolio and these serve as support tools to adult learners in their foreign language acquisition process.

In Latvia, there are ELPs available for adult learners both in the professional field and in everyday life: the general ELP for Adults, the ELP for Nurses and the ELP for Railway Staff.

These innovative language learning tools, which promote the adult learner autonomy, can be produced by an educational establishment with the help of the EU funded projects in order to meet the needs of an adult learner to be able to assess their language proficiency levels in accordance to the CEFR.

The ELP should be made available to any adult learner to empower him/her to review their learning and assess their language proficiency level during their language acquisition process.

The ELP serves as a tool of the educational environment which leads towards sustainable development of any language acquisition process.

## References

*Common European Framework of Reference for Languages: Learning, Teaching, Assessment.* (2000). Strasbourg: Council of Europe, Council for Cultural Co-operation, Education Committee.

*The Council of Europe.* Recommendation No. (82) 18 of the Committee of Ministers.

*The Council of Europe.* Recommendation CM/Rec 7 (2008) of the Committee of Ministers to Member States on the Use of the Council of Europe's Common European Framework of Reference for Languages (CEFR) and the Promotion of Plurilingualism.

Dalbiņa, D., Grīnberga, I., Jundze, I., Kārklīņa, S., Ostrovska, S., & Zuicena, I. (2006). *European Language Portfolio for Adults*. Rīga: VMC.

Kārklīņa, S. (2005). *The Mature Student in Language Learning Classroom*. Social Inclusion and Exclusion, and Social Justice in Education, pp. 177–190, G. Weiner (ed.). Linz: Trauner Verlag.

Kārklīņa, S., & Ostrovska, S. (2008). *Language Portfolio for Railway Staff*. Rīga: VMC.

Odiņa, I., Grigule, L., Kārklīņa, S., & Skara-Mincāne, R. (2009). *Active ELP Mentoring Guidelines*. Rīga: VMC.

Martel, A. (1998). *Complimentarity or Competition? Multilingualism in All Its Forms*. Modern Language Learning and Teaching in Central and Eastern Europe: Which Diversification and How Can It Be Achieved. pp. 319–328, Council of Europe: Strasbourg.

Merriks, L. (2002). *Assessment in Post-compulsory Education*. The Theory and Practice of Teaching. pp.159–171. (Jarvis, P., ed.). London: Kogan Page.

Trim, J. (1998). *The Council of Europe Modern Languages Projects: Outcomes and Future Prospects*. Modern Language Learning and Teaching in Central and Eastern Europe: Which Diversification and How Can It Be Achieved. pp. 45–49, Council of Europe: Strasbourg Cedex.

## LATVIAN LANGUAGE OF THE TRANSLATOR

**Dzintra Paegle**

Asoc.prof. Dr.philol. University College of Economics and Culture

*dzintrap@latnet.lv*

### Abstract

The basis of vocabulary consists of neutral lexis, but vocabulary is constantly changing and developing; some words become outdated, gain a new meaning or a nuance of meaning. Dictionaries usually point to such limitations of stylistic usage of words.

This article is looking for reasons why there are uncritically chosen words and word combinations in translations. One of the reasons for failure is the fact that it is not always possible for the translator to find useful information on the stylistic limitations of word usage, e.g., *dzimumdiena* or *dzimšanas diena*, *domraksts* and *sacerējums*, *puisis* etc. Often some information about undesirable usage of a word in literary language is to be found in normative linguistic literature, e.g., in the case of the word *puisis*, but the translator disregards it, as he or she has not got acquainted with these materials. Latvian dictionaries lack recommendations for word usage in language practice, and word descriptions can be outdated; the word *puisis* is too excessively used in modern language and translation to denote adolescents, young men or any men in general. Description of the word *puisis* in dictionaries is preserved as it was for 60 years ago. Quality of a translation is lowered by the translator's sloppy work with words and word combinations, as well lack of knowledge about the Latvian language facts.

**Key words:** *lexis, Latvian language, target language, dictionaries, quality of translation*

### Research and findings

Working in interpreter/translator groups we try to achieve the highest level of expertise in order to help our students to achieve high mastery of language. First of all they should be excellent experts of source language, but of no less importance in translations is the expertise in the target language; it is not enough that the translator is a born target language speaker. Translators should always acquire new knowledge, read the recommendations of the target language linguists, and “dig into scriptures” to find the most perfect word for the reproduction of the content and culture of a literary work.

The aim of this article is:

- to reveal the difficulties that the translator encounters searching for a suitable word and using Latvian language dictionaries;
- to critically examine translations of single words and stable phrases as well as the lack of comments and translation of incomplete text parts.

Language examples are taken from Tony Parsons' novel "One for my Baby", translated from the English language by Elīta Līdumniece in 2007.

It is well known that vocabulary of a language changes, some words become outdated, others gain new meaning or variations of meaning; words, just like people, have a life. How to find a suitable word for the **translation**, appropriate for the corresponding epoch of Latvia?

The plot of the discussed novel takes place at the end of 1990s and in the very beginning of the 21st century in England and Hong Kong, but memories of the characters date back to the 1940s, and some of their lives have begun approximately in 1920s. In this historical context, we shall discuss the suitability of the words *dzimumdiena* and *dzimšanas diena*, *sacerējums* and *domraksts*, *puisis* and *spietot*.

## Choice of *variants dzimšanas diena* and *dzimumdiena*

The most commonly used translation for 'birthday' in the novel is *dzimšanas diena*, but in one place the translator uses *dzimumdiena*.

Usage of the denominations *dzimšanas diena* and *dzimumdiena* has been changing throughout the 20th century. Linguist P. Šmits in his book "Valuodas kļūdas un grūtumi", in 1921, writes: "dzimšanas diena par piemiņu dzimšanai, nevis dzimuma diena" (Šmits, 1921, 10). Thus, he states that it is better to use *dzimšanas diena*.

During the 1930s *dzimumdiena* as the only denomination of birthday was suggested by language norm experts, especially by Jānis Endzelīns. In the book "Valodas prakses jautājumi", compiled by P. Ozoliņš and edited by J. Endzelīns in 1935, it is said:

"Vārdi, kas beidzas ar **-šana**, norāda ilgstošu darbību (*sēšana, pļaušana, skriešana*), tāpēc, runājot par dzimšanas dienu, labāk teikt **dzimuma diena, dzimumdiena**" (Ozoliņš, Endzelīns, 1935,18).

*Dzimumdiena* as the only variant is mentioned in "Latviešu pareizrakstības vārdnīcas", published starting from 1936 (LPV 4,1936,66). It was regularly used by the press in the first half of the 20th century, e.g., the newspaper *Latvijas Vēstnesis* informs about *dzimumdienas* of famous Latvians and foreigners. V. Rūķe and J. Endzelīns in the book "Valodas un rakstības jautājumi", published in 1940, repeatedly back the choice of *dzimumdiena*, keeping the preceding concept: "Ievērojot to, ka atvasinājumi ar -

šana palaikam apzīmē ilgstošu darbības norisi, *dzimšanas dienas* vietā derētu labāk runāt par *dzimuma dienu* resp. *dzimumdienu* (Rūķe, Endzelīns 1940, 34).

In “Latviešu valodas pareizrakstības vārdnīca”, published in 1944, both *dzimšanas diena* and *dzimumdiena* can be found (LVPV 1944, 33).

In 1951 “Latviešu valodas pareizrakstības vārdnīca” of the Soviet era names only *dzimšanas diena* (LVPV 1951, 50). Thus we can conclude that the usage of *dzimšanas dienas* was established in 1950s, 1960s, and 1970s, as *dzimšanas diena* was used everywhere in public life, although in the spoken language people said *dzimumdiena*.

If we look in “Latviešu literārās valodas vārdnīca” (1973), at the entry *dzimšana* we can read *dzimšanas diena* ‘Diena, kad (kāds) ir piedzimis’, and further *dzimumdiena* ‘Cilvēka dzimšanas gadskārta, jubileja, dzimšanas diena’; while the word *dzimums* is given the third meaning – ‘Savienojumos “no dzimuma”, “pa dzimumam”’: no dzimšanas brīža. Vārgs no dzimuma. Dēls bijis pa dzimumam bez kājām. ME I 551’ (LLVV 2, 1973, 454; 456).

Linguist I. Ēdelmane, who has compiled this dictionary entry, in the book “Latviešu valodas kultūras jautājumi” (1970) writes: “Valodā ir vērojami arī tādi gadījumi, kad vienu un to pašu jēdzienu apzīmē ar vairākiem vārdiem. Laika gaitā viens no šiem vārdiem parasti gūst virsroku, nostiprinās, bet pārējie pamazām izzūd. Tā, piemēram, blakus vārdkopai *dzimšanas diena* lieto arī salikteni *dzimumdiena*. .. Valodas materiāls rāda, ka izplatītāka ir vārdkopa *dzimšanas diena*, bet mazāk lietots saliktenis *dzimumdiena*. (Vārdkopas un salikteņa lietojuma aptuvenā attiecība ir apmēram trīs pret vienu.)”

For the Latvian language speakers the word-group *dzimšanas diena* is associated with *dzimšana*, but the first part of the compound *dzimumdiena* is associated with the main meaning of the word *dzimums* (e.g. *sieviešu dzimums*, *vīriešu dzimums*, *abu dzimumu personas*). The word *dzimums* has a complicated semantic structure. As examples show, in particular cases it really denotes birth (*akls no dzimuma*, *slimīgs no dzimuma*). An interesting example: *Dēls bijis jau pa dzimumam bez kājām* (K. Mīlenbaha un J. Endzelīna Latviešu valodas vārdnīca I). This meaning formed the basis for the creation of compound *dzimumdiena*. But, since in the modern language the word *dzimums* with meaning ‘dzimšana’ has already become archaic, it seems that the compound *dzimumdiena* has no perspective. The word-group *dzimšanas diena* has established itself in the Latvian language according to the tradition and alongside such word-groups as *dzimšanas vieta*, *dzimšanas gads*, *dzimšanas apliecība* u.c.” (Ēdelmane, 1970, 73, 74). Although the linguist mentions that *dzimumdiena* is an archaic word, at the entry *dzimumdiena* the dictionary does not state *novecojis* or *sarunvalodas vārds*. In 1981, a new “Latviešu valodas pareizrakstības vārdnīca” (LVPV 1981,75) was published, and there one can find words *dzimumdiena*, *dzimums*, but not *dzimšanas diena*. Reviewer Vaira Strautiņa asks: “Vai vārdkopa *dzimšanas diena* uzskatāma par neliterāru?” (Strautiņa, 1982, 139). “Latviešu valodas vārdnīca” of The American Latvian association, published in 1993, states: *dzimumdiena*,

*dzimšanas diena* ‘diena, kuŗā dzimis’ (LVV 1993, 198); and so does “Latviešu pareizrakstības vārdnīca” written in 1944.

In “Latviešu valodas pareizrakstības un pareizrunas vārdnīca”, published in 1995, one can find *dzimumdiena* and *dzimšanas diena* (LVPPV 1995,199). “Latviešu valodas vārdnīca” (2006) lacks both *dzimumdiena*, and *dzimšanas diena*, but in the electronic *thesaurus* only *dzimumdiena* is found.

Thus we can conclude that it is impossible to obtain information about the usage and usage restrictions of *dzimumdiena* and *dzimšanas diena* from modern dictionaries, therefore the translator has to rely upon his or her own feel for the language.

The translator of the novel uses the word *dzimumdiena* not in the speech of an older woman, an approximately 87 year-old granny, but in the speech of the mother of the main character, a 54 year-old woman. She says: “*Mēs noorganizēsīm [better: organizēsīm Dz.P.] viņam dzimumdienas ballīti! Uzvilkdama mēteli, mamma paziņo. Tikai nesaki to omai, Līnai un tētim*” (74). The translator does not feel the word *dzimumdiena* as outdated; she uses it in the text as a synonym for the word-group *dzimšanas diena*. It can also be observed in the internet materials that *dzimumdiena* comes into fashion again because it sounds a bit different than the usual *dzimšanas diena*. The second wind of this word could be brought about by the electronic variant of “Latviešu valodas pareizrakstības vārdnīcas” (1944), published by “Latviešu valodas krātuve”.

Usage history of the word *dzimumdiena* shows that it was used and recommended as the only literary variant until the middle of the 20th century; in the second part of the 20th century *dzimšanas diena* became the most often used variant, and today both variants – *dzimšanas diena* and *dzimumdiena* are used. In the translation, *dzimšanas diena* should be used in Alfie’s mother’s speech, as she is approximately 54 years old, while the grandmother could say – *dzimumdiena*, because her active language acquisition period was in the first half of the 21st century when this word was the only literary variant.

## Usage of the word *sacerējums* ‘skolas rakstu darbu veids’

In this meaning the translator uses the word *sacerējums* three times, and the plot of the novel takes place around 1998.

The term *sacerējums* was used in Latvian schools during the Soviet era. Up until that time, students were writing *domraksts*, and in the restored republic *domraksts* came into usage again along with other variants of written assignments, e.g. essay. The translator probably has no knowledge of that. There is little information about these facts in the Latvian language dictionaries. Judging by the description, the students have been writing a substantiated essay: “*Tad savus palaidņus piespiežu rakstīt*

*sacerējumu* par izvēlēto tematu. Tēma skan šādi: “Zinātnes un tehnoloģiju attīstība, tās pozitīvā un negatīvā ietekme uz cilvēces evolūciju”. Kamēr studenti cītīgi skribelē, pastaigājos gar solu rindām.

“Es gribu dzirdēt abas argumentācijas,” oficiāli paziņoju. “Gan par, gan pret – negatīvo un pozitīvo. Iesaistiet savos teikumos tādas izteicienus kā daži varētu uzskatīt..., citi varētu iebilst, ka..., tomēr zināms riska faktors, tāds kā ...”(158.)

If we use the outdated term *sacerējums*, the reader can get a misconception that the teacher is behind the times.

## Usage of the word *puišis*

Usage of the word *puišis* has changed in the modern language. Thirty years ago, people said: “*Meitenes un zēni*”; now they say: “*Meitenes un puiši*”, and mass media are full of *puiši*. If the writer Andrejs Upītis would have to write his book “*Sūnu ciema zēni*” now, the name would most probably be “*Sūnu ciema puiši*”. Traditional usage of the word *puišis* has changed. A. Blinkena, in 1978, saw the Russian language influence in this aspect: “..latviešu valodā vairs tikpat kā nelieto vārdu *jaunava*, maz lieto arī *jauneklis*, bet tā vietā stājušies vārdi *meitene* un *puišis* (кр. девушка un парень). .. Šādas slēptās interferences parasti samazina valodas izteiksmes līdzekļus, valodu noplicina, tāpēc tās nebūtu veicināmas” (Blinkena 1978, 38).

This walk of victory is still continuing. It should be added that already starting from the end of 1990s, kindergarten teachers called little boys only *puiši*, and it continued in schools as well. Although the translator uses different words denoting young men: *jauneklis* [more often], *jaunietis*, *puišis*, *apdulluši tīnīši*, *sapīkuši tīņi*, *čališi*, *tipiņi*, *zeļļi*, *bāli*, *izstādzējuši puikas ar glūnīgiem skatieniem un palaidņu ekipējumu*, *pūtaini pusaudži*, the word *puišis* often is used as a synonym to *jauns vīrietis*, *jaunietis*: “es esmu **puišis** izbalējušā Sinatras kreklā” (20), “es biju *puišis* no Koulunas” (25), “*vairumam viņas kolēģu – skaļajiem puišiem un meitenēm.. piemita amizants nicinājums pret Honkongu*” (26). The main character of the novel, an English teacher, calls his students young men who are “pārsvārā tā ap divdesmit gadu veci”, for *puiši – ķīniešu puišis*, *pakistāniešu puišis*, *japāņu puišis* (66.– 68). The word *puišis* is used by the translator when speaking about men of any age:

“[In an Italian restaurant] .. skan akordeons, divas ģitāras un dzied kāds *pusmūža vīrs*. Viņi muzicē ļoti, ļoti skaļi. [..]. Tomēr joprojām vēlos, kaut muzikanti beigtu spēlēt. “**Puiši**, lūdzu nevajag! “es saku muzikantiem. “Viņa ir mana studente. Es esmu viņas skolotājs. Lūdzu, cieniet studenta–skolotāja attiecības [correct without the dash: studenta **un** skolotāja DzP]! Beidziet, **puiši**, lūdzu!”(358).

In the modern spoken language and mass media the word *puišis* often denotes a young woman’s boyfriend, e.g., *meitene ar savu puiši*. The translator has not yet used this

new meaning; she uses the traditional expression, e.g., “*somiete, kas ilgojās pēc sava drauga*”, .. *nogurstu no sava drauga*”(69) etc. There is no information about this new meaning in the internet dictionaries or printed dictionaries. It is only possible to find information about the usage that was topical before the 1950s. The translator has to rely on her own feel for the language.

## New meaning of the word *spietot*

The word *spietot* usually is associated with bees, when the new bees swarm together with the queen bee and leave the old beehive to find a new home. Now the word *spietot* is used with a figurative meaning ‘*lielā skaitā, drūzmējoties vai riņķojot pulcēties kā tuvumā vai plūst kaut kur*’, and as such it is used by the translator: “*.šīs jaunās sievietes apzinās savu varu pār trokšņainajiem, vēl nepieaugušajiem puišiem, kas spieto viņām apkārt*” (337).

*Tagad šie jaunie, izkāmējušie vīrieši un puikas spieto cauri satiksmes sastrēgumiem pie Kinkrosas stacijas, mazgādami mašīnu priekšējos stiklus un tīrīdami dubļus no automašīnām pat tad, ja šoferis to nevēlas* (36).

The new meaning of the word *spietot* has come around quite recently, since about 30 years ago. The new meaning of *spietot* has not yet established itself in the language, although *spietot* in its new meaning has become something of a fashion word. This meaning emerged at the end of 1980s when the first gathering of singing families “Dziesmu spiets” took place in the Cēsu district on 19<sup>th</sup> of November, 1988. Such gatherings, or “spieti”, appeared on Latvian TV; “dziesmu spieti” became very popular in many regions, and some 500 singing families took part in them. This contributed to the popularity of the word *spietot* – “*pulcēties lielā skaitā, lielā pūlī plūst, doties uz kādu vietu vai atrasties lielā skaitā kaut kur*”. Although usually the word *spietot* is used in any odd way, like, *Ansīš spieto ap piparkūku trauku*. “*Latviešu valodas vārdnīca*”, published in 2006, does not yet mention this meaning of *spietot*, but the new explanation can be found in the electronic thesaurus.

## Choice of particular words

Choice of some words in the translation raises doubt about their appropriateness. Let's look at some examples. In the sentence “*Džoisā piekrītot pamāj, raudzīdamās uz mani ar savu vēriņo, pērļveidīgo skatienu*”(148) the translator uses *pērļveidīgs skatiens*. What kind of a glance is *pērļveidīgs*? It is not clear in Latvian, and the reader cannot grasp the idea.

There are quite a few descriptions of characters' appearance in the novel, especially their dark hair colour:

*Elegantas jaunas biroju darbinieces.. šūpoja melnmatainās galvas (18). Viņas [Rozas] mati bija tikpat melni kā ķīnietēm (18). Izskatīgas meitenes spīdīgiem matiem (44). Viņa pabužina puikas biezo, melno, spīdīgo matu ērkuli.. (128). Biroju meitenes ar melniem, spīdīgiem matiem (369). Caur melno, spīdīgo matu cekuliem.. (229). ..visapkārt bija ļaudis ar kraukļmelniem matiem (19).*

Besides such descriptions as *melnmatains*, *mati melni kā ķīnietēm*, *melnie*, *spīdīgie mati*, we read *kraukļmelni mati*. Is such a description semantically neutral in Latvian? In Latvian folklore and poets' writings, e.g. in Rainis' drama "Zelta zirgs", raven symbolises death or is the knell of death, war, or illness. In the Bible, raven belongs to the unchaste animals, while in Japanese and Chinese mythology it is divine, mentioned in connection with the sun. Probably it would be better to choose some other word in the Latvian translation in order to avoid the negative nuance of meaning that does not fit in the context.

## Translations of stable phrases

The reader experiences difficulty in understanding some of the phrases used by the translator. The main character of the novel, Alfie Budd, has worked as an English teacher at the Princess Diana Comprehensive School for Boys, and on parents day he has to meet the parents – "*Skolēnu vecāki faktiski bija vēl atbaidošāki par saviem bērniem. .. raženi noaugušiem rumpjiem ar saviebtiem ģīmjiem un zilganpelēkiem tetovējumiem. Un tās pat vēl bija tikai zēnu māmuliņas.*" (15). Does "*zēnu māmuliņas*" mean that it is just a small matter, a drop in the ocean? Further on, it is said that the teacher is really shocked when he notices that one of the fathers has a tattoo on his hand with a wrong spelling of his country – Great Britain. Maybe "*zēnu māmuliņas*" denotes something else; the reader cannot understand it.

It is hard to understand the translation of another fragment. Alfie's father has left his family and wants to marry a 25 year-old woman. Alfie, in despair, says: "*Tad varbūt ir nedaudz par agru sākt plānot Re, kur nāk līgava un sviest gaisā konfeti*" (114). Probably a comment about a popular wedding song in English wedding ceremonies could be inserted, or the translator could use Latvian habitual customs – exclamations "*Rūgts*" and "*Urrā!*"

The translator has not paid necessary attention to comments and translation of traditional phrases.

In the translation praxis, the translator usually chooses how to reveal the cultural historical information – when to use footnotes, what to translate and what not to translate.

The plot of the novel takes place on the background of songs by the popular American singer and actor Frank Sinatra (1915–1998), the main character Alfie wears a T-shirt with Sinatra's portrait, and his grandfather and grandmother, his father and he himself listen to Sinatra's music. The translator thinks that the Latvian language lacks the appropriate words for the translation of Sinatra's song titles, and therefore she leaves them untranslated, e.g.,

“Kas šajā mūzikā tik īpašs. Man patīk jautrie gabali, tādas dziesmās kā *Come Fly With Me* un *They Can't Take That Away From Me*, tādi albumi kā *A Swingin' Affair!* un *Songs For Swingin' Lovers!* Bet vislabāk man iet pie sirds dziesmas par mīlestības sāpēm. Tādas kā *In The Wee Small Hours*, *Angel Eyes*, *One For my Baby*, *Night And Day*, *My Funny Valentine* un tamlīdzīgas”(108).

## Conclusions

The article reveals difficulties that a translator encounters when working with the Latvian language dictionaries. The Latvian language needs not only dictionaries that collect all the words of the language, but also a normative Latvian language dictionary that would facilitate the translator's work. The quality of translation is influenced by choice of inappropriate language means and incompletely revealed cultural historical information on the life of another nation. The translator has to be not only a good source language specialist, but also a target language expert.

## References

- Blinkena A. (1978). Interference un norma. *Latviešu valodas kultūras jautājumi* (Rakstu krājums) 14. laidziens. Sastādījusi T. Porīte. Rīga: Liesma, 27–39.
- Ēdelmane I. (1970). Daži vārdu krājuma bagātināšanas veidi. *Latviešu valodas kultūras jautājumi* (Rakstu krājums) 6. laidziens. Rīga: Liesma, 71–75.
- Ozoliņš P., Endzelīns J. (1935). *Valodas prakses jautājumi*. Rīga: Ramave.
- Šmits P. (1921). *Valuodas kļūdas un grūtumi*. Rīgā: A. Gulbis.
- Rūķe V., Endzelīns J. (1940). *Valodas un rakstības jautājumi*. Rīga: Ramave.
- Strautiņa V., (1982). Jauno „Latviešu valodas pareizrakstības vārdnīcu” saņemot. *Latviešu valodas kultūras jautājumi* (Rakstu krājums) 18. laidziens. Sastādījusi S. Lagzdiņa. Rīga: Avots, 138– 142.
- Latviešu pareizrakstības vārdnīca* (1936). Sakārojis Ed. Ozoliņš. Rediģējis J. Endzelīns. Papildināts ceturtais izdevums. Rīga: A. Gulbis.
- Latviešu valodas pareizrakstības vārdnīca* (1944). Latviešu valodas krātuve. Papildināts un pārlabots otrs izdevums. Rīga: Latvju grāmata.
- Latviešu valodas pareizrakstības vārdnīca* (1951). Rīga: Latvijas Valsts izdevniecība.

*Latviešu literārās valodas vārdnīca* (1972). 1. sējums. A. Rīga: Zinātne.

*Latviešu literārās valodas vārdnīca* (1973). 2. sējums. B–F. Rīga: Zinātne.

*Latviešu literārās valodas vārdnīca* (1987). 6<sub>2</sub> sējums. P–R. Rīga: Zinātne.

*Latviešu valodas pareizrakstības vārdnīca* (1981). Rīga: Avots.

*Latviešu valodas vārdnīca* (1993). Vārdu pareizrakstība. Vārdu izruna. Vārdu forma. Vārdu nozīme. Latviešu valodas komisija. Valerija Bērziņa-Baltiņa. Jānis Bičolis. Amerikas Latviešu apvienība.

*Latviešu valodas pareizrakstības un pareizrunas vārdnīca* (1995). L. Ceplītis, A. Miķelsone, T. Porīte, S. Raģe. Ap 80 000 vārdu. Rīga: Avots.

*Latviešu valodas vārdnīca* (2006). 30 000 pamatvārdu un to skaidrojumi. Rīga: Avots.

*Valodniecības pamattermiņu skaidrojoša vārdnīca* (2007). Rīga: LU Latviešu valodas institūts.

<http://www.tezaurs.lv>

Pārsons T. (2007). *Manai mīļotajai*. Rīga: Zvaigzne ABC.



## **INFORMATIVE VALUE OF INTRODUCTIONS TO BILINGUAL DICTIONARIES: LATVIAN PRACTICE**

**Silga Sviķe**

Mg. TQM, PhD student, professional Interpreter/Translator,  
Lecturer at the Faculty of Translation Studies, Ventspils University College,  
*silga.svike@gmail.com*

### **Abstract**

The objective of this research is to study one of the most important aspects of a dictionary macrostructure – the principles used by the compilers of dictionaries in the selection of entries. In order to meet the objective two introductions to the contemporary German-Latvian and English-Latvian dictionaries, as well as an introduction to the two-volume Russian-Latvian dictionary are analysed. Special attention is paid to the compilers' statements regarding the selection of entries and inclusion of special lexis in the dictionary taking into account the target audience. The research is focused on the comparison of the dictionary compilers' opinions concerning the inclusion of the special lexis. The selected dictionaries are general bilingual dictionaries of medium to large size. For the purpose of comparison with the contemporary dictionaries, the introductions of a two-volume German-Russian dictionary of 2001 by Langenscheidt and the 1789 edition of the dictionary Lettisches Lexikon (Latvian Lexicon) by G. F. Stender are studied, too.

**Key words:** *dictionary, introduction, selection of entries, lexis of special use, area of application*

### **Introduction**

One of the most challenging tasks of a translator is to find the equivalent lexis of special use in the target language. Latvian equivalents can be found in both the resources available on the Internet and some printed lexicographical sources, including the bilingual dictionaries. Therefore “the selection of entries is important in development of a dictionary. Basically it is determined by the type of a dictionary, but even if the type and volume of the dictionary are known, there is much work to be done in selecting the appropriate lexis” (Roze, 1982: 109).

Rarely in the introduction sections (or users' guide) of bilingual dictionaries there is a detailed description given, explaining the way the selection of entries was performed. However, a user of the dictionary would be much more grateful if the information

about the selection of entries was already provided in the introduction to the dictionary for him / her not to seek for some terms in vain (Bergenholtz, 1992: 49–61).

The aim of the research is to analyse the introduction sections (or users' guides) of the bilingual dictionaries by applying the comparison method and paying special attention to the introduction, to what the dictionaries' compilers have written concerning the selection of the special lexicon of the corresponding dictionary, and what special fields' terms are included in the dictionary.

The dictionaries selected for the research according to the classification by A. Bankavs belong to the group of dictionaries with the functions "related to the interlinguistic communication" (Bankavs, 2000: 25).

The selected dictionaries of each language pair are general bilingual dictionaries of medium to large size. Mainly the selected dictionaries are the so-called passive dictionaries (used for translation into the mother tongue), where a word in a foreign language is provided on the left side of the page, but the corresponding equivalent – on the right side. The active dictionaries according to the classification by Hausmann are the dictionaries used for a translation into a foreign language (Hausmann, 1985: 377).

The *Langenscheidts Großwörterbuch Deutsch-Russisch*, which is intended for users with Russian as a foreign language, being analysed herein, belongs to the group of the active dictionaries. In real-life situations the bilingual dictionaries are mostly used by two groups of users – by those, who translate from a foreign language into their mother tongue, and those, who translate from their mother tongue into a foreign language.

From now the introductions (or users' guide) to all the selected dictionaries are analysed according to the following criteria: references about the user of the dictionary; presence/absence of information about the selection of entries of the special field; the lexicographical literature used during the compilation of the dictionary; field labels provided in the dictionary's list of abbreviations.

## German-Latvian Dictionaries

Two dictionaries were selected in this language pair: the German-Latvian Dictionary (*Vācu-latviešu vārdnīca*) published in 1954 by K. Granta and E. Pampe and consisting of 46 000 words, as well as the German-Latvian Dictionary published in 2002 by L. Vjaterē and consisting of 42 000 words.

The introduction to the dictionary written by K. Granta and E. Pampe consists of a chapter *From the Editorial Board*, where the target group of the dictionary is defined and the information about the lexicographical sources used is provided. The compilers specify that their dictionary is intended "for both the people who study German and those who read German fiction or social and political essays" (Granta & Pampe, 1954: 5). The compilers also write that "the terms of special fields were included in the

dictionary only selectively.” (Granta & Pampe, 1954: 5) There is no detailed information provided about the way this selection was done. The authors mention that there were 13 different lexicographical sources used in the compilation of the dictionary: some German explanatory dictionaries, the Encyclopaedic, the Style, and the Picture Dictionary, three German-Russian dictionaries and the German-Latvian Dictionary by J. Dravnieks. The compilers do not specify when the edition of the dictionary compiled by J. Dravnieks (used in this particular case) was published. It should be noted that the publication date of several lexicographical sources used is not provided, too. The chapter *From the Editorial Board* is followed by the next chapter *About the Structure of the Dictionary*, where it is described how the dictionary is supposed to be used. Then it is followed by the list of abbreviations. There are 56 abbreviations of various field names, including botany and such related fields as agriculture, forestry, biology.

The introduction to the German-Latvian Dictionary by L. Vjaterē up to the primary section of the dictionary consists of four sections: preface, description of the structure of the dictionary, interpretation of the phonetic transcription characters, and the list of abbreviations. In the preface L. Vjaterē specifies that “the dictionary is intended for everybody who studies the German language, reads literature, social and political essays, as well as periodicals in German” (Vjaterē, 2002: 5). The author writes in the preface that “the edition is supplemented with some new entries of the modern German literary language and colloquial speech” (Vjaterē, 2002: 5), although no specific examples of the modern colloquial speech and everyday language are provided further in the introduction. There is no information given about the principles for inclusion of special fields’ terms in the dictionary. In the list of literature used the compiler specifies a total of 14 lexicological sources: several German explanatory dictionaries, the 20-volume Encyclopaedia published by *Brockhaus*, the Dictionary of Abbreviations, the Dictionary of Foreign Words, the English-Latvian Dictionary, the Russian-Latvian Polytechnic Dictionary, the two-volume Encyclopaedic Dictionary, the Dictionary of Synonyms, etc. In the list of abbreviations L. Vjaterē lists 59 abbreviations of special fields, including botany, biology, agriculture, and forestry.

The dictionary *Lettsches Lexikon* published in 1789 by G. F. Stender was selected for comparison as the author of this research believes that some contemporary dictionaries could measure up to this edition regarding its structure and description of the lexis choice. In the introduction the compiler of the dictionary does not provide any information as to the number of entries included in the dictionary. The volume of the dictionary is 404 pages. The lexicon consists of the basic forms of German-Latvian and Latvian-German entries.

Following the German-Latvian and Latvian-German parts of a lexicon, the compiler thematically summarises male and female baptismal names, countries and nationalities, lakes, towns, and castles. The names of animals, birds, fish, insects, and the botanical

names are summarised separately. The botanical names are classified in the following groups: trees and perennial plants, flowers, herbs and other plants, mushrooms.

In the introduction to his dictionary G. F. Stender writes that this edition is meant for theologians, lawyers, and physicians, as well as economists and the natural scientists. Stender also specifies how the words are arranged and can be found. The compiler of the dictionary especially emphasises that the arrangement of words is simplified to make the use of the dictionary easier for foreigners. G. F. Stender gives an example on the way words can be found in the dictionary.

As to the inclusion of a special lexicon in the dictionary, the compiler indicates that in the section of the names for herbs there are the initials “D. L.” and “W.” added to some entries, meaning that these names were given to him by his friends, court advisors D. Liebe and Wunsch. Both aforementioned gentlemen provided the descriptions and names of some plants.

G. F. Stender writes that he tried to find corresponding Latvian equivalents to the German words to express the right meaning; however he also emphasises that he is not responsible for the entries with the references “E.” – Latvian Dictionary (*Latviešu valodas vārdnīca*) by Elvers and “L.” – Latvian-German Dictionary (*Latviešu-vācu vārdnīca*) by Langijs. The said abbreviations indicate that the compiler took these words from these dictionaries so the entries should be used very carefully and the meaning should be checked once again. In its turn, the words provided in square brackets are “false” words (*unächte Wörter*) given just as a reference to explain their meaning. G. F. Stender writes that some philosophy terms are translated into Latvian by the principle of analogy, but others have a description comprehensible to the Latvians.

In the introduction Stender also mentions that his work was proofread by Liedtke. At the end of each section he provides a summary of mistakes found and gives corrections.

The English-Latvian dictionaries are analysed in the next section.

## English-Latvian Dictionaries

The English-Latvian Dictionary (*Angļu-latviešu vārdnīca*) consisting of 45 000 entries is compiled by eight authors – Z. Belzēja, J. Curika, A. Grīnblats, L. Jurka, A. Millere, M. Strazdiņa, L. Timenčika and A. Feldhūna – and published in 1956. The English-Latvian Dictionary (45 000 words) is compiled by six authors – Z. Belzēja, I. Birzvalks, L. Jurka, R. Mozere, J. Raškeviča and A. Treilons – and published in 2000.

The introduction to the English-Latvian Dictionary compiled by the team of authors and published in 1957 consists of the introductory words *From the Editorial Board*, the section *About the Structure of the Dictionary*, the list of abbreviations, the list of the phonetic transcription symbols, and the English alphabet. The compilers specify that “the dictionary is intended for the pupils, students and everybody who studies

English, reads some fiction or social and political essays. When compared with the other English-Latvian dictionaries published so far, this dictionary has some neologisms, which appeared in English during the last decennary” (Angļu-latviešu vārdnīca, 1957: 5). The compilers declare it in the introduction to the dictionary but do not provide a single example of neologisms included in the dictionary.

The compilers specify that the special fields’ terms were included in the dictionary only selectively. There is no information provided as to how this selection was performed. The compilers mention that there were 12 different lexicological sources used when developing and editing the dictionary: several English dictionaries, the English-German Dictionary, three English-Russian dictionaries, English-Latvian dictionaries previously published by E. Turpins and J. Dravnieks, the Practical English Dictionary by Pelcis and the English Pronunciation Dictionary. There are 47 abbreviations of various special fields specified in the list of abbreviations. There is also botany, biology and agriculture among the abbreviations of the fields. Unlike the previously reviewed German-Latvian Dictionary, there are no corresponding references to the terms of the forestry field given in the *English-Latvian Dictionary* published in 1957.

The introduction to the *English-Latvian Dictionary* published by the team of compilers in 2000 consists of the preface, the English alphabet, a description of the structure of the dictionary, a subsection on the phonetic transcription symbols used in the dictionary, and a list of abbreviations. The preface of the dictionary is written both in English and Latvian and is significantly shorter than the one in the *English-Latvian Dictionary* published in 1957. The compilers of this dictionary emphasise that the dictionary is a completely new edition and “it is intended for students, lecturers of higher educational establishments, translators and everyone who reads some fiction, specialised texts and periodicals in English.” (Angļu-latviešu vārdnīca, 2000: 6) The compilers of the dictionary have stated that the dictionary mainly contains “the lexicon of contemporary English literary language and colloquial speech. There is also much room given to the current social and political terms, the terms of science, engineering, sports, medicine, etc.” (Angļu-latviešu vārdnīca, 2000: 6). Although there is no additional information provided about the selection of the special fields’ terms, this reference allows the users of the dictionary to expect a sufficient number of specific terms. In order to prove or disprove this suggestion, the author of the present research is going to analyse all the dictionaries discussed herein and check whether the botanic terms are included in the dictionaries. It should be also noted that in the introduction to the dictionary the compilers mention translators as possible users of the dictionary. Nevertheless it does not mean that translators cannot use any of the previously reviewed dictionaries as it is not possible and sensible to name all the potential users of the dictionary in the introduction. The compilers of this dictionary specify that in the process of developing the dictionary some recent lexicographical sources were used, although no further details or the list of these sources are provided. The compilers give the abbreviations of 73 fields, which is the largest number provided in

the introductions to the dictionaries analysed herein. There are botany, biology, agriculture, and forestry fields among the abbreviations given.

The introduction to the Russian-Latvian Dictionary is analysed in the next section.

## Russian-Latvian Dictionary

The two-volume Russian-Latvian Dictionary (*Krievu-latviešu vārdnīca*) with 84 000 words compiled and published in 1959 by the employees and non-staff employees of the Language and Literature Institute of the Academy of Sciences of the Latvian SSR and the Dictionary Editorial Board of the Latvian State Publishing House was selected in this language combination. The introduction to this dictionary takes 21 pages and consists of the introductory words in Latvian and Russian summarized in the section *From the Editorial Board*. The lexicographical literature used is provided after this section. The list of literature is followed by a description of the structure of the dictionary, a section *Grammatical Description of Word*, and a list of abbreviations and other symbols. The compilers of the dictionary specify that it is a passive bilingual dictionary, where the explanations are provided in both languages. It is possible to use the dictionary when translating both into Russian and Latvian.

The list of lexicographical literature used is very extensive and consists of 31 units of lexicographical sources: five Russian explanatory dictionaries, the Latvian Dictionary with its supplements and amendments by K. Mīlenbahs, Russian-Latvian dictionaries compiled by three different authors, two Latvian-Russian dictionaries, two Latvian proverbs and sayings dictionaries, two Russian spelling and pronouncing dictionaries, six dictionaries for translation into Russian and other foreign languages (English, French, German, Italian, Ukrainian, Byelorussian), the Encyclopaedia and the Dictionary of Foreign Words in Russian, the Dictionary of Foreign Words in Latvian and several dictionaries of special fields: the Polytechnic Dictionary in Russian, the *Russian-Latvian Dictionary of Agriculture*, the *Botanical Dictionary* by P. Galenieks, the *Nomina Anatomica* by J. Pīrmanis and the Dictionary of Geographical Names in Russian. Besides it is also stated that the bulletins by the Latvian Terminology Commission of the Academy of Sciences of the Latvian SSR, as well as the files by the History Institute of the Central Committee of the Latvian Communist Party and the Telegraph Agency of the Latvian SSR were used. This dictionary has the most extensive list of the lexicographical sources (including a summary of special fields' terms).

However, there is no detailed information provided concerning the principles of selection of words and the special fields' words in the introduction to this dictionary. It is stated that "editing of the dictionary was facilitated by the Latvian Terminology Centre of the Academy of Sciences of the LSSR, as well as many individual advisers who had provided some consultations on the issues of terminology of science, engineering and other special sectors [...]" (*Krievu-latviešu vārdnīca*, 1959: 5). Prof.

Doctor P. Galenieks and Assoc. Prof. PhD in Agriculture P. Sarma *et al.* are mentioned in the list of advisers. This information ensures the users of the dictionary that the special terms included in the dictionary are correct. It is specified in the introduction that “the narrow special terms are provided in the limited number” (Krievu-latviešu vārdnīca, 1959: 10). The list of abbreviations provides the abbreviations in Russian followed by a transcript of every abbreviation in Russian and its translation into Latvian. Other dictionaries reviewed herein do not have a transcript of every abbreviation in the foreign language. Some abbreviations at the end of this list are provided in Latvian with their transcripts and translations into Russian. There are 62 abbreviations of the special fields in Russian and their transcripts and translations into Latvian provided all in all, including biology, botany, and agriculture.

The next section reviews the information provided in the introduction (or users' guide) to the *Langenscheidts Großwörterbuch Deutsch-Russisch*.

## German-Russian Dictionary

The two-volume German-Russian Dictionary *Langenscheidts Großwörterbuch Deutsch-Russisch* published in 2001 was selected to compare to the other dictionaries analysed herein. There are more than 100 000 entries in the dictionary. This dictionary has the most extensive introduction on more than 30 pages. The introduction to the dictionary given after the publisher's preface and the table of contents has the following paragraphs: I. Passive and Active German-Russian Dictionary and II. Structure of the German-Russian Dictionary. Paragraph II is further divided into 8 subparagraphs, where the selection of words, arrangement of entries, pronunciation peculiarities of the Russian equivalents, etc. are described. The introduction is followed by the list of abbreviations and the body of the dictionary. In the second volume there are annexes and a section with some information on the German spelling reform at the end of the primary section of the dictionary. Under some subparagraphs there are at least one or even several examples included on the structure of the dictionary and selection of entries. According to the classification by F. J. Hausmann, the dictionary belongs to the so-called group of active dictionaries (Hausmann, 1985: 377). The compilers specify that, since they have determined the type of the users of the dictionary – people with Russian as a foreign language, it simultaneously explains the way the dictionary is compiled and what its structure is. The team of compilers, who worked according to certain instruction, took part in the compilation of the dictionary. Each entry included in the dictionary is processed by two authors, whereof one is a German native speaker, but the other one is a Russian native speaker. The editorial board of the dictionary worked according to the same principle. Thus the precondition that the compilers of the dictionary should have a good knowledge of German and Russian is fully met. The compilers specify that before publishing the dictionary's

project was offered to a group of lexicographers and users, whose recommendations were later taken into account when publishing the final edition of the dictionary.

In the subparagraph on the selection of entries, the compilers specify “that the German vocabulary of the general use was included in the dictionary on the basis of the contemporary German Dictionary *Wörterbuch der deutschen Gegenwartssprache*. Besides the language material of the special dictionaries, the press and literature was evaluated. The selection criteria of entries were their topicality and the frequency of usage (Langenscheidts Großwörterbuch Deutsch-Russisch, 2001: XII).

There were abbreviations of 60 sectors provided in the list of abbreviations as references to the terminological use of words in the dictionary “to help a user find the easier way” (Langenscheidts Großwörterbuch Deutsch-Russisch, 2001: XII). It should be noted that this dictionary has the most extensive introduction with the richest range of examples under subparagraphs from all the dictionaries reviewed herein.

## Conclusions

In order to achieve the goal of the present research, i.e., to determine the principles declared by the compilers of the dictionaries concerning the selection of entries, the information given in the introductions (or users' guides) to the dictionaries was analysed according to the presence or absence of the principles for selecting entries, the information on the potential users of the dictionaries, the volume of the dictionaries, the literature used in the process of compilation and the references to special fields given next to the entries.

Having summarised the information found in the introductions to the dictionaries selected for the research it can be concluded that the references on the target audience, or users, are rather general in the contemporary bilingual dictionaries, for example, in both German-Latvian dictionaries compiled by different authors and in the *English-Latvian Dictionary* published in 1957 where the potential users are characterised as people studying a foreign language and reading German fiction or social and political essays. The compilers of the *English-Latvian Dictionary* published in 2000, in addition to the already mentioned users also name lecturers of higher educational establishments, translators and everyone who reads not only fiction and periodicals but also texts meant for specialists in some fields. It makes us believe that this dictionary can be a good assistant when searching for the equivalent terms in some specific fields.

The compilers of the *Russian-Latvian Dictionary* published in 1959 specify that the bilingual dictionary is of a passive type, where the explanations are provided in both languages. It means that the user is being determined by the type of the dictionary and in this particular case it can be anyone who translates from Russian into Latvian and back.

In the dictionary by G. F. Stender selected for analysis a compiler gives the definite characteristics of the target users. These are theologians, lawyers, physicians, economists, and the natural scientists. In this case it can be concluded that the compiler selects and adapts the words included in the dictionary specifically for the needs of these people. Although it is nearly impossible to foresee all the potential users of a dictionary in the introduction to a dictionary, the compilers should provide references on the target audience and explain what aspects were taken into account in the process of the compilation.

A German linguist H. Bergenholtz in his article on the selection of lemma in the bilingual dictionaries (*Lemmaselektion in zweisprachigen Wörterbüchern*) admits that the publishing houses that *sing the praises* to the large number of entries should take at least partial blame for the quality of their dictionaries (Bergenholtz, 1992: 49–61).

There is no information on the selection of general and special words in the introductions to the selected contemporary bilingual dictionaries provided at all, except for the *Langenscheidts Großwörterbuch Deutsch-Russisch*. In the introductions to both contemporary German-Latvian dictionaries and the *English-Latvian Dictionary* published in 1959, there is a reference that any special fields' terms are included in the dictionary selectively, but there is no information provided as to the way this selection was done. This makes the users of the dictionary think that there will not be many terms in this dictionary and if they have to search for a specific term, they are likely not to find it.

The compilers of the *English-Latvian Dictionary* published in 2002 specify in the introduction that there is much room given to the modern terms of various fields, however there is no further information provided concerning the principles of this inclusion. It would be much more useful for the users to have the information on the way the selection of specific words for the dictionary was performed.

There is no information provided on how the special lexis was selected in the *Russian-Latvian Dictionary* and in other contemporary dictionaries analysed herein, however the specialists of the Terminology Commission of the Academy of Sciences of Latvia and other specialists are mentioned as the editors and advisers, letting the user rely on the correctness of the terms included in the dictionary.

Some information on the use of lexicographical sources is provided in nearly all the contemporary translation dictionaries selected, except for the *English-Latvian Dictionary* published in 2002. Usually there are 12–14 different lexicographical sources mentioned. In the two-volume Russian-Latvian Dictionary the number of these sources is twice as great, which could be explained by the facts that (1) the team of the compilers includes some invited specialists and (2) the team followed strict instruction on the development of a dictionary. In the *Langenscheidts Großwörterbuch Deutsch-Russisch* any references to the lexicographical sources used are provided in the basic part of the dictionary.

The abbreviations of the field attributes are provided in all the selected contemporary bilingual dictionaries. The *English-Latvian Dictionary* published in 2002 has the largest number of attributes from the bilingual dictionaries analysed herein with 73 field attributes distinguished, followed by the *Russian-Latvian Dictionary* of 1959 with 62 attributes. 60 abbreviated fields are given in the *Langenscheidts Großwörterbuch Deutsch-Russisch*. In the remaining two German-Latvian and the *English-Latvian Dictionary* published in 1959 there are 47 to 59 abbreviations provided, specifying in what fields the words included in the dictionary are used.

G. F. Stender classifies and arranges his special lexicon, namely, the botanic names, in the basic part of every dictionary, distinguishing among the names of trees and perennial plants, flowers, herbs and other plants, as well as the names of mushrooms.

The author of this research agrees with the German linguist H. Bergenholtz who believes that the compilers of dictionaries should also specify how the selection of entries was performed. They should include a report on the decision-making process as to the selection of specific words for the dictionary in the *dictionary's workshop*. It would be important for any further metalexigraphic researches and case-studies when one dictionary is taken as a basis for compiling another dictionary (Bergenholtz, 1992: 49–61).

The introduction to the dictionary *Langenscheidts Großwörterbuch Deutsch-Russisch* can be mentioned as a positive example, where the entries selection criteria, specific examples characterising the structure of the dictionary, and the principles of compilation are provided.

Although there is a common view that the vast majority of users is not interested in the introductions to the dictionaries that are not included in the basic part of the dictionary, the advanced users would be interested in the way the selection of entries was done and would like to see it illustrated with some examples. And if speaking about marketing, it would be important to inform the potential user of the dictionary not only about the number of entries included in the dictionary, but also on the entries selection process. The present research showed that even G. F. Stender has thoroughly specified the process of entries selection, the intended range of the users and the source of the special lexicon, namely, the botanic names. In the introduction to his work G. F. Stender specifies the selection process of the language material included in the dictionary and the sources used. Stender also names the editors of his work and the results of this editing. Some compilers of the contemporary (20<sup>th</sup>–21<sup>st</sup> centuries) dictionaries should follow the Stender's example as to the explanations on selecting botanic names and the way they were translated into Latvian.

Despite some progress in on-line dictionary development, paper dictionaries still play an important role in the Latvian language community. In fact, the first on-line dictionaries were replicas of paper dictionaries and further improvements were solely based on revised and supplemented paper editions.

In future the author of the present research will analyse whether the principles declared by the compilers of the dictionaries were incorporated and will review the material concerning the special lexis (the botanic names) in the dictionaries.

## References

- Angļu-latviešu vārdnīca* (1957). Compiled by the group of authors. Edited by Stradiņa, M. Rīga: Latvijas Valsts izdevniecība.
- Angļu-latviešu vārdnīca* (2000). Compiled by the group of authors. Reviewer Prof. Veisbergs, A. Rīga: Jāņa sēta.
- Bankavs, A. (2000). Perspektīvā leksikogrāfija. In: Valoda – 2000. *Humanitārās fakultātes X zinātniskie lasījumi. Fonētika, gramatika, leksikoloģija*. Daugavpils: Daugavpils pedagoģiskās universitātes izdevniecība „Saule”.
- Bergenholtz, H. (1992). Lemmasektion in zweisprachigen Wörterbüchern. In: Meder, G. & Dörner, A. (publ.). *Worte, Wörter, Wörterbücher. Lexikographische Beiträge zum Essener Linguistischen Kolloquium*. Tübingen: Max Niemeyer Verlag.
- Hausmann, F. J. (1985). Lexikographie. In: Schwarze, Ch. & Wunderlich, D. (publ.). *Handbuch der Lexikologie*. Königstein/Ts.
- Granta, K. and Pampe E. (1954). *Vācu-latviešu vārdnīca*. Rīga: Latvijas Valsts izdevniecība.
- Krievu-latviešu vārdnīca* (2006). 1959 facsimile edition. Compiled by the group of authors. Rīga: Latvijas Valsts izdevniecība.
- Langenscheidts Grosswörterbuch: Deutsch-Russisch* (2001). Vol. 1. A–K. Bielfeld, H. H. & Lötsch, R. Berlin: Langenscheidt.
- Roze, L. (1982). *Pasaule vārdnīcas skatījumā*. Rīga: Zinātne.
- Stender, G. F. (1789). *Lettisches Lexikon*. Mitau: bei J. F. Steffenhagen.
- Vjaterē, L. (2002). *Vācu-latviešu vārdnīca*. Rīga: Avots.