

**Proceedings in
Human and Social Sciences at the Common Conference**

The 4th Human and Social Sciences at the Common Conference

HASSACC 2016

3. - 7. October 2016

Slovak Republic

Published by: EDIS - Publishing Institution of the University of Zilina



Univerzitna 1
01026 Zilina
Slovak Republic

Editors: Ing. Michal Mokrys; Ing. Stefan Badura, Ph.D.

ISBN: 978-80-554-1270-2

cdISSN: 1339-522X

eISSN: 2453-6075

DOI: 10.18638/hassacc.2016.4.1

Pages: 146

Printed in: 100 copies

Publication year: 2016

- All published papers undergone single blind peer review.
- All published papers are in English language only. Each paper had assigned 2 reviewers and each paper went through two-tier approval process.
- Papers are published as delivered by authors without content modification. All accepted papers have been formally checked by the conference Technical Committee and regularly reviewed in single blind peer reviewing process by the conference Scientific Committee (Reviewers Committee).
- The publication contents are the sole responsibility of the publication author and it does not reflect the Publishing Society, Zilina, Slovakia.

Open Access Online archive is available at: <http://www.hassacc.com/archive>
(proceedings will be available online one month after the publication release).

In case of any questions, notes or complaints, please contact us at: [info\(at\)hassacc.com](mailto:info(at)hassacc.com).

Paper Citation Example:

In (Eds.) S. Brown, S. Larsen, K. Marrongelle, and M. Oehrtman, Proceedings of The 4th year of Human And Social Sciences at the Common Conference (HASSACC-2016), Vol. 4, pg #-#. Zilina, Slovakia.



Warning
Copyright © The authors mentioned in the table of contents, Publishing Society, Zilina, Slovakia, All rights reserved.

Section Chairman Committee

Paweł Kawa

• About:

Graduated from Cracow University of Economics (Economic International Relations) and Jagiellonian University (Law). The author of over 50 books or articles on Economics, Finance and Law. Awarded in the field of scientific research by Polish Minister of Science and Higher Education (2009), by Rector of Cracow University of Economics (1999, 2004, 2009, 2010, 2011), by Rector of Warsaw School of Economics (2000), and by Rector of School of Banking and Management in Cracow (2003, 2011). Cooperates with central government and local authorities in the field of education and regional policy (Regional Strategy Expert, Expert in the National Program Poland 2020). Scientific area of interest includes: economic growth, financial sector, commercial law.

• Affiliation:

Cracow University of Economics, Macroeconomic Department

• Scientific specialization:

economic growth, financial sector, commercial law

• Country:

Poland

Ewa Wanda Maruszewska

• About:

Scientific orientation:

Financial reporting, Accounting for business combinations, Management accounting, Accounting ethics, Financial Analysis

Research interests:

Integrated reporting, accounting ethics including social responsibility in accounting profession, the evolution in faithful representation in financial reporting, modern cost accounting tools in the service of nowadays key performance indicators

Teaching experience:

Financial reporting and analysis, Accounting for ownership changes in entities, accounting ethics, financial accounting, International Financial Reporting Standards, tax accounting, cost accounting

• Affiliation:

Assistant Professor, University of Economics, Faculty of Finance and Insurance, Department of International Accounting, University of Economics in Katowice

• Scientific specialization:

accounting (financial reporting, business combinations, finance accounting, social accounting, accounting ethics), finance

• Country:

Poland

Florin Iosif Moldovan

• About:

Author of 11 books, in the History of Law, Roman Law, Family Law, Criminology, more than 30 articles published in recognized journals and listed in international databases, participating in over 25 national and international conferences, member of the Scientific Committee, As a member of the European Law Institute (ELI) Wienn, of the Association of Penal Sciences of Romania, forensics Association in Romania. Interested in studying ancient legal institutions, institutions of Roman law.

• Affiliation:

West University Vasile Goldis Arad, Faculty of Law

• Scientific specialization:

Law

• Country:

Romania

International Scientific Committee and Reviewers Committee

R. S. Ajin

GeoVin Solutions Pvt. Ltd, India

Alina BADULESCU

University of Oradea, Romania

Stefan Badura

Publishing Society, Slovakia

Snejana Bacheva

University of National and World Economy, Bulgaria

KAPTAIN KISHOR BAJPAYEE

Dr.R.M.L. P.G. COLLEGE, India

Radu Baltasiu

University of Bucharest, Romania

Dumitra Baron

"Lucian Blaga" University of Sibiu, Romania

Maria del Carmen Bellido Márquez

University of Granada, Spain

Ubaldo Comite

University "Giustino Fortunato", Italy

Carla Sofia Costa Freire

Polytechnic of Leiria, Portugal

T.S. Devaraja

UNIVERSITY OF MYSORE, India

Javier Domínguez Pelegrín

University of Córdoba, Spain

Izabela Emerling

University of Economics in Katowice, Poland

Francisco Javier Blanco Encomienda

University of Granada, Spain

Atanaska Filipova-Slancheva

University of National and World Economy, Bulgaria

Ramona Florea

George Bacovia University, Romania

Esther Luna González

Technical University of Madrid, Spain

Giuseppe Granata

University of Cassino and Southern Lazio, Italy

Pawel Gromek

The Main School of Fire Service, Poland

Elena Ioana ICONARU

University of Pitesti, Romania

Manuela Ingaldi

Czestochowa University of Technology, Poland

Desislava Ivanova Angelova

University of Forestry, Bulgaria

George Katsadoros

University of the Aegean, Greece

Pawel Kawa

Cracow University of Economics, Poland

Marcin Komańda

University of Economics in Katowice, Poland

Kinga Korniejeno

Cracow University of Technology, Poland

Utku Köse

Usak University

Maja Kostadinovska

*National and University Library "St. Clement of Ohrid",
Macedonia*

Balázs Kotosz

University of Szeged, Hungary

Nikos Koutras

Macquarie Law School, Greece

Regina Lenart-Gansiniec

Jagiellonian University in Kraków, Poland

Jolanta Maj

Opole University of Technology, Poland

Noelia Malla García

Univeristy Complutense of Madrid, Spain

Catarina Mangas

Polytechnic Institute of Leiria, Portugal

Florin Moldovan Iosif

West University Vasile Goldis Arad, Romania

Isabel M^a Martín Monzón

Universidad de Sevilla, Spain

PABLO JOSÉ MOYA FERNÁNDEZ

UNIVERSITY OF GRANADA, Spain

EDWARD MUNTEAN

*University of Agricultural Sciences and Veterinary Medicine,
Romania*

Eduard V. Musafirov

Yanka Kupala State University of Grodno, Belarus

Dorothy Nduku Hodson

Marketing Strategy Services (self employment), Kenya

Janusz Nesterak

Cracow University of Economics, Poland

Helena Neves Almeida

University of Coimbra, Portugal

Dragana Nisic

University of Belgrade, Serbia

Artur Gomes de Oliveira

*Sergipe Federal Institute of Education Science and technology,
Brazil*

Georgia Papantoniou

University of Ioannina, Greece

Cristina Paraschiv

University of Bucharest, Romania

Rafał Parvi

Opole School of Banking, Poland

João Carlos Pereira Mira Leitão

Instituto Politécnico da Guarda, Portugal

Krzysztof Piasecki

Poznań University of Economics, Poland

Iwona Pisz

Opole University, Poland

Dorota Podgórska-Jachnik

Kazimierz Wielki University in Bydgoszcz, Poland

Andrius Puksas

Mykolas Romeris University, Lithuania

Monica RADULESCU

*Ion Mincu University of Architecture and Urban Planning,
Romania*



Ioan-Gheorghe Rotaru

*'Timotheus' Brethren Theological Institute of Bucharest,
Romania*

Oana Rusu

Alexandru Ioan Cuza University of Iasi, Romania

Fernando José Sadio Ramos

Polytechnic of Coimbra, Portugal

Tatjana Seibt

University of Applied Management, Germany

Sandro Serpa

University of the Azores, Portugal

Daiva Seskauskaite

*Kaunas Forestry and Environmental Engineering University of
Applied Sciences, Lithuania*

Sanjay Sharma

Roorkee Engineering & Management Technology Institute, India

Narcisa Schwarz

Western University Vasile Goldis of Arad, Romania

Elsida Sinaj

European University of Tirana, Albania

Rute Sousa Matos

University of Evora, Portugal

Radu D. Stanciu

University Politehnica of Bucharest, Romania

Renata Stasiak-Betlejewska

Czestochowa University of Technology, Poland

Spyridon Stelios

National Technical University of Athens, Greece

Jacek Szmalec

Maria Curie-Skłodowka University in Lublin, Poland

Venelin Terziev

University of Rousse, Bulgaria

Dominika Topa-Bryniarska

University of Silesia, Poland

Victorița Trif

University of Bucharest, Romania

António Valente Costa

University of Aveiro, Portugal

Ewa Wanda Maruszewska

University of Economics in Katowice, Poland

Irina Z. Yarygina

*Financial University under the Government of the Russian
Federation, Russia*

Sections discussed at the Conference

Philosophy
Psychology
Social services
Political sciences
Law
Sociology - other
Business studies
Finance
Economy and Business - other
Management
Planning
Education - other

Conference Sponsors and Partners



Publishing Society
Slovak Republic



the-science.com
www.The-Science.com



VTP Žilina
Science & Technology Park Zilina
Slovak Republic



European Center for Ethnic Studies



University 'Giustino Fortunato'



Europejskie Centrum
Nowych Technologii i Innowacji Finansowych
**European Center of New Technologies
and Financial Innovations**



**WYŻSZA SZKOŁA
ZARZĄDZANIA I BANKOWOŚCI
W KRAKOWIE**
**The School of Banking and
Management in Cracow**



Lucian Blaga University in Sibiu



BIOTERRA University of Bucharest



**University of National and World
Economy**



**University
of Economics
in Katowice**
**Department of International
Accounting**
**Department of International
Accounting; University of Economics
in Katowice**



**IRES - Institute for Research and
European Studies – Bitola**

Published by



EDIS
Publishing Institution of the University of Zilina

Univerzitna 1
01026 Zilina
Slovak Republic

Summary

Dear Reader,

it is our pleasure to introduce you this Proceedings. This book contains all accepted papers from conference, which is described below in more details. We hope published papers contribute to the academic society and provide interesting information for researchers world wide.

Conference details:

- Conference full name: **Human And Social Sciences at the Common Conference**
- Conference short name: **HASSACC**
- Conference edition: **4th**
- Conference dates: **October 3 - 7, 2016**
- Conference web page: **www.hassacc.com**
- Conference online archive: **www.hassacc.com/archive**

Conference paper approval process:

Each registered paper was evaluated in double tier approval process.

1. Scientific Committee evaluation (in average 2 reviews were prepared per paper).
2. Conference Editorial Board.

Only papers recommended by these committees were accepted for online presentation at the conference and for publication in this conference book.

Conference presentation:

All accepted papers were presented at the conference during conference dates. Asynchronous online chat was prepared for each paper, where all conference members could freely discuss the topic. During the conference, the Section Chairmen Committee steered the conference discussion. Short presentation were proposed for effective conference discussion.

Conference post processing:

- Each published paper is available in **CDRom** and **online** proceedings (online archive).
- All papers in online archive are available for downloading for potential readers (**open access policy**).
- For effective linking and citation each paper is provided with **DOI**, we recommend to use DOI for referencing.
- The online archive may be possibly evaluated by several Abstracting and Indexing services in future.

Sincere thanks for:

- **Scientific Committee** and **Section Chairmen Committee** for their volunteer work during reviewing.
- Conference **partners** for promotional work and their contribution.
- **Editorial Board** for enormous workload and patience.

Stefan Badura

Conference Organizing Committee
The-Science.com community
Publishing Society


October, 2016

Table of Contents

Philosophy

- Virtue Ethics and the Professional Engineer: A transition from the individual to the social domain 11
Spyridon Stelios, Magda Maniou

Psychology

- Reading aloud during the pregnancy – a Bulgarian research 15
Darina Pachova

Social services

- Social Policy Development and Implementation: Municipal level perspectives 19
Venelin Terziev, Ekaterina Arabaska

Political sciences

- How Soft Power works to fight the imposed bias (Case study: North Korea) 25
Anna Solé Sans

Law

- Economic Components of Contractual Freedom – Towards a New Approach 30
Éva Török

Sociology - other

- Study of general environmental awareness of the urban population (Case study involving Belgrade, the capital of Serbia) 33
Dragana Nisic, Dinko Knezevic, Aleksandra Petkovic, Milica Ignjatovic, Jovana Kostadinovic
- Critical Analysis of Public Policies Implementation: Michael Lipsky's Theory Revisited (Paradoxes between agency and discretion in the case of child protection system) 40
Cristina Pinto Albuquerque, Marta Vaz Ferreira, Marta Mascarenhas
- The stolen book: Communication significance beyond the criminal act 46
Milena Tsvetkova, Eleonora Kalvacheva
- The Refugee Issue in Greece Today 53
Maria Vlachadi, Nicki-Maria Destouni, Maria-Helectra Papageli
- Contribution of Social Economy to the Integration of the Mentally Ill (The case of 'Climax PLUS') 58
Maria Vlachadi, Antonia Avramopoulou
- Cultural Diversity, Identity and Multiculturalism (Diversification Processes in Contemporary Society) 63
O. I. Yakushina

Business studies

- Why, how and to what extent do companies going public 'underprice'? Rationales & practices 66
Marco Taliento

Finance

- Health care financing in the European Union countries versus the gross domestic product 72
Izabela Emerling

Economy and Business - other

Bulgarian Double Taxation Approach and the Role of Accountants	81
<i>A. Filipova-Slancheva</i>	
Forecasting correctness of incurring credit with the aid of E.I. Altman's, J. Gajdka's and D. Stos's discriminant analysis models on the example of 200 studied companies from Opole and Lower Silesia provinces.....	86
<i>Rafał Parvi</i>	
Public aid to coal industry and competitiveness of renewables on power market in Poland.....	93
<i>Adam Staliński</i>	

Management

Porter's Competitive Strategies and Human Resources in Czech Family Businesses	99
<i>Šárka Zapletalová</i>	

Planning

The integration and reclamation of quarries.....	109
<i>António Pliz, Rute Sousa Matos</i>	

Education - other

From Theory to Practice: How to Teach and Engage Students using Mixed Methodology.....	115
<i>Mette L. Baran, Janice E. Jones</i>	
Learning Style Preferences of Undergraduate Quantity Surveying Students: Quantity Surveying.....	118
<i>Hennie van Heerden, Elzane van Eck, Michelle Burger, Ridhwana Khan</i>	
Improving online course quality and learner satisfaction.....	128
<i>Anssi Mattila, Minna Mattila</i>	
Dimensions of likelihood to recommend an online course	133
<i>Minna Mattila, Anssi Mattila</i>	
Teaching Experience through Years	139
<i>Magbule Mejzini</i>	
Dyspraxia/DCD – Problem Review on the Basis of British Experience.....	143
<i>Cathy Parvin, Jacek Szmalec, Dorota Podgórska-Jachnik</i>	

Virtue Ethics and the Professional Engineer

A transition from the individual to the social domain

Spyridon Stelios

School of Applied Mathematical and Physical Sciences
National Technical University of Athens
Athens, Greece
stelioss@central.ntua.gr

Magda Maniou

School of Applied Mathematical and Physical Sciences
National Technical University of Athens
Athens, Greece
mmanioy@central.ntua.gr

Abstract—This paper highlights the importance of virtues in the way an engineer improves her professional conduct. We examine the impact of this improvement on the social environment and on human good in general. A key aspect within this process, according to our analysis, is the protection of public interest. Finally, we argue that virtues are those offering a passage from the individual to the social domain rather than the fact that engineering ethics is considered as a subclass of Science and Technology.

Keywords- Aristotle, Virtue Ethics, Engineering Ethics

I. INTRODUCTION

Professional ethics are the rights and obligations formulated within any business sector. These two concepts are adjusted, of course, according to the existing economic and social conditions. Engineering ethics is a sub-section of professional ethics. Its origins can be traced back in the early 19th century. The literature on engineering ethics refers mainly to moral values that emerge through the exercise of that profession.

In a conceptual framework, ‘ethics’ could be considered in three different ways. First, it is synonymous with morality as used in everyday language use. Second, it may be referring to Moral Philosophy or Ethics, where the focus of the discussion is the use of rational arguments. Finally, it could refer to those specific standards of behavior that apply to members of a group, simply because there is such a membership (see [1], p. vii). Although all three aspects relate to each other, the last one has been studied more and in more detail.

Undoubtedly, engineering, both as a scientific and as a professional exercise is an integral part of human and social development. Its close relationship with technology and the direct impact it has in everyday life makes it an active element of historicity in every place and period. Consequently, the discipline of engineering ethics constitutes also a relative subject of research. In this paper we are focusing on the relationship between the exercise of engineering and the theory of virtue ethics. The main aim is to highlight the importance of virtues in the way an engineer improves her professional conduct and moreover the impact of this improvement on the social environment and human good in general. As will be shown below, a key aspect within this process, according to our analysis, is the *protection of public good or interest*.

II. AN ENGINEER’S VIRTUES

A. Virtue Ethics

We begin our analysis by examining Aristotle’s Virtue Ethics and how virtues are implicitly connected with professional roles. In Virtue Ethics the central questions concern the human character. So, any theory of virtues should consist of two main parts: a definition of what is a virtue and a list of virtues. Regarding the first question, Aristotle argued that virtue is a praiseworthy character trait manifested repeatedly and continuously. Furthermore, a ‘virtue’ (*arete*) is identified only in relation to human activity. It is the way of life that is best for human beings, because they are that kind of beings.

In *Book 1 of Nicomachean Ethics*, we read: ”And if the work of a human being is an activity of soul in accord with reason, or not without reason, and we assert that the work of a given person is the same in kind as that of a serious person, just as it would be in the case of a cithara player and a serious cithara player, and this would be so in all cases simply when the superiority in accord with the virtue is added to the work; for it belongs to a cithara player to play the cithara, but to a serious one to do so well” ([2], 1098a8-13). So, according to Aristotle’s example, a person can be a ‘serious’ cithara player only if she possesses the virtue (or excellence) belonging to cithara playing. Consequently, it could be argued that a good professional is the one possessing the virtue belonging to her profession.

B. Virtue Ethics and Profession

In search of an interconnection between virtues and professions we found that Aristotle analyzed good human activity in terms of achieving excellence in various human activities. Excellence (in performing a function), in this respect, is assumed in terms of carrying out a professional role well, such as the role of being an engineer. In addition, according to [3] (p. 115) “the project to capture appropriately the nature and value taken to mark such roles seems to sit well with the ethical framework provided by the Aristotelian account of good human activity”.

But before we expand this perspective, we should note that Aristotle’s Virtue Ethics are not the same as the ones realized today. Reference [4] offers an account of the transformation of the theory in modern society and the unexpected role of profession in this process. More specifically, he cites Macintyre’s view that Virtue Ethics was born in a traditional

society. Unlike modern society's social structure, traditional society was characterized by hierarchy and status; everyone had their status and mission. "For instance, a noble is as he is at birth, and the same holds true to a chieftain, a king, a shepherd, etc. As a result, the established status of a person determines his duty, responsibility, and mission, which then shapes his character and virtue" ([4], p. 256). So, in traditional societies an individual spent her entire life engaging in one profession and this professional distinctiveness defined largely her social conditions and conduct.

Modern society dissolved these conditions, and thus the certainty of self disappeared. As [5] notes, "the democratized self which has no necessary social content and no necessary social identity can then be anything, can assume any role or take any point of view, because it is in and for self nothing...the self is no more than 'a peg' on which the clothes of the role are hung" ([5], p. 32 as cited in [4], p. 256).

This loss of individuality is also implied by [3] who note that some virtues are not so much grounded in the idea of a good human being, but rather in what is good for human beings. In this regard, there is a shift from an individual domain to a more 'human kind' field of reference. According to [3] the best-known exponent of this view is Philippa Foot, who argued that a feature of the virtues is that they are beneficial to humans either individually or as a community. And this is a criterion for defining them.

Reference [3] (p. 74) further argue that: "Broadly speaking, what counts as acting well in the context of a professional role is in our view importantly determined by how well that role functions in serving the goals of the profession, and by how those goals are connected with characteristic human activities". So, good professional roles must be part of a good profession, and a good profession is one which involves a commitment to human good. A good "which plays a crucial role in enabling us to live a humanly flourishing life" ([3], p. 74). A main research goal is to demonstrate how a certain professional role that meets these requirements, might at the same time contributes to the overall goals of that profession.

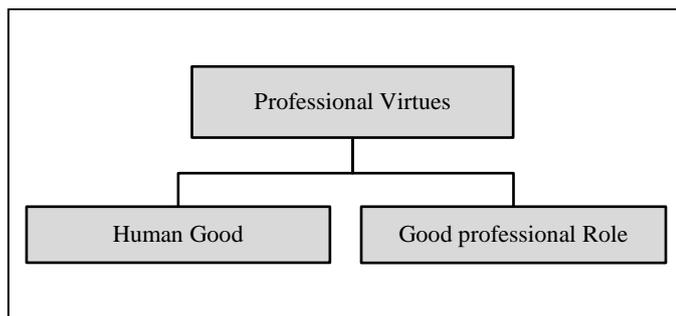


Figure 1. A graphical representation of [3]'s approach.

In paraphrasing an example by [3] (p. 74), we can state the following: if it is appropriate to take the *protection of public good or interest* as the central goal of engineering, then, given the importance of public good for human/social evolution, engineering would clearly count as a good profession. And, given a general engineer's concern with the broad public needs

of people using artefacts, the engineer's role within the spectrum of public interest would seem to count as a good professional role.

Following further [3]'s rationale, an appropriately action-guiding professional ethic cannot be generated without specifying what the appropriate goal-setting of the particular profession ought to be. Thus, the content of the regulative ideals of a good engineer must be determined by reference to some model of what engineering purports to be. Those regulative ideals will be informed by an account of the proper goals of engineering as a practice and an account of what sorts of relationships between an engineer and (public) user and engineer and colleague engineer are appropriate within this practice. This approach may also tell us how these proper goals will fit in the character and (consequently) actions of a good engineer, ultimately giving an account of the appropriate virtues.

The goals of each profession are formally presented in the professional codes of conduct. The Code of Ethics is the main aspect of moral guidance in any profession. The Code provides advice to members regarding how to behave by judging-evaluating their conduct and sets out the objectives and overall operating framework. Historically, the American Medical Association-AMA was the first institution to establish in 1846 a committee which submitted the following year its association's Code. The Code contained the moral obligations and rights of doctors (see [6]). It is worth noting that [7] rejects the code of 1847 as the first formal code of conduct. He argues that the way in which we define the terms "code", "ethics" and "occupation" could substantially change the answer to the question of when the first professional code was produced and from which professional sector.

C. The Greek Code of Ethics

A case study that offers insight into an engineers' Code of Ethics is that of Greek engineers. In the case of Greek Engineers, a picture of the values or virtues that (must) apply to their profession is given by the Professional Code of Greek Engineers, which was established in 1961 and is, since then, in force. As with all professional codes, it contains basic ethical principles for the profession. In the preface of the official text one reads: "The Engineer is compelled to strictly observe the letter and spirit of the following set rules that define the framework of basic moral responsibilities appropriate for a Scientist in exercise of his profession" (see [8]).

By examining the text one finds various virtues other implicitly and other explicitly formulated. More specifically, *solidarity* is evident in many articles and paragraphs. Along with solidarity the values of *respect* for senior colleagues and *assistance* towards younger counterparts are also evident. *Professionalism*, defined by *honesty*, *accountability* and *objectivity* towards colleagues, employers and their partners is also apparent throughout the Code. Another obvious principle refers to the engineer's responsibility as a scientist, in what may be called a *scientific attitude*. Finally, an important principle is emphatically presented in the final article; the virtue of *protecting public interest*. This is of major importance because it highlights the great practical contribution engineers have on this. This analysis indicates that the protection of the

public interest is a virtue of professional engineering. And this is *Premise 1* in our argument.

III. SOCIAL IMPLICATIONS

Another interesting approach to the nature of the profession of engineer is presented by [9] (pp. 77-78), who note that all artifacts pose potential risks, and therefore engineering is an inherently dangerous practice. In many cases it may be regarded also as an experimental procedure. It is not, of course, an experiment conducted within a controlled environment. It is representing mostly an experimental application running in a society and aimed at its members. In this context, engineers inevitably face serious ethical dilemmas in practicing their profession. These problems are complex and often ambiguous. Resolving them requires an iterative analytical process which often leads to more than one solution. However, and despite these ethical challenges, it should be noted that engineers are widely considered one of the most ethical professionals.

But we should be careful when incorporating engineering within the social domain. As [1] (p. 18) notes: "Though engineering is undoubtedly a 'social construct' in some sense or other, an engineer is not an engineer simply because society confers the title. The work engineers do has a discipline of its own. Any adequate understanding of engineering must acknowledge that discipline". Central to that discipline is the specific kind of education that is required and a certain code according to which she uses what she learns (see above Code of Ethics). More specifically, engineering ethics (a kind of applied philosophy) is concerned with understanding and helping to resolve certain moral problems. These problems can be approached, among others, in a social, way that confirms this specialness. According to [1] (p. 174) a social approach to engineering ethics understands this specialness as, at least in part, "a product of social decision (the role society constructs for engineers). For the social approach, the standards of engineering ethics derive not from the nature of engineering as such but from a morally binding 'contract' with society or from society's morally binding dictate". According to this approach, standards of engineering ethics are more or less arbitrary, and dependent on the conjectural relationship between society and engineers.

Therefore, the social impact of engineering is not always to the same extend and depends on the general context every time. At this point a comparison with Science and Technology (two concepts directly related to engineering) might be useful. Compared to engineering the social impact of these two has been studied much more, so the social value of engineering ethics can be contrasted with the moral philosophy of Technology and/or Science. A first ascertainment, that seems obvious, is that all three research fields are rational oriented approaches. A second finding is that moral philosophy of engineering is not oriented towards how engineers should exercise their profession. It is attempting to formulate what engineer or engineering is without being part of a subsection of the moral philosophy of technology. This is because philosophy of technology focuses on what the engineers (and others) help build, while engineering focuses on engineers themselves, on what they are trying to do and why (see [1], p. viii). In following this line of thought we find that while an

engineer is often associated with scientific activity, science ethics differ from engineering ethics. Science ethics is understood as the task of moral philosophy to incorporate all scientific activities, which by definition implies a rejection of the principle that science is value-neutral or indifferent. If science is able to do good as well as harm, it becomes an object of moral concern and reflection. In this context, philosophers believe that exercising science must be defined and limited by values, principles and rules aimed at achieving specific ethically desirable goals. With engineers, however, according to [1] this is not the case for the aforementioned reasons.

Beyond the individual level, values/virtues are important for collective entities and/or organizations. They are crucial as they form the purposes and general vision under which they operate. As shown above, at the professional level, values represent what members deem to be right for their profession. The primary role of basic values such as integrity and professionalism is evident in the fact that they are often included in institutional codes of conduct.

Thus, values or virtues can embody that which a profession represents. Namely, they provide guidelines for making decisions about what is important and appropriate for the sector's development and more importantly form the basis of mutual trust which determines to a great extend relations between colleagues. Of course, moral values do not match between sectors and they are largely defined by the attitudes that govern the overall working environment. But even though each profession determines the values that define the ethical conduct of its members, one cannot degrade the social impact of this moral regulation. In this sense, professional ethics are consistent with what is considered right or moral in a society and professional virtues, such as *the protection of public interest*, are proportionally interconnected with the general social benefit (*Premise 2* in our analysis).

IV. CONCLUSION

Summing up the main points of our analysis, at first we demonstrated the central role of professional virtues. Excellence in professional roles is based in virtues and must be part of a good profession. That is, good professional roles are determined by how well that roles function in serving the goals of the profession, and by how those goals are connected with characteristic human activities. Consequently, any good profession involves a commitment to ensuring a humanly flourishing life.

As shown by the analysis of the Greek Code of Ethics, *protecting public good* is a key issue within the profession of engineering. Engineers are responsible for the smooth and secure integration of their work in every community. That proper integration leads to a regularity that favors the prosperity and development of a society. Furthermore, our analysis was based on the following argument:

Premise 1: Protecting the public interest is a professional virtue (of engineers).

Premise 2: Human and social good is promoted by the protection of public interest.

Therefore, human and social good derives from professional virtues.

So, the importance of virtues is eminent in the way an engineer improves her professional conduct. Virtues are those offering a passage from the individual to the social domain rather than the fact that engineering ethics is considered as a subclass of Science and Technology. The social value and impact of these individual characteristics is proportional to the proper cultivation of these virtues by each engineer.

REFERENCES

- [1] M. Davis, *Thinking Like an Engineer: Studies in the Ethics of a Profession. Practical and Professional Ethics Series*. New York: Oxford University Press, 1998.
- [2] R. C. Bartlett and S. D. Collins (trans.), *Aristotle's Nicomachean Ethics*. Chicago; London: University of Chicago Press, 2011.
- [3] J. Oakley & D. Cocking, *Virtue Ethics and Professional Roles*. Cambridge: Cambridge University Press, 2001.
- [4] G. Qun, "Virtue Ethics and Modern Society—A Response to the Thesis of the Modern Predicament of Virtue Ethics," *Frontiers of Philosophy in China*, vol. 5, iss. 2, pp. 255–265, June 2010.
- [5] A. MacIntyre, *After Virtue*. Notre Dame: University of Notre Dame Press, 1984.
- [6] F. A. Riddick, Jr, "The Code of Medical Ethics of the American Medical Association," *Ochsner Journal*, vol. 5, iss. 2, pp. 6–10, Spring 2003.
- [7] M. Davis, "What can we learn by looking for the first code of professional ethics?" *Theoretical Medicine and Bioethics*, vol. 24, iss. 5, pp. 433-54, September 2003.
- [8] The Technical Chamber of Greece (2004). *Business Guide for Young Engineers*. Available at: http://portal.tee.gr/portal/page/portal/PROFESSIONAL_ISSUES/neoimixanikoi (Retrieved: 17/11/2015).
- [9] M., W. Martin and R. Schinzinger, *Introduction to engineering ethics*, 2nd ed. Boston: McGraw-Hill Higher Education, 2010.

Reading aloud during the pregnancy – a Bulgarian research

Darina Pachova

Scientific advisor Assoc. Prof. Milena Tsvetkova, PhD in Sociology
Department of Communication and Audiovisual Production
Sofia University St. Kliment Ohridski, Faculty of Journalism and Mass Communication
Sofia, Bulgaria
e-mail: darina.pachova@gmail.com

Abstract—Reading aloud before birth is one of the ways in which a mother and her child could communicate in the prenatal period. Data are presented from a Bulgarian research among expectant mothers about their attitude towards reading aloud before giving birth. Various aspects of reading aloud in the surroundings of the pregnant women are presented as well as other opportunities for communicating with the unborn child.

Keywords- psychology of reading, pregnant Bulgarian women, reading practices, prenatal reading, reading aloud, quantitative study

I. INTRODUCTION

For a long time it was believed that life begins with the birth and the months spent in utero have no effect whatsoever on the character and personality of people. Today more attention is paid to the first nine months of the development of the human being.

This research is focused on reading aloud as a way of communication between a pregnant woman and her unborn child – what is the attitude of the expectant mothers towards such activity, how often in their everyday life they hear speech read aloud as well as what effect do they witness on themselves and the fetus while reading aloud. The object is to define whether reading aloud is a widespread practice among pregnant women in Bulgaria. The collected data could be used for creation of product for a specific market such as the books designed to be read “in utero”.

Reading aloud before the birth is becoming a popular way for communication of parents with their unborn child. The baby is a reader, although an “audio-reader” while in the womb [1].

II. DISCUSSION: DEVELOPMENT OF THE FETUS AND ITS SENSATIONS

Since the day of the conception to the day of birth a period of 40 weeks is spent. In the current research we will take in consideration the pregnancy duration in weeks, keeping in mind the day of the conception [2]. By the 9th week the embryo is fully developed, after which begins the development of the fetus. This is the longest period of the prenatal development of the baby that takes about 6 months (in normal duration of the pregnancy). The sensations of the fetus are developed simultaneously to the physical development. In a normal

pregnancy in the 19th week the fetus can hear; in the 26th week the fetus is startled by sudden loud noises [3].

For the fetus to be able to apprehend the speech read aloud by the mother or another person it should be normally developed according to the medical science as follows: (a) In the period between 19th and 22nd week the lower limbs reach their final relative proportions. The motion of the limbs is felt by the mother. Between the first motion noted by the mother and the birth pass about 147 days. (b) From the 22nd to 27th week the fetus is most intensively growing in weight, parts of the body become relatively proportional. (c) In the 23rd week are noticed the first eye movements, in 24th and 25th week when giving a vibroacoustic stimuli at the belly of a pregnant woman a response is noted such as rapid bodily movement. [4]

From the point of the psychology of perception listening is not only the oldest sensory channel in the human evolution but it is the most effective for survival [5]. One of the first acoustic stimuli to which the fetus is exposed is the voice of the mother and the sound of her heartbeat [6]. According to David Gomez and his team listening to the voice of the mother and her heartbeat before birth creates neuron pathways in the brain of the fetus which serve for development of the skills for listening and learning a language after birth [7]. “There's ample evidence that fetuses are picking up information from the outside world. They're especially receptive to sounds from the mother's body and the external environment.”, states Rick Gilmore [8]. According to a research by Eino Partanen and his team “prenatal experiences have a remarkable influence on the brain's auditory discrimination accuracy, which may support, for example, language acquisition during infancy” [9].

III. METHODOLOGY

The initial theoretical basics for the thesis of this research are the views and scientific results of Annie Murphy Paul, who develops the science of prenatal influences; of the French psychoanalytic Myriam Szejer and Catherine Dolto who give proof and protect the haptonomy as a method for establishing a contact with the unborn child through touch, based on haptotherapy, developed by Frans Veldman from the Netherlands; of the French semiotic Julia Kristeva and her achievements in the research of the connection between reading and psychoanalysis; of Françoise Dolto and her followers in Bulgaria – “The Green Yard” led by Assoc. Prof. Monika Bogdanova, PhD, who research the connection between the period before and during the birth and the life of

the person; to Marie-Andree Bertin, researcher in the field of prenatal upbringing and its influence; to David Chamberlain for his research on birth psychology and others.

For the primary research we conducted a field survey for women in the 28th to 40th week of pregnancy.

The questionnaire card consists of 26 questions, four of which are demographic.

65 pregnant women from Bulgaria took part in this research. 18 questionnaires were filled by hand in a direct contact between the author and the respondents, the other 47 questionnaires were filled in online [10]. The results have been collected offline from 24.02.2015 to 15.08.2016, online from 9:50 am on 9.03.2015 to 17:15 on 15.08.2016. Collected data are processed by the researcher.

In this research the following assumptions are made:

- The women who answered the questionnaire are healthy and in normal physical and psychological state.
- The pregnancy is undergoing without peculiarities.
- The development of the fetus is normal.

The researcher acknowledges the possibility of distortion of the received data due to the platform used for part of the questionnaires – internet. All online questionnaires are filled under the control of the researcher.

The researched group does not pretend to be representative. In part IV and V are presented data and conclusions only from the aimed questionnaire done by the researcher among 65 pregnant women from Bulgaria.

To elaborate on the statistical aspect of data a quantitative sociological research is used.

IV. PRESENTATION OF RESULTS

The fetus can hear everything which happens in the surroundings of the mother. There are various ways of creating a connection between the woman and the fetus part of which are so natural that the expectant mothers are not paying any specific attention. Reading aloud is a way of communication between the unborn child not only for the pregnant woman but also for the other members of the family. How willing are the expectant mothers to read aloud during the pregnancy and is there speech read aloud in their everyday life? These are only part of the questions to which 65 pregnant women from Bulgaria answered. The results show interesting tendencies and opportunities for development of scientific research and market goods.

A. The phenomenon “prenatal reading” vs reading aloud during pregnancy

On the first question “Do you know there is a phenomenon called “prenatal reading?”: 63% of the respondents (41 women) answer that they know there is such a phenomenon called “prenatal reading”. The other 24 pregnant ladies are not familiar with this way of communicating with the baby before birth.

On the second question “Do you read aloud during the pregnancy?” 33 women answer that they read aloud during the pregnancy. The other 32 (49%) from the participants don’t read aloud during the pregnancy.

The results after the analysis of these two questions show that most of the participating women are familiar with the phenomenon “prenatal reading”, 23 women not only know about this approach but also practice it during the pregnancy. 17 of the respondents point out that they know what is “prenatal reading” but don’t practice it. 10 of the participating mothers-to-be don’t know what is “prenatal reading” but they read aloud during the pregnancy. These results show that the term “prenatal reading” is widespread and is known to the respondents. Some of them don’t accept “prenatal reading” and reading aloud during the pregnancy as synonyms.

TABLE I. THE PHENOMENON “PRENATAL READING” VS READING ALOUD DURING THE PREGNANCY

Reading before birth	I know what is “prenatal reading”	I don’t know what is “prenatal reading”
I read aloud during the pregnancy	23	10
I don’t read aloud during the pregnancy	17	15

B. Practicing reading aloud during the pregnancy

In the analysis of this group of questions into account are taken only the questions of those who answered “yes” on the second question. These are 33 women altogether.

The participants are asked to point out what they read aloud during the pregnancy and have the opportunity to choose more than one type of literary work. The biggest group (18 women) answer that they read aloud children’s books. On second place as a preferred reading material for the mothers-to-be are the pregnancy materials (15 women). 10 of the expectant mothers have chosen to read aloud fiction work in prose. The rest possible answers have been pointed out by a few: poetry (6 women), articles in newspapers and magazines (7 women), science publications (5 women), forums (5 women).

The choice of materials to be read aloud coincides with the popular understanding for reading aloud to the unborn child. The parents choose books which they would read aloud after the birth of their child. In the everyday life of the expectant mother often somebody reads aloud in her presence and this is not directly pointed at the child.

Out of all who read aloud 20 women (61%) don’t observe any reaction in the fetus. 5 (15%) of the mothers-to-be share that the fetus is calm and stops moving. Same number of women point out that the fetus reacts to some parts of the text. Only 3 of the participating women answer that the fetus starts moving and becomes restless. The analysis of the reactions of the fetus is subjective, depending on the personal sensations of the mother.

40% of the pregnant women who read aloud as a way to communicate with their unborn child believe this will have an

effect on the development of the child. Only 6% think there is not so much effect. None of the participants pointed the possible answer “for sure there is no effect”.

Of all the expectant mothers who read aloud as a way to communicate with their unborn child 12 (37%) point out that they read aloud. 1 of the participating women reads aloud once per month or rarely. The other 20 pregnant women are equally distributed between the possible answers “up to three times per week” and “up to four times per month”.

Reading before birth is one of the ways other family members could communicate with the fetus before the birth. This is an effective way for creating unity between the family and the new member. Very often if the mother is pregnant with a second or a third child the mother herself or another person in her surroundings reads aloud to the bigger child. The respondents are saying that in their presence aloud reads the father, the bigger child, family members. Most often the father participates in reading aloud before the birth – in 17 out of 22 cases, described by the participants.

The combined image of the reading aloud respondents is an expectant mother who reads aloud mostly children’s books, doesn’t notice reactions in the fetus, considers that reading aloud has an effect on the development of the child after birth, reads every day and often in her surroundings the father reads aloud.

C. *Practicing other methods for prenatal education*

The expectant mothers are willing to make the best they can in order to provide themselves and their babies a comfortable environment and the best possible conditions. There are various ways in which the pregnant woman can communicate with her unborn child. All of them are variations of prenatal education, part of prenatal psychology.

From the data collected in this research the most popular method for prenatal education is listening to music and talking aloud to the fetus, practiced by 47 and 45 of the participants. 20 of the respondents practice yoga for pregnant women. 8 of the mothers-to-be have answered that they don’t practice any method for prenatal education. Least is the number of expectant mothers who point out that they communicate in a tactile way with the fetus – by petting or gently knocking on the belly. Only 4 of the participating women answer that they are familiar with the effect of the prenatal education. All of them are using personal experience – from their bigger children or from their own life (recently developing as a special method called haptonomy).

The pregnant women search various ways to create a connection with their unborn children from the moment of conception. It’s not surprising that so many of the participants use different ways of prenatal education. The collected data show that reading aloud during the pregnancy is the third most preferred way for creating a connection with the fetus.

D. *Schools for parents*

Schools for parents are becoming more and more popular in Bulgaria. These are not only places where the pregnant women receive valuable information: how to prepare for the birth, what should one take with herself in the maternity ward, what

documents are needed, how is the maternity leave paid, what are the rights of the expectant mother in front the employer, how to take care for the baby in the first days after birth, what is the role of the father and so on, but it is also a place where the expectant mothers are gathering to share and exchange experience. The schools for parents are organized in different ways – in the maternity wards and hospitals, by specialized magazines for parents, by midwives, by mothers who invite as guest lecturers specialists in different fields who will be of help for the parents.

Of all the participating women 26 are going to a school for parents, the other 60% are not attending. When going to such places the fetus is attending lectures and listens to the speech of different people as well as listening to speech read aloud. 15 of the expectant mothers point out that in the school for parents they are attending they have been given advice to read aloud especially children’s books and rhymed stories.

E. *Working environment of the pregnant woman*

Most of the participants state that they continue to work or have the desire to work until their condition permits. 57% of the respondents have pointed out that they work after the 28th week of pregnancy. 36 of the pregnant women are working in an environment which includes reading, the other 45% are not reading while working. It doesn’t matter what is the working environment of the expectant mother (home office; work in an office with other colleagues; work on a computer; work connected with phone calls; work in a specific environment) only 16 of the mothers-to-be listen to speech read aloud while working.

Most often in the working environment of the respondents aloud are read letters from customers/colleagues; popular and specialized online articles; documents; technical materials; contracts; prescriptions and others. The variety of the given answers show that depending on the working environment the mothers-to-be and their unborn children are exposed to different types of texts read aloud.

F. *Other sources of speech read aloud*

45 (69%) of the respondents are not attending regularly (at least once in a week) lectures, the other 20 (31%) are. The number of those who listen daily to speech read aloud (51%) and those who are not (49%) is almost equally distributed. Biggest is the number of expectant mothers who are listening to the news on the TV (40 women) followed by listening to the news on the radio (22 of the participating women). These answers show that a big part of the women (11%) do not recognize listening to the news as speech read aloud. Fewer are those who listen to audio-books (3 women), radio-theater (3 women), go to recitals (2 women). There are various sources of speech read aloud which are part of the environment of the mothers-to-be and most of the participants are aware of them.

G. *Demographic data*

65 pregnant women from Bulgaria have participated in this research. All of them are aged between 19 and 44. Most of the respondents are at the age 25-29 and 30-34 – altogether 70% of all the participants. 3 of the participating women are 40-44 years of age. Most of the expectant mothers have university education (92%), the others have highschool education. 41

women are expecting their first child, 22 are pregnant with a second. 2 of the respondents (3%) will become mothers for a third time.

V. SUMMARY

Reading aloud before the birth is one of the ways to create a connection between the mother, the unborn child and members of the family.

From the analysis we can summarize:

- The participants are familiar with the phenomenon “prenatal reading” and more than half of the women (51%) are practicing it.
- 37% of the expectant mothers who read aloud are doing it every day.
- Children’s books are preferred for reading aloud during the pregnancy (by 18 out of 33 women).
- Almost half of the participants who read aloud believe this will have an effect on the development of the child after birth.
- The respondents recognize various sources of speech read aloud not only while they read aloud but also when other people read aloud in their environment (working or domestic).
- Pregnant women in Bulgaria are practicing different methods for prenatal education and communication with their unborn child.

VI. CONCLUSION

Communicating with the baby before birth is a way to create a connection between the mother, the baby and the other members of the family. There are various ways in which the contact between the mother and the fetus can be made – talking to the fetus aloud or not, reading aloud, listening to music, meditation techniques, practicing yoga for pregnant women, going to lectures for parents, consultations with specialists and many others. Which way a mother will choose to communicate with her unborn child depends entirely on her own personal references and understandings. This research shows that reading aloud during the pregnancy is one of the preferred ways for the pregnant women in Bulgaria.

ACKNOWLEDGMENT

The researcher expresses her gratitude for the scientific consultation and cooperation of Assoc. Prof. Milena Tsvetkova, PhD in sociology of communication, Assoc. Prof. Georgi Burdarov, PhD in geography of population and settlements, Nadia Brankova, specialist in statistical processing of data from questionnaires.

REFERENCES

- [1] M. Tsvetkova, „Reader in the brain,“ Media and social communications, 2011, Vol. 11. (M. Цветкова, „Читател в мозъка,“ Медии и обществени комуникации). Available at: <http://www.media-journal.info/?p=item&aid=162>
- [2] H. Chuchkov, Medical Embryology. Sofia: Sofia University Press, 2001, p. 65 (Чучков, Х. Медицинска ембриология. София: Унив. изд., 2001. 346 p.).
- [3] Medical Center Fetal development. University of Maryland. 2013. Available at: <http://umm.edu/health/medical/ency/articles/fetal-development>
- [4] H. Chuchkov, Medical Embryology. Sofia: Sofia University Press, 2001, pp. 63-69 (Чучков, Х. Медицинска ембриология. София: Унив. изд., 2001. 346 p.).
- [5] M. Tsvetkova, „Audiobook and audioreading,“ LiterNet, Vol. 139, 2011, No. 6. (Аудиокнигата и аудиочетенето. Между ползите и риска.) Available at: <http://liternet.bg/publish3/mtsvetkova/audiokniga.htm>
- [6] A. R. Webb, H. T. Heller, C. B. Benson, A. Lahav, „Mother’s voice and heartbeat sounds elicit auditory plasticity in the human brain before full gestation,“ PNAS, Vol. 112, 2015, No. 10, pp. 3152-3157. doi: 10.1073/pnas.1414924112.
- [7] D. M. Gomez, I. Berent, S. Benavides-Varela, R. A. H. Bion, L. Cattarossi, M. Nesper, J. Mehler, „Language universals at birth,“ PNAS, Vol. 111, 2014, No. 16, pp. 5837–5841. doi: 10.1073/pnas.1318261111.
- [8] A. Eshleman, „Probing Question: Can babies learn in utero?,“ Penn State News (Pennsylvania State University), 23.2.2009. Available at: <http://news.psu.edu/story/141254/2009/02/23/research/probing-question-can-babies-learn-utero>
- [9] E. Partanen, T. Kujala, R. Naatanen, A. Liitola, A. Sambeth, M. Huotilainen, „Learning-induced neural plasticity of speech processing before birth,“ PNAS, Vol. 110, 2013, No. 37, pp. 15145–15150. doi: 10.1073/pnas.1302159110
- [10] Online poll („Stimulating reading environment during pregnancy”), developed by Darina Pachova, doctoral student, with scientific advisor Assoc. Prof. PhD Milena Tsvetkova. 9.03.2015. Available at: <https://docs.google.com/forms/d/1Xw3F8BoxKPf19wp8fi3vIPkMziKBPn0wY8GfPKz9S0o/viewform?c=0&w=1>

Social Policy Development and Implementation

Municipal level perspectives

Venelin Terziev

Angel Kanchev University of Ruse
Vasil Levski National Military University – Veliko Tarnovo
Bulgaria
terziev@skmat.com

Ekaterina Arabska

Department of Management
University of agribusiness and rural development
Plovdiv, Bulgaria
katya.arabska@gmail.com

Abstract—In modern world the significance and the understanding of different kinds of social policy and key actors are of extreme importance in development of strategic and program documents. The role and contribution of local authorities to social policy implementation is examined through the example of Bulgaria. The analyses of some good practices lead to valuable recommendations regarding provision of quality services on the municipal level in line with the national and European priorities in social policy. Capacity building and management in municipal administrations are discussed as key factors along with the necessity of establishment of a coordination mechanism on regional and national level.

Keywords- social inclusion, social efficiency, social impact

I. INTRODUCTION

An important feature of the contemporary projects of priority is their clear focus on the social field, i.e. on the person. The problems associated with investment in the person and improving the quality of life have never been paid so much attention before. The innovative approach to the habitual social sphere is the main difference of contemporary social, compared to all previously conducted projects at a national level. The effectiveness of the implementation of the social policy at any level (national, regional, corporate), depends unconditionally on the financial capacity of those who planned it and implemented it (the state, municipality, company). The financing of a certain field depends directly on the solution of the problem related to the production development. It is namely this question that unveils the problems of formation of the revenue of the budgets, the deficit of finance and money, including for the implementation of the social policy as well. In case of lack of funds we cannot speak neither of the development of education, culture, health, nor of labor market and social protection of the population. All problems within the social sphere arise primarily due to lack of funds and are often associated with economic problems and errors in the formation of the expenditure of the budgets. By the way, the social policy itself and its basis - the socio-labor sphere, as evidenced by the practice, have a strong impact on the economic growth, financial flows and budgetary policy. The content of the social policy can be successfully introduced by an explanation of the main structural elements of the social policy and its operational concepts [1]. Social policy is to a certain extent a philosophy, ideology, program to impact on demographics, employment of the population, standard, lifestyle and quality of life of the population, its income level and structure of consumption of material and cultural wealth, pension and other forms of social

security, social services of the population as well as provision of a targeted state aid to the most unprotected, vulnerable and poor parts of the population [2]. This system also includes the measures aimed at creating conditions for self-defense in order to maintain and improve the level of well-being of their families. If the enterprises and companies have good prospects for their own development, they will be able to pay stable salaries, to keep jobs, to solve many other issues.

Today the social responsibility of business is widely discussed [3]. Moreover, everybody has to define the meaning of this in their own way. Meanwhile, in other countries this is a concept that is understood by itself, inciting every entrepreneur to think not only about their own benefit but also about society in which they live and work. By "obligations of business" is also often understood additional social responsibility beyond the regular requirements. In a way - additional burden. Sometimes, however, this burden comes simply from financial, economic, investment objectives of some companies. In particular, from the concern about the territory on which the company operates. If the scope of activity of an enterprise (company) is related to the formation of a city or is of structural importance, it cannot go without sponsoring kindergartens, schools, hospitals etc. Municipalities do not have sufficient funds to support this infrastructure, and the enterprises, which employ the residents of a town/village, cannot leave people to the mercy of fate. Alone, without the help of their enterprises, they will not be able to provide education for their children, to receive medical help, etc. and the enterprises have no choice but to invest money in this social infrastructure.

The social security is a comprehensive system of economic, legal and social rights and freedoms regulated by laws; social guarantees for citizens, providing the population with guaranteed level of security and life activity. Under the conditions of transition to a market economy, as well as after this period, it is of essential importance to establish the rights and social guarantees within the population employment field, the protection of vulnerable groups and their provision with an income not lower than the corresponding subsistence minimum, the prevention of decrease of the actual standard of living (real income of the population) in relation to price increase.

Social protection is a system of priorities and mechanisms for implementation of establishment of social, legal and economic guarantees for citizens in the legislation; a system of

management bodies of other institutions at all levels, as well as a system of social services that provide a certain level of social protection, reaching a socially acceptable standard of living for the population in accordance with the specific conditions of social development [1]. The system of social protection of the population, created in Bulgaria, includes measures aimed at establishing a minimum level of remunerations, pensions and scholarships; introduction of a national system of aid for children, support for large families, differentiation in the level of remuneration of different categories of workers in the budgetary sphere etc. Social assistance is a system of measures to help individual persons or groups who are actually in need to overcome or mitigate the difficulties of life, to maintain their social status and complete life activity, to adapt to society.

The main types and forms of social assistance are established at local (municipal) level, taking into account the economic circumstances and the factor of social need of the citizens. They include: financial aid: one-off aid; aid for payment of transport services; assistance in extreme situations which resulted in large one-off losses (fire, flood, etc.); social security benefits in natural form: providing necessities (food, shoes, clothes, etc.); repairs of homes, vehicles; distribution of drugs; provision of free food; provision of fuel; humanitarian aid; services and privileges: sending to rehabilitation centers, social and psychological assistance centers, homes and accommodation centers, etc.; legal aid (protection of rights and interests, defense in court, etc.); psychological support; professional orientation (vocational rehabilitation assistance, advice on career choice); information support, etc. The basic principles of social assistance are: addressing, security, differentiated approach in determining the citizens in need, the size and type of aid, complexity, social reaction - review of social norms with respect to increasing the standard of living, independence of territorial authorities in determining the forms and levels of social assistance, as well as the determining the categories of citizens who need this assistance.

Social development is a process of change in society, expressed in changes in its structure, including the major classes, groups, layers, and social relations, i.e. changes in relationships between people as representatives of social groups in respect to their social status, their way of life. The content of the social policy is a program of specific actions of public authorities and non-state institutions, public associations in the implementation of tactical and strategic tasks aiming at harmonization of the public relations. The social policy has a number of important features that can be classified by different characteristics.

II. QUALITY ASSURANCE IN SOCIAL SERVICES

Undoubtedly, social policy and social-labor sphere are in a constant process of development. Moreover, social policy requires substantial financial resources and has a strong impact on the development of the national economy, economic growth, the dynamics of gross domestic product (GDP), the movement of society and progress. It is obvious that without a well-developed system of education, culture, health, etc., the development of production is impossible, as it is namely these factors that have a huge impact on people as the main (personal) factor of production. Discussing the issue of the

access to quality support services a number of factors should be considered as increasing needs and demand, funding problems, ageing population, change in family patterns, poor working conditions in the social sector and staff insufficiency, change in the ways of functioning, development of information and communication technology, new opportunities for provision of social services, etc. The main goals are connected to the availability and quality, innovation and sustainability underpinned by the aims of the social policies as a whole expressed in terms of employment, inclusive education and independent living. The vulnerability is the basis which imposes the need of special considerations and actions as well as the change in the main paradigms in rendering social services. The differences between institutional care and community care (Table 1) present both positive and negative features of the different models and explain the shift to community-based support approaches [4]. The latest, however, require specifically targeted measures and activities with integrated and complex scope. Some of the common mistakes during that transition are overinvestments in some institutions, while at the same time closing other, even sometimes still maintaining parallel services. Thus the main challenges are to bring the support to people and further develop knowledge and expertise.

TABLE I. DESCRIPTION OF THE CONCEPTS OF INSTITUTIONAL AND COMMUNITY CARE

Institutional care	Community care (Community-based support)
Isolation from broader community	Inclusion to the community
Clients have not sufficient control over their live	Involvements of the clients to all decisions
Paternalistic relationship	Partnership
Routine	Flexibility
Block treatment	Individual approach
Rules of the institution are more important the needs of the clients	Client in the centre

The key quality requirements for social services could be concluded as follows [4]: to facilitate full participation, inclusion and equal citizenship; to be built around people with disabilities and their changing needs: tailor made – person centered; to be community based and rooted in society; to be set up in, and in close cooperation with the mainstream; holistic approach - multi faceted approach; be provided by well-trained and managed staff; keep the family together; be based on stakeholder cooperation; ensure security to all users; allow real and informed choices. The question of quality assurance in social services is usually extrapolated in the following prerequisites and requirements: multistakeholder approach, non-prescriptive, self-evaluation, measurable, external verification and accordance to some common standards and regulations. For example the EQUASS quality framework (Table 2) is oriented towards: results, quality management, resource management, process management, good governance, partnership and systematic improvements on the basis of person-centered, multidisciplinary and holistic approaches considering rights and ethics, inclusion and contribution to society [5].

TABLE II. VALUE OF QUALITY ASSURANCE SYSTEM IN SOCIAL SERVICES

Guarantee on minimum quality	Human rights perspective Financial constraints Cross-border service provision
Informed choice	More complex and diverse services Market environment (personal budgets, licensing, etc.) Participation, empowerment, self-determination
Reward investments in quality	Credibility towards clients and partners Meet requirements from funders Need to have known and recognized quality label
Internal change management	Self-evaluation and consensus assessment Compass for change (more convincing than management view) Driver for change (trigger/motivation/team work)
Benchmarking and continuous improvement	Framework for staff training and identification of required skills Common framework for (international) bench learning Ladder system and improvement plans (auditor is not inspector)
Make quality happens in practice	Coherent and comprehensive system (not checklist) River for change (trigger/motivation/team work)
Guide for outsourcing of services	Accountability Transparency Focus on outcomes and effectiveness
Stakeholder involvement and ownership	Stakeholder consultations Representation in permanent quality committee
Capacity building to operate the quality assessment system	Training of assessors Development of procedures and administrative system
Train service providers	Initial training and benchmarking Assessors rather than inspectors Transition arrangements
Incentive for compliant service providers	Condition for license or funding (accreditation system) Recognition of best practice (mark system)

The system has strong expectations for effectiveness and results through outcome measurement demonstrating the benefits of the service for the users and the community and the introduction of a market approach assuring greater transparency and efficiency, as well as increasing use of tendering and competitive systems. Speaking of efficiency as a key concept for any socio-economic activity, the focus is traditionally on economic efficiency, expressed in the “costs-effects (benefits)” correlation. Since every social activity is carried out with even more limited resources, the approach should be as to an economic activity. Moreover, any purposeful activity in which the limited resources are allocated and combined between alternatives, as maximizing of the effect or cost minimization is possible is considered as such [6]. The fundamental principle characterizing the economic efficiency is one of the sides to study the effectiveness of the activity. However, any activity is social by its nature and determines the need of measurability of the social effects. On this basis, the so-called social efficiency is more and more discussed in recent years. Unlike the economic efficiency, the social efficiency does not have so direct character, it is rather a more complex category and is difficult to express in one dimension [7]. It seems that social efficiency cannot be considered within the

categories of the abstract social prosperity or just as a movement of the social system to some generalized goal of social development. The social object, which is the object of management, which the concept of social efficiency refers to, is quite complicated in its structure. It covers the whole range of existing social and public relations.

The social management goals themselves inevitably affect the “space” of these relations, including the social system (the society) in an entirety, the social groups (communities) and the separate individuals (persons). Based on this and the efficiency of the social management activities, it is necessary to think on the overall assessment for the development of all aspects and components of the social system. It is obvious that the above examined correlation of the efficient social activity [8] to the objectives of social progress indicates one of the important moments of social connection and interdependence between the general systematic, social-group and individual-personal dimensions of the social activity, of the complete and as a rule long lasting nature of its manifestation [9]. When discussing the issue of socio-economic efficiency of the targeted complex programs, it is found that the main purpose of the statements and assessment of social efficiency within the program-target method is the basis of the received planning and management decisions [3].

The modern social programs have many manifestations and specific principles, methods, technologies for identifying and reaching social goals, ways and means of development of human resources [10]. The general trend in the development and implementation of social programs for human resource development is the fact that their preponderant target orientation is related to solving the problem of the health and physical development of the population, the intellectual and educational development of human resources. The validity of the objectives and tasks to assess the effectiveness of social services in Bulgaria, to provide stability and support to disadvantaged people (vulnerable groups on the labor market), known as risky groups, is determined by the analytical capabilities of social service for identification and evaluation of the “inquiries”, resource availability of the social service to meet the “inquiries”; the level of interaction between the institutions at a government (national), municipal and non-governmental level; socio-economic conditions and qualifications of the personnel of the social service.

III. IMPORTANCE OF THE STRATEGIC FRAMEWORK FOR DEVELOPMENT OF SOCIAL SERVICES: THE EXAMPLE OF THE MUNICIPALITY OF PLOVDIV

With the changes to the Social Assistance Act a legal framework for the introduction of a new approach in the development of social services is created by planning disclosure, closing, changing capacity and provision on municipal and regional level based on analyses of needs for social services [11]. The introduction of the principle of regional planning and development of social services is aimed to stimulate initiative and to create conditions for maximum flexibility of economically beneficial, financially reasonable and affordable social services, thus creating legal guarantees that social services are available, effective and meet the real needs of the community. Long-term strategic planning at the

municipal level is to overcome services' imbalance and ensure equal access to quality services for the people of risky groups, financial sustainability of social services and linking their development with adequate financial resources. Strategy for the development of social services in the municipality of Plovdiv 2011-2015 is developed as a sectoral policy in the process of partnership between stakeholders - municipal administration and city council, the Directorate for social assistance, service providers, local civil society organizations / NGOs / with overall coordination of municipal administration. Public policy in the field of social assistance is implemented in cooperation with state authorities, district administrations, local authorities and legal entities, profit organization operating for the public benefit, which create conditions and contribute to the implementation of programs and projects in this area [12].

The planning process is based on analyses of the situation and evaluation of demand for social services. The main objectives of the prepared report are: to present complete and realistic information about the status of social services offered in the municipality; to evaluate the resources to meet the identified needs; to define tasks and direct the efforts of local authorities and local community towards positive changes in quality improvement and development of social services and quality of life of the population. The scope of topics includes a wide range of socio-economic problems, demographic trends, general condition of the sector "social services" in the municipality by providing resources (available financial, human, informational, material and technical base and social infrastructure) considering level of accessibility and concerning capacity building and quality achieved in available services. The evaluation of social services in the municipality of Plovdiv assess the opportunities and available resources. Services available in the municipality of Plovdiv are analyzed into two main groups - children and adults, as each of them is a specific risky group, especially in the specialized institutions and services provided for the community risky groups. The services are presented according to available information regarding capacity and core activities, access to services, human and material resources, basic issues and present trends for development. The following general conclusions about available social services could be made concerning:

- territorial distribution in the municipality - services map in the municipality shows uneven distribution. There are opportunities for the creation of day care centers and centers for social rehabilitation and integration in all areas of the city with a capacity depending on the number of needy persons;
- ratio of community based services and specialized institutions – growing proportion of social services in the community;
- ratio between services in a family environment and residential care - equal to a large extent, but insufficient, especially supportive family services;
- level of development of services for preventing the risk of social exclusion - established services but with insufficient capacity and not embracing all risks;

- spectrum - all kinds of social services provided by the law but with insufficient capacity;
- accessibility of services - the offered social services do not cover all risk groups. Existing capacity is insufficient and remoteness impede the use of services by persons living in extreme neighborhoods. For these reasons, many of them remain not covered by the network of the already existing social services.
- scope of services provided by external suppliers difficult to assess.

The summarized conclusions of the analyses of the situation and collected specific data are important for the adequate capacity planning of the envisaged social services and the choice of their shape - the way of ensuring access and reach clients and consumers, serving one or several locations in one or more municipalities, and for developing a "blended" services for risky groups - combining two or more services in a general administrative framework. The approach used in the analyses is sharing of responsibilities of state institutions, local authorities and NGOs for social protection of the population and the fight against social exclusion. Problems of different risk groups - children, elderly, people with disabilities and ethnic minorities are discussed from the point of view of beneficiaries of social services and services' providers.

Municipal strategy for development of social services comprises services, measures and activities which are necessary for the implementation of effective policies to support individuals and risky groups in the municipality in accordance with their real needs and modern standards of quality and accessibility. For this purpose, the municipal strategy covers not only social services and measures but also integrated policies and resources in the sectors of education, health policy and the labor market. At first place existing services are included, underlining the expected direction of their development - whether they should be retained in their present form, extended, reformed or closed. At the same time the opening of new social services for priority target groups, including innovative services, initiating cross "mixed" innovative services - medical and social, educational and social, etc., parallel development of horizontal policies and measures for social inclusion in priority related sectors is embraced. Ways to access these services and the links among them are referred. The strategy foresees social services for all risky groups on the territory of the municipality. The choice of priorities is based on the severity of the problems and available resources.

The common understanding is development of social services as development of social economy in a two-way process: on the one hand -process of development of social services as a means to adequately meet the needs of groups at risk, individuals and families, and the other – as a process of economic development and employment for qualified in the field of social work professionals and other experts in support and service activities. The strategy is to create conditions for support of local communities, groups, individuals at risk for preservation, maintenance and establishment of viable communities and integration of every child and adult in them. To achieve these goals municipal strategy envisages the

development of a modern, efficient system of social services meeting the needs of the community and ensuring equal access and continuously improvement of quality. The horizontal measures and activities in other related areas as health education, housing, etc. that have relations with the functioning of social services are essential to solve the problems of vulnerable groups and individuals.

The strategy is developed in accordance to existing legislation in the social sphere. It is consistent with the national strategic documents relevant to social support to people in disadvantaged situation and the social integration of people with disabilities, as well as national priorities in the development of social services, directed primarily towards deinstitutionalization of children and adults and decentralization of services, namely: changing the philosophy of providing them through an integrated approach of implementing passive and active policies aimed at the most vulnerable groups: people with disabilities, single parents, adults and children at risk of falling into institutions; and - switching to alternative forms of social services in the community tailored to the needs of the people of the municipality and the process of deinstitutionalization. Following the reform and the processes of transition of social services from institutions to community, the strategy considers the opportunities of contracting private providers too and undertakes relevant measures of networking with related systems - education, health, housing, infrastructure, etc. It complies with successes and good working practices and mechanisms in the development of social services at national level and in the region of Plovdiv, as well as the main sources of information that determine the national, regional and local policy development of social services [13].

Generally accepted principles in the planning of social services determine the basis for the joint participation of society as a whole targeted to the creation of a document sufficiently acceptable from broad layers of the population considering recognized needs:

- Equal access for all users of social services and tolerance in dealing with every need, regardless of ethnicity, gender, disability, age, social status;
- Integrated approach to providing support and services for vulnerable groups, which lead to a higher quality of life, independence and real participation in social life;
- Sector interaction through a combination of services in all public sectors: social, education and health, to ensure coverage of basic needs of vulnerable groups and to allow effective and efficient utilization of public funds;
- Coordination with the institutions at different levels: at the level of central government – in accordance with the regulations, strategic documents and financing mechanisms, which determine the rules of operation; at the operational level between institutions of central government and local bodies responsible for the development, planning and services; clear and effective partnership between local authorities and organizations providing services;

- Flexible social services tailored to the specific needs and requirements of users which comply with the laws and regulations in Bulgaria;
- Effectiveness and efficiency of social services and partnerships, which main goal should be the satisfaction of users and their families with the services on the achieved social inclusion, human rights and dignity and the actual improvement in quality of life;
- Funding, user-oriented, which guarantees to every person in a vulnerable position access to support services in the realization of the right choice of provider of services. One of the most modern method of financing is “money follows the client” respecting the principle of transparency and efficiency in the utilization of funds;
- Promotion of community-based services, innovation and continuity planning services and measures.

The vision is defined as follows: formation of sufficient social capital through developing maximum capacity and deployment of the potential for constantly improving the quality of human resources in the municipality of Plovdiv. The main goal is Plovdiv municipality to develop and provide social services, mainly in family and family-like environment of institutions and organizations working in network, with quality and coverage satisfying in maximum needs of all vulnerable groups. The priorities of the strategy outline the main horizons of the desired change in the relationship with the priorities of the City Development Plan which are the basis for the general objectives too: achieving a dynamic, competitive economy based on knowledge; development and modernization of local infrastructure, creating conditions for growth and employment; improving the attractiveness and quality of life; strengthening the institutional capacity for process improvement and management. The priority directions trace the path of change and are divided into specific goals carriers filled with activities measures [12].

For successful implementation of this strategy it is necessary to build capacity, which is a kind of synthesis of developed administrative skills, as knowledge and experience to organize and competently to provide social services. The basic steps for capacity development include the following active actions: construction of new or upgrading of existing facilities; creating conditions to allow modification of services, introduction of new techniques and the application of modern methods of work according to modern criteria and standards; improving the organizational environment in social structures; applying the principles of good governance; bridging the gap between science and practice in social activities; development of social services provided in planning documents; bringing existing documents for the development of social services for individual communities in line with the identified public needs; increasing project activity; attracting additional financial resources.

Achievement of the headline targets in the strategy regarding development of community services, modification of the specialized institutions and the opening of alternative niche for innovation questions and the capacity of services,

determining the magnitude of their development, subject to administrative competence emphasizes on the provision of shared resources, enhanced spatial cover and rational organizational model through: developing a network strategy in the provision of social services; and sustainability and long-term orientation of social services to identify trends in the public sphere. Targeted actions are: implementation of related between public entities, institutional structuring services; coordination of the management tools of the territorial level administrations; realization of synergies in the provision of social services between stakeholders within the municipality and the region; coordination of the main sectoral policies and practices; increasing transfer of competences and resources in the social sphere.

It should be emphasized that there is no clear line of demarcation between the functional service capabilities and capacity to administer. Roles and tasks of municipal institutions, service providers and others determine their competencies stipulated in the basic regulations regulating the process of development and implementation of the municipal strategy. Along with this, however, the involvement of stakeholders depends on their continuous commitment to the identified needs of groups at risk and the activities planned to meet them. The municipal strategy foresees specific measures to ensure its performance. They include a range of different forms of institutional support and activities to support people and organizations involved in the implementation of the strategy.

The needs of all groups of disadvantaged, which to varying degrees are carriers of the risk of social exclusion, are taken into account. Although the desire and the need for the utmost satisfaction of all public needs is not objectively possible to fully ensure the provision of sufficiently effective and widespread social support. The strategy is a fixed document provided with limited resources and it marks the time sequence in the implementation of policies and practices gradually for progressive development of the social sphere. On the other hand, the dynamic variation in the characteristics of the individual target groups hinders the implementation of adequate measures for permanent and full overcoming social isolation. The imperfections of the system for social assistance and further complicating external environment, including the fact that it is itself continuously changing, set the questions regarding the criteria, standards and approaches needed.

The degree of success should be estimated on the basis of compliance with the principles of: compliance - adequately addressed, according goals against existing needs; efficiency - rational use of resources to obtain the planned results; performance - results fulfill the objectives; impact - achievements lead to the desired positive change; sustainability - preservation and development of the achieved benefits. It is worth to underline also that all measures and actions should be coordinated with those on the higher levels – that of the Plovdiv district and the national one in order to avoid overlapping and to increase efficiency in terms of rational use of scarce resources.

IV. CONCLUSION

Development of social strategies on municipal level is a good practice how to find effective and efficient ways of impact on social inclusion and achieve quality in social services through information and innovation transfer considering the common targets of higher employment, adequate social protection, overcoming social exclusion, human health protection and high level of education and training. Contemporary trends and challenges of the transition to community-based services on municipal level pose serious problems of binding to all the regulations in the field and correspondence to European and national strategic documents while at the same time experiencing vigorous financial and organizational problems. One of the key issues is the capacity building and management on the municipal level which imposes the need of establishment of a coordination mechanism on regional and national level.

REFERENCES

- [1] V. Terziev, Impact of active social policies and programs in the period of active economic transformations in Bulgaria. "East West" Association for Advances Studies and Higher Education GmbH, Vienna, Austria, 2015.
- [2] V. Terziev, S. Dimitrova, Social programming in the context of stimulating social activity and regulation of social development through active policies. "East West" Association for Advances Studies and Higher Education GmbH, Vienna, Austria, 2015.
- [3] V. Terziev, Impact of the labor market policies for providing employment. Dema Press – Ruse, Bulgaria, 2013.
- [4] Zelderloo, L. Access to quality support services in times of crisis. European association of service providers for persons with disabilities (EASPD). Presented at the Regional forum of social services suppliers organized by the National alliance for social responsibility and the Municipality of Plovdiv on 25/04/2014. Unpublished work.
- [5] European Quality in Social Services (EQUASS): <http://www.equass.be/>.
- [6] V. Terziev, S. Dimitrova, E. Stoyanov, Assessment of Social Programming Efficiency in Dynamic Social Environment, Journal of Innovations and Sustainability, Vol. 1, No 1, 2015, p. 9-25.
- [7] V. Terziev, E. Arabska, Assessment of the effectiveness of social programming, Journal of Process Management (JPMNT) – New Technologies, International, The International Scientific Conference "KNOWLEDGE - WHO AND WHAT"(held in Bansko, 21-25 May 2015), Special Edition, Volume 9, May 2015, p. 119-131.
- [8] V. Terziev, S. Dimitrova, E. Arabska, Social activity of human resources - a basis for effective social policy, Journal of Process Management (JPMNT) – New Technologies, International, The International Scientific Conference "KNOWLEDGE - WHO AND WHAT"(held in Bansko, 21-25 May 2015), Special Edition, Volume 9, May 2015, p. 241-246.
- [9] V. Terziev, S. Dimitrova, E. Stoyanov, Development of Active Social Programs, Journal of Innovations and Sustainability, Vol. 1, No 1, 2015, p. 27-46.
- [10] V. Terziev, E. Arabska, 2015. Social policy and social programming: key implications concerning development of active labor market policies and employment. Proceedings of 17th International Academic Conference, IISES, Vienna, June 21-24, 2015, p. 499-513.
- [11] Social Assistance Act of the Republic of Bulgaria.
- [12] Strategy for the development of social services in the municipality of Plovdiv 2011-2015.
- [13] Municipality of Plovdiv official web-site: <http://www.plovdiv.bg/>.

How Soft Power works to fight the imposed bias

Case study: North Korea

Anna Solé Sans

Ramon Llull University

Barcelona

annasolesans@gmail.com

Abstract—North Korea is repeatedly ranked by Freedom House and Reporters Without Borders as the country with the least free media in the world. This ranking reflects the country's lack of an independent domestic media, its restrictions against accessing foreign media and the harsh punishments it metes out against citizens who violate those restrictions. Despite this, since 1990s the information environment has undergone significant access to outside media has grown considerably over the past decades. The world knows very little about North Korea. There is probably no society more closed off from the world today. From a government perspective as well, it presents one of the hardest intelligence targets to penetrate. Very few are allowed to enter the country and even being a tourist is difficult in a such atmosphere. This essay is focused in whether and why Democratic People's Republic of Korea (DPRK) is trying now to opening-up to the world. Thus, the main objective is to analyze the information that the government provides to foreign media and also the North Korean soft power as a key element in their new policy. Kim Jong-un and his team have chosen to give more first-hand information to offer more details about the country by letting people in and also to expand their culture in order to overpass western bias.

Keywords - North Korea, Soft Power, Kim Jong-un

I. INTRODUCTION

Since Kim Jong-un assumed power in 2011, he has undertaken a series of construction projects like a riding club, a pediatric hospital, a new war museum and has finished a huge aquatic park. Such occurrences are normal in a regime that is called totalitarian by its detractors and democratic by its equally passionate supporters. Likewise, the Democratic People's Republic of Korea (DPRK) regime has survived for over six decades through its isolationist policies and the deterrence effects of its nuclear program. Additionally, North Koreans have been bound to the regime through the use of *juche*¹ ideology, which created an almost familial connection with the deceased leaders Kim Il-sung (1912-1994) and his son, Kim Jong-il (1941-2011). Devotion for the Kim dynasty remains strong and Korea is now undertaking a new project consisting in opening-up the country by enabling tourists and journalists into it with the purpose of shifting international opinion about North Korea.

¹ Consisting on four ideas: (1) man is the master of his fate; (2) the master of the revolution is the people; (3) the revolution must be pursued in a self-reliant manner; and (4) the key revolution is loyalty to the supreme leader Kim Il-sung.

This article aims to understand how North Korea is trying to reshape the existing views and narratives of the country by permitting more visits and utilizing the information in service of this objective. Thus, the paper intends to analyze the information and how the government shares it with foreign media and its motivations for doing so. Additionally, it will focus on North Korean's soft power as a key element in its opening-up policy.

II. AN OPEN CONFLICT

The regime, created in 1948 out of the division of the Korean peninsula by the US and Soviet occupation forces at the beginning of the Cold War, has outlasted anyone's expectations. Despite the fact that the Soviet Union and other communist regimes collapsed some decades ago, this enigmatic Asian nation continues to hang on. When the so called Dear Leader Kim Jong-il died in late 2011, some researches pointed out that it could be the end of North Korea. However, his son Kim Jong-un referred as the Great Successor declared 2012 as the year of "powerful and prosperous nation". The regime remains intact despite the hunger period that took place between 1995 and 2001, the global economic sanctions, a collapsed economy and almost complete isolation from the rest of the world. But to understand North Korea now, one must look back through its past.

A. Best and bad days

The Cold War is already over for South Korea but for the North it is not only its past but also its present and future. The Soviet Union made peace with the South and normalized its political relations in 1990. China followed in 1992. But for the Kim regime, there is still no peace settlement with the US, Japan or South Korea. The stagnation of the conflict occurred around the 38th parallel. After a long war of attrition, peace talks began. On July 27th 1953, the armistice of Panmunjom was signed establishing a safety area of four kilometers around the parallel. It was created under the watchful eye of a UN Commission. The situation continues today which means that the conflict from the Cold War remains open. The crisis became the first indirect and armed confrontation between the two superpowers that in the event of extension and its transformation, superpowers decided to isolate and control it directly².

Geopolitics during the Cold War favored the North. This might sound strange, given the alliance between the US and the

² Pereira, J. C. (2009). *Historia de las Relaciones Internacionales Contemporáneas*. Madrid: Ariel. 733

South. South Korea was in a world of political and economic uncertainties. It's first four leaders were forced out via extralegal means; coup d'état or assassination. Meanwhile, North Korea had one leader for almost five decades, who was strongly supported by its two big patrons, as politically stable and seen as a model of socialist development. Furthermore, the North propaganda emphasized that their part of the country was the true historic seat of Korean ethnicity³.

B. Soft Power

The concept of soft power was first introduced by Joseph Nye⁴. In its original conception, soft power was defined as a co-optive behavioral power, meaning "getting others to want what you want". However, Nye only pointed out that there is a distinction between hard power and soft power and did not suggest any other frameworks to understand the power transfer mechanism which he calls soft power resources to soft power⁵. Precisely, promoting Korean language and culture is considered a soft power tool. The recovery of the Korean status which was lost during the Cold War is Kim's dynasty objective. This is the reason why the Worker's Party of North Korea wants to strengthen its position not only in front of the superpowers –especially the US– but also among its neighbors.

Since the accession to power of Kim Jong-un, North Korea has lost no time in establishing the appearance of an accelerated internationalization. The most important element in this process is North Korea's closed standards, a rather vigorous program of cultural diplomacy. The performing arts have been a perfect example such as the Clown Festival hosted in Figueres (Spain) where North Korean artists won the first prize in 2014, 2015 and also in 2016. It should not be forgotten that the North Korean symphony orchestra which travelled to France and toured over China in 2012, exhibitions and film production in cooperation with China also emerged as important elements in cultural diplomacy. These elements are after all, part of a developing North Korean soft power strategy which complements and assists the country's diplomatic and strategic goals, that are also used to tantalize western commentators with visions of a North Korean "opening up". Thus, when discussing about North Korean soft power, context matters. Spring 2012, was a period of extreme activity by the DPRK on the world stage when testing their nuclear weapons. These soft power efforts bear upon North Korean politics of aid as well as its nuclear program, which from its point of view, is only a way to negotiate and to stop US imperialism around their borders.

III. THE OPENING-UP POLICY

In order to understand why Korea is trying to be more permissive regarding the access to foreigners and journalists into the country it is particularly important to know the opinion not only from the North Korean government but also from journalists and tourist agencies. For this reason, people from

the government and from the Korean Friendship Association (KFA), as well as journalists who have visited the country and also a tourist agency with special focus preparing trips to Korea have been interviewed. Furthermore, the 'Pyongyang Cafe', the first North Korea themed cafeteria in the Western world, placed in Tarragona (Spain), and one of North Korea's Soft Power element was also visited.

A. Official Views

"In Korea nobody knows illiteracy, the government provides free health care, there are no taxes, no one sleeps on the street and there is no unemployment"⁶, declares the North Korean ambassador in Spain, Kim Hyok Chol. However, he admits that "Korea is not as rich as other nations but life is harmonious: we love our leaders, we love our country and we like the political system that has been created by the people" and adds "we have to spend a lot on defense, we are at war with the United States and for this reason we have to preserve the country's security in transport and communication". Asked about the nuclear arsenal, the ambassador argues that "we do not want them but we need to defend ourselves." He states that the US has always wanted to "prevent nuclear development in the country but has failed and now they are attacking us with other things like the violation of human rights". Kim Hyok Chol also has some words referring to the TV program *En Tierra Hostil* from Antena 3 devoted to North Korea "the US wants to assure a bad image from the country. These journalists have been paid to harm us".

The US created Voice of America, Russia launched Russia Today to counter its effect. Both are used as element's of their respective countries' soft power projection and Korea may also desire its own equivalent. The North Korea's special delegate and the only foreigner working for the country, Alejandro Cao de Benós⁷ explains that "it is not possible due to the high economic cost involved. But Korea does not give much importance to what is thought outside its borders, we are too used to insults and lies and we simply ignore them". Cao says that they are tired of mistreatment and this is why they often refuse the access of journalists. Despite this, the Special Delegate stresses that it is important that people know the reality of the country. Therefore, at his insistence the project of bringing in foreign journalists was established in 2003. Cao mentions that the articles containing information about Korea generate curiosity and "journalists create sensationalism, putting terror music and manipulating the information. The vast majority end up telling lies". In spite of this perception, the Special Delegate mentions that this can be used as soft power element "I let reporters in until where I want. The first time they come, I show them the shallowest point. If they are good, next time they will see more and talk to more people. It is about building a trust relationship. Korea is protected from many problems and we care about who comes and where they go". He also notes that journalists have a different itinerary

³ Cha, V. (2013). *The Impossible State: North Korea, Past and Future*. London: Vintage Books. 529

⁴ Nye, J. (1990) *Bound To Lead: The Changing Nature of American Power*. Basic Books

⁵ Nye, J. (2004) *Soft Power: The Means to Succeed in World Politics*. New York: Public Affairs

⁶ Speech conducted by the North Korean ambassador in Spain during the opening of the representation of the KFA in Tarragona, Spain on February 14, 2015

⁷ Alejandro Cao de Benós is the Special Delegate, Committee for Cultural Relations with Foreign Countries from North Korea. Interviewed in January 2015 and August 2016

from the one that the Korean Friendship Association has "we separate them at the airport and we prepare two different buses". He explains that before the journalists leave the country "the material has to be reviewed: there are things that cannot be recorded as checkpoints or in Asia for example, you cannot cut the leaders' head, it is very rude" and adds that the routes are closed "one or two interviews with government officials, four interviews with people from the street, visiting a house, a cooperative farm, a school, leisure parks and monuments". Cao asserts that normally journalists visit more places than Pyongyang, like Kaesong and depending on the group they can be granted access to other areas. The special delegate explains that Koreans "do not trust Westerners, they are not used to them and they know exactly what the situation with the US is. For this reason, it is sometimes difficult to get someone to talk to journalists" remarks and also adds "journalists make uncomfortable and offensive questions with a hidden intention". The information as a soft power element reappears when he says that "we tell specific news such as a nuclear test, because we want to inform about our potential. In fact, this is more important than any other speech or statement" and he emphasizes that "we use this kind of information in order to give messages that can prevent a war". The tourist trips are the most restrictive way to travel to the country, says the Delegate "for us it is just a business and it is open to everyone. They are groups of 20-30 people and you cannot talk or interact with anyone. The guides are trained to not answering personal questions" he stresses and concludes that "for us a tourist is the same as a potential spy".

On the other hand, Jaime⁸ a KFA member explains that trips organized by this association are "a closer relationship: we can talk to them and visit things outside the itinerary". Jaime says that he did not see microphones on the hotel however he declares that "he finds it normal regarding that the press is often capitalist and they have prevent with security measures". For him, there are now more opportunities to travel to the country because the "whole world is interested in Korea and Korea needs the world to know the country". Despite this, he adds that "if Korea needs to improve its image is only because it has been consciously destroyed by the West". However, Jaime argues that bad advertising "is still publicity." He mentions that there are shops for tourists and for Koreans "in Korean stores all products are sold at production cost, meanwhile in tourist shops, you can only pay with Euros, dollars or Yuan and the currency goes to a currency fund managed by the Ministry of Economy". Even the fact that he is a KFA member, Jaime was not able to go out alone for a walk and declares that he did not see any gulags "in Korea there are no labor camps, if you commit a crime you pay your penalty by working not by doing nothing in a cell" and concludes "the world is attacking Korea but it still remains socialist: capitalists and fascists always attack by any mean".

⁸ Jaime is a member of the Korean Friendship Association. He did not wanted to participate with his full name. Interviewed in February 2015 and August 2016

B. Journalists reporting the country

Naiara Galarraga⁹ is very clear from the very beginning "North Korean authorities decide what to show –and what to hide– to the reporters, we were always accompanied by guides who also acted as a translators". She felt constantly guarded by her minder "he picked me up at the airport and he was with me all the time except the time I spent in my hotel room" and adds that the guides were staying at the same hotel as well. "He warned me that it was forbidden to go out alone and reminded me that I would soon be betrayed by someone who saw me", she explains. Galarraga says that she could not leave Pyongyang. What she saw was part of the tour organized for journalists: Kim Il-sung's home village, leisure parks, the National Library, Kim Il-sung Square, some sport centers and a musical show. "The aquatic park was full of men, women and kids despite it was a weekday. We were just allowed to speak with four visitants selected by our guide", Galarraga responds. "I suspect that most of them were there as a reward for their work but I cannot assure it because, despite my requests, it was impossible to speak with the bathers", she says "whereas, the equestrian park was almost empty, the men who rode horses looked like soldiers: they all had similar size and identical haircut" argues the reporter but she emphasizes –again– that she cannot confirm. Regarding the conversations with people, Galarraga explains that it was easy to talk to visitors or people in charge of the attractions but says that was "impossible for our guide to let us speak to anyone chosen randomly on the street, in the subway or in a show". "On a trip like this, I was a hostage of the translator. The interviewees know that you are a foreign journalist and you can only communicate with them through the interpreter, so they are very aware about what they say and act carefully" states the journalist and adds "unfortunately, I had no conversation that I could qualify absolutely free with any North Korean". Galarraga thinks that "they are opening to journalists due to the need to attract tourists which, in return, generate foreign exchange for the regime and the need to improve the country's image. They care about the brutal human right violations and that has made diplomats more accessible and they are able to speak about human rights. Besides this, the regime has responded with its own human rights report", concludes the reporter.

Correspondingly, Jalis de la Serna¹⁰ states that if Korea greatly desires to improve its image is because it "has a bad image internationally". The TV journalist was surprised to see microphones in the hotel rooms "there is nothing normal on that". He also confesses having felt watched during his visit "you cannot go alone. We were accompanied all the time by people working for the regime. We have been monitored 24 hours a day, whenever we were shooting, someone was with us". En Tierra Hostil team went out the capital city "from Pyongyang to the border –approximately 100km– we saw five checkpoints on the road. The people we had the chance to speak with were those whom they left us to. And we noticed that the translator did not translate literally but recreated it giving us to understand something that the lady had not said"

⁹ Naiara Galarraga is a journalist who works at the world news section desk at El País. Interviewed in February 2015 and June 2015

¹⁰ Jalis de la Serna is a journalists from the TV program *En Tierra Hostil* for A3 Media. Interviewed in February 2015

mentions de la Serna. Regarding the interviews the journalist explains that "they are indifferent: people do not really want to have contact with foreigners and when we asked someone they usually shied away from us. Moreover, we have been told that they are indoctrinated to avoid contact and they know what they have to say about their living conditions". "I asked Cao de Benós 'why you do not let people to get out alone, what you are afraid from' and he got quite angry. It is a very repressive political regime and they want to give contrary view", asserts de la Serna.

C. Tourist agency

The story differs a bit if we take Koryo Group –one of the World's leading DPRK travel specialist– into consideration. Knowing the restrictions that both Alejandro Cao de Benós and the journalists itself have reflected, this company declares that they "do not do journalists tours, on the occasions that we can take in travel writers we just have them on normal tourist trips", says Simon Cockerell¹¹, one of the employees. Referring to the interaction with people, Cockerell explains that "they can interact with people on the trip, it can be hard work though as many local people are very wary of foreigners, but it is possible for sure". Some journalists mentioned that guides could not provide information about their personal life, however from Koryo "you can ask about anything to the guides, I always encourage it in fact, they are human beings and not just mouthpieces for the state. There are no rules on what people can ask. People should also ask about their personal life and things that they do on their free time" adds Cockerell. He also mentions that they are typically from Pyongyang and explains that "tourists cannot wander off freely, everything has to be done with guides and planned in advance". Nevertheless, he reveals that the trips that Cao runs "are different and more political, we do not deal with politics at all in our tours" and replies "tourists are allowed to speak to whom they want to". Koryo repeats that there are no microphones in tourists hotel's room and also emphasizes that "we take tourists to all metro stations apart from two while 10 years ago it was only possible to visit two of them. As for the itineraries, we know what is possible and we design them by ourselves, but we take tourists outside Pyongyang for sure". Cockerell further claims that "tourists should visit the country and they also should interact for a better understanding" by now, "people do not have enough information in order to know and understand what is happening inside the country", concludes Cockerell.

D. Little Pyongyang in Tarragona

Thus, in the same opening-up policy, Cao de Benós has opened a 120 square meters bar devoted to the country. 'Pyongyang Café' is the first themed cafeteria in the western world dedicated to North Korea. Asian beverages such as teas, Korean beers and an incredible variety of cafes can be found in this café. There is also a library where users can find lectures, books, pictures and also some cultural events related to the country are organized, mostly about tourism. The portraits of Kim Jong Il and Kim Il Sung and a North Korean painted flag cover the walls of the bar. The café is divided into a chill out area where documentaries, reports and concerts are played; a

library with 150 books, 300 magazines, photographic and audiovisual material and maps –it must be taken into consideration that North Korean maps show the Korean peninsula as a single one, without any division between the two Koreas–. Cao de Benós explains that he has decided to open this cultural center in order to "dismantle myths about the country" and as a place for "organizing conferences on tourism and also about the culture of the country". According to some data, it is very well known that there are more than 1.500 KFA members around the world –20 of them are in Tarragona area– from 120 countries. In Spain there are more than 350 members, mostly young people aged between 25 and 35 years old with university studies. To launch this bar, five members of this Association –one of them Cao de Benós himself– have contributed with 3.500 Euros. One of the members from the KFA in Valencia Jaime, says that "the idea of opening this bar in Tarragona arose from the fact that Alejandro [Cao de Benós] is from this city and lives in it for a few months during the year". Nowadays the bar serves imported beers from different Asian countries such as Singapore, Japan, Thailand, and of course, Korea. They have also imported teas from the country and café. They also have some refreshments but not from Coca Cola brand. Despite this, coconut milk and Thai energy drinks can be found in Little Pyongyang. Cao de Benós is also thinking about having some Korean cuisine courses during this next season.

IV. CONCLUSIONS

A Upon close observations of the various points of view expressed by members from the government and the KFA, in addition to journalists and the tour operator, and as well the Pyongyang Café itself, it can be stated with certainty that many different opinions exists within and outside the DPRK . While some see the leader as a father of the nation or even an extended family member, for others it is linked to a criminal mafia . Despite the lack of transparency and the limited access to the country some conclusions can be inferred.

Firstly, Korea is trying to open-up its borders so as to generate more money with tourism. Its currency does not have any value outside its borders due to the sanctions and disastrous economic policy. That is one of the primary reasons why tourists are just allowed to pay with Euros, Dollars or Yuan. Korea also wants to show to the world their facilities for the citizens and their way of life. According to Committee to Protect Journalists, North Korea is ranked as one of the countries with the highest censorship within its borders. However, now thanks to Cao's project, the country is becoming more accessible for reporters. Nonetheless, journalists will not be allowed to act freely when visiting the hermit kingdom.

Secondly, as the special delegate states, it is not possible for North Korea to create an element of soft power on par to the US and Russia's Voice of America and Russia Today respectively due to the high economic costs. Regardless, Pyongyang is using information as a soft power element in order to distribute the most relevant information like nuclear tests or country's development in order to demonstrate their power and capacities to the West and reshape the international media narrative about North Korea.

¹¹ Simon Cockerell works at Koryo Group and spends most of the time travelling in and out the country. Interviewed in March 2015 and May 2016

Thirdly, it should be stated the effort that particularly Cao de Benós is doing in order to expand Korean culture around the globe. Since the very beginning he was travelling to different countries in order to share the behavior of the North Korean people as well as how the government is trying to supply people's needs. Not only Cao de Benós but also all the KFA members around the world who are interested in the country and in its way of life. In all the reports and conferences Cao and the members of the Association try to prove and demonstrate how the government is trying to fulfill all the objectives regarding policies and international affairs in relation to the world order. Also in internal affairs by providing houses and food for the citizens and different kinds of jobs. It should also be taken into consideration that Cao and other KFA members agree in what government does by "protecting" their citizens from what according to it could be "harmful" like some TV channels such as MTV, American movies, pornography and some information from the international atmosphere.

And last but not least, I would like to mention that most of the information available on North Korea is quite contradictory. Accordingly, we should believe what can be readily observed. Although, these efforts are frustrated by continued lack of access. Thus, it is best to continue looking for ways to break down the information barriers and approach North Korea with an open minded view that acknowledges both sides of the debate.

ACKNOWLEDGMENT

I would like to acknowledge the support of all the people to whom I spoke with and gave me different information in order to process and document this paper and particularly all KFA members who explained me very patiently the tours they took during their visit into the country and also the journalists who have participated on it. I am also grateful to my colleague and professor Miriam Díez who encouraged me to pursue this topic and spend extra time helping me to achieve my objectives.

REFERENCES

- [1] G Baek, J. (2012). Dying to Communicate: North Koreans Struggle for Access to the Outside World. Available: <http://mic.com/articles/5274/dying-to-communicate-north-koreans-struggle-for-access-to-the-outside-world>. Last accessed 27th Aug 2016
- [2] Boynton, R. (2011). North Korea's Digital Underground. Available: <http://www.theatlantic.com/magazine/archive/2011/04/north-korea-digital-underground/308414/>. Last accessed 27th Aug 2016
- [3] Cathcart, A. "North Korea's Cultural Diplomacy in the Early Kim Jong-un Era" Electronic document <http://eprints.whiterose.ac.uk/80373/1/North%20Korean%20Cultural%20Diplomacy.pdf>. Last accessed 27th Aug 2016
- [4] Cha, V. (2013). *The Impossible State: North Korea, Past and Future*. London: Vintage Books. 529
- [5] En Tierra Hostil. (2015). Corea del Norte. Available: http://www.atresplayer.com/television/programas/en-tierra-hostil/temporada-1/capitulo-5-corea-norte_2015021000368.html. Last accessed 27th Aug 2016
- [6] Galarraga, N. (2014). Corea del Norte, parque temático. Available: http://internacional.elpais.com/internacional/2014/09/05/actualidad/1409929009_853256.html. Last accessed 27th Aug 2016
- [7] Geun Lee. "A Theory of Soft Power and Korea's Soft Power Strategy". Electronic document <http://www.tandfonline.com/doi/abs/10.1080/10163270902913962?journalCode=rkjd20>. Last accessed 27th Aug 2016
- [8] Heatherly, R. "North Korean Foreign Policy" Electronic document <http://www.hpu.edu/CHSS/History/GraduateDegree/MADMSTheses/files/robertheatherly.pdf> Last accessed 27th Aug 2016
- [9] Hoare, J. (2015). Inside North Korea: The West is fascinated by Kim Jong-Un and his secretive state, but what do tourists get to see?. Available: <http://www.independent.co.uk/travel/asia/inside-north-korea-the-west-is-fascinated-by-kim-jong-un-and-his-secretive-state-but-what-do-tourists-get-to-see-9954330.html?cmpid=facebook-post>. Last accessed 27th Aug 2016
- [10] Janelli, R. "Soft Power, Korea, and the Politics of Culture". Electronic document http://ieas.berkeley.edu/events/pdf/2007.10.05_Janelli_and_Yim.pdf. Last accessed 27th Aug 2016
- [11] Jong-Wha, L. (2014). Is North Korea Opening for Business?. Available: <http://www.project-syndicate.org/commentary/lee-jong-wha-advocates-a-chinese-style-period-of-economic-reform-and-liberalization-in-north-korea>. Last accessed 27th Aug 2016
- [12] Kretchun, N. & Kim, J. "A quiet opening: North Koreans in a changing media environment" Electronic document http://www.audiencescapes.org/sites/default/files/A_Quiet_Opening_FINAL_InterMedia.pdf. Last accessed 27th Aug 2016
- [13] Liston, E. (2014). Jang Jin-sung: 'If anyone thinks North Korea is opening up, they are mistaken'. Available: <http://www.theguardian.com/world/2014/may/07/north-korea-defector-jang-jin-sung-pyongyang-book-dear-leader>. Last accessed 27th Aug 2016
- [14] O'Carroll. (2014). How long until North Korea collapses? Eleven defector perspectives. Available: <http://www.nknews.org/2014/04/how-long-until-north-korea-collapses-eleven-defector-perspectives/>. Last accessed 27th Aug 2016
- [15] Shin-Wha Lee. "Soft Power and Korean Diplomacy: Theory and Reality" Electronic document www.eai.or.kr/data/.../2009090911303012.pdf. Last accessed 27th Aug 2016

Economic Components of Contractual Freedom – Towards a New Approach

Éva Török

University of Debrecen Faculty of Law
Department of Civil Law
Debrecen, Hungary
torokeva.de@gmail.com

Abstract—In this paper I would like to report on the economic components of contractual freedom for Hungary. In this article the investigation of the change of the Economic Freedom of the World index is presented. Five different types of the areas of the index are analyzed and they are presented in graphical form. The graphs were approximated with linear function in order to see the changes in the last 3 decades. The freedom of contract is a fundamental principle of a free society in modern private law. Economic freedom is a fundamental category of economic, suggests that market participants are free to apply for voluntary exchange.

Keywords- contractual freedom; EFW index; economics and law

I. INTRODUCTION

Gwartney's and Lawson's work laid the foundations for the field of economic freedom (leaned on Milton Friedman's theory). I shall make reference to this source throughout this paper [1]. The cornerstones of economic freedom are: personal choice, voluntary exchange coordinated by markets, freedom to enter and compete in markets, protection of persons and their property [2].

Let's take a closer look the Economic Freedom of the World (EFW) index. The index published in EFW measures the degree to which the policies and institutions of countries are supportive of economic freedom. I would like to reflect do institutions and policies of countries comply with the requirements of voluntary exchange and the other dimension of economic freedom? 42 variables are used to construct a summary index and to measure the degree of economic freedom in five broad areas: size of government; legal structure and security of property rights; sound money; freedom to trade with foreigners; regulation of credit, labour and business. The EFW index covers 159 countries and territories. These areas are presented in graphical form in the function of the year for Hungary; moreover these values were approximated with linear trend-lines, in order to see the correlations if there were.

Czeglédi declared that these areas (except legal structure) are the elements of the contractual freedom [3].

II. THE AREAS

A. The size of the government

As for the size of government I have to mention that the four components of this area indicate the extent to which countries rely on individual choice and markets rather than the

political process to allocate resources, goods and services. The private consumption must expenditure in a higher proportion of the total and the individual choices of policy to prevent. The utmost proportion of the goods and services should be operated by businesses in a competitive market environment. The chart presents the level of the government's size in Hungary. The totals are listed on the vertical axis, while the years are listed on the horizontal axis. Each component and sub-component is placed on a scale from 0 to 10. I draw this data from one of the most important primary source of information: Annual Report made by Fraser Institute. Between 1980 and 2014, the ranking of this area rose steadily. It grows almost to three times the size.

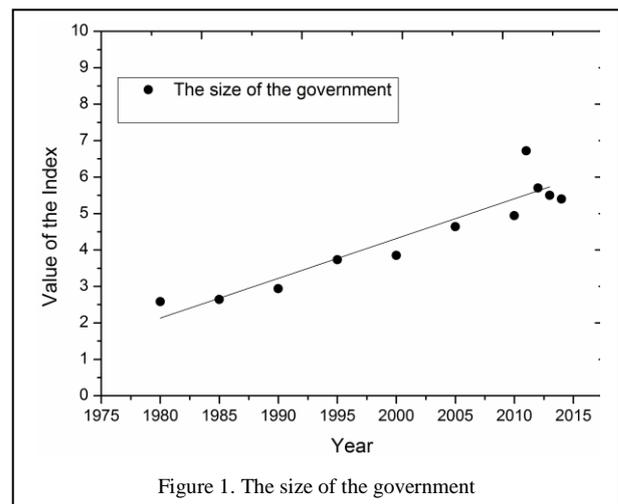


Figure 1. The size of the government

To GDP ratio of government expenditure to state the size of most significance. Hungary has traditionally been an extremely high amount of GDP in public spending. In the early nineties the government centralization was 60 percent of GDP, well above the European average, mainly due to the legacy of previous decades, partly due to the decline in GDP. By 2000, this could be reduced as a percentage of GDP from 46 to 47, close to the European average. After the millennium, square up again in Hungary is significantly more advanced than the average of the European OECD countries in 2011 stood at around 50 per cent again [4]. In Fig.1 one can see the change of the area of the index named to: The size of the government in function of the years. A continuous increase from 1980 to 2011 can be found in it trends.

In summary, based on the above, the estimated size of the state of Hungary that big government is not the same strong and effective government!

B. The legal structure and security of property rights

It is essential to examine the importance of legal structure and security of property rights. The question is: Are the binding power and enforceability of contracts and the protection of property rights are ensured by legal system? We should emphasize that the market participants are only interested in productive activities and improving it if they feel safe.

Fig. 2 shows the mentioned area in Hungary; the fitted trend line shows a strong decrease in the values. But, here has to be mentioned that the values are only available since 1995.

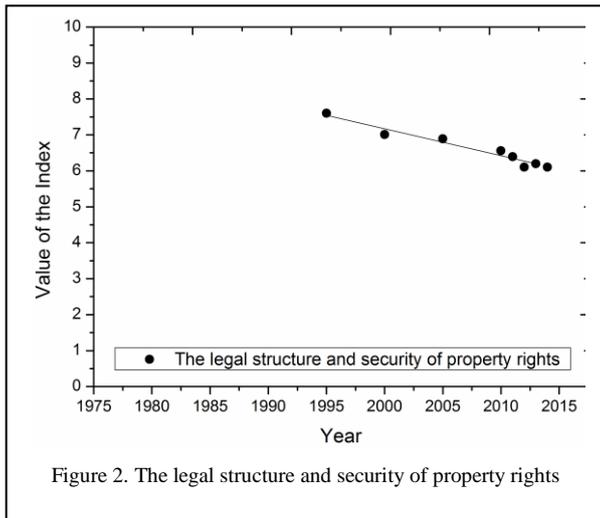


Figure 2. The legal structure and security of property rights

The principle of rule of law did not exist before the change of regime (1989/90), so it is understandable why we have data only after 1995. Hungary before the regime change was not – in today's socio-economic sense – the rule of law, so we have to understand that the legal system to protect property and index calculation is also made sense occurred only after the political and economic change. Decline in the value of the sub-index in Hungary is definitely remarkable, thorough explanation is beyond the scope of this paper, would deserve a separate study.

C. Dependable, Valuable and Stable (Sound) Money

Let's turn to next area, sound money. The main question is: what is the level of inflation and is the foreign currency convertible? The inflation must be moderated and predictable. The access to freely convertible currencies is essential for the expansion of economic freedom. In order to earn a high rating in this area, a country must follow policies and adopt institutions that lead to law and stable rates of inflation and avoid regulations that limit the ability to use alternative currencies. The value loosing of the Forint was much more significant after the change of the regime than before caused by the high public debt [5]. In Fig. 3 one can observe a nearly

constant pre and after trend, and between them a significant jump.

In regard to there is law rate of inflation in Hungary and the Hungarian Forint is convertible, we have nowadays the highest rating in the mentioned area. Inflation then – smaller or larger fluctuations – started to decline. Partial convertibility of the forint in 1994 took place in the full convertibility in 2001, has been achieved.

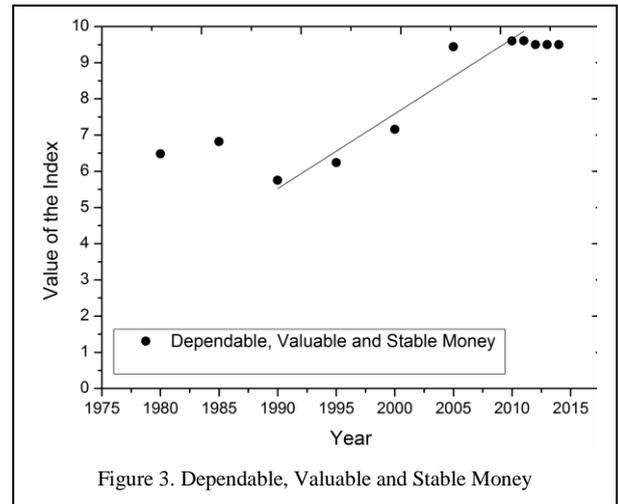


Figure 3. Dependable, Valuable and Stable Money

D. The freedom to trade with foreigners

Next, we have to focus on freedom to trade with foreigners. Are there any duties, tariffs, quotas, administrative constraints and credit cheeks, which make goods and services expensive and difficult? In order to get a high rating in this area, a country must have law tariffs, a larger than expected trade sector, efficient administration of customs, a freely convertible

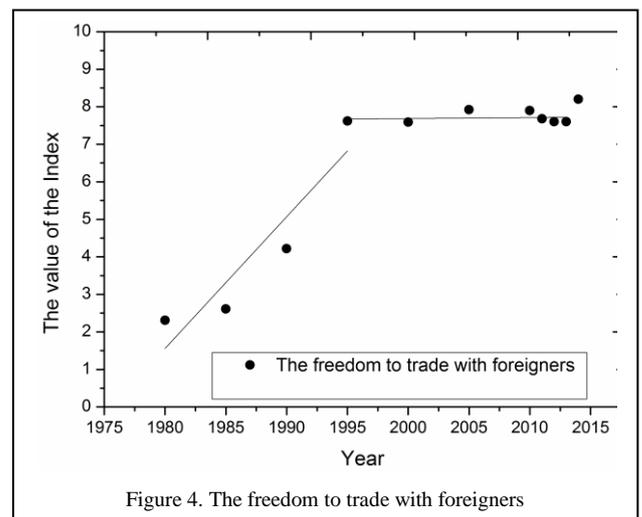


Figure 4. The freedom to trade with foreigners

currency and little capital controls.

This rating reached a peak in year 2005, after which the rates started to decline. Despite of the decrease I have to emphasize that this rate was almost doubled after the change of regime.

The index was investigated also through Fig. 4 and one can see that from 1980 to 1995 the values were increasing significantly, however after 1995 the values are close to constant value.

E. The regulation of credit, labour and business

As for the regulation of credit, labour and business we have to mention that the question is: Is the banking sector dominated by private companies; is it allowed to compete with foreign banks in the market; are the bank outstanding deposits and/or loans interest rates provided by the market? Restrictive rules do not impede entering the market and the volunteers of exchange. This area of the index focuses on regulatory restraints that limit the freedom of exchange in credit, labour and product market.

The area of this part is presented in Figure 5 and they show strong increase.

It should be mentioned in the context of freedom of lending to the Hungarian banking system is unique ownership structure has evolved over the past two decades. Not only because two-thirds of state ownership decreased below one-fifth of the total banks' capital a few years, but because of the parallel foreign - mainly concentrated in the hands of professional investors - ownership rate rose above 60% [6].

The business of life (time required for incorporation, its cost etc) in respect of a paradigm shift has taken place in regime change, an entirely new principles of this influence.

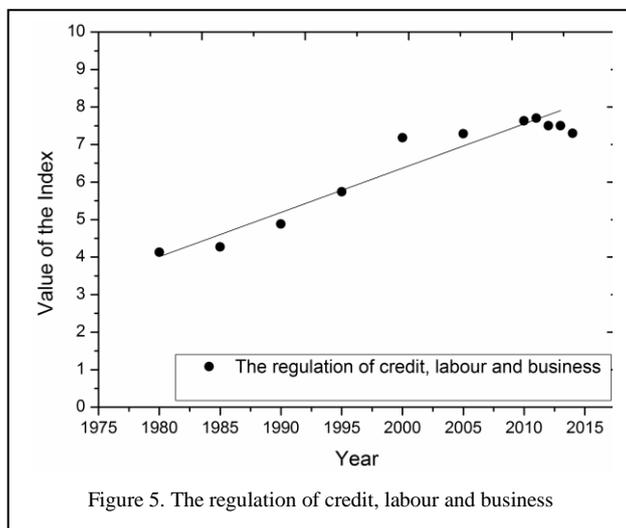


Figure 5. The regulation of credit, labour and business

The business life of freedom with respect to Hungary should be pointed out that one of the highest values were achieved.

Dynamic rise in the value of the sub-index since 1990 has played a pivotal role in the. Since then it has become inalienable right opportunity to trade insured businesses. The regime has brought out this basic management options. Although the ratings of this component are higher and higher in the last 35 years, the intensity seems to be decreasing.

F. The latest results for Hungary

The most recent values of the EFW index for 2014 were published in early September 2016. In ref. [1] was reported that Hungary with other countries include Spain, Belgium, Iceland, France experiencing notable increases in rank. Moreover Hungary together with Iceland, Belgium, France, and Italy are the countries with the largest improvements in their rankings under this adjustment method. The adjusted EFW Rank of Hungary is 42nd for the size of the government, 37th for the legal structure and regulation, 31st for the legal structure, freedom and regulation, 30th for all areas. These values for Hungary were done in cooperation between the Fraser Institute and the Hungary Free Market Foundation.

III. CONCLUSIONS

This brings us to the end of the paper. In this article the investigation of the Economic Freedom of World index is presented. The change of the index is explained, and linear correlations were found. Here has to be emphasized that the change in the regime of Hungary (1989/90) had an effect on the values of most of the Areas. The extension of freedom of contract is essential for the growth of the economic freedom. The relationship is seemingly one-sided: the rise of contractual freedom increases directly the economic freedom. In fact, the relationship between the two levels of freedom is rather mutual: the rising economic freedom reacts to voluntary of contracts. The two levels enhance each other [1].

ACKNOWLEDGMENT

The research of Éva Török was realized in the frames of TÁMOP 4.2.4. A/2-11-1-2012-0001 „National Excellence Program.

REFERENCES

- [1] J. Gwartney, R. Lawson, & J. Hall, *Economic Freedom of the World, Annual Report 2016*. ISSN 1482-471X; ISBN 978-0-88975-408-9 (2016 edition).
- [2] Gwartney, James – Lawson, Robert, *The concept and measurement of economics freedom*, *European Journal of Political Economy*, 2003, 3, 406.
- [3] P. Czeglédi, *Szerződési szabadság és gazdasági növekedés az átmeneti országokban*, *Competitio*, 2006, 1, 70.
- [4] *Az államháztartás kiadásai összesen (2001–2014)*, https://www.ksh.hu/docs/hun/eurostat_tablak/tab1/tec00023.html
- [5] L. Török: *Államadósság és privatizáció*, *Vezetéstudomány*, 2012, 7-8, 117-126., Török László, *A magyar államadósság lehetőségei és lehetetlenségei*, *Competitio*, 2012, 2, 26-43.
- [6] É. Várhegyi, *A magyar banktulajdonosi szerkezet sajátos vonásai*, *Közgazdasági Szemle*, XLV. évf., 1998. október, 906-922.

Study of general environmental awareness of the urban population

Case study involving Belgrade, the capital of Serbia

Dragana Nisic
University of Belgrade
Faculty of Mining and Geology
Belgrade, Serbia
dragana.nisic@rgf.bg.ac.rs

Dinko Knezevic
University of Belgrade
Faculty of Mining and Geology
Belgrade, Serbia
dinko.knezevic@rgf.bg.ac.rs

Aleksandra Petkovic
University of Belgrade
Faculty of Mining and Geology
Belgrade, Serbia
aleksandra.petkovic@rgf.rs

Milica Ignjatovic
University of Belgrade
Faculty of Mining and Geology
Belgrade, Serbia
milica.ignjatovic@rgf.rs

Jovana Kostadinovic
University of Belgrade
Faculty of Mining and Geology
Belgrade, Serbia
jovana.kostadinovic@rgf.rs

Abstract—This paper shows the results of environmental awareness study involving a population sample of the citizens of Belgrade, the capital of Serbia and based on the results of an environmental awareness survey. The goal of this paper is to determine the level of environmental awareness of the urban population and of their general concern regarding the environmental issues that they are currently facing, the extent to which they, as individuals are involved and their willingness to take action to solve these problems. The conclusions obtained about environmental knowledge suggest that the level of knowledge is based on personal experiences and fear for survival. Apropos the assessment of the state of the environment, overall, the results suggest that the citizens are generally aware of adverse environmental conditions and of their personal role in it. Concerning the willingness to take action is concerned, the respondents largely expressed their readiness to get involved.

Keywords- *The urban population of the city of Belgrade, Study of environmental awareness, Environmental knowledge, Assessment of the state of the environment, Environmental behaviour*

I. INTRODUCTION

The awareness of each individual about the negative effects of his own attitude towards nature has gradually grown into environmental awareness, through a self-awareness process during which the individual becomes aware of its own vulnerability and of the danger of self-destruction, as a result of his excessive and unreasonable exploitation and pollution of the natural environment [Rajsic, 2002]. Forming of environmental awareness about environmental problems is not

spontaneous. It is conducted by socio-economic, political, cultural processe [Hannigan, 1995].

Environmental problems shall cease to exist when we eradicate the difference between “I and everything else”, “mine and yours”, “yesterday and tomorrow”, i.e. when “ego consciousness” disappears [Sumski, 2007]. Wise man is the one who cleansed himself, the one who regained awareness of his mind, the one who makes judgments without passion and gives unconditionally.

II. PREVIOUS STUDIES

The study of environmental awareness among citizens of different educational backgrounds, different age and gender has always been a subject of great interest, hence numerous surveys and analyses have been conducted on this matter, particularly over the last ten years, both in Serbia and abroad. The majority of these studies were carried out in the form of public surveys or polls that use closed-ended questions, which are highly appreciated measurement tools in this field.

Studies conducted in Serbia are generally limited to environmentally endangered areas. For example, within the framework of the LEAP (Local Environmental Action Plan) Project a survey has been conducted among the citizens of Obrenovac and Bor to determine their attitudes towards the environment, their assessment of the current situation, the identification of their priorities, their vision and their willingness to get involved in environmental programmes, projects and actions. The results of the survey suggest that the citizens of Obrenovac and Bor have a distinctly critical opinion

about the state of the environment and are highly aware of the environmental conditions in their surroundings [LEAP, 2010, Randjelovic et al., 2014.].

Mina Petrovic [Petrovic,-], after her detailed study of environmental concerns and environmental activism in Serbia, has reached the conclusion that the citizens are very concerned about the state of the environment, but this high level of concern about environmental issues is not accompanied by an adequately high level of personal involvement and commitment. Also, in her paper, she indicates that the citizens of Bor that represents one of the environmental hot spots in Serbia, are generally prepared to accept the environmental consequences entailed by the construction of new heavy industrial facilities for the sake of creating jobs, thus giving priority to their own livelihoods over their concern for the environment, i.e. to prioritize economic development over environmental sustainability. However, the citizens of Pancevo do not share this opinion, which according to the author can be explained by the fact that the livelihoods of the citizens of Pancevo is not dependent on a single industrial branch. Similar results were obtained by the researchers who conducted the study of the NIMBY syndrome in the area surrounding the Kostolac Coal Basin, with predominant mining and electricity utility industry [Knezevic et al., 2011]. The residents of Kostolac and surrounding villages, whose existence is directly related to the operations of the mining complex, were inclined to accept the environmentally adverse activities, as opposed to the residents of Cirikovac, who are more involved in agricultural than in mining activities.

After examining the environmental awareness of the citizens of Vojvodina, the authors came to the conclusion that respondents have instilled environmental values, which on the other hand may be characterized as inconsistent and represent the result of conformism and socially desirable responding. This attitude explains the fact that the respondents are on the one hand, willing to confine some of their material needs to comply with their environmental values, while on the other hand are also inclined to justify the need for the use of natural resources for the sake of obtaining greater material benefit. By doing that they assert their Machiavellistic personality. The citizens of Vojvodina possess a certain measure of environmental awareness, but it is not coherent [Pusic, Pajvancic-Cizelj, 2012].

Similar survey was conducted in Germany, by the German Environmental Protection Agency (UBA). The results indicate that environmental awareness of German citizens is at a very high level and that almost 91% of the population considers environmental protection as very important. This fact is not surprising since Germany is among the countries with highest standard of living. On the other hand, the Germans are also very concerned with the high costs associated with environmental protection measures [UBA, 2008]. Unlike them, the British are willing to spend more money on a monthly basis on electricity bills in order to prevent global warming [Curry et al., 2005].

Nowadays, China suffers the consequences of untimely action regarding the development of environmental awareness due to which it is compelled to face major environmental

problems and a general panic. Among the Chinese population living outside urban and developed areas the overall awareness on key environmental issues is very limited and there is a very low level of environmental responsibility, that is, the Chinese see other valuable goals that often come before environmental protection, namely social and economic stability is prioritized despite the obvious need for cleaner environment. The overall sense of environmental responsibility is generally extremely low outside major urban areas and universities [Harris, 2006]. Unlike them, their neighbours, the Japanese have a highly developed environmental awareness, and findings of the 2008 survey brought into closer focus the steadily growing consciousness of the environment, a step forward toward actual environmental protection [Yamada, 2009].

The Australian Bureau of Statistics came to very interesting conclusions in their survey. It has been determined that the percentage of environmentally concerned Australians, who are traditionally known as great supporters of environmental protection, dropped from 75% to 57% during the period between 1992 and 2004. On the other hand, recycling of the material has increased in the same period from 37% to 83% [Australian Bureau, 2006].

In 2010 a comparison was made between the environmental awareness in African and non-African households. African households are much more likely to perceive environmental problems than non-African households, but non-African households are more likely to take action in response to environmental problems and to be aware of environmental initiatives. A simple explanation would be to attribute this to race. Another explanation is that these perceptions are a function of the historic position of Africans in South Africa. The standard of living among Africans is still generally lower than that of non-Africans. Less than half of African households even don't have a flush or chemical toilet [Andreson et al., 2010].

Smiljana Cvetkovic [Cvjetkovic, 2010] in her paper provides a detailed review of her survey. The survey was conducted with the samples of students from Belgrade University and University La Sapienza from Rome, Italy in order to compare the level of environmental knowledge, awareness and self-assessed behaviour of the citizens of Serbia with the residents of another country that invests more in the development and promotion of such issues. The results of the survey were as expected, namely it was concluded that the Italian respondents were more informed than those in Serbia, with the assumption that the situation and living conditions in Serbia are responsible for such results, because in Serbia people are confronted with major socio-economic problems and environmental issues are not perceived as an important political topic.

The book "An invitation to Environmental Sociology" provides a comprehensive analysis of the connection between social status and environmental concerns. Surveys carried out in the UK and in the USA were compared and showed very similar results. Namely, it was determined that income has only minor effect on a person's level of environmental concern, even during recessions and the most of supporters of the environmental movement tend to be drawn from middle class

of society. Also, the researchers found that support is higher among women, people of colour and people with lower incomes [Mayerfeld Bell, Ashwood, 2016].

III. SAMPLE

The study presented in this paper was conducted on a sample of 338 respondents. The sample consists of the following three sub samples:

- Elderly population, mostly retired persons – 100 respondents
- Working population – 113 respondents and
- Students – 125 respondent

The sample is gender-uniform, 166 male and 172 female respondents. All of them are from Belgrade, Serbia. The youngest respondent is 19 years of age, while the oldest is 91. The study was conducted from April until May 2015.

Representativeness of the sample was determined by comparing the demographic situation in Belgrade, Serbia [Rasevic, Penev, 2006].

During the entire period after the Second World War, the gender structure in Belgrade, Serbia has been in favour of the female population and the sex ratio showed an increase of the female population. In 2002 the lowest value of masculinity ratio was recorded at 90.3 males per 100 females. According to the 2011 census [RIS, 2012] the female population is still more numerous, 51% versus 49% (masculinity ratio 96.4).

In our sample the female to male ratio is 51%: 49%, which coincides with the actual gender structure in Belgrade and as such the sample may be considered as representative.

IV. MEASUREMENT TOOL AND SURVEY TECHNIQUE

The survey tool is an explorative survey which consists of 12 closed-ended questions, diverse in content and specifically designed for this survey with a multiple choice of answers and the possibility of choosing only one. The survey is completely anonymous. The question are divided into three groups based on the fundamental elements of environmental awareness [Markovic, 2005]:

- Environmental knowledge – this survey includes a series of questions related to general knowledge of environmental pollution and current environmental legislation as well as the causal connections between the environment condition and human health.
- Assessment of the state of the environment – to examine the attitudes of respondents towards the conditions and events in the living environment and to be able to perceive the way in which they evaluate the actions of others in that context, the questions are formulated so as to seek their opinion, which do not need to be elaborated and may not correspond to the truth since it represents a subjective point of view, and,
- Environmental behaviour – so, if the situation has been recognized, the opinion formed and actions foreseen,

the question remains what the individual can do to improve the situation.

V. ANALYSIS OF SURVEY RESULTS

A. Analysis of the answers obtained on environmental knowledge

Environmental knowledge represents the basic element of environmental awareness. It is about cognition/knowledge about limited natural resources and the need to establish a new system of values between natural and social systems. It is also about the causes and consequences arising from the disturbance of the ecological balance and need to determine new global strategies of social development. The components of environmental awareness also include the knowledge about the causes and manifestations of disturbed ecological balance and the possibilities for taking action [Milesevic, -].

Answers to the questions related to environmental knowledge are shown on Figures 1, 2, 3 and 4.

With regard to general knowledge about the forms and sources of environmental pollution, the respondents evaluated their own knowledge as partial, with as much as 70% (Fig. 1), but were adamant that there is a connection between human health and the state of the environment (76%) (Fig. 4). So, they are not fully informed, but based on the fear for their own health and by experience (59% of respondents form opinions on the basis of their own experience) they undoubtedly associate the state of the environment with health (Fig. 2).

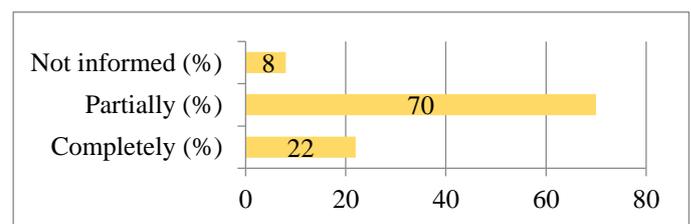


Figure 1. Responses to question: Are you acquainted with the sources and forms of environmental pollution?

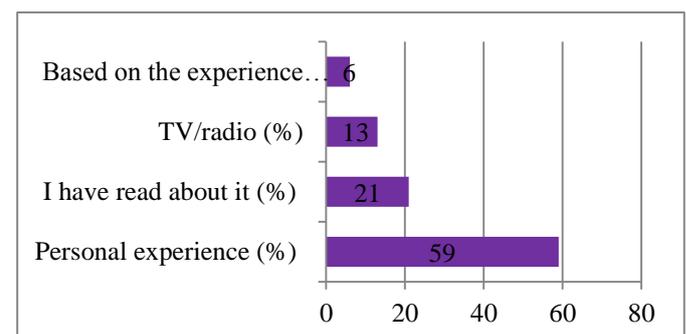


Figure 2. Responses to question: How do you form your opinions about the state of the environment?

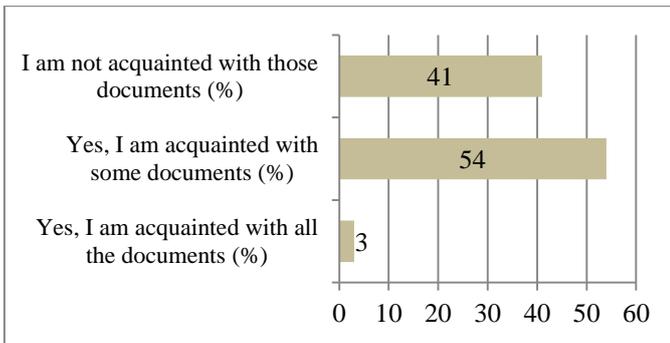


Figure 3. Responses to question: Do you know which documents related to environmental protection has Serbia adopted over the last 5 years?

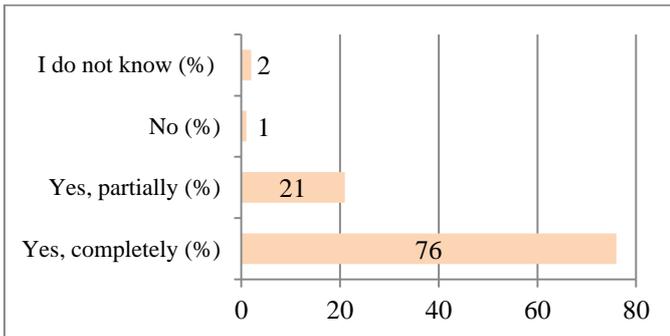


Figure 4. Responses to question: Is there a connection between human health and the state of the environment in Serbia?

The question concerning the knowledge of environmental legislation has motivated the respondents to declare in a high percentage (54%), that they are partially acquainted with the respective documents (Fig. 3). Even though the laws and bylaws are public and available to everyone, being acquainted with them is not something that falls into a regular activity of lay public.

The general conclusion that can be drawn is that partial (incomplete) knowledge of the situation based on personal experience and fear for survival essentially defines the level of environmental knowledge.

B. Analysis of the answers obtained on the assessment of the state of the environment

The assessment of the state of the environment, as a component of environmental awareness is defined by the value system of the society or of the social group in which the environmental awareness is being developed and communicates the attitudes of the society or of the group towards the environment that needs to be protected and preserved as a value [Markovic, 2005]. From our point of view this group of questions must be regarded as fundamentally important, because it is in human nature to take no action until its purpose is fully comprehended, i.e. until the situation in which we are is understood.

Answer obtained on the assessment of the state of the environment are given in Table 1.

The respondents were asked to prioritize the environmental problems in Serbia and the answers obtained can be analysed

from different aspects. The most common answer (48%) was that environmental protection is important, but we have bigger problems. In Serbia, the unemployment rate is 18.4%, while the average monthly expenditure per household exceeds the average monthly net income by as much as 14000 dinars [RIS, 2015]. Bearing in mind other long-term economic difficulties, this response is absolutely justified. On the other hand, if we sum up all the positive answers (important + the most important) and compare them with all the negative answers (not particularly important + not important) we obtain a satisfactory ratio of 75:25, which means that for every three citizens who perceive environmental issues as important, there is only one citizen who ignores these problems. Compared to the results obtained in rich states, such as the Federal Republic of Germany [UBA, 2008], it can be noticed that in our country the level of understanding of the importance of environmental protection is much lower (91%: 75%).

TABLE I. ANSWER OBTAINED ON THE ASSESSMENT OF THE STATE OF THE ENVIRONMENT

1. What priority do you give to the environmental problems in Serbia?			
The most important (%)	Important, but we have bigger problems (%)	Not particularly important (%)	Not important (%)
27	48	24	1
2. How would you describe the state of the environment in Serbia?			
Excellent (%)	Satisfactory (%)	Not satisfactory (%)	Bad (%)
0,3	12	56	31
3. Who are the biggest polluters in Serbia?			
Agriculture (%)	Industry and mining (%)	Utility companies (%)	Citizens (%)
5	35	10	50
4. What are in your opinion the biggest environmental problems in Serbia?			
Solid waste (%)	Water pollution (%)	Air pollution (%)	Soil pollution (%)
28	35	17	20
5. What are the major factors that affect the state of the environment in Serbia?			
Poor level of civic and environmental awareness (%)	Inadequate and unenforceable laws (%)	Lack of experts in competent institutions (%)	Failure to comply with the environmental laws (%)

66	12	7	14
6. Who are, in your opinion the key actors in environmental problem-solving?			
Competent institutions (%)	Companies, potential and actual polluters (%)	Organized groups of citizens and NGOs (%)	All citizens (%)
31	13	2	54

Environmental awareness has an aesthetic dimension. Aesthetic respects harmony, environment requires harmony. Environment with no aesthetic dimension has a negative impact on people, because people, among other things, create in accordance with the laws of beauty [Kokovic, 2010]. If negative attitudes about the state of the environment (answers to the question no. 6) sum up (not satisfactory + bad) together they make 87% of answers to this question, which indicates that the citizens are generally dissatisfied with what they see in their own surroundings and consider that the state of the environment is not consistent with their aesthetic standards.

The respondents were extremely self-critical and to the question of who are the biggest polluters of the environment in Serbia, they marked the citizens as the major polluters (50%). Industry and mining, traditionally perceived as “dirty” polluters, follow with 35%. With this attitude the citizens of Belgrade refuted the stereotype, which can be attributed to the urban environment in which they live. This indicates a high degree of recognition of personal responsibility.

With 35%, water is marked as the most endangered medium, immediately followed by solid waste with 28%. This answer was somewhat expected and is in conjunction with the findings published in the “Report on the State of the Environment in Serbia” (2014), which states that in Serbia there are 3085 illegal and old dumpsites, and only 10% of generated wastewater undergoes treatment, while the rest is discharged directly into the rivers [Lekic, Jovanovic, 2015]. It is interesting that respondents are the least concerned about the medium that surrounds them – the air!

The majority of respondents (66%) believe that the low level of civic and environmental awareness affects the state of the environment in Serbia. The respondents were again self-critical and, among others, hold themselves accountable for the actual situation.

Probably for the same reason, the respondents (54%) gave a similar answer to the question no. 10, estimating that the citizens themselves should be the key actors in environmental problem-solving. Namely, for environmentally aware citizens, apart from adopting certain pro-environmental values and attitudes, the sense of personal responsibility and the willingness to act upon it are essential [Vukelic, 2010].

The general impression is that the citizens are aware of the poor state of the environment and of their own personal

responsibility and believe that problem-solving is high on their priority list, thus showing no lack self-criticism. Whether they have declared themselves as the key actor in problem-solving solely because such answer was expected from them, or they actually believe in that? It is hard to determine, but it is quite sure that their system of values realistically reflects the actual situation.

C. Analysis of the answers obtained on environmental behaviour

Environmental behaviour is the third component of environmental awareness and can be considered as the most important. A person as an individual may possess vast environmental knowledge, may be able to assess precisely the state of the environment but for some reasons (economic, political, personal etc.) may still refrain from behaving in an environmentally responsible way. The present environmental situation calls for immediate action of all the subjects in solving or preventing environmental problems. Environmental problems require not only a certain level of knowledge from individuals and groups, but also concrete social and individual actions. [Ilic, Ilic, -].

Answers obtained on environmental behaviour are shown on Figures 5 and 6.

According to Stern [Stern, 2000], there are 4 groups of environmental behaviour and these two issues belong to the group related to private attitudes towards the environment and to the group related to environmental activism.

Evaluating their private attitude towards the environment, 47% of respondents rated as moderate their personal impact on good environmental conditions (Fig. 5). This somewhat provocative question was asked to establish how self-critical the respondents are when they are in a position to take on the merits. It can be concluded that our respondents were not consistent in their answers. Their moderate impact on good environmental conditions directly contradicts the magnitude of their self-assessed personal role in environmental pollution.

In terms of the willingness to get involved in locally organized environmental actions, a vast majority of respondents (70%) expressed their willingness to get involved, but on condition that they “agree with the objectives and tasks”. So, in fact their involvement in environmental protection is not unconditional. Indeed, such actions very often have the connotation of political propaganda and they are especially popular during election campaigns. This confirms the previously established attitude that the majority of the respondents form their opinions about the environment on the basis of personal experience (answer to question number 2 – Fig. 2).

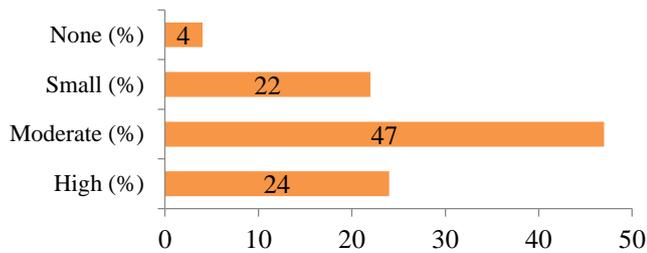


Figure 5. Responses to question: How do you rate your personal impact on good environmental conditions in your surroundings?

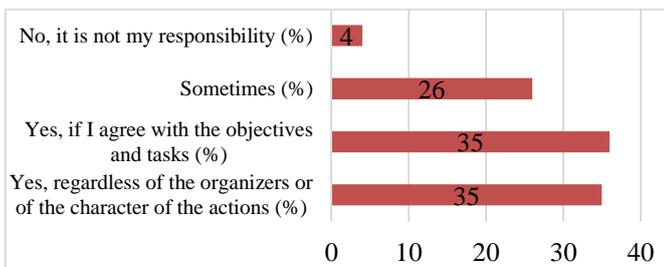


Figure 6. Responses to question: Are you willing to get involved in locally organized environmental actions?

D. Analysis of the answers made by different respondent groups

Analysing the answers gave by sub-sample groups (elderly population, working population and student population) we can conclude that respondents from those 3 sub-sample groups gave very similar answers. Based on this we were able to make some specific observations:

- The student and the working population is somewhat better informed about the sources and forms of environmental pollution compared to the elderly population (retired persons), which could be expected considering the youth of the student population and the fact that modern day mass media (including the internet) are more accessible to them;
- Students are best acquainted with environmental legislation. This result could also be expected because this sub-sample group mainly consists of the students who major or take courses in Environmental Sciences;
- Answering to the question of who can be considered as the most responsible party for adverse environmental conditions and accountable for improving them, the working population was the most self-critical group;
- On the issue of unconditional environmental activism, students are at the forefront and they are the most willing to get involved in environmental actions;
- Despite rooted stereotypes, the female respondents don't express greater environmental sensitivity compared to male respondents. Indeed, women are somewhat more familiar with environmental problems and legislation. Apart from forming opinions on the basis of their own experience, women are more likely than men to rely on different media as source of

information. On the other hand, the male respondents are more willing to get involved in environmental actions.

In general, the responses provided by the above mentioned sub-sample groups can be considered as rather uniform. All the observed differences are based on $\pm 5\%$ of respondents' votes, which is not considered as a large deviation.

VI. CONCLUSION

Surveys were conducted in a Belgrade urban population sample in order to estimate the general environmental awareness of this group. The survey was based on the analysis of environmental knowledge, assessment of the state of the environment and environmental behaviour. On the basis of the answers obtained it was possible to draw the following conclusions:

- The majority of the respondents believe to be only partially informed, but are largely aware of the fact that there is a direct connection between the state of the environment and their health,
- Almost half of the respondents believe that environmental protection is an important, but not the most important issue, because in our society there are existential problems that are far more significant,
- The respondents perceive themselves as the biggest polluters, leaving behind the traditionally notorious polluters: industry and mining, and according to them, the most endangered medium is water.
- The main environmental issues are the result of low civic and environmental awareness, and the majority of the respondents believe that citizens should be the key actors in environmental problem-solving,
- The majority of respondents are willing to get involved in local environmental actions, although they evaluate their own impact as mediocre,
- Observed by groups, that is, by age, gender and profession the survey results show no large deviations.

In conclusion, there is an evident awareness that environmental problems exist in our urban surroundings, however environmental knowledge is generally incomplete, and the population being overwhelmed by existential problems, still do not perceive environmental pollution as an important issue. For problem-solving, an active involvement of citizens is required, who are perceived as the major polluter.

REFERENCES

- [1] Rajsic Lj., (2002), Man, nature, economy (in Serbian), Economics, Vol. 48, No. 1-1, pp. 56-63
- [2] Hannigan J.A., (1995), Environmental Sociology: A Social Constructionist Perspective, Routledge, London & New York
- [3] Sumski P., (2007), Love is life – essay of environmental awareness (in Serbian), Goja, Belgrade
- [4] LEAP, (2015), Poll results LEAP, Obrenovac, <http://www.slideshare.net/KZMObrenovac/rezultat-ankete-gradjana-leap-obrenovac>

- [5] Randelovic D., Trumic M., Marjanovic T., Markovic-Lukovic Lj., Trumic M., (2014), Environmental awareness of people of Bor – LEAP 2003 to LEAP 2013 (in Serbian), 10th regional conference – Environment towards Europe, Belgrade
- [6] Petrovic M., (-), Environmental worry, support to the environmental policy and ecological activism of people in Serbia (in Serbian), Regional Research, Promotion Programme, http://www.rppp-westernbalkans.net/en/library/Research-Results/Serbia/Public-Participation-in-Environmental-Decision-Making--the-Case-of-Bor-and-Pancevo/mainColumnParagraphs/0/text_files/file/Merged.pdf
- [7] Knezevic D., Ravilic M., Drobac J., Stefanovic M., Radivojevic S., Selection of the ash disposal site location and nimbysm (in Serbian), *Elektroprivreda*, vol. LXIV, No. 4, 2011, pp. 382–394
- [8] Pusic Lj., Pajvancic-Cizelj A., (2012), How do Vojvodina's citizens perceive environmental issues: depiction of empiric knowledge (in Serbian), *Sociology*, Vol. LIV, No. 1, pp. 153-168
- [9] Federal Environmental Agency (UBA), (2008), Environmental awareness among Germans is high, Federal Environment Ministry, Dessau-Roßlau, No. 85/08, <http://www.umweltbundesamt.de/en/press/pressinformation/environmental-awareness-among-germans-is-high>
- [10] Curry E. T, Reiner M. D., Figueiredo A. M., Herzog J. H., (2005), A Survey of Public Attitudes towards Energy & Environment in Great Britain, Massachusetts Institute of Technology, Laboratory for Energy and the Environment, Cambridge
- [11] Harris G. P., (2006), Environmental Perspectives and Behavior in China, Synopsis and Bibliography, *Environment and Behavior*, Vol. 38, No. 1, pp.5-21
- [12] Yamada A.,(2009), Environmental Consciousness in Japan: From the “Survey of Attitudes Toward the Environment”, NHK Broadcasting Studies, No. 7, Tokyo
- [13] Australian Bureau of Statistics, (2006), “What do Australians think about protecting the environment?”, Australian State of the Environment Committee, Department of the Environment and Heritage, Canberra, <http://www.environment.gov.au/soe/2006/emerging/peoples%adviews/in dex.html>
- [14] Anderson B., Wentzel M., Romani J., Phillips H., (2010), Exploring Environmental Consciousness in South Africa, Population Studies Center Research Report 10-709, University of Michigan, Institute for Social Research
- [15] Cvjetkovic S., (2010), Environmental Awareness (in Serbian), http://www.b92.net/zivot/nauka.php?yyyy=2010&mm=02&dd=04&nav_id=408843
- [16] Mayerfeld Bell M., Ashwood L.L., (2016), An Invitation to Environmental Sociology, SAGE Publication, New York, London, New Delhi, Singapore
- [17] Rasevic M., Penev G., (2006), Demography of Belgrade in the beginning of 21st century (in Serbian), *Bibliid* 0038-982X, No.1, pp. 81-96
- [18] Census, household census and apartments census 2011 in Republic of Serbia (in Serbian), (2012), Population: Age and gender, Republic institute for statistics, Belgrade
- [19] Markovic D., (2005), Social Ecology (in Serbian), Institute for school books and teaching utilities, Belgrade
- [20] Milesevic T., Environmental education and creating environmental awareness (in Serbian), *Academia.edu*: https://www.academia.edu/9407107/EKOLO%C5%A0KO_OBRAZOVANJE_I_STVARANJE_EKOLO%C5%A0KE_SVIJESTI_ENVIRONMENTAL_EDUCATION_END_CREATING_ENVIRONMENTAL_AWARENESS
- [21] Republic Institute for Statistics, Republic of Serbia: data for 2015 <http://webrzs.stat.gov.rs/WebSite/Public/PageView.aspx?pKey=2>
- [22] Kokovic D., (2010), Ecology as a way of life (in Serbian), *Svarog*, No. 1, pp. 75-84, Banja Luka
- [23] Lekic D., Jovanović M. (editors), (2015), Report of environmental current state in Republic of Serbia for the year 2014. (in Serbian), Ministry for Agriculture and environmental protection – Environmental protection agency, Belgrade
- [24] Vukelic, J., (2010) What stops people of Serbia to overtake active role in solving environmental problems? (in Serbian), Regional support program to the research in the area of social research on the Western Balkans, Belgrade
- [25] Ilic D., Ilic B., (-), Contemporary education and environmental awareness of youth in the environmental protection area (in Serbian), University of Nis, Philosophical faculty, Nis
- [26] Stern C. P., (2000), Toward a Coherent Theory of Environmentally Significant Behavior, *Journal of Social Issues*, Vol. 56, No. 3, pp. 407-424

Critical Analysis of Public Policies Implementation: Michael Lipsky's Theory Revisited

Paradoxes between agency and discretion in the case of child protection system

Marta Vaz Ferreira

Faculty of Psychology and Educational Sciences
University of Coimbra and Portuguese Catholic University
Coimbra, Portugal
martaestevesferreira@gmail.com

Marta Mascarenhas

Faculty of Psychology and Educational Sciences
University of Coimbra and Portuguese Catholic University
Coimbra, Portugal
marta.s.mascarenhas@gmail.com

Cristina Pinto Albuquerque

Faculty of Psychology and Educational Sciences
University of Coimbra
Coimbra, Portugal
crisalbuquerque@fpce.uc.pt

Abstract—A critical reflection about the paradoxical relation between agency and discretion within the process of public policy implementation will be the central focus of our communication. Using Lipsky's theory about the role and constraints of "street level bureaucrats", we will discuss the importance of the implementation level to conceive and substantiate public policies, allowing a more complex comprehension about the process, objectives and limitations associated with the fulfilment of "common good". The reflection will be illustrated with references to the child protection system.

Keywords- Public Policy, Lipsky, street level bureaucracy, discretion, child protection

I. INTRODUCTION

The public policies field of knowledge features, in a frequently ambiguous way, a double axiomatic: a) the action, associated with the policies conception as well as its implementation, and b) the action analysis (Souza, 2006). This two-pronged analytic focus produce countless paradoxes related to, for example, the non-distinction between intentions and results assessment. But it enables also, ultimately, the identification and critical debate about distinct aspects that, in fact, are at the core of public action's complexity. Such aspects have been subject to discussion, under different theoretical traditions and ideological perspectives, by several authors, mostly since the 1930s (Dye, 1984; Easton, 1965; Lasswell, 1936; Peters, 1986; Mead, 1995). We are referring, particularly, to:

- a) the analysis of the intents and reasoning of political decisions and priorities;
- b) the goals and involvement processes of different stakeholders (formal and informal) and distinct decision levels on the public policy's conception and implementation;
- c) the link between its normative dimension (laws and rules) and its procedural and substantive dimensions and, lastly,

d) the difficult connexion between time and goals, on one hand strictly political, set by a legislative calendar and government programme and, on the other hand, oriented by goals associated with the *res publica*.

In other words, it's the central debate on the public policy purpose: the emphasis on the "common good" (and its precise substantiation in terms of criteria and "good reasons", in the sense defended by Boudon, 2003), must comprise necessarily short term impacts, although being inherently long-term oriented.

A. The nature of public policies analysis: brief historical roots

The public policies analysis has been acquiring, particularly in the last four decades, greater significance and visibility, which is no doubt related to the higher awareness of the contradictions between the abovementioned aspects as well as their consequences to the quality of the democratic political system. In fact, the rules and interests that influence and ultimately determine the policies conception and the decisions that they bear are still, in numerous cases, factors of conflict. A conflict that is product and/or origin of civic opacity associated with a restricted public space for debate.

Actually, the understanding of the political process and of the stages it may comprehend has not been dissociated, throughout the XXth and XXIst centuries, from the concern with the processes of streamlining of the State apparatus and the consequent rationalist formation of the public policy. Under such concerns, predominantly until the middle of the last century, a positivist science model was founded in order to explain social and political phenomena using common perspective and procedures of understanding and drafting "natural laws". Thereby, the intention was to determine, on the public policies domain, a set of behavioural guidelines or rules that would allow problem identification and its respective configuration, in order to substantiate the policies conception

and pinpoint their specific effects. With the scientific knowledge's support, the aim was, therefore, to guide the political decisions and to potentiate their "good results" (Parsons, 1995). In this perspective, mostly after the IInd World War, the main concern, particularly in Great Britain and in the United States of America, was the determination of procedures and tools that would allow a greater effectiveness of both the decision processes and of the consequent policies and their specific effects. The intention was to reduce the risks of inadequate and inefficient decisions as well as to enhance the effectiveness of "well founded" policies, through studies addressing the demands and social needs, or the dynamics and behaviours inherent to the different actors of the political system.

B. The paradoxes of a phased model of public policies process

Having these concerns as background, Harold Lasswell (1936), acknowledged as one of the first and most important theorists in the definition of the public policies analysis as a field of study, proposed, in the 1930's/40's, a phased model for conceiving and implementing State policies. Such model, structured in 7 distinct stages of government nature – intelligence, promotion, prescription, invocation, application, termination, appraisal – was presented in a simplified manner in 1951, in a book co-edited with Daniel Lerner, *The Policy Sciences*. The model's linearity was worth a heavy criticism, namely because it considered that all public policy is confined to the State's sphere. Lindblom (1959) and Brewer (1974), two of the most fierce critics of Lasswell's model, which they accused of excessive rationality and of reducing politics to a mere administrative and functional process, structured in sequential and separate stages, emphasize overall the need of any model to take into account the dynamic and articulated nature of the political decision mechanisms. In reality, these and other authors consider that a phased model overlooks the power rationales intertwined in the decision making, conception and implementation of public policies. Those rationales are somewhat unpredictable since highly influenced by situational dynamics, whether top-down or bottom-up. Therefore, the political process necessarily had to be understood in its complexity, as a continuous "spiral", without a beginning or an end. In a similar line of argument, Easton (1965), one of the "founding fathers" of the public policies analysis, points out the importance of variables associated with power relations, with the articulation of the different stages of the decision process and structural factors, such as bureaucracy, election, party discipline, mass media and the common interests of some specific groups as fundamental analytical axes to understand public policy. In other words, public policy could be defined as a system, underlying the connection between the conception, results and environment(s). These perspectives, of a more constructivist and interactive nature, highlight not only the potential of conflict and the constraints inherent to government action, but also the possibilities of cooperation between different forces and entities in articulation (Faria, 2003; Souza, 2006). Even so, despite the ongoing recognition of the importance of negotiation, exchange, reformulation, setbacks and (none) consensus that are at the base of the political process, and in each one of its components with specificities and particular

constraints, the idea of political cycle has continued up until the present day. For example, the widely known Howlett & Ramesh's "improved model" (1995) substantiates the public policy process in 5 stages: agenda definition; policy definition; decision making; implementation and assessment.

Policy implementation, to put it into practice involves several levels and action processes (logistic, operational, informative, technical), not only in a top-down or bottom-up logic, but also in an articulated and multidimensional perspective, in harmony with the most current analysis. This means that policy enforcement can be described as a strategic "game", not absolutely determined by the way it is centrally conceived, but resulting from complex dynamics between different *loci* and perspectives, either local or central. In reality, public policy implementation is not an exclusive role of state authorities, but of a myriad of organizations and institutions not always cohesive and connected. Understanding public policy as the result of a structured process of articulated stages is, in fact, a mere analytical artifice, with the added benefit of pointing out different moments of such process and its specific features. However, it is also a fact that by structuring the public policies processes as a "cycle" of univocal direction seems to define them as a fragmented area. Consequently this may generate: a) the possibility of dealing with each stage autonomously from the previous and next "stages" and effects, and, b) the possibility of conceiving policy as predictable or distanced from disputes and different conceptions of confluent actors, either in its conception or in its implementation.

C. The contribution of Lipsky

For this purpose, it must be recalled the meaningful contribution of Michael Lipsky (1980). Lipsky emphasize the role and power of the so-called "street level bureaucrats" in the bottom-up "construction" of public policy itself during its implementation process. The construction of policies on the implementation phase confers them a significant dose of unpredictability and discretion associated with the agents' performance.

D. Purposes of the communication

The present communication aims, therefore, to understand the dynamics and constraints that, in Lipsky's perspective, allow to discuss the public policy's construction during the implementation process and the influence of "street level" professionals at this level. Following a short presentation of the author's perspectives, the debate is illustrated by the presentation of the process of conception and implementation of the child and youth protection policies in Portugal.

II. REVISITING LIPSKY'S THEORY. THE POWER OF THE "STREET LEVEL BUREAUCRATS"

Introducing the terminology of "street level bureaucrats" (SLB), in 1969, to describe both the contribution and influence of the professionals that serve as interface, in front-line, between the citizens and State measures, Lipsky replies directly to those authors who, over time, have been minimizing the importance of public policies implementation level. Embracing a bottom-up perspective, the author bases the core of public policy's implementation and, ultimately, the policy's

configuration itself in both the services conditions and constraints as well as in the professional bureaucracies and routines.

SLB Definition

According to Lipsky's definition, SLB are employees from State services, such as schools, courts, police, social welfare, among others, that directly interact with citizens and "(...)" have wide discretion over the dispensation of benefits or the allocation of public sanctions" (Lipsky, 2010, p.xi). In the original edition of his book *Street-Level Bureaucracy: Dilemmas of the individual in public services*, published in 1980, Lipsky presents two distinctive features of this concept, that allow to fully understand the specificities behind public policies implementation and the role played by SLB in this domain:

A. The exercise of discretion versus structural limitations

This is one of the core traits of these civil servants' work in their interaction with the citizens. It reports to the high level of autonomy that these professionals have in determining the specific course of their intervention. This autonomy is conceived either as an essential requisite for the success of the intervention, or as a cause of its ambiguity and unpredictability given the professional's proximity with context's idiosyncrasies where his action takes place. According to Lipsky (2010), the SLB's decision making process, in their professional exercise, can't take place in accordance to demanding requirements to achieve a "well founded" professional judgement, since usually these professionals lack the time, information or other resources which are crucial to reply adequately to each case individually considered.

1) People processing

The solution professionals came up with is to develop practise routines and a psychological "clientele" simplification exercise - 'people-processing' - that is to say, to reduce their complexity to pre-defined and simplistic analysis. These analyses are, therefore, focused in certain aspects, individually screened and emphasized, instead of being globally considered in their connections with other factors and dimensions that explain and substantiate the problems and specific features that affect the clients.

2) Creaming

Similarly, the "creaming" process allows them to screen the well-defined social cases, quicker and easier to be solved, which imply less resources expenditure and lower rates of professional burnout.

This claim clearly finds echo in the way public services in general and social services in particular have been organised around stricter intervention protocols, determining professionals' intervention by economic efficiency and procedural criteria and too often slipping into the instrumentality of their professional practice and the neutralization of its creative and transformative nature, leading to managerialism (Amaro, 2012). Procedure massification necessarily causes, according to the author, a distortion of the professional intervention and has undeniable effects on the quality of the treatment provided to the citizens and thus of the services themselves (Lipsky, 2010, p. xii).

3) Discretion and situated action

In fact, and according to Lipsky (1980, p. 13), discretion is present in the benefits' quantity, quality and nature, as well as in the sanctions defined by agencies themselves: "unlike lower-level workers in most organizations, street-level bureaucrats have considerable discretion in determining the nature, amount, and quality of benefits and sanctions provided by their agencies". Considering the system's complexity, as well as street-level bureaucrats' concerns to legitimate their performance in front of the citizens, autonomy and discretion are central in their action and conduct, becoming normative ideals and, simultaneously, influencing the institution they represent. As Lotta (2010, p. 38) suggests, "institutions have an impact on practices, however individuals' actions, values, references and contexts also have an impact on institutions." According to Meyers and Vorsanger (2010), this high degree of discretion comes up as a consequence of the interdependence between citizen-client and street-level bureaucrat while searching for policy's results, which equally generates an enormous variability and unpredictability of this professional's work.

Street-level bureaucrats believe they are doing the best they can under adverse circumstances and develop techniques to retrieve values from the service and from policies formulation within the limits forced on them by the work's structure. They develop conceptions of their work and their clients that straiten the gap between their personal and professional limitations and the service's ideal (Ham & Hill, 1993, p. 187).

The dilemma between "agency" and "structural limitations" (Lipsky, 1980) can, therefore, be overcome or simply (re)defined as a distinctive action alternative.

Actually, street-level bureaucrats feel the system's pressure and end up by acting according to a demotivation driven by the restrictions that characterize the institutions' ways of work and the incoherence between the stipulated rules and the reality. The degree of discretion and relative autonomy provides an alternative to the strictness imposed by the typical structural limitations of professional regulations. This way of acting, most of the times, is neither recognized nor official, nor verbalized because it can be understood as a breach in the established rules. Therefore, there is a difficult balance between routines and procedures that ensure equity and the bureaucratic dimension and transparence of services themselves. In fact, there is sometimes a struggle for an ideal of service, that necessarily implies the valorization of the humanist dimension, and to go beyond the rules when that is considered crucial to solve a specific problematic situation. Ergo, discretion is a slim freedom, granted to professionals for them to act upon what they find convenient and appropriate in face of a given situation. It does not follow a specific guideline, but it is oriented to the fulfillment and respect for individual and collective rights. The autonomy to carry out a holistic approach, with the understanding of what is important to people, combined with creativity, empathy and proximity with the citizen-client allows to consider new professional spaces, through a distinct social intervention, which can embrace new analysis dimensions.

This way, a full understanding of public policies and citizens' representations of services performance demands the analysis of the way uncontrolled SLB responses articulate with the legal and regulation directives that shape services' performance. On this matter, Lotta (2010) states that street-level bureaucrats have become key figures of the public policy debate, more specifically for two distinct reasons:

- 1) Firstly, due to the fact that such debate on public service is intimately associated to the focus and role of such professionals;
- 2) Secondly, because these street-level bureaucrats are directly responsible for mediating the relation between State and citizen, which means the bonuses or onuses of public service, rely on them.

B. Structural similarity of roles played by different street-level bureaucrats

Lipsky (1980, 2010) defends that, despite the distinct technical profile of the professionals that work in front-line services, such as teachers, police officers or social workers, among others, those roles present a similar structure. Only an accurate description of front-line services, through the abstraction of a set of analytical categories, will allow a more profound comprehension of what distinguishes or brings together such roles, facing them distinctly. This consideration enables to understand, for example, the organic structure of no judicial child protection services in Portugal (CPCJ), in which psychologists, social workers, sociologists, social educators, among other professionals, play, in an apparently indistinctive way, the role of child protection and promotion workers. In fact it is possible to underline the functional similarity between their roles, despite the specificity of the technical skills each one brings to the intervention.

Lipsky (2010) also emphasize the common feature of these services in regard to the essential paradox in which they rely, since it is expected that:

- 1st) their performance can conciliate the general and abstract purpose of executing politically determined goals, and simultaneously,
- 2nd) they put in action "improvisation" or adaptation skills in order to adjust the service response to the specific features of the concrete case.

The reforming efforts of public policies in general and of child protection policies in particular, aiming to improve service quality and the professionals' accountability stumble head-on in this paradox. On other words, in the child protection system professionals must try to ensure equal treatment for all citizens, while simultaneously maintaining the ability to reply to the specific features of the given case. So, the practice assures an attempt to conciliate, a) the procedural efforts, in its protective nature, i.e., as a citizen equal treatment promotion mechanism, b) with the consideration of the case in hand. In fact, the SLB concept itself holds within this paradox. By combining 'bureaucracy' (which reports to the structured set of rules and regulations issued by the competent authorities), and 'street-level' (which reflects the citizens' proximity and distance from decision centers) the paradox is visible. It is, therefore, acknowledged that public policies cannot be summed

up to their normative requirements, defined by political decision centers, as many authors insist on defending. They result, beforehand, of the "(...) aggregation of the separate actions of many individuals (...) consistently reproduced by the behavior of individuals." (Lipsky, 2010, p. xiii).

In this perspective, according to the author, it is the amount of decisions, routines and mechanisms set in motion by the SLB to deal with the uncertainty and efficiency that will transform in public policies. Therefore, it will not be next to the political decision centers or to those who conceive these policies that their whole scope and purpose can be better understood, but rather in their articulation with the everyday decision makers, with the professionals that daily put those policies into practice and substantiate them through their own professional strategies. A deeper understanding of public policies relies, hence, on the acknowledgment that they are a product of the aggregation of professionals' individual actions and the way such behaviors are consistently reproduced in different contexts (Lipsky, 2010).

III. SLB DECISION MAKING ON THE CHILD AND YOUTH PROTECTION SYSTEM AND STRATEGIES OF 'PERSONAL PROCESSING'

As an example of the impact professionals' performance has on public policies' scope, Lipsky (2010) stresses that, despite all public policies are based on equal treatment for all citizens, we should be aware that services tend to consistently favor a particular kind of clients to the detriment of others. A full understanding of that discrepancy (between legal framework and professional practice) can only be reached if we build on the professionals social representations of the rules, as well as the autonomy degree granted to them and all sort of pressures they are submitted to (Lipsky, 2010, p.xiii). Applying this idea to the child protection field, and in face of the uncertainty and complexity of the decisions it engages, such as, for example, the return of a child to the family where she was initially in danger, as well as the high level of fault intolerance to which these professionals are submitted, Lipsky's claim seems highly plausible. Such assertion prompts us, consequently, to promote researches that, based on the child protection legal framework, acknowledge that the real range and scope of such policy and the grounds for the alleged family reunification's inefficiency and for the high levels of child institutionalization can only be utterly perceived when the day-to-day running of child protection services is considered, namely, its intervention protocols, decision making processes and the substantive dimension of the intervention they promote. It is in the combination of these various factors – normative, planning and operative – and in its underlying complexity that we can, realistically, find the accurate configuration of the Portuguese child protection system in terms of the actual efforts developed to ensure a safe and well-adjusted return of children and youngsters to their family circle.

A. Decision Process

Decision making process in the protective system is a process of high public exposure and considerable intolerance for failure, where professionals are submitted to a particular level of control and censurability concerning possible failures

committed and the severity of the effects that such failures can cause, which originates a quasi-permanent confidence crisis on the child protection systems.

Before the multitude of cases that arrive daily to child protection systems, and in face of the hardships social workers deal with in risk assessment, this evaluation becomes a strategy that easily determines the system's performance by excess (causing false positives) or by default (leaving false negatives untouched) (Mansell, Ota, Erasmus & Marks, 2011). In the specific decision of allowing, or not, the return of an institutionalised child to her family environment, this uncertainty leads to a difficult balance between the risk of doing less (false negative) or doing too much (false positive). The decision burden professionals with the pressure of knowing the serious consequences that can arise from it - to the children, to their families and to others involved - regardless of the decision's nature or the failure that might result from it. Adjacent variables introduce distinct logics that influence the decision making and intervention processes (functional logic of intervention that leads to simplistic and typified analysis), such as the excessive caseload, the professional/service culture, and the professional's own values and attitudes. Lipsky (2010) sums up the consequences of institutional pressure in the adoption of simplified formulas of the social phenomena:

At best, street-level bureaucrats invent modes of mass processing that more or less permit them to deal with the public fairly, appropriately, and thoughtfully. At worst, they give in to favoritism, stereotyping, convenience, and routinizing – all of which serve their own or agency purposes (p.xiv).

This trend of the professionals to give in, confirming their professional practices to this procedural tendency is often rationalised as arising from professional experience or as more realistic approach to the profession (Lipsky, 2010). Nevertheless, to the author, such rationalisations only disguise the influence of formal and institutional constraints on the interpretation and prevailing approach of SLB's professional strategies. Legal guidelines, goals and rules have become so extensive that, in order to fulfil bureaucratic requirements, the professionals' availability to work directly with children, youngsters and families is severely compromised. The unfortunate consequence, in face of increasingly complex and multidimensional situations, is the tendency to reduce and standardise the range of responses, applied indistinctively to the various cases and, as such, clearly damaging children and families that are engaged in the protection system (Munro, 2011).

B. Constraints and paradoxes of decision making

Frequently, in a professional self-preservation effort, SLB engage in an adaptive attempt, which reflects in the adoption of strategies allowing them to reach a balance between institutional goals they are contractually required to fulfil and the public demands on their profession, namely of the citizens that seek them and that embody the ethical-axiological commitment of their profession. As Lipsky (2010, p. xv) explains,

They believe themselves to be doing the best they can under adverse circumstances, and they develop techniques

to salvage service and decision-making values within the limits imposed on them by the structure of the work.

In short, the features that truly portray protective intervention, affected by its complexity and uncertainty, often cause managerialism practices, contributing, as Munro (2011) explains, to a defensive system stamped by 'methodologism' (Amaro, 2012) and used by professionals as a 'defence mechanism' against any criticism towards their professional performance. This leads to an excessive emphasis on procedures and records, which defects attention from the professional development and support for them to work more effectively with children, youngsters and their families. Such choices necessarily have consequences not only in the quality of services provided, in particular, but also in the reconfiguration of the social policy that frames this professional practise, in general.

These work practices and orientations are maintained even as they contribute to the distortion of the service ideal or put the work in the position of manipulating citizens on behalf of the agencies from which citizens seek help or expect fair treatment. (Lipsky, 2010, p. xv).

On the so-called citizens manipulation by the services they turn to and in which they trust, it is possible to underline, for example, the dilemma that foster care services are dealing with. They are in charge of the efforts of family preservation and familiar reunification of the children they shelter, being aware, however, that such efforts will result, ultimately, in the extinction of their *raison d'être*. As Lipsky (2010) clearly states, these adjustments and compromises of the professionals' intervention methodology have been resulting in a depleted professional self-esteem, reflected in low expectations for professionals, for clients and for the potential scope of this public policy. Ultimately, this leads to the acceptance of the claim that citizens get the best possible service under the circumstances, with all the paradoxes that such a rationalisation implies.

IV. FINAL CONSIDERATIONS

Lipsky (2010) present the most challenging question posed to a SLB: after ensuring the maximum level of practices' automation and homogenization what will be the final result? The acknowledgment and analysis of the detrimental effects of this attempt to neutralise the more subjective dimension of intervention forces us to face a question (still relevant today), concerning the trajectory of public policies: should we invest in pursuing the continuous regulation and automation of relations between State and citizens in vulnerable situations, strengthening ideals of efficient resources management and promoting, in that sense, responses standardisation? Or, should the importance of the individual dimension on decision making and practices' definition be recognised, which will, necessarily, require granting a significant degree of discretion and technical autonomy to the professionals that provide such public services?

The important reflection, that has pervaded sociological, philosophical and political sciences' approaches, about how to coordinate the universal and the particular, the objective and the subjective underlies, in fact, this debate. Objective and

subjective are not necessarily two contradicting poles but a mutual confirmation of each other. As Boudon (2003) states, it is possible to explain macro through micro and micro using “good reasons”, hence, with a universal scope. Public policies' conception and implementation are, therefore, centred in the complex combinations between these two poles and in the possible balances between different situated actions. At this level, Lipsky's (1980, 2010) contribution still remains fully relevant today.

REFERENCES

- [1] Mansell, J., Ota, R., Erasmus, R., & Marks, K. (2011). Reframing child protection: A response to a constant crisis of confidence in child protection. *Children and Youth Services Review* 33, pp.2076–2086, doi: 10.1016/j.chilyouth.2011.04.019.
- [2] R. Boudon, *Raison, Bonnes raisons*, Paris, PUF, 2003.
- [3] C. Souza, “Políticas Públicas: uma revisão da literatura”, *Sociologias*, vol. 8, n°16, pp. 20-45, 2006.
- [4] M. Lipsky, *Street-Level Bureaucracy: dilemmas of the individual in public services*, NY, Russel Sage Publications, 1980.
- [5] M. Lipsky, *Street-Level Bureaucracy*, 30th Ann. Ed.: *Dilemmas of the Individual in Public Service*, London, Russell Sage Foundation, 2010.
- [6] H. D. Lasswell, *The Policy Orientation*, in D. Lerner & H. Lasswell (eds.), *The Policy Sciences: Recent Developments in Scope and Method*, Stanford, Stanford University Press, 1951.
- [7] R. Munro, *The Munro Review of Child Protection: Final Report, a child-centred system*, 2011. Available at: www.gov.uk/government/uploads/system/uploads/attachment_data/file/175391/Munro-Review.pdf
- [8] B. Hogwood, L. Gunn, *Policy Analysis for the real world*, Oxford, Oxford University Press, 1984.
- [9] M. Howlett, M. Ramesh, *Studying Public Policy*, Canadá, Oxford University Press, 1995.
- [10] M. I. Amaro, *Urgências e Emergências do Serviço Social: fundamentos da profissão na contemporaneidade*, Lisboa, Universidade Católica Editora, 2012.
- [11] H.D. Lasswell, *Politics: Who Gets What, When, How*, Cleveland, Meridian Books, 1936.
- [12] C. A. P. Faria, “Idéias, Conhecimento e Políticas Públicas: Um Inventário Sucinto das Principais Vertentes Analíticas Recentes”, *Revista Brasileira de Ciências Sociais*, vol.18, n° 51, pp. 21-30, 2003.
- [13] C. E. Lindblom, “The Science of ‘Muddling Through’”, *Public Administration Review*, vol.19, pp.79–88, 1959.
- [14] L. M. Mead, “Public Policy: Vision, Potential, Limits”, *Policy Currents*, Vol. 1-4, 1995.
- [15] D. W. Parsons, *Public policy: an introduction to the theory and practice of policy analysis*, Cheltenham, UK; Northampton, MA, USA, 1995.
- [16] B. G. Peters, *American Public Policy*, Chatham, N.J., Chatham House, 1986.
- [17] D. A. Easton, *Framework for Political Analysis*, Englewood Cliffs, Prentice Hall, 1965.
- [18] T. D. Dye, *Understanding Public Policy*, Englewood Cliffs, N.J., Prentice- Hall, 1984.
- [19] G. Brewer, *The policy sciences emerge: to nurture and structure a discipline*, *Policy Sciences*, vol. 5, pp. 239-244, 1974.
- [20] C. Ham, M. Hill, *The policy process in the modern capitalista state*, Londres, Wheatsheaf , 1993.
- [21] G. Lotta, *Implementação de políticas públicas: o impacto dos fatores relacionais e organizacionais sobre a atuação dos burocratas do nível de rua no Programa Saúde da Família*. PhD Thesis, São Paulo, 2010.
- [22] M. Meyers, S.Vorsanger, *Burocratas de nível de rua e a implementação de políticas públicas*, in B. Peters & J. Pierre (orgs.), *Administração Pública Coletânea*, São Paulo, Unesp, 2010.

The stolen book: Communication significance beyond the criminal act

Milena Tsvetkova, Assoc. Prof., PhD in Sociology
Sofia University St. Kliment Ohridski
Faculty of Journalism and Mass Communication
Sofia, Bulgaria
e-mail: milenaic@uni-sofia.bg

Eleonora Kalvacheva, Bachelor's student
Sofia University „St. Kliment Ohridski“
Faculty of Journalism and Mass Communication
Sofia, Bulgaria
e-mail: eli_4_ka@abv.bg

Abstract—The research is an attempt to be made a reassessment of the phenomenon „theft of book“ in the foreshortening of the information-communication treatments, the theory of the feedback and the reflexive model of the communication. The theft of book is rationalized as reader's reflexion and as a specific social resonance towards it. The research thesis is, that it is accumulated a critical mass of circumstances for liberation of the attitude towards the stolen book as a communication phenomenon and for its emancipation on the field of marketing and advertising. Based on retrospective document and discourse analysis are searched proofs about the positive connotation of the phenomenon „theft of book“ in the context of the concept of the book as a medium. In order to be revealed as objectively as possible the communication energetics of the act of the theft of book, the authors set aside from the criminal aspect of the phenomenon. The present text excludes from the subject of the research interest the crime theft, and also any action, causing material damage. The empirical examination the thesis is accomplished through the method of the anonymous inquiry survey about the attitude towards the stolen book. The consultation was done twice – in 2013 and in 2016 among commonly 283 respondents, which represent widest range of active readers. The research supports and summarizes the changes in the mass connotation of the stolen book in the foreshortening of the communicative practice „reading“ and supports the formulation of proposals about relevant tactics and approaches in the marketing and advertising of the books.

Keywords- *stolen book, „most stolen book“ index, stealing book, theft of books, book thief, library theft, book as medium, feedback, reflexive model of communication, science of reading*

I. INTRODUCTION

For the realization of the communication with the book, like any media, it is necessary to receive a feedback. Without a feedback any book is just a „message in a state of expectation“, a latent communication unit. The tracing of the social resonance, of the reflexion, of the relations, caused and generated by a book, is especially important for its authors and editors, because namely the „feedback“ is this one, which gives meaning to the interaction with it and makes it „alive“, operational. Namely the feedback is sealing the book as media phenomenon, because by definition it is a reaction and a process of re-reflexion of the displayed content in the book.

The question about the nature of the theft of book as feedback in the field of the reading is practically not been studied not only in the knowledge of the book and in the science of reading, but also in the psychology and sociology.

The concept of the „stolen book“ is not necessarily negative. In order to reveal in a most objective way the communication energetics about the act of the theft of book, we should disregard from the criminal aspect of the phenomenon. The present text excludes from the subject of the research interest the crime theft, as any action, causing material damage. The choice of the theory about the feedback for the defence of the present thesis is motivated by its potential to upgrade the legal and economic interpretations of the theft of the book and to continue the rationalization of this act beyond the sphere of the criminal and of the pathological.

II. METHODOLOGY. MATERIALS AND METHODS

The thesis, defended in this exposition, is that it is accumulated a critical mass of circumstances for liberation of the attitude towards the stolen book as a communication phenomenon and for its emancipation in the field of marketing and advertising. For the first time this thesis is probated in a research report titled „The poor reader is unforgiving: The Bulgarian book is uncomfortable and it is made in unhygienic environment“, presented at the round table „The EU integration and the space of the book“, held on 26th of May 2006 at the Book Fair in the National Palace of Culture in Sofia [1]. The new evidences for intensification of the positive connotation of the phenomenon „theft of book“ in the context of the changing reader and accordingly to the concept about the book as medium will be sought through document and discourse analysis. For the empirical examination of the thesis is used quantitative tool – a survey. The method of the registration of the information is anonymous questionnaire, filled independently by every respondent. The survey was conducted twice – the first was held in 2013, and the second in 2016. The total number of processed questionnaires is 283 (57 from 2013 and 226 from 2016). The results are analyzed and summarized with a view to the objective – a check of the changes in the reader's attitude towards the stolen book.

III. DEFINING THE TERMS

The process of the information communication in the classical cybernetic paradigm usually is featured through the linear scheme „source-recipient“. The feedback (according to the principle of the complementarity) is an additional information channel in direction from the recipient towards the source. Technically this allows to the sender (the source) to derive information and to make conclusions regarding to the process of the information and regarding the way, by which the

addressee (the recipient) receives the information. In general the purpose of the feedback is to check whether the result of the message coincides with the expected reaction.

By definition the feedback is a mechanism of interactive communication and means for control of the interactions. The feedback is the real mechanism of the interaction, as far as it is „*the supporting reflex*“ of the heard, the read, the seen. But while the reflex is unconscious reaction, the fulfilling feedback is *conscious information exchange with change of the direction and of the subject*. As far as the book is neither only information, nor is only a communication channel, but mediatised human extension, organoprojection of our intellectual body as an artificial medium for communication, it exists only through the reactions of its opposing forces.

For the concept „*book*“ we will work with the following definition: *the formatted medium (a notion for platform) about the perception of strong ideas and knowledge, transferred by virtual image of some reality (a notion for text)* [2, p. 69]. The encouragement of the reactions and the tracing of the effect of some book on the audience is a part of the cycle of the communication process – the reaction serves to stimulate, to lead, to activate or somehow to provoke an answer, change in the behavior or mass effect [3, p. 93].

The fact that there is a visible feedback with some book, already means, that it is accomplished as medium – that it has found its readers, but not just buyers or owners, that it provoked in them some thoughts and impressions, that it provoked them to react in public, but not just to lurk in passivity or to self-satisfy in silence. The studies about resonance, which is achieved for instance through the reader's requests in the libraries or through the citation, represent a necessary condition about the overall improvement of the system of the book.

In the present text the envisaged form of feedback towards a particular book (a theft) is from the type „*stimulus – reaction*“ – it is implemented on the level of impulses, signals, reflex, but not on information exchange and fulfilling communication. In this sense one wider study on the same subject should be related with the behavioral theory of the behavior in the model „*stimulus – reaction*“, with psychology of attention, with sociology of the interest, with the cybernetic model of the communication and with the reflexive model of the book as medium.

Here the *theft of book* will be interpreted as reader's reflexion and as specific social resonance of the actual interest to it.

IV. DISCUSSION

A. *The book is stimulant of the “mental content” of the reader*

The resonance, the reflexions of a particular book, in the politics and show business, are shaping its „*public image*“. However regarding the image of the book the situation is more different from the image of the people. According to the bibliopsychological theory of Nikolai Roubakine the book is only a reagent, and its content (which is actually the object of the feedback in the process of the reading) is projection of the

reader's reactions [4]. According to this methodological treatment the book is an extension, extracorporeal extension of second signal system of the author and acts as a reagent on the reader, as an external stimulus towards second signal system of the recipient. The book is neither a channel, nor translator, nor transmitter, but an exciter of individual psychic experiences. „The book content“ is an exciter of „the psychic content“ of the reader, its psychic correlate. In other words, the content of the book and its reader are in functional dependence: the content is not physical, but psychic phenomenon. As it is said in the terminology of Roubakine: the more are the readers of the book, the more are its contents [5]. And as far as every reader is building his projection of the read book, the total reflexion of the readers can never be objective – it is objectified, personalized, group or prevailing social, but always subjective. Namely from this angle we should seek the reasons about the discrepancy in the reader's estimates (among them are also the professional reviewers) of the „quality“ of the book, in the perceptions and explanations about „the content“ of the book. Therefore, by bibliopsychological position, if the author can have two faces – a real (anthropological) and represented in public (an image), the book as an object of reading doesn't have „a real“ face – it *has only image*, besides always subjective.

It is quite logical that as a result from the concentration of the public attention, of the media and public propaganda around particular book, to appear *criminal reflexions* towards it, motivated by subjective, often irrational motives.

B. *The bibliocleptomania as criminal act*

Legally speaking the theft of book is an illegal act, a criminal act, a divesture of else's property, a vandalism. But this criminal act can be examined as specific reader's reflexion by the type „*bibliocleptomania*“. The bibliocleptomania is a pathological attraction to a theft of books and could be diagnosticized by six symptoms: collection of unnormal amount of books, a sense of relief by the collection of books, reduce of the anxiety by the collection of books, obsessive collection of books, compulsive theft of books, reduced anxiety by theft of books.

In the conversation between Umberto Eco and Jean-Claude Carrière „This is not the end of the book“ is touched just this topic – about the theft of bibliophilic editions and about the bibliocleptomania. According to Eco the most dangerous thieves are the bibliophiles, but not the ordinary robbers. They know for what kind of prey they are at the scene of a crime and they don't stop until they carry it off. If the ordinary „*panacea*“ thieves can't steal the most precious book, this is the aim of the professionals. From the ordinary thieves we are protected by their ignorance, the owners of valuable libraries are his darlings, summarizes Carrière [6, pp. 329-330].

C. *The theft of book as indicator of communication activity*

Prior to argue the theft of book as form of feedback it is necessary to warn, that by media point of view as the buying of book, as the theft of book aren't neither reading, nor feedback by passed process of reading.

The feedback is *post-communication context process*, which included the road of the reactive penetration of the book

in the public mind, the developing of attitude towards it and its exteriorization back into reflexive field. In this sense the market interest towards the product, even if it is an indirect channel for the monitoring of the feedback, doesn't provide relevant for the research purpose information. The theft of book is in the phase of the pre-communication and it is not necessarily bound by reading. Moreover the data about the circulation and about the sales of a particular book are often company secret or are exaggerated about the purposes of its marketing and advertising. And the theft of the book, as interest towards the object, is located in the pre-communication phase of the reading. However it is possible to appear in the post-communicative phase, as far as the reading is interruptible and susceptible to stretching and delaying in the time process. As the purchase, as also the thefts of the book are simultaneous practices. They are non-linear and they occur prior or during the reading by itself. The characteristic about them is that they are spontaneous, informal, non-directed and often anonymous.

Some important notice – for theft it is allowed to be discussed only in the context of the real relations and the real law. After theft the owner is deprived from something. And after „the transfer” of one content from one to another receptive world, the original is where it has been. As far as the terms „stolen reading” or „theft through reading“ aren't recognized in the law peace, the judgement would't permit the readers to be equalized with thieves. Otherwise we should call „a thief“ the 14-years-old Mozart, when in 1770, after a repeatedly listening of the liturgy in the cathedral „Saint Peter”, memorizes the most guarded for its time musical composition „Miserere“ by Gregorio Allegri and later transfers it on the music sheets.

The positive aspect of theft – *the altruistic theft*, has its roots in the mythology. Prometheus steals the fire; the goddess Inanna/Ishtar steals the knowledge Me from the Sumerian God Enki, to donate them to the people in her favorite city of Uruk. Only in Genesis and in the Book of Enoch the theft with altruistic purpose has a negative connotation. In the Book of Enoch we are reading, that all the arts, crafts, and even the cosmetic secrets are stolen by human daughters or by the angels, or by the giants. In the Old Testament Eve receives the knowledge by the snake and transmits it to Adam, which is also a kind of theft, because Lord is hiding it by then from the first people. But in the old alchemical tractates Isis accepts the secret knowledge from the angel and transmits them to her son Horus, than the New Time is beginning [7]. The receiving of the secret from Isis is considered for a great achievement. It happens a reversal of the values, despite the event by itself is the same: the female element (the female principle) takes the secret knowledge from deeper layers, and the mediator transmits it to the humanity.

The criminal reflexions towards the desired book we can define as alternative and marginal forms of feedback. The media theory of the book separates them in two categories:

- 1) Theft of the content.
- 2) Theft of the bearer.

1) Theft of the content

The actual theft of the content of a whole book or of part of it is known as „plagiarism“. This phenomenon (with Latin origin: *plagio* – outrage, English meaning: *plagiarism* – literary theft) means appropriation of a big part of else's literary work, publication of else's work (or of parts of it) as own. The communication approach (besides the criminal) is considering it as a form of *concealed feedback*. The plagiarism, as the citation, is a powerful form of feedback with the book, because denotes a continuity and „a return” towards read works. In this concrete case it is important to emphasize, that the plagiarism is a feedback with the purpose of theft, performed in state of „criptomnesia” (unconsciously) or intentional silence.

The stealing in the context of the intellectual race for the competition in the knowledge can be accepted as normal, as far as the activity “reading” by nature is *poaching*. The gene of this imperative characteristic of the reading occurs in the state of privatization and esoterisation of the objects for reading from changing during the time „pedagogical institutions” and „official interpretators”, that are transforming the appetite readings in „reserves”, in secured zones for „regulated hunting”. In his „apology of the insolence of the reader” Michel de Certeau explains how the hating enclosures' reading human is forced to play tricks for a long time, to play out „the tunnel effect” as he „inserts his ingenuity in the cracks of the cultural orthodoxy” [8, pp. 275-277]. Like a poacher in the wood, he is watching the written; he is tracing it in a quiet step, he is finding new traces, he is making „hits” or he is surrendering, he is feasting or he is starving, but he is never „conforming”.

The reader with camera, who photographs parts of books or whole books with portable technical devices, can be found at all the places with physical books – in the library, at the bookfair, in the library reading room or just in the home library of the neighbor. The modern technically armed reader has invented a way “to steal” content by scanning with camera from his mobile phone. The Japanese booksellers tried in 2003 to increase their sellings as they forbided in all 20 000 bookstores the entry with a mobile phone [9]. The reason was that resourceful visitors, using miniature cameras with not bad qualities, started to photograph in the bookstores their needed pages from reference books and encyclopedias – and then they instantly sent the photos to their personal email. The most zealous among them started to photograph thus even whole new books.

„A stolen“ reading at the terrain of the trade facility was registered in Bulgaria. In February 2010 book sellers in Plovdiv told, that the clients are entering in the bookstores, not to shop, but isolated between the shelves, to finish a book or to begin to read a new one. „Often during the lunch breaks we are visited by people, whom I observe and I note, that they are reading. They can't afford to buy a book.” – is explaining compassionately one of the booksellers [10]. However this was an untypical symptom for the emergence of new type readers, born from the economic crisis.

„The thefts” of the content of books has marketing potential for the bookseller, which is expecting his profound research and use.

2) *Theft of the bearer*

The second nonconventional criteria about „read book“ – the theft of copies of concrete titles, deserves special attention. This is because the theft of book is a kind of risky individual reflection and sufficient reason for daring and risky activity regarding some readers.

From positive position we could say, that the true measure about the value and the popularity of one book is the frequency of its thefts. Realizing this painful for many people truth, from 2004 the members of one writer's club from Kiev, Ukraine, awarded the prize „The most borrowed for reading and non-returned author“ [11]. The statistical information about the ranking the initiators of this prize receive from all the libraries in the country. But in them it is carried such kind of statistics – operative and actual. In Bulgaria the fact of the theft is certified only when joins a new search for the same book or at the annual inventory of the library fund. In the passport of the book it is rarely said „stolen“, but more often „non-returned“, „not in place“ or „missing“.

A major breakthrough in the prejudices towards the theft of books happened during the Frankfurt Book Fair (10-14 October 2007), when the reader's thievishness was experimentally recognized as positive. By a project of two media – Germany's ZDF Television and German tabloid Bild am Sonntag, was compiled a ranking of the titles, that are most often stolen from the stands of 15 leading German publishers. At this basis was announced indicator with an incredible marketing potential, that helps the publishers in the assessment of the public interest towards a new title, called „most stolen book“ index. Gregor Moeller, marketing expert in „Luebbe Publishing House“, sais: „This is unbelievable. People steal books, when they can. I just put the heap there and one hour later they were missing... We don't know exactly how many books are stolen. But it is fair to say, that thousand of books are stolen every year. And of course, people steal only interesting books.“ [12]. According to Claudia Hanssen from Goldmann Verlag Publishing House the most stolen books are the same, ending the bestsellers lists. The marketologists, specializing in other trade shows, also confirmed, that the most stolen intellectual goods usually become subsequently the bestsellers [13].

Evidences about the positive connotation of the stolen book can be found in the PR-strategy of world famous writers. „The most read author in the Israeli prisons and the most stolen author in the Israeli bookstores“ – thus is announced the Israeli writer Etgar Keret in Bulgaria before the premiere of his collection of short stories „The bus driver, who wanted to be God“ (at 21th of September 2010) [14]. „The brilliant storyteller Etgar Keret, the most read in the Israeli prisons and the most stolen in the Israeli bookstores“ – again with this accent was the advertising slogan of the most selling author in Israel for 2010 before his second visit in Bulgaria about the presentation of his new collection of short stories „The girl on the fridge“ (13th – 15th of September 2011) [15]. In an interview about a Bulgarian media the writer explains: „For me the ideal story is this one, with whom every person, young or old, identifies himself by one or another way. The fact, that the prisoners are reading my stories or that I am the most stolen

author in Israel, is a great compliment. Nobody will steal a book, which he doesn't care.“ [16]

The thief of books is not necessarily dangerous, agree Umberto Eco and Jean-Claude Carrière in their conversation „This is not the end of the book“. On the contrary, in history there are enough examples of thief – a savior of books and for books, that survived thanks to thieves [17, p. 177]. The bibliophile Carrière easily confesses that in him is hidden the profile of a thief of incunabula. He shares how he imagines in trance, that he breaks in the locked house of some snob collector and he burgles the most precious books [18, p. 182]. This shows that one of the natural features of the bibliophile is his tendency to bibliocleptomania.

Confessions about a bibliocleptoman experience serve us other writers. „I didn't steal small books. I used to steal regularly and by many. Books, books, books. It was one significant criminal way for supply, because in fact I loved to read, and a possibility for gratis gave me the library.“ – writes Falko Hennig in his book „Criminal career“ [19]. „The book, which I remember in a best way, are those ones, which I stole in Mexico City, between aged seventeen and nineteen [...] Later, when I stole this book [„The fall“ by Camus] and when I read it, I transformed from attentive into insatiable reader and from thief of books into plunderer of books.“ – this shares the great Latin American writer Roberto Bolaño in his collection of essays „Between parentheses“ [20]. The theft of books as destiny and salvation is a theme in two other novels – in „Thieves of books“ by Dimitar Korudziev [21] and in „The thief of book“ by Markus Zusak [22].

It is not by chance that it exists „history of bibliocleptomania“, found its scientific lobby in the study „History of reading“ by Alberto Manguel: „We may not be inclined to justify the thefts of books, but the longing, which stays behind them, the desideration even for a moment to call one book yours is familiar to many more honest men and women, that we would like to admit“ [23, p. 232].

V. PRESENTATION OF RESULTS

For the empirical examination of the accumulation of critical mass of circumstances for liberation of the attitude towards the stolen book as a communication phenomenon and for its emancipation on the field of marketing and advertising we used a survey. The method of registration of the information is anonymous questionnaire, filled individually by each respondent. We conducted the consultation twice – for the first time in 2013 and for the second time in 2016. The total number of respondents is 283, respectively 57 in 2013 and 226 in 2016. The comparison in the surveys in 2013 and in 2016 can be quantitatively summarized and visualized.

Profile of the respondents. In age respect in 2013 the majority of respondents are aged between 18 and 25. In 2016 in this age group also participated more people, but there is increase of the number of respondents aged between 25 and 40 (see Fig. 1). Regarding the education in 2013 the majority of respondents are with secondary education and students, and in 2016 the majority is from people with high education (see Fig. 2).

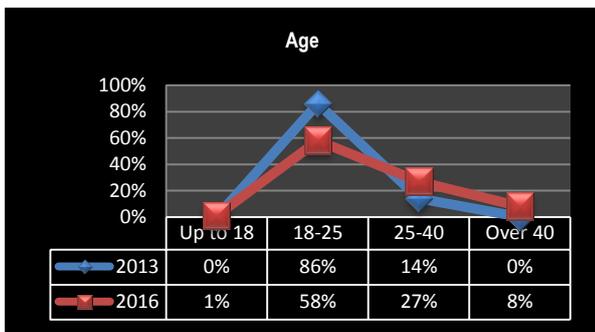


Figure 1. Proportion of the respondents by age

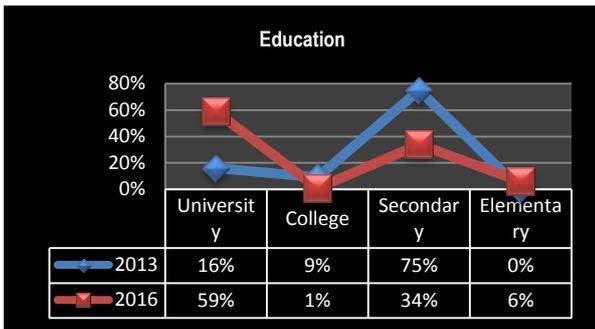


Figure 2. Proportion of the respondents by education

Regarding the first key question the results from the both studies are very close and it shows a distance from the opinion of the theft of a book as criminal act. In 2013 40% accept as normal the act of theft of book, and in 2016 this answer is already given by the half of the respondents – 50% (see Fig. 3).

The answer „I have never stolen books“ is hidden in the second question, referred to the places of the theft. More than the half of the respondents in 2013 denied ever having committed theft of books – 58%, and in 2016 these are only 29.1%. The others recognize for stolen book from a library, i.e. consciously non-returned – 26% in 2013 and a little bit more – 27% in 2016. In 2013 nobody admits that he has stolen a book from a library, but in 2016 an affirmative answer give 1% from the respondents. Approximately equal and low is the proportion of the people, that have stolen a book from open places, for instance from the street – 4% in 2013 and 3.5% in 2016. Considerable number of respondents admit, that they have stolen a book from relatives, from friends, from colleagues, from a restaurant, from a fair/an exhibition, from the work place, from an old house etc. – 12% in 2013 and many more – 39.8% in 2016 (see Fig. 4).

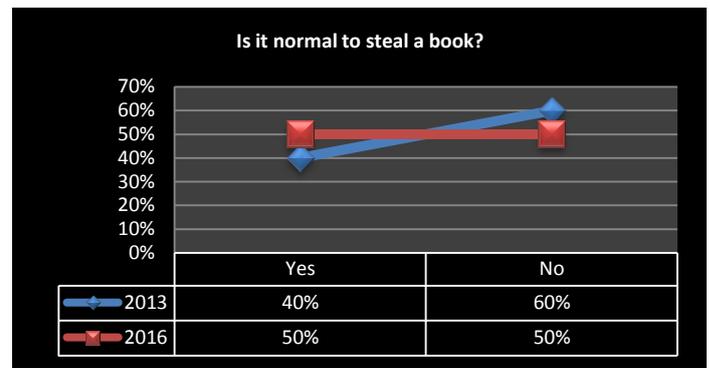


Figure 3. Proportion of the answers to the question „Do you think that it is normal to steal a book?“

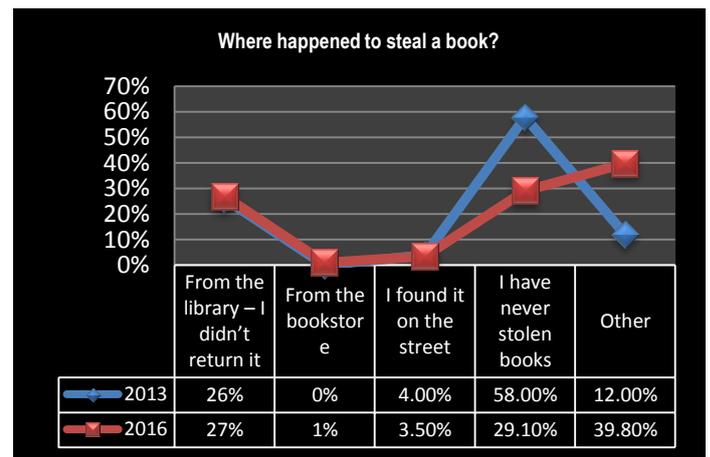


Figure 4. Proportions of the answers to the question „Where happened to steal a book?“

The third question reveals the reasons, because of which people steal books. It turns out that the majority can't or doesn't dare to show a concrete reason – an answer „I have no idea“ in 2013 gave 40%, and in 2016 a little bit less – 32.3%. The other mass answer is that the theft of book is due to the absence of financial possibility the thief to buy it – 30% in 2013 and 31% in 2016. The acquittal of the theft because of financial reasons shows that this part of the respondents are not familiar with the possibilities of cheap legal use of books (for instance in a library). Convinced, that the thieves of books are doing this, in order to sell their prey, in 2013 are 11%, and in 2016 only 4.9%. According to 7% of the respondents in 2013 and 6% in 2016 the theft of book is due to a mental illness. In the column „Others“ we find very original answers. For instance, that person steals a book, „in order not be stolen by others“, or because „like this the book will bring more memories“, or because „I wanted to read it right now!“, or because this is credo of the reading person – „The stolen book is not like the bought. Every reader had to steal a book at least once in a lifetime... This is how it should be.“ (See Fig. 5).

VI. CONCLUSIONS

Based on the lead survey we can make a reassessment of the phenomenon „stolen book“ beyond its criminal sense:

1. The theft of book is a manifestation of bibliophilic attitude, which in its pathological shape is famous as the collector’s mania or bibliocleptomania.

2. The theft of the book as a bearer is a sign of fetishism, a desire for possession of the object, a pragmatic materialism. The places for free and unlimited reading in the libraries are the more and more widespread accent in the book trading, but this doesn’t make senseless and doesn’t compensate the desire for thefts of copies. The conclusion is that the elimination of the theft of a book is possible only at the release of the book from its material carrier (its digitalization).

3. The theft of book is a manifestation of natural reader’s instinct, if we accept, that the reading by nature is „poaching“ and the most expensive personal technology of the competition. The conclusion is that until there are reading people, the phenomenon is ineradicable.

4. The theft of book is a kind of individual privatized operation in the social-economical crisis and a sufficient cause for happiness for some readers.

5. The theft of book in cybernetic and information-communication sense is a form of reader’s feedback.

6. The theft of book is an alternative expression of reader’s reflexion towards it, of the provoked by the media social resonance and personal interest.

7. The stolen book doesn’t bring a negative connotation among the active and the natural readers.

8. The stolen book has a connotation of desired, interesting, necessary book.

9. The stolen book is a marketing correlate of the potential best-selling book.

10. A major turn in the mass attitude towards the theft of book, bordering on the emancipation of the phenomenon, provoked the bestseller „The Book Thief“ by Markus Zusak from 2005 and the screen version of the novel, directed by Brian Percival from 2013. The image of the stolen book ennobled with the function to help for the psychological survival in different periods of many readers. The developed spectrum of motives for the theft of book in this dramatic story from the World War II should suggest to the professionals in the contemporary ecosystem of the book to look at the theft of books from different angle.

VII. INFERENCE

1. For publishers the stolen book is an additional advertisement, based on the useful populism.

2. For authors the stolen book is a marketing, PR and reputational tool. The fact, that particular book is often stolen, represents a compliment for the author.

3. The stolen book can be used as ingredient in the increasingly preferred provocative and daring marketing and

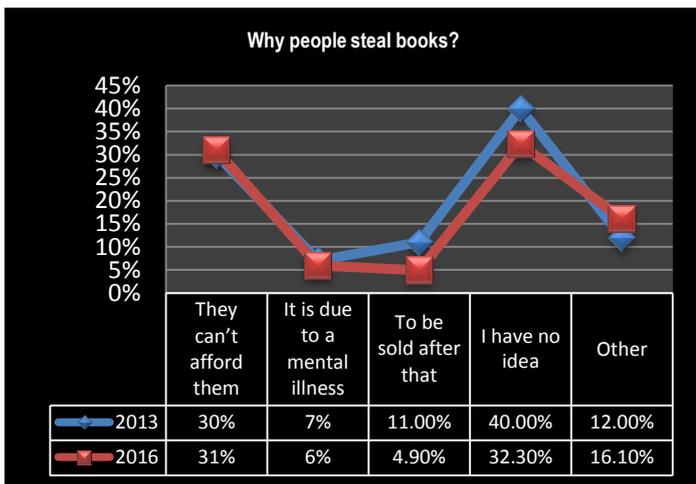


Figure 5. Proportion of the answers to the question „Why, in your opinion, people steal books?“

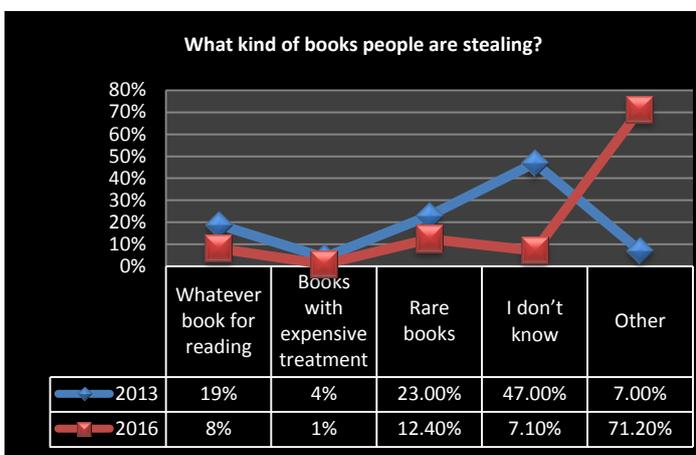


Figure 6. Proportion of the answers to the question „What kind of books people are stealing?“

Regarding the question that kind of books are mostly stolen, the respondents showed bigger activity in 2016. In 2013 almost the half of the respondents (47%) can't show an answer, while in 2016 with „I don't know“ answered only 7.1%. To the answer „rare books“ in 2013 have bet 23%, and in 2016 only 12.4%. The opinion, that people steal books because of the reading by itself, is shared in 2013 by a bigger number of respondents – 19%, while in 2016 at this opinion are only 8%. At the open question the respondents in 2013 demonstrate high passivity, probably because they prefer the ready-made answers. Among the different answers we find matching positions: it is stolen the necessary, the interesting, the favorite, the valuable book. In the different variations it occurs the answer that people steal books, which are valuable only by their criteria, subjectively and personally significant books (see Fig. 6). The answers are in unison with the bibliopsychological theory of Nikolai Roubakine about the subjectivity of the book content.

provocative bookselling benefit both to the author and to the publisher.

It is fact, that confessions for tendency to bibliocleptomania among the bibliophiles are extremely rare; it is fact, that the majority of the best-selling authors rather feel ashamed of the statistics on thefts of their books; it is fact, that the recapitulation of the thefts of books from bookstores and libraries are puritan kept silent. But the outlined range of examples for emancipation of the positive connotation of the stolen book, supported by the empirical study, contains highly informative symptoms of one invisible and informal reader's field, from which the marketers and the producers in the system of the book are bound to take advantage.

REFERENCES

- [1] M. Tsvetkova, „The poor reader is unforgiving: The Bulgarian book is uncomfortable and it is made in unhygienic environment,“ *LiterNet*, 2007, Vol. 89, №4. Available at: <http://litenet.bg/publish3/mtzvetkova/neshtastniat.htm>
- [2] M. Tsvetkova, *The Book as Medium*. Sofia: Enthusiast, 2012. 600 p.
- [3] D. Roberts, „Mass communication effects,“ in *The communication*. Sofia, 1992, p. 85-117.
- [4] N. A. Roubakine, *What is this the bibliological psychology?* Leningrad: Kolos, 1924. 61 p.
- [5] N. A. Roubakine, *Psychology of the reader and of the book*. Moscow-Leningrad: Gosizdat, 1929. 308 p.
- [6] U. Eco, J.-C. Carrière, *This in not the end of the books: Conversation with Jean-Philippe de Tonnac*. Sofia: Enthusiast, 2011. 384 p. (Original edition: Carrière, Jean-Claude & Umberto Eco. *N'espérez pas vous débarrasser des livres. Entretiens menés par Jean-Philippe de Tonnac*. Paris: B. Grasset, 2009. 330 p.)
- [7] M.-L. von Franz, *Alchemy: An Introduction To The Symbolism And The Psychology*. Pleven: Lege artis, 2004. 314 p.
- [8] M. de Certeau, *Practice of Everyday Life*. Sofia: LIK, 2002. 360 p. (Original edition: Certeau, Michel de. *L'invention du Quotidien*. Paris: Gallimard, 1990)
- [9] Japanese booksellers conduct a campaign to combat cameras, in *World of libraries: Events, facts, personalities: Facts*. Russian State Library for the Youth. 2003. Available at: <http://www.library.ru/3/event>
- [10] We are buying less books because of the crisis, in *bTV*, 19.02.2010. Available at: http://www.btv.bg/story/154945-Kupuvame_pomalko_knigi_zaradi_krizata.html
- [11] V. Shchirova, „Kriminal'noe chtivo: Na Ukraine za vorovstvo knig nagrzhdayut, a v Rossii – sazhayut,“ *Rossiiskaya gosudarstvennaya biblioteka: RGB v SMI*, 6.12.2005. Available at: <http://leninka.ru/index.php?doc=471>
- [12] Kucharz, Christel. *Great News: They're Stealing Our Books!* [online] // *ABC News*, 16.10.2007. Available at: <http://abcnews.go.com/International/story?id=3736578>
- [13] P. Jones, „Frankfurt's most stolen,“ *The Bookseller*, 15.10.2007. Available at: <http://www.thebookseller.com/news/frankfurts-most-stolen>
- [14] Etgar Keret in Bulgaria, in *Janet-45 Print and Publishing*, 15.09.2010. Available at: <http://books.janet45.com/news/357>
- [15] Etgar Keret presents his collection „The girl on the fridge“ in Sofia and Plovdiv, in *Kafene*, 09.09.2011. Available at: <http://kafene.bg/index.php?p=article&aid=9270>
- [16] Etgar Keret: „For me the world of writing is a place of confidence and candour”: An interview with Tsveta Atanasova, in *Public Republic*, 8.12.2011. Available at: <http://www.public-republic.com/magazine/2011/12/80404.php>
- [17] U. Eco, J.-C. Carrière, *This in not the end of the books: Conversation with Jean-Philippe de Tonnac*. Sofia: Enthusiast, 2011. 384 p.
- [18] U. Eco, J.-C. Carrière, *This in not the end of the books: Conversation with Jean-Philippe de Tonnac*. Sofia: Enthusiast, 2011. 384 p.
- [19] F. Hennig, *Criminal Career*. Sofia: Ciela Publishing House, 2012. 212 p. (Original edition: Hennig, Falko. *Alles nur Geklaut*. Augsburg: MaroVerlag, 1999)
- [20] R. Bolaño, „Who would dare?,“ *Liberal review*, 07.04.2011. Available at: <http://www.librev.com/index.php/arts-books-publisher/1196-2011-04-07-14-12-42> (Transl. from: Bolaño, Roberto. *Between Parentheses: Essays, Articles and Speeches, 1998-2003*. New Directions Publishing Corporation, 2011. 352 p.)
- [21] D. Korudziev, *Thieves of Books: A Novel for Children and Youth*. Sofia: Otechestvo, 1989. 157 p.
- [22] M. Zusak, *The Theft of Books*. Sofia: Pergament, 2010. 472 p. (Original edition: Zusak, Markus. *The Book Thief*. New York: A.A. Knopf, 2005)
- [23] A. Manguel, *History of Reading*. Sofia: Prozoretz, 2004. 349 p. (Original edition: Manguel, Alberto. *A History of Reading*. Toronto: Alfred A. Knopf, 1996)

The Refugee Issue in Greece Today

Maria Vlachadi
PhD, Lecturer, Dep. Of Political Science
University of Crete
Rethymno, Crete, Greece
mvlahadi@yahoo.gr

Nicki-Maria Destouni
Dep. of Psychology
University of Crete
Rethymno, Crete, Greece
niki.destouni13@gmail.com

Maria-Helectra Papaggeli
Dep. of Psychology
University of Crete
Rethymno, Crete, Greece
mariap1918@hotmail.com

Abstract—The present paper focuses on the refugee issue in Greece of today and how the natives along with the Europeans perceive this global phenomenon. On one hand, Greece receives on a daily basis a great number of refugees while on the other the country experiences decadence, degradation and economic exhaustion lacking the necessary infrastructure to provide these people with what they need. The paper also refers to the attitude of the natives towards the enormous number of refugees, among whom there are unescorted minors, arriving at the host islands and there is also a reference to the integration policies for the refugees implemented by the country members of Europe as well as the position of European leaders on the matter. Finally, the results, observations and conclusions of the survey are presented through an analysis of them.

Keywords— *Refugee Issue, Integration Policies, Attitudes-Views of Natives*

I. DEFINITION OF MIGRANT, REPATRIATE AND REFUGEE

These three concepts are often confused and as a result we forget their significant and distinctive differences. A migrant is considered an individual who has resided in a place far away from the place of his origin for at least six months. It concerns a voluntary abandonment of his place of origin in order to settle down in another country for economic, political or ideological reasons. A repatriate is considered an individual who has the citizenship or nationality of the host country but does not share the natives' sociological or economical characteristics. An economic migrant can be considered a refugee if his economic malaise has been caused due to concealed racial, political or religious discriminations [1].

II. THE GREEK HOST ISLANDS FOR REFUGEES

The refugee issue constitutes a phenomenon which plagues Europe and especially Greece. More specifically, according to the accounts of the Greek people, the Mass Media and the government, the Greek islands, which have always been 'a precious jewel' for Greece, have been transformed into hot spots for refugees and unescorted minors. The refugee issue has become a source of interest and research aiming at the prevention and dealing with the phenomenon. Towards this

direction an independent vehicle, the Public Advocate (Ombudsman), has been of great assistance.

In the beginning, in June and July of 2015 the Public Advocate carried out an inspection on the spot on the island of Lesbos and what they found out was a serious lack of staff and infrastructure and complete absence of a strategic plan in order to manage the arrival of thousands of migrants and refugees. The daily arrivals reached the numbers of 500-800 for last year while their total numbers reached 24,000-25,000. The largest part of the refugees are of Afghan origin followed by the Syrians and in smaller numbers the Pakistanis and other nationalities.

The Public Advocate has asked for the immediate staffing and operation of the hot spots which is provided for by law taking direct and drastic measures as the unprecedented flow of migrants and refugees has led the local police and port authorities to asphyxiation since they are unable on their own to fully implement the procedures provided for by the Greek and European legislation [2].

III. THE STANCE OF GREEKS AT THE HOST ISLANDS

In the last years, apart from the economic and cultural collapse of the country, the refugee issue constitutes another problem that deplores the country of Greece. However, the Greek people despite the hardships they have to endure on a daily basis along with their psychological exhaustion and despair, have contributed to the refugee crisis in every way possible showing dynamism and solidarity without precedent.

More specifically, more than 5,000,000 Greeks have been activated offering their services voluntarily as well as a variety of material goods and food to the refugees arriving in Greece. It is likely one of the biggest solidarity mobilization in the contemporary history of the Greek state.

It seems that today only one in five Greeks has got an exact picture of the size of the refugee issue. In 2015, according to the official statistics, 856,723 refugees arrived at the Greek islands [3]. It is an enormous number for Greece to manage. However, the response of the Greek people is superhuman,

moving and totally humanitarian. From the beginning of the refugee crisis, fishermen, housewives, pensioners, teachers, volunteers and generally all the inhabitants of the islands opened their arms and their houses to the war refugees. The islanders have struggled every day with altruism and sacrifice to offer primary necessities to the wretched refugees and their children and they have often risked their own lives to save them from drowning. With their acts of sacrifice they drowned fear and racism in a solidarity wave and proved that in times of crisis united we stand. In fact, these heroes were suggested to be nominated for the Nobel Peace Prize the previous year [4].

IV. UNESCORTED JUVENILE REFUGEES

Among the thousands of refugees entering the country of Greece during the last period was an alarmingly large number of unescorted minors who demand special treatment. The host country is called to seek, document and provide them with primary necessities.

The definition of an unescorted minor involves a human being under 18 years old, unless the legislation in force concerning minors determines adulthood earlier, who has been separated from his parents and there is no adult – according to the law or custom – that bears the responsibility for his care [5]. Thus, it is imperative that the state mechanism protect and safeguard his custody. Most of the times the NGOs are the ones who essentially help rather than the official Greek state.

The Treaty for Children's Rights acknowledges certain special human rights for children whose violation takes place in a different way than in adults. These violations can lead to the acknowledgement of the refugee regime. Such examples are: forced labor and children trafficking for sexual exploitation and prostitution [5].

V. INTEGRATION POLICY OF EUROPEAN COUNTRIES FOR MIGRANTS

The legal acknowledgement of the European Union citizen as well as the consolidation of his rights and the simultaneous implementation of the Schengen and Dublin Treaties have created a two-fold regime for the refugees-migrants in the European countries [6].

In other words, on one hand there are the intercommunity migrants, the legal inhabitants of the European Union, who enjoy special protection and privileges due to their acknowledged identity, while on the other, the outer-community ones whose position does not provide them with any security, on the contrary it is unpredictable and precarious. The Maastricht Treaty provides for the regime of the 'European Citizen' according to which every individual who bears the citizenship of a country member is considered a citizen of the European Union, an intercommunity as mentioned before. The intercommunity members have certain privileges such as free settlement and employment in whatever country of the EU they desire and as residents of that country have not only the right to vote but also the right to be elected in the European Parliament. On the contrary, the Schengen and Dublin Treaties have attempted to align the policies concerning the asylum provision and refugee handling the member states have followed. The practices of uniformity these Treaties have

implemented have made the process of asylum provision more difficult even for the migrants who had previously applied for it. More specifically, the applicant for asylum in a country of the European Union cannot ask for the same rights from another country of the Union before the first country approves or not of the application. There is a distinction within Europe of different 'integration regimes' for migrants, based on legal, economic and social criteria and regulations of every host country which determine the position of the foreigner within the society, the concept of naturalization which is the obtaining of citizenship or nationality is closely related to the sense of 'belonging' [7].

VI. MIGRATION POLICY OF EUROPEAN COUNTRIES

The main target for the European Union is a far-sighted and whole European migration policy based on solidarity. The migration policy aims at the establishment of a balanced approach as opposed legal and illegal migration. On this day and age, due to the massive flow of migrants there is need for precautionary measures and curtailment of illegal migration mainly through an effective political return which will fully respect the fundamental rights. An illegal migrant is the individual who enters the EU without proper documents such as a permit or visa and who remains in the host country long after the expiring date of his passport [8].

Within the framework of the migration policy the EU offers incentives and support for measures taken by the member countries aiming at the promotion of the integration of third world country peoples. However there are no stipulations for the harmonization of national laws and regulations.

It is worth mentioning that the main target of the European countries is the formation of a balanced approach to the migration issue and the creation of a strategic plan in order to handle legal migration and fight illegal migration. Thus, it is useful to have a proper management of migration flows, the safeguarding of an equal treatment for the third world country citizens who reside legally in the member countries, the strengthening of measures to fight illegal migration as well as the promotion of a close cooperation with third world countries on all levels.

On the other hand, the position of the European leaders aim at putting pressure on public opinion, inciting a competitive, fearful and suspicious attitude towards migrants. It is evident as far as the European countries and the European Union are concerned, that there is an absence of a strategic plan for the migration issue benefitting both sides, as it has already been mentioned, while at the same time the rise of the extreme right operates as a lever of fear towards the 'foreigner'. The prospect of a permanent stay of migrants in Europe activates anti-migration organizations such as Pegida. However, no one can claim that the public opinion consumes without judgement the accounts of the nationalists.

The refugee issue in Greece has not been accompanied yet by an organized reaction from the domestic extreme right party. The absence of the state and the conflicts among the political parties concerning the refugee issue along with the government inefficacy operate as fertile soil for its action. It is

not certain whether the political leadership has realized it as opposed to the simple citizen who shows his distrust towards political organizations and puts his trust more on voluntary initiative. Besides, the closer to the issue somebody finds himself, the less fearfully he will deal with it.

VII. METHODOLOGY

The present paper constitutes a quantitative research based on one hand on a survey with the distribution of questionnaires and on the other on a review of the relevant literature. In order to safeguard the credibility of the results the study sample involved a big number of participants. There has been an attempt to base the sample on randomness and equation in order to achieve a better generalization in the broader population. The questionnaire was based on relevant literature and was defined for adults between 18 and 70 years of age. The scale used was of adding marking where the participants were called to state the degree of their agreement or disagreement according to their convictions (ex. 1. Bad, 2. A little Good, 3. Good, 4. Average, 5. Very Good).

A. Description of the Process

The process of the filling in of the questionnaires was conducted in person. The students in person addressed the survey sample. There were 100 questionnaires, which included 10 questions, distributed to the participants. The questions of the questionnaire was a composition created by the students in charge of the survey along with elements from a questionnaire of research and analysis 'dianecosis' with the title 'The Refugee Issue' [9]. The duration of the filling in process was 15 minutes. The participants were called to hand in a signed consent after they had been informed about their rights for anonymity, voluntary participation and free withdrawal any time from the process. Furthermore, the written consent included the personal data of the people in charge of the survey in case the participants wished to contact the people in charge for any questions or objections raised concerning the survey.

B. Demographic Data

The survey sample involved 100 participants. More specifically, the questionnaires were filled in by adults, 59 women and 41 men. The age range was between 20 and 65 years old (Average 32 years). The survey sample included individuals from the areas of Crete, Kefallinia and Chalkidiki, 41% of whom stated single, 29% in a relationship, 28% married and 2% widowers. Finally, as far as their education level is concerned 12% completed mandatory education, 38% secondary education and 50% completed tertiary education.

C. Survey Results

To the question whether the migration movements to Greece are considered a phenomenon, 36% of the participants considers that it is probably a permanent phenomenon while 26% are almost certain that the phenomenon of migration movements is permanent consequently there seems to be a certainty as to the course of the migration movement. However the rate of the sample who thinks that this situation is probably temporary is not small while unfortunately only 7% stated that the phenomenon is totally temporary. Another 2% does not wish to answer on the matter. It should be mentioned that as time goes by the migration flows to Greece are growing so

there is a sense of perpetuation of the matter towards permanence.

To the question about who bears the biggest responsibility for the created problem concerning the refugees in the last year in Greece, 39% of the participants attribute the responsibility to a combination of factors rather than only to one. Actually the percentage of the people who put the blame on the present Greek government is not small. The truth is that the actions of the government were not coordinated and effective while they were facilitating the interests of other countries which wished to prevent the creation of refugee camps in their country. 14% believe that Russia and America in order not to bear the responsibility for the welfare and care of refugees and to avoid another 'problem' have caused this consorting in Greece. 6% of the participants consider that the refugee issue in Greece is the result of the war between Arab countries because of which the flow of refugees has skyrocketed seeking an opportunity to live and survive. Finally, 9% consider that the European Union is responsible due to the integration policies it has adopted.

When the participants were asked about the response of the Greeks on the islands which receive the refugees the results were very clear. From the survey sample 72% answered that the Greeks responded very well to the arrival of refugees and the work being done, through volunteering and heartwarming hospitality, on these islands is also very good. However, 16% characterized the effort just good, 9% answered average, and 3% answered that they consider the Greeks' response and the effort on these islands bad or very bad.

To the question how the participants in the survey characterize the work that the Greek government has done concerning the refugee problem, 33 respondents consider that the work is not the best it could be but not particularly bad either. However, 26% of the survey sample believe that the government's handling as far as the refugee issue is concerned is very bad. Similarly the views about the good and bad work of the government are 17% and 18% respectively. Only 6% of the respondents characterizes the government's work very good.

The respondents' reaction was quite strong when they were asked about the European Union integration policies for refugees and especially about the Union's support to Greece. More than half of the respondents, 51%, consider that the EU should definitely assist and support Greece through economic reinforcement and technical infrastructure since the country is called to deal with such a big problem apart from its own economic hardships. 26 respondents said that the EU should join in the Greek effort to identify the refugees, 19% believe that the EU should accept the identification of refugees in the first countries they arrive, however this can lead to consorting of refugees and create problems in the host countries as it has already happened in Greece. Finally, 6 respondents showed indifference and answered that the EU should follow other practices apart from the aforementioned ones.

To the question about what Greece should do when other European countries close their borders to refugees, 6 respondents showed their humanitarian nature and answered that they do not forget that their ancestors had also been refugees in the past, 48% answered that they believe that

Greece should not close its borders and ban entrance to the refugees, 18% keep a more moderate position and answered that maybe the country should not close its borders to refugees, on the other side 21 respondents consider that Greece should definitely close its borders and cut off the refugee flows. These people of right political convictions, as they stated, seem completely divided when it comes to where the refugees, who will remain in Greece, should settle, with half of them stating that they should be put in special camps. 9% of the respondents tend to agree with this view while 4% did not express a view on the matter.

To the question about what kind of feelings the respondents have towards the refugees arriving in Greece, 37% expressed feelings of compassion, 24% expressed feelings of sorrow, 16 respondents expressed feelings of concern because of unpleasant incidents that took place involving refugees, 8 respondents expressed feelings of suspicion, 5% expressed feelings of fear and threat and 2% expressed feelings of fear and only 1 respondents expressed indifference and apathy as far as the refugee issue is concerned.

To the question whether the respondents have done anything lately to help refugees, 42% answered that they have not done anything while 20 respondents answered that they have offered food and 11 have offered clothes, 9% have offered medicine, 8% have offered some kind of voluntary work, 6% have offered money and 4% have offered some other kind of help. It is worth mentioning that even in times like these when every Greek family experiences the economic crisis they offer whatever they can in order to help their fellow man.

To the question about the impression the respondents have when they hear the word refugee, the majority of the respondents answered that they have a positive impression which is completely understandable since Greeks are known for their hospitality and altruism, however 24 respondents expressed a slightly negative impression because of their suspicion and prejudice towards foreigners, 18% kept a moderate position while only 4% expressed a negative impression when they hear the word refugee.

To the last question whether migrants are responsible for the deterioration of the economic crisis and criminality in Greece, 41% answered that migrants are quite responsible for the deterioration of the economic crisis and criminality in Greece, 29% answered that they are moderately responsible, 2% answered that they are not at all responsible, 7% answered they are a little responsible and 21% said they are very responsible for the deterioration of the economic crisis and criminality in Greece.

The aforementioned survey data reflect the convictions of a large part of the Greek population who tends to believe that migrants and refugees entering the country commit mild or violent crimes a fact which is reinforced by the Mass Media which tend to overstress the nationality of the perpetrator in cases a migrant or refugee is involved in a crime. A large part of the population is led to distorted justifications according to which the migrant flows are totally responsible for the economic crisis and degradation. As expected the overwhelming majority expresses a more moderate position in most of the questions which shows that Greece is a country with

various economic issues which is unable to absorb and integrate the large flows of migrants.

VIII. CONCLUSIONS

Initially, while examining the general convictions and attitudes of the Greek participants in the survey concerning the refugee issue, it became evident that there are opposing views and widespread concern for the development of this phenomenon. More specifically, feelings of humanity and compassion are expressed towards people who have been hit hard and try desperately to survive. The respondents in their majority wish for the borders not to close to these people and cut off refugee flows. In fact, the stance of the people on the Greek islands who are the first to receive them is characteristic offering day by day freely and voluntarily their help proving for one more time the greatness and strength of the Greek people's soul. It should be noted that there is a period of economic and cultural crisis for Greece which has crushed psychologically and socio-economically all Greek families.

Nevertheless, with all their power they help refugees offering material or non-material goods in any way they can. Perhaps it is the fact that their ancestors had been found in a similar position in the past. However, certain feelings of suspicion and concern are there since they are confronted with people of different origin and there is prejudice towards the 'foreigner'. Let us not forget that this matter influences their country in a harmful way so they cannot be especially objective and impartial let alone recall similar situations of the past.

Furthermore, through the respondents' answers it is evident that there is a strong desire to solve the migration issue which plagues the country. The Greek people support the view that the European Union should offer economic and technical help to Greece while they are disappointed both by the EU's and the Greek government's position concerning the problem. On the other hand they applaud the islanders' stance who welcome the refugees, the NGO's action and the action of various state vehicles.

In conclusion, further researching studies are deemed necessary since the refugee issue is a matter which has grown out of proportion with the constant refugee flows arriving in Greece along with the crucial economic and political situation Greece is experiencing. It is worth mentioning that such research is necessary in order to fully clarify the attitudes and convictions of the Greek people as far as the migration issue is concerned so that the Greek government along with the European Union can take more drastic measures united.

REFERENCES

- [1] P.Patra, "Economic Migrants and Sustainable Development in the Municipality of Zografou" Thesis, Charokopio University of Athens, 2010.
- [2] Public Advocate, (5/28/2016), Available at: www.synigoros.gr
- [3] Hellenic Statistical Authority (EL.ST.AT.), (5/28/2016), Available at: www.statistics.gr
- [4] E. Varvitsioti, "Refugee and Migrant Reception Units in Kos, Leros and Chios", (10/27/2015), Available at: www.tovima.gr
- [5] United Nations High Commissioner for Refugees, "Directives for the Policy and Process within the Framework of Examining Asylum Petitions of Unescorted Minors, 1997.
- [6] L. Moussourou, "Sociology of Contemporary Family", Ed. Gutenberg, Athens, 1989.
- [7] Ch. Naxakis, M. Chletsos, "Migrants and Migration", Ed. Patakis, Athens, 2001.
- [8] European Parliament, (5/28/2016), Available at: www.europarl.europa.eu
- [9] 'Dianeosis', Organization for Research and Analysis, (5/28/2016), Available at: www.dianeosis.org

Contribution of Social Economy to the Integration of the Mentally Ill

The case of 'Climax PLUS'

Dr. Maria Vlachadi
PhD, Lecturer, Dep. of Political Science
University of Crete
Rethymno, Greece
mvlahadi@yahoo.gr

Antonia Avramopoulou
PESYP, ASPAITE
ant_avram@hotmail.com

Abstract—The purpose of the present paper is to analyze the contribution of Social Economy to the economic and social life of the individuals who are part of Vulnerable Population Groups and more specifically the population groups whose integration in the social and economic life is prevented from mental illness. The study focuses on the concepts of social economy and the features that characterize the Social Cooperative Enterprises (SCE) and differentiate them from other enterprises. The basic questions which will be answered are whether the SCEs contribute to the social and occupational integration of the mentally ill and if they do, in what way this is possible and which are the employment conditions and organizational structure of the SCEs. There has been an experiential survey with four semi-structured interviews with members of the Social Cooperative Enterprise 'Climax PLUS' which studies a contemporary social phenomenon in its natural environment and from the point of view of the participants in it. The basic conclusion of the research is that the sector of Social Economy and more specifically the SCEs contribute decisively to the integration of the mentally ill in the labor market along with their further autonomy.

Keywords- Social Economy, SCE, Occupational Integration, Mentally Ill

I. DEFINITION OF SOCIAL ECONOMY

In contemporary developed and developing societies, in recent years, a third sector of the economy has started to develop and evolve beyond the state and the market which has taken the form of social economy.

This sector includes the Non-Government Organizations (NGO), social enterprises and cooperatives whose common element is the self-organization of the citizens and the voluntary offer of services based on solidarity and collaboration [1].

The vehicles of social economy combine the exploitation of business methods which have been adapted in order to be suitable for the occupation of individuals from vulnerable social groups, promoting social work and aiming at the strengthening of the social web and the safeguard of social cohesion [1].

The third sector (or sector of social economy) consists of organizations which activate in various fields and appear in various forms in countries all over the world [2].

What distinguishes the third sector of the economy is that it mainly consists of organizations which are simultaneously constitutionally independent from the state, benefit from volunteering (donations etc.), are run by an elected board and aim firstly at the prosperity of their members and secondly at profit [3].

Actually the organizations of the third sector are not passive receivers of their environment but have the tendency to develop their sources actively in order to form the networks in which they operate [3].

Despite the fact that there is not a commonly acceptable definition of 'Social Economy' the definition of CIRIEC (International Center of Research and Information on the Public Social and Cooperative Economy) [4], seems to represent better the majority of the European area [5], according to which the social economy constitutes the total of the economically active, private enterprises which are ruled by autonomy in their decisions yet their initial purpose for their creation was the service of their members' needs and the provision of goods and services on their behalf.

II. HISTORICAL EVOLUTION OF SOCIAL ECONOMY

The beginning of social economy dates back to the cooperative and communal joining, a phenomenon which appeared in the 17th century [6]. The definition 'Social Economy' has its root in France (economie sociale). Later in the middle of 1970 and 1980 there was an intense scientific interest concerning the field of social economy which started to take shape from the Organization for Economic Cooperation and Development (OECD), the European network E.M.E.S and other large organizations in the International Community. Similar efforts have been made by the U.S.A. since 1976 [7].

In Europe, the first enterprises of social economy made their appearance in the beginning of 1970-1980. Their main reason for their development was the fulfillment of social needs which could not be fulfilled by the public sector, or the private sector (as for instance, welfare needs, education, healthcare, culture, entertainment). This is how the new sector started to appear, the 'third sector', 'sector of alternative economy' or 'sector of social economy' [7].

In this way, in Europe during the last twenty years an especially broad speculation has been developed concerning the role, the importance and the usefulness of social economy. Furthermore, special measures and actions concerning social enterprising have been adopted all over the European Union within the framework of the union initiative Equal a and b cycle (2001-2008) [7].

This is how especially significant initiatives were developed, enterprising, developing and financial, which bring together excellent human force, create employment positions, offer new innovative products and services while they are governed by the characteristics of social economy initiatives (solidarity, community service, limited, reinvestment in the enterprise, profit, voluntary participation etc.). However, the basic conclusion that should be drawn is that social economy in Europe is very important not only for the individual but also for the economy, providing salaried occupation to more than 14.5 million people or approximately 6. 5% of the active population of the EU [8].

As far as Greece is concerned, it is commonly known that the activities of the social economy sector are not especially developed and whatever efforts have been made during the last years have hit against, among others, the lack of a suitable and flexible framework for the institutional, administrative and financial support of initiatives in this sector [7].

According to the available data, the contribution of the social economy sector to occupation in Greece continues to remain in very low levels compared to other European countries. It is worth mentioning that the country appears the lowest percentages among the 15 member countries presenting relevant experience. Occupation in the sector of Social Economy represents only 1. 8% of total occupation and 2. 9% of salaried occupation. More specifically, there have been developed 71 women's cooperatives with 1,903 members, 68 cooperative units in psychiatric hospitals and 15 SCEs with the objective of integration of mentally ill in the labor market as well as the production of goods and services [9].

Especially on a local level, initiatives have been developed concerning fields and social groups for which the public authorities and public vehicles have not been in a position to develop relevant initiatives. Within this framework there has been a gradual activation of Municipal Organizations setting up Social Services and materializing relevant programs of social policy especially through the collaboration with other relevant vehicles [10].

In 2011 the law 4019/2011 was introduced in Greece according to which new facts are formed for the sector of Social Economy and Social Enterprising. The establishment of social enterprises, their funding sources and their structural operation are defined. The social cooperatives which were introduced by the law 2716/1999 are considered ipso jure Social Cooperative enterprises (SCE). In essence this law brought social economy and social enterprising to their right dimension leading to a new form of social enterprise the so called Social Cooperative Enterprise (SCE). According to the law the Social Cooperative Enterprise is enacted as the vehicle of Social Economy. It is an urban cooperative with a social cause and by law can exercise commercial operation [11].

III. THE EXAMPLE OF SOCIAL COOPERATIVE ENTERPRISE 'CLIMAX PLUS'

A. Methodology of the Survey

The purpose of the present survey is to examine the role of social economy in the process of social integration of individuals whose integration in the social and economic life is prevented from mental illness. Analyzing the concept of social economy and its role in the integration of the mentally ill in the labor market the following research question has come up: 'What are the integration SCEs and how do they contribute to the occupational rehabilitation of the mentally ill?', well through the example of a Social Cooperative Enterprise 'Climax PLUS' which develops enterprising activities towards the direction of social economy, we will find out.

The methodology followed for the conduct of the survey is qualitative with on the spot observation in combination with four (4) semi-structured interviews with members of the Social Cooperative Enterprise 'Climax PLUS'. More specifically, for the present study there were two interviews with employees at the catering service, one interview with an employee in paper recycling and one interview with the president of 'Climax PLUS'.

The reason why the qualitative survey was chosen as the most suitable one in order to examine the specific queries using the semi-structured interview and the on the spot observation as collective tools of information is that it can succeed in a more complete description, analysis, interpretation and comprehension of the phenomena.

Therefore it is about an experiential survey which studies a contemporary social phenomenon in its natural environment and from the point of view of the participants in it. In addition, the study case highlights the social framework within which a certain phenomenon takes place that is why it is considered a suitable model for research of a social innovation since a social situation cannot be comprehended unless the researcher puts it in its right dimensions which produce it [12].

Finally, qualitative survey contributes to the better understanding of the monitored phenomena since the researcher who constitutes the basic tool of collection and analysis of the facts is in direct contact with the participants in his survey, analyzing not only his participants' views but also their non-verbal communication (such as the body language) which happens to take place during the interviews [13].

An important point for the conduct of the survey was the option of the survey sample as well as its selection. The goal is no longer the conception of the general and the objective but of the special and the specific, something which becomes obvious from the research queries set, which do not aim at the quantity but at the quality. Thus, there was an attempt through the qualitative survey to achieve two important rules, suitability and sufficiency.

The sample can be characterized as a purposive sampling because it has not been chosen randomly but on purpose. More specifically, a purposive sampling is defined as a sample which is chosen using subjective criteria as a representative sample on purpose by the researcher. In this form of sampling the

researcher chooses a sample which he considers that it lies closer to the average rate in his survey [14].

For the aforementioned reasons and because the social cooperative enterprises are plenty, the Social Cooperative Enterprise 'Climax PLUS' was chosen on purpose as the sample, because it concerns a social enterprise with many actions where a large number of mentally ill people is occupied. An important factor is the fact that it has developed its actions for at least 13 years.

In order to choose the interviewees, the method of the avalanche was chosen. On the initial stage there was a contact with a focused factor (key-individual) who interceded with the other factors. At the same time, at the beginning of the interview and in order for the survey goals to be clearly understood, it was made clear that the answers will exclusively be used only for research purposes. In this way it has been made clear that the data are considered confidential and sensitive.

The conduct of the interview followed next which lasted for approximately 30 minutes with every interviewee. The interview guide was not given to the interviewees since it was considered a facilitating personal use as a point of reference, in order for the researcher to run through the main issues discussed and studied.

The main points in the interview guide were not asked in the exact same order neither did they have the same deep probing with all interviewees. So, by following this procedure it was feasible to collect the data with absolute relevance with the theoretical background of the paper.

B. Characteristics of Climax PLUS

The experience of 'Climax PLUS' in the field of the economy begins in the mid-90s with the urban cooperative 'Climax, Cooperative Actions of Socially Excluded and Culturally Differentiated People'. In 2004, through the program EQUAL, members of 'Climax' were trained and coordinated the transition from the urban cooperative 'climax' into social cooperative 'Climax PLUS'. In 2003, Greece goes over to phase B of the program 'Psychargos', for the deinstitutionalization of the mentally ill. According to the program, the mentally ill continue to be discharged from the hospital psychiatric clinics and be integrated in structures of Psychosocial Rehabilitation. The SCE 'Climax PLUS' is incorporated in the 3rd Sector of psychiatric Health and is private law legal person with limited liability of its members. It was established by Ministerial Decision Y5β/Γ/Τ.Π.39748, 10/05/2015 and has operated under the supervision of the Department of Psychiatric Health of the Ministry of Health & Social Solidarity.

'Climax PLUS' serves social economy as a business entity private law legal person with limited liability under the supervision of the Department of Psychiatric Health (YYKA) and the scientific charge of the Urban Non-Profit Enterprise 'Climax'.

The objective of the Cooperative is the development of enterprising activities towards social economy aiming at the upgrading of the quality of life and the socioeconomic

rehabilitation of people with psychiatric problems who among others, experience labor exclusion. Furthermore, mentally ill people develop professional skills within a protected occupational framework [15].

The actions of the SCE is the sector of catering services, paper recycling, internet radio, the hall 'Porfira' that hosts various events and the workshop for manufacturing watches which is in the stage of extension. At present there are 30 people from vulnerable population groups in total who are occupied. In the catering services 10 people are occupied. It involves a complete provision of services for every kind of event. More specifically, the services provided are the decoration of the hall with original ideas and special menus depending on the occasion, while it can serve up to 500 people.

The hall of events 'Porfira' is a supplementary action of the catering services and was created to cover the demands of the people who sought a hall in the center of the city to organize an event. The hall is air-conditioned and can host up to 60 people while it has a sophisticated sound system.

Another action is the operation of the paper recycling workshop which involves a workshop of social economy with actions concerning the collection and reselling of paper for recycling in which 14 people are occupied.

The manufacturing watch workshop is relatively a new action in which 4 people are occupied.

Finally, radio 'Climax PLUS' broadcasts on the Internet. A radio producer has volunteered to run it and concerns a wide variety of issues such as issues of mental health and social issues among others. It broadcasts historical and musical tributes, sports and travel shows, shoes with serious matters but also more casual and humorous ones. The ulterior purpose of this Internet radio is to increase the number of participants and of people who come from vulnerable population groups and probably wish to express themselves through the radio [15].

C. Research Findings

From the four interviews that were conducted with the people who are occupied in 'Climax PLUS' and within the research framework of this paper it has become evident that SCE 'Climax PLUS' constitutes an important example of the operation of Social Cooperative Enterprises which are incorporated within the framework of social economy aiming at the occupational promotion of vulnerable population groups as well as the provision of goods and services not targeting to profit but to development.

The problems that arose during its initial stage of operation mainly concerned prejudices and stereotypes that surround the mentally ill. However, through education and information they tend to wear off.

Social cooperative 'Climax PLUS' constitutes an innovative working environment which utilizes the special characteristics and skills of people who are confronted with mental disorders. People with serious mental disorders often experience social isolation which is owed not only to the symptoms of their illness but also to social stigma. So, patients are trapped in the stereotype of the 'weak and useless' resulting in their withdrawal from society. With their occupation in SCE

they feel more creative, productive and happy. Furthermore, paid occupation has brought about positive results on all workers. A characteristic fact is that all workers report that they have improved their living conditions. However, it is evident from the interviews that they are still very anxious whether they are able to respond to the demands of the free market.

More specifically, analyzing the answers of three of the employees in the Social Cooperative 'Climax PLUS' it is evident that 2/3 of the interviewees had not worked in the past while one of them had worked but for short periods.

As far as the improvement of their living conditions is concerned, all interviewees stated that their salary from 'Climax PLUS' has contributed significantly to the cover of their needs and their improvement of their living.

Concerning the difficulties the employees in the cooperative face 2/3 of the interviewees stated that their main difficulty is the stress they experience while one of the employees stated that he finds it difficult to work with others.

On the other hand, as far as the opportunities for development and training they are presented with while working in the cooperative are concerned all interviewees stated that they especially enjoy the training seminars they are called to attend whether in Greece or abroad.

Concerning the possibility of utilizing their professional experience that they have gained in the cooperative in another occupation 2/3 of the interviewees consider it quite difficult to manage an occupation in the free market away from the 'protected' environment of the cooperative.

Finally, all of the interviewees stated that they derive joy and satisfaction from their occupation in 'Climax PLUS' as they become more sociable and experience on a daily basis acceptance from the rest of the employees as well as from the people they come into contact with (professionals they work with the cooperative and the ones who receive the services of the SCE).

It is worth mentioning that the holistic approach (social – psychological – psychiatric support) that the Cooperative offers functions therapeutically on the employees. More specifically, it helps them to develop basic skills in important matters such as communication, recognition, expression and emotional management. This fact facilitates the employees to adjust not only to the working framework but also to the wider social framework.

IV. CONCLUSIONS

Social economy as the intermediary sector between the public sector and the private sector and having not only social but also an economic character, covers significant needs arising from the contemporary everyday life such as unemployment, inequalities, the destruction of the environment etc. while it is supported by new values, principles, institutions, laws and financial tools. At the same time social economy is based on innovative and creative ideas while there are people participating in it who often offer voluntary work and reinvest their profit on them, contributing in this way to the local

economic development and consequently improving the quality of life in general.

The law N.4019/2011 turns to that direction. More specifically, new social cooperative enterprises (SCE) constitute a new form of social enterprising in Greece which contributes significantly to the prevention and reinforcement of social solidarity and socioeconomic reintegration of the mentally ill. What was offered was a way out for the professional rehabilitation of people with mental disorders who until recently were excluded from the labor market.

The scientific literature from studies and clinical trials pinpoints on a daily basis the need for professional rehabilitation of psychotic patients as an index of improvement of their psychopathology. Studies concerning the cognitive shortages of the chronic psychotic patients in connection with the psychopathology and their negative symptomology show the unique need for the implementation of programs of Professional Training and Rehabilitation of patients diagnosed with mental illness [16]. Besides, the positive correlation between paid employment and the positive course of the mental illness has been proven while on the contrary unemployment has been proven that deteriorates mental illness.

Another important dimension concerning the reintegration of patients is the positive self-image, self-confidence and good cognition of the capabilities and weaknesses of self-stigmatization. The acceptance of patients from the important others, the family and the staff in the rehabilitating programs has contributed to the creation of a positive image to the same ones who have been trained in what is called professional psychosocial rehabilitation and are expressed as a 'liberation movement'.

In this way, SCE 'Climax PLUS' can constitute a significant spark for further development of such endeavors, which can reinforce not only a strategic for the occupation of the mentally ill patients but also a strategic to fight discriminations, stigma, poverty and social exclusion. In this way they will contribute to the promotion of social cohesion as well as the encouragement of the participation of the local community in similar endeavors and generally the broader activation of citizens.

REFERENCES

- [1] Ziomas D., *An Approach to the Sector of Social Economy in Greece: Existing Situation and Prospects*, National Center of Social Research (15/12/2015), Available at: <http://www.socialeconomy.gr/eq/files/download.action;jsessionid=1A5056E8D7CE1E03B569882A7BAD552B?repId=63&fileId=63>
- [2] Zannis P., *Third Sector and Social Policy: Myths and Realities*, Social Sciences Forum, 10 (40) (2005) 1-27
- [3] Kendall Jeremy, Knapp Martin, "The third sector and welfare state modernisation: Inputs, activities and comparative performance", *Civil Society Working Paper 14* (2000), 1-18.
- [4] CIRIEC «The social economy in the European Union» Summary of the Report drawn up for the European Economic and Social Committee by the International Centre of Research and Information on the Public, Social and Cooperative Economy 2012.
- [5] Moisisidis A., Tsilikis C., *Forming the Sector of Social Economy in Greece. Prospects and Challenges for the Kallikratis Municipalities*, 4th Scientific Conference 'The Role of Social Policy Today: critical approaches and challenges', 2011

- [6] Mavrogiannis D., *Sociology of Justice*, issue B: Cooperative Institutions, Ed. Sakkoulas, Athens-Komotini, 1986
- [7] Chrysakis M., Ziomas D., Karamitopoulou D., Chatzantonis D., *Occupational Prospects in the Field of Social Economy*, Ed. Sakkoulas, Athens, 2002
- [8] The social economy in the European Union, Summary of the Report drawn up for the European Economic and Social Committee by the International Centre of Research and Information on the Public, Social and Cooperative Economy (CIRIEC), 2012, σελ.10,30.
- [9] N.4019/2011, *Social Economy and Social Enterprising and Other Stipulations*, issue 216, September 30, 2011, p.3
- [10] Ziomas D., *The Sector of Social Economy in Greece under the Prism of the Contemporary International Developments*, Mouriki A., Naoumi M., Papapetrou G., *The Social Portrait of Greece 2001*, Athens, EKKE, 2002, 153-167
- [11] Greek Republic, N. 2716/1999, *Development and Modernization of the Mental Health Services and Other Stipulations*, issue 96, March 17, 1999
- [12] Yin,R.(2003) Case Study Research. Design and Methods 3rd edition. Sage London.
- [13] Merriam, S. (2002). *Qualitative research in practice: examples for discussion and analysis*. United Kingdom: Jossey-Bass.
- [14] Tongco, D. (2007). Purposive sampling as a tool for informant selection. *Ethnobotany Research & Applications*, 5, 147-158.
- [15] <http://www.koispe.org/> (Accessed on 5/12/2015)
- [16] Elements of Psychosocial Approach in the Professional Rehabilitation of Psychotic Patients, Ed. Ellinika Grammata, Athens, 2007

Cultural Diversity, Identity and Multiculturalism

Diversification Processes in Contemporary Society

Yakushina O. I.

Sociological Department
Lomonosov Moscow State University
Moscow, Russia
yakfibio@gmail.com

Abstract—Contemporary processes of change in many societies around the world resulted in the fact that today's individuals are under the influence of various social groups, which they compare and make a decision between ever-changing social contexts and various cultures. It is important how they form their identities, choose a way of life and make a cultural choice. Social harmony of coexisting cultures may be achieved if individuals are aimed at a dialogue and understanding different worldviews and cultural beliefs instead of a conflict. The value of education definitely increases for harmonization of intercultural relations, understanding of cultural traditions and differences, and for individuals to obtain a developed sense of tolerance.

Keywords- culture, identity, cultural diversity, contemporary society, multiculturalism, education

I. INTRODUCTION

Contemporary processes of societal change caused fundamental restructuring of not only societies but also in everyday life of individuals. The order of events in the life that used to be normatively structured and regulated in a particular way, but today it increasingly depends on the personal choice of individuals; which means that they have to take on a new responsibility for their lives, for the corresponding consequences of their actions and decisions (whether they are positive or not) [1, 2]. As a result contemporary identity becomes more individualized unlike traditional one. If one selects an active life position, a strategy that meets the needs of today's dynamic fast-growing social reality, the individual is more likely to reach the integrity of the sense of identity that allows navigating in the surrounding reality. Meanwhile lack of coherence in the sense of identity can prevent individuals from taking full advantage of the opportunities offered to them in current society and lead to conflicts. Public agreement on coexisting cultures can be achieved if individuals are aimed at dialogue and creativity in their attitudes, rather than conflict. Therefore it is important to understand and explain how contemporary individuals manage their lives, construct their identities while focusing on the mankind cultural diversity when do their cultural choice.

II. IDENTITY CONSTRUCTION

According to E. Erikson's theory, individual identity is formed through constant interaction between the individual and surrounding culture [3]. But contemporary cultural space is global, people live in a cultural diverse environment: besides the active migration, everyday life is filled by information flows, IT- communication technologies provide opportunity to

get anywhere on the plane, and to learn about any culture or to interact with any cultural group. So that result in the cultural objectives that have been accepted as necessary for centuries, cease to be such. Increasingly often individuals compare and choose between several cultural contexts and cultures that are constantly changing. An individual faces a choice of values and lifestyle concepts of various competing cultural groups like spiritual integrity, on the basis of which individual will design self-cultural identity, that has priority with respect to professional identity as a special identity case, that Claude Doubar has developed [12].

Cultural identity is a complex, dynamic phenomenon. So as it is formed out of the sense of accepted cultural disposition, and taking into account that today individual constantly contact more than one native culture, and we get many(multi)-cultural situation. Today identity becomes the sense of belonging to one or more cultural groups, including their norms, traditions, attitudes and values associated with a sense of belonging to these groups. It determines the path of representation and self-identification in different cultural contexts [4, 5]. When switching from one to another socio-cultural context or as individuals continuously socialize, one may change individual identity, as well as the criteria for assessing personality structure. Therefore a simple model of cultural psychology ceases to be an effective analytical tool, and thus a multicultural model should be used. Cultural identity becomes especially important when individuals or groups interact with other cultures, they receive more information and knowledge about their differences from others. People, who live in a multicultural environment, need to learn to negotiate with each other in different cultural contexts.

III. CULTURAL DIVERSITY AND MULTUCULTURALISM

Multiculturalism is a phenomenon of contemporary life cultural diversity, and also is a model describing interaction of different cultures. This experience enriches cognitive and behavioral patterns and leads to the fact that cultural identities become increasingly complex and multidimensional [6]. According to contemporary researchers, this leads to a higher cognitive complexity and also more creative and tolerant thinking which is necessary in global world. Because of the high volume and dynamic of international migration in the past few decades, this caused a transformation of many of the Western European nation-states in the multicultural ones. This result in the importance of understanding of multicultural individuals who live under the influence of various cultural traditions. Such knowledge is important for successful

adaptation, prevention of intercultural conflicts and individual stress as a result of cultural adaptation of individuals in the host society [7, 8].

The role of cultural identity can be described in terms of interaction between attitudes and characteristics of immigrants and response of host society. Despite the fact that most of multicultural research focuses on immigration, this term encompasses heterogeneity and cultural diversity in general as shown by successful multicultural societies like Canada or Australia.

The dialogue of cultures is complex. Modern migration may have a negative impact on the preservation of stability in a multicultural society, create problems of identity (for the state and its institutions) in relation to accommodation and integration. All these processes require not only the availability of multiculturalism policy as such, or social programs development, but also the presence of individuals who are open to cultural interaction and cooperation, and their ability to understand and accept these processes. To a certain extent it is happening under the influence of modern media so as a vast majority of people has Internet access, and can get "first-hand" experience of different cultures and their representatives. However, just the knowledge gained in this way is not sufficient for understanding and respecting other cultures: we are talking about adapting the host society as a whole to the situation of multiculturalism, i.e. a plurality of coexisting cultures, the diversity of cultures in society. This can be achieved through training and education, in the process of learning about different cultures, which exist in their own country and in the global world.

The identity formation (which includes individual's worldview, culture, beliefs, traditions) occurs mainly during adolescence, but in post-industrial society the adolescence period is delayed in time. Particular attention requires the education sector, one of the tasks for an individual is to learn to understand the multicultural situation, to be open to it, to realize that there are different traditions and life styles. None of them is better or worse than another. They are just different. The education system provides not only some knowledge, but it brings up, lays the foundations of empathy, morality, ethics, tolerance.

The world today is global, countries are not isolated from each other's boundaries, and they are permeable to the flow of information and communication. The contemporary individual must have an open mind and understand diversity as an existing fact, accept the fact that there are many different ways of thinking and life in the world, each has its own cultural history. We can't rank them, as in the XVIII-XIX due to the racial theory and its statements about superior and inferior races, cultures or people. All this has been refuted by subsequent biological research, evidence-based facts, and experimental data.

In the formation of a multicultural identity individuals are influenced by many factors in their choice of adaptation method. It is necessary to point out one important factor - the size of the distance between cultures, how easily and quickly it can be overcome by the individual. Another factor is the age:

how easily individuals can absorb another culture, develop an interest in it and understand it.

Obviously, first of all young people are the ones searching for their identity. In addition, young people have always been the most active, ready for action and susceptible to changes of society. There is no doubt that the most important time of identity formation is necessary at a young age. Over the past century, and especially in recent decades, the transition to a post-industrial society in adulthood is becoming increasingly more prolonged, i.e. young people study at school longer, marry and have children later. As it was noted by J. Arnett, there is a new phase between adolescence and adulthood called "emerging adulthood" which includes identity exploration, state of transition and instability of the distinct period between 18 and 25 years when adolescents become more independent and explore various life possibilities [9]. The process of identity formation emerges in adolescence but mostly takes place in emerging adulthood.

Individuals are growing up in much more diverse and multicultural world than the previous generations grown. Due to globalization processes, they have a greater knowledge and readily available opportunity to communicate with people of different cultures in all countries or continents. With increasing migration, tourism, improvement of media tools, multinational corporations, and so on, individuals communicate with each other more than it have ever been before. Accordingly, the construction identity has become more complicated and complex. Individuals rarely grow up in a monocultural environment where they know only one culture; they are in contact with different cultures, either directly from their own experience, or indirectly through a variety of resources available through the global media and the Internet.

However, in a multicultural environment, this may lead to identity confusion or even its crisis [10, 13], as people try to figure out how to fit into the environment where they or their culture is not understood, recognized or respected. Cultural minorities are faced with many questions: "Who am I? Who I want to be? Which groups do I belong? Can I belong to two or more cultural groups?". Formation of cultural identity involves how people make decisions about these issues. Worldview, religious views, traditions, beliefs handed down from generation to generation through a variety of everyday practices and in practices with significant changes in life. Cultural identity of an individual includes a wide range of beliefs and behavioral patterns that are shared by all group members.

IV. EDUCATION

All of the above is crucial to the formation of a multicultural identity from an early age, and the harmonization of cross-cultural relationships, understanding of cultural backgrounds and differences, developed sense of tolerance. There is a need to understand culturally constructed nature of the learning environment and development, increasing knowledge about the impact of self-identity, self-awareness on the learning environment and learning. Difficulties arise for many minority groups, including foreign students as they try to communicate in a learning environment, which was built on the monocultural basis: a system of values, norms of behavior,

beliefs and modes of action, being different from their own. In this regard, multicultural approach to education is important from an early age, from the beginning of training (as individuals learn to obtain knowledge mainly in the youth, and this period of life is necessary to the main stage in the formation of identity).

Multiculturalism and tolerance for different cultural identities must be cultivated systematically, through joint practices, actions, studies. Inclusion of multicultural models in the learning process is necessary at all stages of learning. Unfortunately, usually cultural specific features of teachers and students in the educational process are used unconsciously, making them difficult to identify, measure, test and change. For this reason, these aspects are so important in the learning process that promotes and ensures the continuation of the enforcement, instilling and strengthening multicultural practices.

The learning environment should become a multicultural one with appropriate knowledge bases and learning styles. Students should learn systematically and in a sufficient amount about different cultures, beliefs and traditions. Teachers can use all forms of education, to create the benefit of an appropriate balance of different cultural norms, for example, through the development of joint and individual tasks, promoting educational activities, discourses, joint debates [11]. Cultural identity affects the interpretation of the individual's relationship with others in the learning environment. Bicultural or multicultural education's experience of individuals shows that they will have a certain level of multicultural skills, the ability to compare and contrast different points of view.

And taking into account the multicultural reality of the world around us leads to certain consequences for identity [14-16]. Teachers should explain and promote a positive multicultural community of students, encouraging the dialogue, offering to discuss several points of view, developing a sense of respect and recognition of such processes. Teachers should show students the benefits of a multicultural vision and skills for the future work and life in society. This will not only greatly ease the process of integration of various cultural, national and ethnic minorities, but also help to form the social environment, which will be open to them due to developmental teaching and learning in a multicultural way. Surely the European countries are faced with the task of harmonization of higher education system that initiated the Bologna process to create a unified) educational space and development of citizens' mobility, including among other things, the formation and strengthening of not only scientific and technical, but also cultural, intellectual and social potential.

V. CONCLUSION

Formation of contemporary cultural identity is a choice and selection among the cultural groups to which the individual

belongs. This choice is increasingly difficult to make as a greater amount of people are affected by many cultural groups with their diverse cultural complexes. Formation of cultural identity becomes predominantly a conscious process and decision, when the individual is open to the perception of more than one culture. The raised problems are complex, and in subsequent papers we try to give representation of the ideas.

Identity problem it not just a matter arising at one stage of human being life. Identity is a phenomenon located in a broader process of cultural reproduction of society, and it is important for the integration and preservation of cultural diversity in the contemporary world of many coexisting and competing cultures.

REFERENCES

- [1] U. Beck, *Individualization*. London: Thousand Oaks, 2002.
- [2] Z. Bauman, *The Individualized society*. Cambridge: Polity, 2001.
- [3] E. Erikson, *Identity and the life cycle*. Selected papers. New York: Norton, 1959.
- [4] H. J. M. Hermans, and H. J. G. Kempen, "Moving cultures: the perilous problems of cultural dichotomies in a globalizing society," *American Psychologist*, 1998, vol. 53, № 10, pp. 1111-1120.
- [5] J. S. Phinney, and O. A. Baldelomar, "Identity development in multiple cultural contexts", in *Bridging cultural and developmental approaches to psychology*, L. A. Jensen, Eds. New York: Oxford University Press, 2011, pp. 161-186.
- [6] G. Therborn, "Multicultural society", *Sociological Review*, 2001, vol. 1, № 1, pp. 50-67.
- [7] Y. E. Chentsova-Dutton, and J. L. Tsai, "Self-focused attention and emotional reactivity: the role of culture", *J. of Personality and Soc. Psychology*, 2010, vol. 98, № 3, pp. 507-519.
- [8] J. S. Phinney, G. Horenczyk, K. Liebkind, and P. Vedder, "Ethnic identity, immigration and well-being", *J. of Soc. Issues*, 2001, vol. 57, № 3, pp. 493-510.
- [9] J. Arnett, "Emerging adulthood: A theory of development from the late teens through the twenties", *American Psychologist*, 2000, vol. 55, № 5, pp. 469-480.
- [10] L. A. Jensen, "Coming of age in multicultural world", *J. of Applied Development Science*, 2003, vol. 7, № 3, pp. 189-196.
- [11] H. Gardner, *Reframed: multiple intelligences for the 21st century*. New York: Perseus Books Group, 2000.
- [12] C. Dubar, "La socialisation: construction des identités sociales et professionnelles", 5th Ed., Paris: A. Colin, 2005.
- [13] B. Lahire "La culture des individus: dissonances culturelles et distinction de soi", Paris: La Découverte, 2008.
- [14] V. V. Zyryanov, A. V. Noskov, N. G. Osipova and M.A. Titova, "National system of education in Russia: problems and prospects in the context of the reform and globalization", *Moscow State University Bulletin. Series 18: Sociology and Political Science*, ISSN: 1029-3736, 2015, № 3, pp. 61-78.
- [15] A. K. Mamedov, "Self-sociology of scientific knowledge", *Moscow State University Bulletin. Series 18: Sociology and Political Science*, ISSN: 1029-3736, 2016, № 2, pp. 5-23.
- [16] A. K. Mamedov, and O. I. Yakushina, "Theoretical approaches to understanding identity in modern sociological science", *Moscow State University Bulletin. Series 18: Sociology and Political Science*, ISSN: 1029-3736, 2015, № 1, pp. 43-59.

Why, how and to what extent do companies going public ‘underprice’? Rationales & practices

Marco Taliento
Department of Economics
University of Foggia
Foggia (Italy)
Email: marco.taliento@unifg.it

Abstract—Going public is a strategic process which essentially consists of a stock market launch effected by a private company to the public. When the company issues or sells equity, then realizes an IPO (Initial Public Offering). After evidencing the principal features of such complex operation, the study tries to answer the question: why, how and to what extent (or degree), in the context of a IPO, companies do “underprice” – thus recalling the relating rationales and practices. This common “rule” or “behavior” means, as obvious, a temporary raise from the issuing equity price to the first-day closing stock price. That said, after introductory technical notes, the paper analyzes the worldwide underpricing phenomenon – which is persistent in time though cyclical in size – in consideration of updated data and evidences from the main economies (also providing, for the first 100 IPOs in US, in 2016, a brief regression analysis in order to test some recent trends). Then, the several reasons and explanations which may support underpricing are detected, primarily, in information asymmetry (particularly due to uncertainty and imperfections), institutional incentives, changes in corporate governance mechanics, concerning regulatory aspects, ownership structure/control and agency costs (and also behavioral explanations or bias, sentiment etc.). An economic measuring criterion of the immediate abnormal returns, and the association to the long run (under)performance, are in conclusion stated.

Keywords- *Going Public, IPOs Pricing, Information asymmetry, Performance*

I. INTRODUCTORY NOTE

This paper, in general, deals with the market performance of new listed securities, involved in an Initial Public Offering. In this regard, may sound beforehand interesting the study of the relationship between the IPO price and the economic value (“stand alone”) of companies: in hindsight, this recalls the problem of IPO discount, given when the launch price is fixed at a level lower than value.¹

In fact, since: $IPO\text{-price} = Stand\ alone\ Value \times (1 - IPO\text{-discount})$, we can deduce, mathematically, that $IPO\ price / Stand\ alone\ Value = (1 - IPO\text{-discount})$.

In other words, we can note that the relationship between price and value regarding a stock market launch is in first approximation expressed by the complement to unity of the aforementioned discount. The *IPO-discount* can be obtained -

¹ As concerns the fundamental issue of corporate valuation, see among others Jones (2000), Damodaran (2008) and Zanda, Lacchini & Onesti (2013). With reference to special events occurring in business life being able to highly impact on valuation (as, eg, a stock exchange launch), see Onesti *et al.* (2012).

in retrospect - using the following calculation: $1 - [IPO\text{-price} / Stand\ alone\ Value]$.

That said, a classic feature - concurrent with respect to the going public process and the above represented relationships - lies in the so-called underpricing. This fact is often the effect of uncertainty around the intrinsic value of stocks (which can be to some extent revealed by the mean of analyst forecast prices or extrapolated through PE multiples). Another general reason can be found in the existence of market imperfections; while other specific factors, as the accounting choices, the issue size, the issue mechanism or the role of the underwriter, may play, in addition, a significant role in determining the underpricing degree.

In our formulas, the underpricing (U) is equal, in discreet, to:

$$U = (Stand\ alone\ Value - IPO\text{-price}) / IPO\text{-price} \quad (1)$$

that gives us: $U = Stand\ alone\ Value \times (IPO\text{-discount}) / IPO\text{-price}$.

The rest of the work is structured as follows.

The next section (II) first defines the general concept of underpricing with specific reference to IPOs; then illustrates this phenomenon by useful tables/figures reporting historical/recent data.

Section III, instead, is dedicated to deepen the literature background in order to provide means to better understand, and therefore manage / control, the economics behind this very common (all around the World) phenomenon, consisting of a temporary increase, in the short term, from the initial price to the first-day closing price of new launched stocks.

II. THE UNDERPRICING PHENOMENON: FIRST APPROACH AND EVIDENCE

The underpricing can be intended as the difference between the issue price of new listed shares and the prices recorded in the aftermath of the offer in question (ie the first day of trading), purified with fluctuations in the stock market of reference.

Especially in the US, the underpricing itself is conceived as a real operational *rule*, historically followed by the operators (and stimulated by investment bankers as well) so that there is

a general requirement of a systematic price underestimation of the initial shares just admitted to the stock exchange listing.

The following figures, compiled by Ritter (University of Florida, 2015) for the US IPOs, visually demonstrate in a very clear manner the phenomenon in question as recorded in the last thirty-five years (time series). Recently, the U.S. IPO volume has been particularly low for small firms.

The first figure (Fig. 1) depicts the number of offerings and % of underpricing (some years ago the scaled IPO volume – that is the quarterly IPO volume divided by annual real GDP – touched low values in conjunction with the decline of the Shiller P/E).

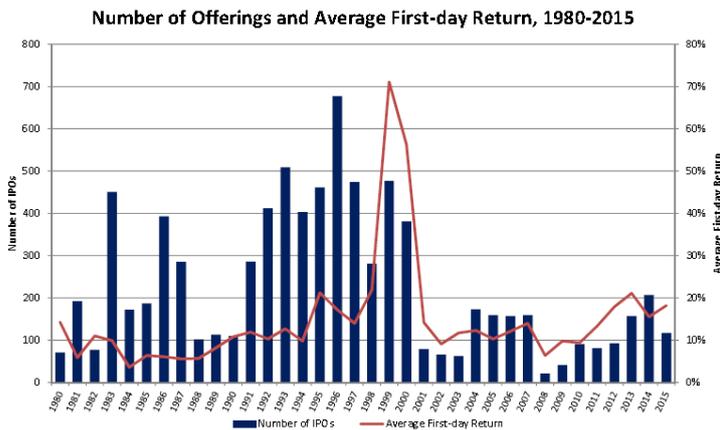


Figure 1. Offerings and Underpricing

The second figure (Fig. 2) concerns the average first day return and also the aggregate money ‘left on the table’. In any case, there has been a positive correlation between number of IPOs (or relative money on table) and underpricing rate.

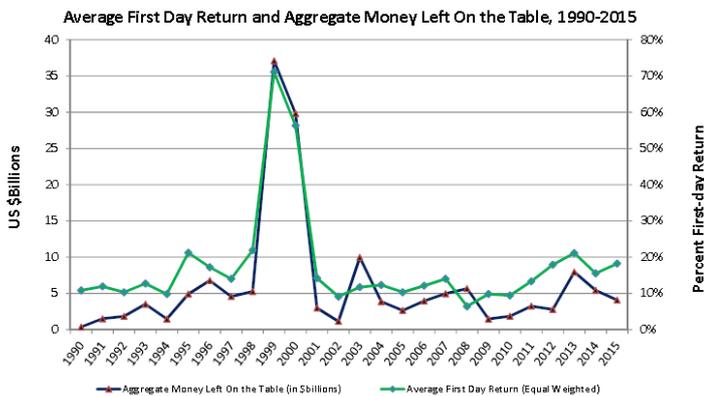


Figure 2. First day return and aggregate money

To date, the recent highest positive peak has been registered in the end of the nineties (ie before the explosion of the *dot com* bubble). A positive trend re-appears only in the last years, after the 2007-2008 Global Financial Crisis (which was an event that obviously discouraged extraordinary transactions as M&As or IPOs). As regards the current year, 2016, we have

beside examined the actual (one hundred) IPOs launched on US market, sorted as follows:

- Industry Consumer goods (11);
- Utilities (1);
- Blank check (17);
- Health care (41);
- Financials (13);
- Consumer services (4);
- Technology (14);
- Telecommunications (1);
- Industrials (1).

Using a *WLS regression* with reference to these IPOs (first return = f (number of shares; offer price)): it results that the first return rate after listing is slightly negatively associated to the volume of shares (p-value 0.0152), while the level of the offer price does not seem, yet positively, significant in this contingent context (p-value 0.1331). F-test is acceptable, while R-squared is about 8% (significant in a such cross-section analysis with a sample made of 100 companies); anyhow, we cannot derive that in this case there is a *significant negative relationship between the issue size* (number of shares offered multiplied by the offer price) *and the level of underpricing*; in fact, coefficient is negative but p-value about 0,3 [Author's own computations and econometric elaborations]. After all, the issue size may reflect uncertainty on new issues, whilst the experience shows that larger IPOs are less underpriced.

That said, the underpricing *rule* has actually spread in every country - in essence - to ensure advance positive market performance of the shares, at least at the time of the first arrival at the stock markets, in the form of indirect 'compensation' [already in the seventies, Ibbotson (1975) revealed a discount initial measuring approximately of 11.5% recovered a few weeks later in the aftermarket]. This practice seems, however, resized in the new century; it even may seem disappearing in some markets, especially after the speculative bubble of the millennium (new economy). Nonetheless, the economic and financial reasons that explained the IPOs' underestimation experienced in the past, may well recur, in some way and with varying magnitude, in the future.

The double figure below (Fig. 3) will show the diffusion of the phenomenon making a distinction between initial public offerings in Europe and elsewhere (source, again, Ritter, 2015). Emerging markets demonstrate here a high inclination / propensity to IPOs underpricing.

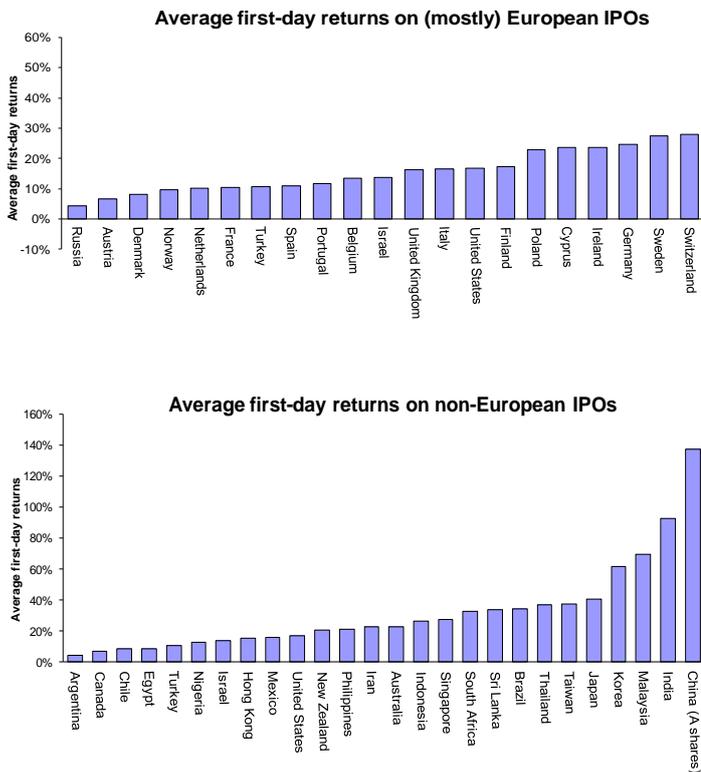


Figure 3. European and non-europeand Ipo returns

III. UNDERLYING THEORETICAL EXPLANATION. THE MAIN ECONOMIC AND FINANCIAL FACTORS

First of all, Beatty and Ritter (1986), among others, have shown that the level of initial underestimation increases with the riskiness of the IPO, while it is mitigated by the reputation of the auditors (lead underwriters) involved. This suggests the opportunity of a richer information for the benefit of the stakeholders (investors, actual or potential members, in particular), so that they could be better made aware of the risk profiles and need a lower (or no) initial underpricing. In Carter and Manaster's (1990) opinion, then, employing prestigious intermediaries (underwriters) in the placement of securities subject to a new stock market launch can be a signal of quality (certification) which lowers the underpricing demanded by investors.

Moreover, the same information asymmetries can lead to underpricing.² This is the case when the issuer is more informed than the investor³ and, as often happens, is determined to carry out subsequent issues (seasoned offer): therefore the issuer tends to underprice its own capital; Allen and Faulhaber (1989); Welch (1989).

² Or be responsible, in the long run, of the under-performance: see *infra*.

³ Market for lemons, Akerlof (1970).

The context is that of a dynamic game with progressive formation of reputation.⁴ The downward outcome is also in part explained by the theory of the auction *winner's curse*: investors who win first (after the stage of the bookbuilding, ie preliminary and accumulated bidding inquiry) are those willing to pay more; yet, being aware of the risk of overestimating the price compared to the intrinsic value of the title, they are more likely to subscribe stocks to a lower price, thus stimulating an underpricing. Michaely and Shaw (1994), developing the model of Rock - which retains that the underpricing gap can be justified by the need of investors to seek the real value of the company -, dwell on the fact that the underestimation depends critically on the co-existence of informed investors and individuals less or uninformed.⁵ Instead they reject the theory of signals (*signaling hypothesis*), since they do not recognize any significant correlation between the level of undervaluation and usage of new issues with dividend policy.

Leite (2007), in turn, believes it impossible to identify certain investors fully informed (because all suffer from information asymmetry, as the uninformed are discouraged from participating in any negotiations), retaining that the dissemination of public market information (positive returns) declines the problem of the winner's curse and consequently the entity of underpricing.

In general, the equilibrium price of a certain share seems to be determined, under a perfectly unbiased scenario, on the basis of public and private information. Hence, deviations from the real conditions of theoretical equilibrium are related to practical situations of informational privileges claimed by some people at expense of others. Still, asymmetries can be present at the behavioral level as a result of the *prospect theory*: the agents seem more likely interested to the richness variation, that is why companies going public corporations are disposed to accept low price proposals at the blockbuilding stage, because convinced to realize an immediate growth in terms of market value (aftermarket). On the contrary, starting from very high price levels may cause subsequent changes in minus (partial adjustment phenomenon in overpricing).

Boehamer and Fische (2001) believe that the underpricing is urged by intermediaries involved in the placement of shares on the stock exchange market: they basically would offer securities at a 'good price' in order to stimulate the activity of *flipping* or quickly selling shares for a profit.⁶ Sometimes, in fact, intermediaries (or institutional investors) - whom have been allocated the securities to - linger in feverish activity of flipping, eg selling continuously shares in the first few days of listing just being attracted by the prompt gain coming from the frequent underpricing.

As regards the Italian market, Fabrizio (1999) notes that can be confirmed the aforementioned model of Rock on the role of information (soliciting better prospectus-documents)

⁴ However, on account of the uncertainty faced, the public investors - since less informed / acquainted - will require a discount in that sense (Rock (1986)) earning a chance at least to sell soon the financial instrument thanks to the initial mispricing.

⁵ Note that Chemmanur (1993) believes that outsiders investors should be willing to incur a cost to get the information vaunted by the insiders.

⁶ Thus increasing the volume of transactions and therefore the commissions and gains accruing.

and the assumption that preferring reputed operators / lead underwriters raises the underpricing effect. Arosio, Giudici and Paleari (2000) attest that the phenomenon of underpricing is then in that country in line with the international markets.

More generally, the international economic literature provides theories of *asymmetric information* and adverse selection to explain the underpricing evidence. So it is believed that setting a lower price, cheaper than the intrinsic value of stocks, is more often motivated by the need to place on the market all the securities relating to the new transaction (stock market launch). Shareholders' pre-IPO expectations to achieve abnormal returns in the euphoric market after the first days of listing may come to facilitate a positive outcome for the same IPO. The spread of favorable market news (while increasing positive returns) supports significantly the underpricing too.

Another important aspect, descending from the presence of both information asymmetries and irrational behavior (of investors, entrepreneurs / owners, financial analysts) is represented by the *hot issue markets* (periods in which the average first month performance or aftermarket performance of new issues is abnormally high), in line with the *windows of opportunity hypothesis* and the *bargaining model*.⁷

For reasons connected to the *cyclical nature* of events (known that Ibbotson and Jaffe (1975) found a strong serial correlation in initial returns of IPOs) - as well as to the *irrationality* of the operators, both in good and bad faith -, there really happen time after time *IPO waves*, in which managers of unlisted companies suddenly glimpse the opportunity to enter the scene, that is, to enter the regulated market at affordable conditions, scenting the chance to generate very high initial free yields available to the investor, at least during positive economic cycles / conditions.⁸ The fact that the listing of new companies coincides mainly with propitious economic climates let perceive concrete possibilities for the property, nevertheless, to extract surplus from investors (corresponding to the private benefits of control, whose loss in hindsight should discourage the going public initiative); for opposite reasons, listed companies might opt for a delisting.

Finally, Ellul and Pagano (2006) are surprised that the literature has failed to consider as an explanatory variable of the underpricing the liquidity accumulated in the aftermarket (ie, the uncertainty about the liquidity of the secondary market).

More recently, Tsang & Blevins (2015) have proposed a critique of the preeminent information asymmetry argument for IPOs in the management and entrepreneurship underpricing literature.

Other scholars (Leitterstorf & Rau, 2014) believe that in certain cases (as in family firms) a higher level of IPO underpricing may be explained by noneconomic factors, as the willingness to preserve the socioeconomic wealth. In a critical manner, Park & Patel (2015) underline the important role of the signalling environment in order to explain the influence of

ambiguity (or low information clarity in the prospectus of new publicly traded firms) on IPO underpricing.

At last, robust determinants of IPO underpricing and their implications for IPO research have been systematically detected by Butler *et. al.* (2014).

IV. MEASURES, PERFORMANCE AND CONCLUSION

Among the several formulas suggested by the literature for the underpricing measurement there is the following formula in continuous (Fabrizio and Sama, 2001):

$$U_t = \ln(P_t/P_0) \quad (2)$$

where U_t is the underpricing U at time t , \ln is the 'natural logarithm' operator, P_t and P_0 are respectively the price level at time t and at time zero (issue day). The time t is the end of the first day of going public (requiring the trade analysis in the very short term: it is the first day return) or refers to a larger term yet within the next three months.

Alternatively, there is the adjusted variant (see Ljungqvist, 1997):

$$Adj. U_t = \ln(P_t/P_0) - \ln(I_t/I_0) \quad (3)$$

where I is the parameter ultimately chosen for underpricing adjustment: as a common rule, it is an index of market size or sector return (sometimes multiplied by the systematic risk of the firm). So underpricing would be corrected by the return of the market, or the return on benchmark, as measure of an alternative investment.

Considering our premise, such formulas would better represent the initial IPO return, comprehensive of underpricing. In fact, strict underpricing should be calculated as $\ln(V_t/P_0)$, where V is the stand-alone value of company going public. If $P_t > V$, then the gap would rather represent overvaluation (therefore the IPO initial return can be decomposed in core underpricing and overvaluation).

Eventually, among other definitions given with reference to the underpricing phenomenon, an effective, figurative, expression emerges: the underpricing policy just aims at *leaving a good taste to the investor*.

That said upon underpricing, the next logical phenomenon of IPOs long-run underperformance occurs when - after an initial period of trading characterized by rising prices, which may be justified by the aforementioned underpricing - a reduction of shares prices take place in the extended period, reaching levels lower than the average market index.

In the initial phase of market euphoric sentiment related to the economic decision to underprice (sometimes explainable with managers' difficulty to determine the intrinsic economic value of shares, to be honest), investors can get the shares of newly listed companies and, due to the presence of information asymmetry and other factors, may be disposed to pay higher prices than those considered truly fair (*overvaluation* of the

⁷ Ibbotson & Jaffe (1975). See also: Lucas & McDonald (1990); Benveniste *et al.* (2002); Lowry & Schwert (2002); Baker & Würigler (2000); Ritter (1991); Loughran & Ritter (2002).

⁸ IPO timing; Pastor and Veronesi (2005).

market). In the following period (in our case, on average, in the three / five years after the initial public offering), however, investors may realize the eventual market irrationality merely behind fashionable transactions (made or concluded just for fads) and be afraid that the price paid is not indeed equal to the real value of the security. The fear of a financial loss after the initial price increases due to underpricing, may at some point cause them to want to get rid of the shares acquired (over-reaction *vis-a-vis* past information).

It is clear that such behavior when generalized can cause a gradual reduction of the stock quotes in the long run, ie the *underperformance*.

Akhigbe *et. al.* (2006) simply believe that a company chooses to go public when the industrial sector which belongs to reaches the *climax* in terms of economic and productive: as a consequence, the decline in yields recorded in the three years after the IPO is a physiological, inevitable, fact.

Ultimately, it seems fair to conclude that, at least in principle, new companies quoted on the stock exchange are generally willing to recognize an initial discount (ie, the underpricing) from which derive positive economic returns in the short term for the investor. Stock prices, in practice growing in the first period after the launch, thanks to intense trading activities, tend soon (eg, by the first 6 months in US) to exceed the intrinsic fundamental value per share. In the middle-long run (from the second semester after the IPO-launch), however, a compensatory trend in the opposite direction should occur, with prices moving back towards economic values (thus generating a price underperformance).

That said, it is interesting to depict the empirical evidence taken again from Ritter on the basis of a large sample of US IPOs (1980-2014), with respect to the long-term performance (Gompers & Lerner 2003).

Therefore, the following table will highlight the long-run (under)performance rates with reference to the aforementioned IPOs (see Tab. 1).

TABLE I. LONG-RUN PERFORMANCES

Percentage returns on IPOs from 1980-2014 during the first five years after issuing								
	First six months	Second six months	First Year	Second year	Third year	Fourth year	Fifth Year	Geometric Mean years 1-5
IPO firms	6.8%	0.7%	7.7%	6.5%	11.7%	19.0%	10.1%	10.9%
Size-matched	5.7%	5.9%	12.1%	14.3%	14.7%	16.0%	12.5%	13.9%
Difference	1.1%	-5.3%	-4.4%	-7.9%	-3.1%	3.1%	-2.4%	-3.0%
No of IPOs	8,061	8,039	8,061	7,914	7,062	6,144	5,365	
IPO firms	6.8%	0.7%	7.7%	6.5%	11.4%	18.7%	9.9%	10.8%
Size & BM-Matched	4.0%	4.5%	8.8%	13.1%	11.5%	17.9%	12.3%	12.7%
Difference	2.8%	-3.8%	-1.1%	-6.6%	-0.1%	0.8%	-2.4%	-1.9%
No. of IPOs	8,056	8,018	8,058	7,898	7,026	6,092	5,326	

In more detail, the table (updated march 2016; see <https://site.warrington.ufl.edu/ritter>; where IPOs are also categorized by venture capital and private equity backing) shows that IPO firms have underperformed in comparison with other companies denoting the same market capitalization by an average of -3.0% per year during the 5 years after issuing

(excluding the first-day return, that is an indicator of underpricing, as seen before).

The underperformance relative to other firms having both the same size and the book-to-market ratio evidences an average amount equal to -1.9% per year. Note that the (negative) peak of underperformance is touched on average in the second year following the issuing (-8% and -7% about, respectively).

Ultimately, also in light of the recent empirical evidence, the supervening underperformance in IPOs can be considered one of the important consequences of the initial primary market underpricing as followed by the secondary market overvaluation.

At last, we can conclude remarking the actual topicality / centrality of *underpricing* (or, more in general, of IPO return / performance), still today, after the GFC, when new listing / stock market launches waves are resuming and increasingly emerging (with positive expectations for the future).

Such an empirical rule, traditionally so common in the sphere of IPOs even though with different magnitude, can find several explanations (still valid) as expressed by literature: the existence of information asymmetry (along with intrinsic value uncertainty), institutional incentives (also to avoid eventual investor litigation and other dangers from initial overpricing) and changes in regulatory and corporate governance mechanics (from new ownership structure and control to agency costs). It is not superfluous noting here that elevating corporate governance, accounting and accountability standards (for example by enhancing the reliability and quality of earnings or reducing the earnings management, due to accounting choices driven by efficiency reasons rather than managerial opportunism) increases transparency also about incentives and this may reduce information asymmetries that affect IPO valuations (Akyol *et al.*, 2014). As said, other specific factors may affect, in turn, underpricing (eg, the issue size, the issue mechanism and the role of the underwriter).

Further studies could concern the financial and governance characteristics of IPOs and underpricing in economies different from US market, which has inspired the largest part of literature more than others.

Indeed, if prior to 2009 the US was the first issuer of IPOs (in terms of total value), more recently - from 2011/2012 - China (Shanghai, Shenzhen and Hong Kong) has become for a while the new leading issuer (raising almost double the amount of money than Nyse and Nasdaq together; nonetheless, after the end of 2012, China has experimented a drastic decline in IPO due to a one year long *moratorium*: yet, from 2014, the rules governing the way companies are approved for public trading on stock exchanges appear relaxed).

New studies dedicated to the analyzed topic (see Song *et. al.* 2014) in consideration of the specific, real and changing environmental conditions – even recognizing, in any case, the impossibility to explain IPO underpricing by a single theory (being a very complex phenomenon) –, are undoubtedly welcome in order to refine our understanding and prediction ability concerning business performances on deductive and inductive bases.

REFERENCES

- [1] Akerlof, G.A., "The Market for "Lemons": Quality Uncertainty and the Market Mechanism", *The Quarterly Journal of Economics*, Vol. 84, No. 3. (Aug., 1970), pp. 488-500.
- [2] Akhigbe, A., Johnston, J., & Madura, J., "Long-term industry performance following IPOs", *Quarterly Review of Economics and Finance*, vol. 46, n. 4, 2006, pp. 638-651.
- [3] Akyol, A.C., Cooper, T., Meoli, M., & Vismara, S., "Do regulatory changes affect the underpricing of European IPOs?", *Journal of Banking & Finance*, 45, 2014, 43-58.
- [4] Allen, F., & Faulhaber, G.R., "Signalling by underpricing in the IPO Market", *Journal of Financial Economics*, vol. 23, 1989, pp. 303-323.
- [5] Arosio, R., Giudici, G., & Paleari, S., "L'underpricing nelle Offerte Pubbliche Iniziali: uno studio sul mercato italiano nel periodo 1985 - 1998", *Analisi Finanziaria*, n. 3, 1999, pp. 75-98.
- [6] Baker, M., & Wungler, J., "The Equity Share in New Issues and Aggregate Stock Returns", *Journal of Finance*, n. 55, 2000, pp. 2219-2257.
- [7] Beatty, R.P., & Ritter, J.R., "Investment Banking, Reputation, and the Underpricing of Initial Public Offerings", *Journal of Financial Economics*, vol. 15, 1986, pp. 213-232.
- [8] Benveniste, L.M., Busaba, W.Y., & Wilhelm, W.J.Jr., "Information externalities and the role of underwriters in primary equity markets", *Journal of Financial Intermediation*, vol. 11, n. 1, 2002, pp. 61-86.
- [9] Boehmer, E., & Fishe, P., "Equilibrium rationing in initial public offerings of equity", University of Miami, 2001.
- [10] Butler, A.W., Keefe, M.O.C., & Kieschnick, R., "Robust determinants of IPO underpricing and their implications for IPO research", *Journal of Corporate Finance*, 27, 2014, 367-383.
- [11] Carter, R.B., Manaster, S., "Initial Public Offerings and Underwriter Reputation", *Journal of Finance*, vol. 45, 1990, pp. 1045-1067.
- [12] Chemmanur, T.J., "The pricing of initial public offerings: a dynamic model with information production", *The Journal of Finance*, vol. 48, n. 1, 1993, pp. 285-304.
- [13] Damodaran, A., "Damodaran on valuation", 2008, John Wiley & Sons, New York.
- [14] Ellul, A., Pagano, M., "IPO underpricing and after-market liquidity", *Review of Financial Studies*, 2006, vol. 19, pp. 381-421.
- [15] Fabrizio, S., & Samà M., "Gli IPO sul mercato italiano nel periodo 1995-1998: una valutazione dell'underpricing e della long-run underperformance", *Quaderni di Finanza, Consob*, 2001 n. 44, pp. 1-25.
- [16] Fabrizio, S., "L'underpricing degli IPO italiani: il ruolo degli underwriters, dei prospetti informativi e degli analisti", *Banca Impresa Società*, n. 3, 1999, pp. 369-412.
- [17] Gompers, P.A., & Lerner J., "The Really Long-run Performance of Initial Public Offerings: the Pre-Nasdaq Evidence", *The Journal of Finance*, vol. 58, n. 4, 2003, pp. 1355-1392.
- [18] Ibbotson, R.G., "Price performance of common stock new issues", *Journal of Financial Economics*, vol. 2, n. 3, 1975, pp. 235-272.
- [19] Ibbotson, R.G., Jaffe, J.F., "'Hot issue' markets", *The Journal of Finance*, vol. 30, n. 4, 1975, pp. 1027-1042.
- [20] Jones, C.P., "Investments: Analysis and Management", 2010, 7th ed. John Wiley & Sons Inc., New York.
- [21] Leite, T., "Adverse selection, public information, and underpricing in IPOs", *Journal of Corporate Finance*, vol. 13, n. 5, 2007, pp. 813-828.
- [22] Leitterstorf, M.P., & Rau, S.B. "Socioemotional wealth and IPO underpricing of family firms", *Strategic Management Journal*, 35, 2014, 751-760.
- [23] Ljungqvist, A.P., "Pricing initial public offerings: Further evidence from Germany", *European Economic Review*, 41(7), 1997, 1309-1320.
- [24] Loughran, T., & Ritter, J.R., "Why don't issuers get upset about leaving money on the table in IPOs?", *The Review of Financial Studies*, vol. 15, n. 2, Special N. 'Conference on Market Frictions and Behavioral Finance', 2002, pp. 413-443.
- [25] Lowry, M., & Schwert G.W., "IPO Market Cycles: Bubbles or Sequential Learning?", *The Journal of Finance*, vol. 57, n. 3, 2002, pp. 1171-1200.
- [26] Lucas, D., & McDonald, R., "Equity Issues and stock price dynamics", *The Journal of Finance*, vol. 45, n. 4, September 1990, pp. 1019-1043.
- [27] Michaely, R., & Shaw, W.H., "The Pricing of Initial Public Offerings - Tests of Adverse-Selection and Signaling Theories", *Review of Financial Studies*, n. 7(2), 1994, pp. 279-319.
- [28] Onesti, T., Angiola, N., Bianchi Martini, S., Garzella, S., & Muserra, A.L. (ed. by), "Strategie di sviluppo aziendale, processi di corporate governance e creazione di valore", 2012, FrancoAngeli, Milan.
- [29] Park, H.D., & Patel, P.C., "How Does Ambiguity Influence IPO Underpricing? The Role of the Signalling Environment", *Journal of Management Studies*, 2015.
- [30] Pástor, L., & Veronesi, P., "Rational IPO Waves", *The Journal of Finance*, vol. 60, n. 4, 2005, pp. 1713-1757.
- [31] Ritter, J.R., "The long-run performance of initial public offerings", *Journal of Finance*, vol. 46, n. 1, 1991, pp. 3-27.
- [32] Rock, K., "Why new issues are underpriced?", *Journal of Financial Economics*, Vol. 15, n. 1-2, 1986, pp. 187-212.
- [33] Song, S., Tan, J., & Yi, Y., "IPO initial returns in China: Underpricing or overvaluation?", *China Journal of Accounting Research*, 7(1), 2014, 31-49.
- [34] Tsang, E.W., & Blevins, D.P., "A critique of the information asymmetry argument in the management and entrepreneurship underpricing literature", *Strategic Organization*, 2015.
- [35] Welch, I., "Seasoned Offerings, Imitation Costs and the Underpricing of Initial Public Offerings", *Journal of Finance*, vol. 44, n. 2, 1989, pp. 421-449.
- [36] Zanda, G., Lacchini, M., & Onesti, T., "La valutazione delle aziende", 2013, Giappichelli, Turin.

Health care financing in the European Union countries versus the gross domestic product

Izabela Emerling

Department of National Accounting
University of Economics
Katowice, Poland
izabela.emerling@ue.katowice.pl

Abstract: The financing of health care is an incredibly

difficult political and social issue in all countries, Every state works with a separate health care system, different from the others in terms of financing methods, organisational structure, state involvement and the distribution of size between the public and private sectors.

The aim of this paper is to analyse health care financing in Poland in contrast with the other European Union states and present health care expenses divided into public and private ones, based on the data from the European Statistical Office.

The basic research hypothesis is: Health care expenses depend on the GDP of a particular country.

Key words: health care financing, health care system, gross domestic product

I. INTRODUCTION

The financing of health care is an incredibly difficult political and social issue in all countries, Every state works with a separate health care system, different from the others in terms of financing methods, organisational structure, state involvement and the distribution of size between the public and private sectors [10].

In all countries, the state takes part in financing health care, although the degree of its involvement depends on the classical health care system established in said country. Private resources complement it, but their amount also depends on the system in place [11].

The aim of this paper is to analyse health care financing in Poland in contrast with the other European Union states and present health care expenses divided into public and private ones, based on the data from the European Statistical Office [19].

The basic research hypothesis is: Health care expenses depend on the GDP of a particular country.

II. HEALTH CARE SYSTEM AND ITS FINANCING

The matter of health is inseparably connected with the health care system, also known as the health protection system. The two terms are used interchangeably. The medical system refers to activity aimed at fulfilling health needs, using resources. These resources include drugs, specialised and

medical equipment, etc. However, in order to efficiently utilise the material resources, the work of educated medical personnel is necessary. The health care system can refer to all the medical services offered within the health protection system [13].

Health protection system is a more extensive term, encompassing [9]:

- financing and actions which accompany health care, but are performed by entities from outside the system (e.g. spending funds on medication in households; managing and soliciting funds by various institutions),
- gaining resources necessary for functioning, e.g. drugs, equipment, human resources,
- analysis of the effects of different factors on public health, which includes the health care system (e.g. the quality and availability of services), as well as actions taken, e.g. actions aimed at soliciting funds as a result of a health need emerging [14, 16].

The issue of financing separates the medical system from the health care system [5]. Entities which are not part of the health care system serve the funding function in the health protection system while the funds given by citizens for health care make their way to the health care system, where they are distributed accordingly. However, the sphere of health care does not consume all the funds [12].

III. INDICATORS WHICH CHARACTERISE HEALTH CARE EXPENDITURES

The degree and structure of health care financing undergoes constant changes over the years. These changes are affected by the aging of the society, low birth rate, the structure of solicited and allocated funds. Health care expenditures differ depending on the country and the established health care model [7].

Indicators necessary for estimating and presenting the scale of health care financing are the total/ public/ private expenditures on health care per capita. Expenditures are further divided into two spheres: public and private, while private expenditures can be divided into prepaid ones and those in form of direct transactions. An important measure is the percentage share of expenditures in the Gross Domestic Product [14].

The comparisons are mainly made between countries on a similar development level or having a similar health system. However, we can also compare countries with different development levels in order to compare the discrepancies between them [3].

Total expenditures on health care can be divided into private and public ones. The funds in the public sector come from advance payments, guaranteeing accessibility to health care services (solidarity-based), while the private sector is very much market-based. Its market basis highlights the fact that we are dealing with two different planes; on the one hand there are private insurance institutions, on the other we deal with direct purchase of products or services [8].

The significant share of private health insurances can be explained by a desire to increase security and gain access to private medical care, which is usually provided in an extensive network of medical facilities, while the increase in direct transactions can be interpreted as an increase in spending on the health care of ailing people who decide to purchase such services out of their own pocket.

As we can see, when looking at the difference between expenditures on the public and private sectors, the character of payment draws our attention, i.e. either out of one's own free will or out of duty. Another characteristic difference is the entity which controls and distributes the funds between facilities. Such an entity can be a household, a public entity or a private institution.

Gross Domestic Product (GDP) is defined as a monetary measure of all the goods and services produced in a given country in a given period. Its value reflects the economic and financial potential, which can be juxtaposed with other countries and compared. A measured increase in GDP can reflect the increase in funds supporting health care, but that might as well not be the case.

Among the macroeconomic indicators we can find GDP per capita, which is the mean value of all the goods and services produced within a certain area. GDP used for international comparisons is expressed in a single chosen currency, usually the euro or the dollar, although calculations can also be done according to the purchasing power parity (PPP), which allows us to determine the actual purchasing power. The last option for calculations is the exchange rate.

Another macroeconomic indicator is the share of expenditures on health care in the GDP. This way we can calculate the amount of current expenditures, total or only private or public ones.

IV. HEALTH CARE EXPENDITURES MEASURED WITH GROSS DOMESTIC PRODUCT

The table presents health care expenditures divided into total, public and private ones, all with reference to GDP per capita.

Luxembourg	90788	95929
Ireland	46063	47600
Austria	45858	47416
Germany	43600	44185
Belgium	41928	43060
France	37484	39209
Great Britain	37569	39111
Italy	35931	35762
Czech Republic	28728	30044
Estonia	25921	27169
Greece	25980	26753
Poland	23599	24494
Romania	18952	19577

Source: own study based on data from THE WORLD BANK from <http://www.worldbank.org> [accessed on 26.06.2016] [15].

Table 2 presents the amount of GDP per capita in USD according to PPP. Countries shown in the table are diverse in terms of economy. The leader is Luxembourg, producing the most goods and services per capita in 2012 as well as 2013. Romania has almost half the level of GDP per capita, which in 2013 amounted to only USD 19577. Poland occupies the last

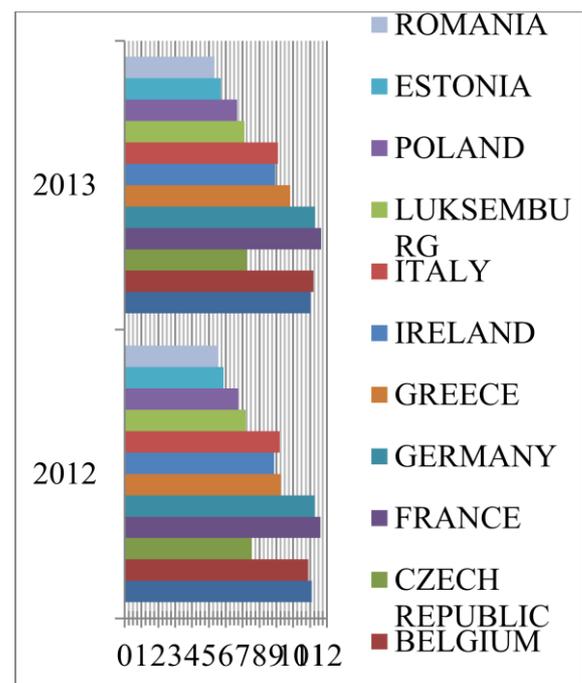


Figure 1. Total expenditures on health as a percentage of GDP per capita

Source: own study based on data from EUROSTAT, WHO from <http://www.euro.who.int/en/home> [accessed on 26.06.2016] [18].

spots in terms of GDP per capita in 2013.

TABLE I. GDP PER CAPITA IN USD ACCORDING TO PPP

	2012	2013
--	------	------

The above Figure 1 presents the share of total expenditures on health care in the GDP for the randomly chosen European Union countries from the 2012/2013 juxtaposition. The chart indicates a difference in total expenditures on health care. Some countries increased spending on health care over the course of the years (Greece) while others decreased it. There are also countries wherein the spending on health care has not changed significantly.

Comparing the GDPs in USD according to PPP with the total expenditures as a % of GDP per capita, we can see that Luxembourg, which has the highest GDP, does not have the highest percentage share of health care expenditures. France, Germany or Belgium, however, have the highest total expenditures on health care (as a % of GDP per capita).

TABLE II. TOTAL HEALTH CARE EXPENDITURES AS A PERCENTAGE OF GDP PER CAPITA

	2012	2013
France	11.61%	11.66%
Germany	11.27%	11.30%
Belgium	10.89%	11.19%
Austria	11.10%	11.03%
Greece	9.27%	9.82%
Great Britain	9.27%	9.12%
Italy	9.19%	9.09%
Ireland	8.87%	8.92%
Czech Republic	7.55%	7.24%
Luxembourg	7.18%	7.10%
Poland	6.75%	6.66%
Estonia	5.87%	5.72%
Romania	5.56%	5.34%

Source: own study based on data from EUROSTAT, WHO from <http://www.euro.who.int/en/home> [accessed on 26.06.2016] (18)

Based on the above data, it should be concluded that in 2013 Estonia and Romania have the lowest share of overall health care expenditures compared to GDP, which accounts for ca 5.5% of their GDP. A similar value of this indicator can be seen in Poland at around 6.7% GDP. The highest values of the indicator are observed in Austria, Belgium, France and Germany, exceeding 11% of their respective GDPs in 2013. Therefore, the model of public health insurance (the Bismarck model) can be associated with a significant share of total health care expenditures in the GDP [6]. In the chart we can see a separately cumulated group of countries: Greece Great Britain, Italy and Ireland, which fall within the 9-10% GDP range of total health care costs. The aforementioned countries are characteristic of the procurement model, i.e. the national health care (Beveridge model) [1]. We can see a significant disparity between countries with lower spending compared to their GDP and those which spend more when we compare e.g. Romania or Estonia with France or Germany. The countries which showed a great change over the period of one year are the Czech Republic and Greece, of which the former exhibits a downward and the latter an upward trend [2].

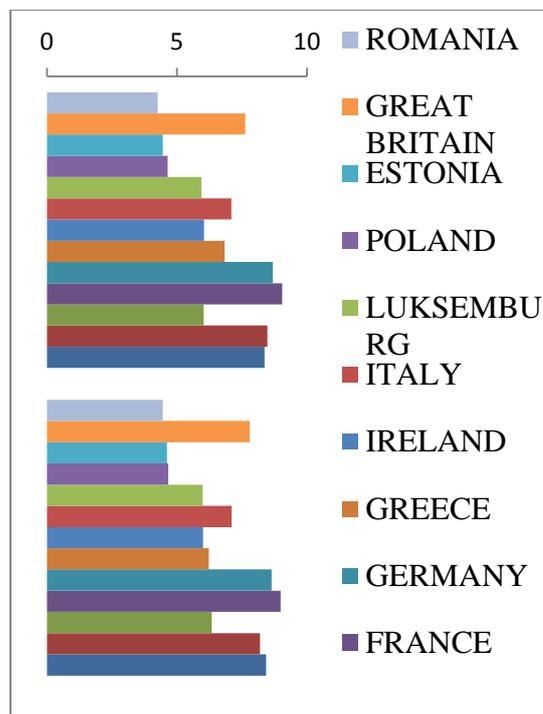


Figure 2. Share of public spending in health care spending as a percentage of GDP per capita

Source: own study based on data from EUROSTAT, WHO from <http://www.euro.who.int/en/home> [accessed on 26.06.2016] [18].

Figure 2 presents public spending on health care as a percentage of GDP in individual countries. Similarly to the other chart, which illustrated the total spending on health care, public spending on health care is differentiated; the spending amount varies depending on the country and the established health system.

TABLE III. SHARE OF PUBLIC SPENDING IN HEALTH CARE EXPENDITURES AS A PERCENTAGE OF GDP PER CAPITA

	2012	2013
France	8.98%	9.04%
Germany	8.64%	8.68%
Belgium	8.19%	4.48%
Austria	8.42%	8.36%
Great Britain	7.79%	7.62%
Italy	7.10%	7.09%
Greece	6.22%	6.83%
Ireland	6.00%	6.04%
Czech Republic	6.34%	6.03%
Luxembourg	5.99%	5.94%
Poland	4.67%	4.64%
Estonia	4.62%	4.46%
Romania	4.46%	4.26%

Source: own study based on data from EUROSTAT, WHO from <http://www.euro.who.int/en/home> [accessed on 26.06.2016] (18).

In years 2012 and 2013 the largest share of public spending on health care as a percentage of GDP is observed in countries with a public health insurance model, such as: Austria, Belgium, France and Germany, which keep it above 8 % GDP. A slightly lower level of spending can be seen in Great Britain, where in 2012 it amounted to 7.79 % GDP and decreased slightly to 7.62 % GDP in the following one. Lower public spending on health care is seen in the aforementioned Great Britain along with Italy, Greece, Ireland and the Czech Republic; in most cases these countries create a procurement model group. As for the lowest share of public spending on health care over those two years, we can enumerate the ex-soviet countries, i.e. Romania, Estonia as well as Poland. A significant increase in public spending on health care has been observed in Greece, which from 6.22 % GDP in 2012 rose to 6.83 % GDP in the next. While in Greece the share of public spending on health care increased, the exact opposite happened in the Czech Republic, where a decrease of 0.31 was observed.

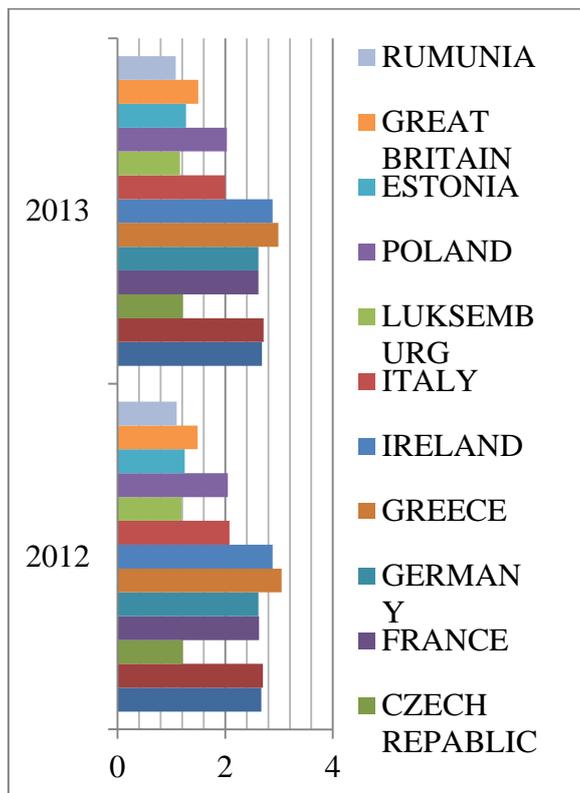


Figure 3. Share of private expenditures in overall health care spending as a percentage of GDP per capita.

Source: own study based on data from EUROSTAT, WHO from <http://www.euro.who.int/en/home> [accessed on 26.06.2016] [18].

Figure 3 shows the share of private expenditures on health care as a percentage of GDP. At a glance we can classify the countries into those with a high and low indicator. Countries with a high level of private spending on health care compared to their GDP are those which also have a high level of overall spending on health care in comparison with GDP. Among private expenditures none of the countries have shown any significant change, downward or upward; therefore, the share of private expenditures as a percentage of GDP in the analysed years remains practically unchanged.

TABLE IV. SHARE OF PRIVATE EXPENDITURES IN HEALTH CARE EXPENDITURES AS A PERCENTAGE OF GDP PER CAPITA

	2012	2013
Greece	3.05%	2.99%
Ireland	2.88%	2.88%
Belgium	2.70%	2.71%
Austria	2.67%	2.68%
France	2.63%	2.62%
Germany	2.62%	2.62%
Poland	2.05%	2.03%
Italy	2.08%	2.00%
Great Britain	1.49%	1.50%
Estonia	1.25%	1.27%
Czech Republic	1.21%	1.21%
Luxembourg	1.19%	1.16%
Romania	1.10%	1.08%

Source: own study based on data from EUROSTAT, WHO from <http://www.euro.who.int/en/home> [accessed on 26.06.2016] [18].

Low share of private spending compared to GDP is observed in countries which exceed 1%; these are: the Czech Republic, Luxembourg, Estonia and Romania. A slightly higher level of these expenditures is presented by Great Britain (about 1.5%). The highest indicator of private spending compared to GDP belongs to Greece - 3.05% in 2012 and 2.99% in 2013. It is closely followed by Ireland, whose indicator is 2.88% GDP. Countries which maintain a high indicator of more than 2.5% of their GDP include Austria, Belgium, France, Germany, as well as the aforementioned Greece and Ireland. Poland (2.05% GDP) presents a similar share of private spending on health care as Italy (2.08% GDP) in 2012; however, in 2013 the indicator decreased in both these countries.

TABLE V. TOTAL EXPENDITURES ON HEALTH CARE AS A PART OF GDP IN 2013 DIVIDED INTO PUBLIC AND PRIVATE ONES

	Total expenditures	Public expenditure	Private expenditures
France	11.66%	9.04%	2.62%
Germany	11.30%	8.68%	2.62%
Belgium	11.19%	8.48%	2.71%
Austria	11.04%	8.36%	2.68%
Greece	9.82%	6.83%	2.99%
Great Britain	9.12%	7.62%	1.50%
Italy	9.09%	7.09%	2.00%
Ireland	8.92%	6.04%	2.88%
Czech Republic	7.24%	6.03%	1.21%
Luxembourg	7.10%	5.94%	1.16%
Poland	6.67%	4.64%	2.03%
Estonia	5.73%	4.46%	1.27%

Romania	5.34%	4.26%	1.08%
---------	-------	-------	-------

Source: own study based on data from EUROSTAT, WHO from <http://www.euro.who.int/en/home> [accessed on 26.06.2016] [18].

In countries selected for Table 5 the highest share in health care spending compared to their GDP in 2013 was observed in France (11.66% GDP), where:

- Public spending amounts to 9.04% of GDP,
- Private spending amounts to 2.62% of GDP.

The country which spent the least on health care was Romania (5.36% GDP), where:

- Public spending amounts to 4.26% of GDP,
- Private spending amounts to 1.08% GDP.

Poland, on the other hand, ranks little higher than Romania when it comes to total expenditures, as it has almost twice the share of private expenditures, because:

- Public spending amounts to 4.64% of GDP,
- Private spending amounts to 2.09% of GDP.

Countries with the highest spending on health care are: Austria, Belgium, France and Germany, i.e. countries operating with the Bismarck model, whose system provides good and satisfactory access to medical services, but requires higher spending compared with the Beveridge model [17].

V. HEALTH CARE EXPENDITURES MEASURED IN PURCHASING POWER PARITY

Measuring health care expenditures using Purchasing Power Parity allows us to determine the real purchasing power. Health care expenditures could have also be measured according to the current exchange rate; however, using PPP is more accurate as it eliminates the influence of exchange rate policy.

TABLE VI. GDP PER CAPITA IN USD ACCORDING TO PPP IN COUNTRIES ACCEPTED INTO THE EUROPEAN UNION BEFORE 1995

	2011	2012	2013
Luxembourg	91073	90788	95929
Netherlands	46388	46449	47955
Ireland	45674	46063	47600
Austria	44022	45858	47416
Denmark	43314	43874	45270
Sweden	43709	44434	45067
Germany	42143	43600	44185
Belgium	40858	41928	43060
Finland	40251	40438	40832
France	37325	37474	39210
Great Britain	36590	37569	39111
Italy	35901	35931	35761
Spain	32530	32236	32842

Portugal	26932	27125	27930
Greece	26627	25980	26753

Source: own study based on data from THE WORLD BANK from <http://www.worldbank.org> [accessed on 26.05.2016] [15].

Table 7 presents the amount of GDP per capita in USD according to PPP, though this time it contains countries accepted into the European Union before 1995. It takes into consideration a period of 3 years; therefore, in those years all the selected countries saw an increase in GDP per capita according to PPP in USD. Luxembourg maintains the highest GDP. Netherlands, placed second, has merely 47955 GDP per capita in USD, while in Luxembourg it is 95929 GDP per capita in USD. The lowest GDP among these countries belongs to Greece, which oscillates around 26753; slightly above Greece is Portugal.

TABLE VII. TABLE 7. GDP PER CAPITA IN USD ACCORDING TO PPP IN COUNTRIES ACCEPTED INTO THE EUROPEAN UNION BEFORE 2004

	2011	2012	2013
Cyprus	32983	31920	30589
Czech Republic	28604	28728	30044
Malta	28178	28355	29526
Slovenia	28514	28482	29098
Slovakia	25168	26091	27414
Estonia	23955	25921	27169
Lithuania	22542	24475	26511
Latvia	19451	21122	25559
Poland	22520	23599	24494
Hungary	22603	22701	24037
Croatia	20571	21016	21442
Romania	17625	18952	19577
Bulgaria	15603	16098	16574

Source: own study based on data from THE WORLD BANK from <http://www.worldbank.org> [accessed on 26.06.2016] [15].

Slightly different and also the lowest level of GDP per capita in USD according to PPP is presented in Table 7, showing countries accepted into the European Union before 2004 [1]. All of the countries analysed show an increase in GDP with the exception of Cyprus, whose GDP decreased with each year. However, despite the decrease in the analysed years, Cyprus has the highest GDP per capita in USD according to PPP from all the countries subjected to analysis. Its GDP in 2013 amounted to USD 30589, followed closely by the Czech Republic at USD 30044. Bulgaria has one of the lowest GDPs per capita in USD according to PPP. The GDP per capita of Poland in 2013 was 24494.

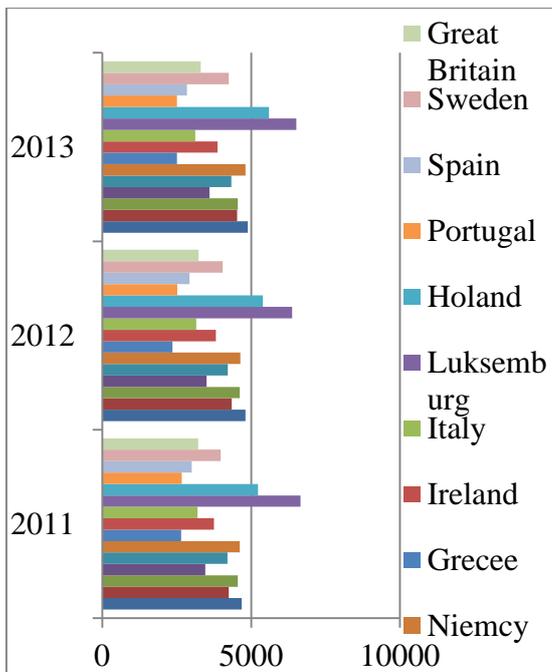


Figure 4. Total spending on health care per capita in USD according to PPP in countries accepted into the European Union before 1995
Source: own study based on data from EUROSTAT, WHO from <http://www.euro.who.int/en/home> [accessed on 26.06.2016] [18].

Figure 4 and Table 6 located above present total expenditures on health care per capita in dollars according to PPP. This time the countries were not chosen randomly, but rather states which joined the European Union (EU) the earliest, i.e. between 1958 up until 1995 were selected:

- 1958 Belgium, France, the Netherlands, Luxembourg, Germany and Italy joined in,
- 1973 Denmark, Ireland, Great Britain joined in,
- 1981 Greece,
- 1986 Spain, Portugal,
- 1995 Austria, Finland and Sweden [4].

The countries which differ significantly from the other ones are Luxembourg and the Netherlands, which have the highest total spending according to PPP per capita; they are also the ones with the highest GDP.

TABLE VIII. TOTAL EXPENDITURES ON HEALTH CARE PER CAPITA IN USD ACCORDING TO PPP IN COUNTRIES ACCEPTED INTO THE EUROPEAN UNION BEFORE 1995

	2011	2012	2013
Luxembourg	6661	6380	6518
Netherlands	5231	5395	5601
Austria	4680	4812	4885
Germany	4612	4635	4812
Denmark	4554	4615	4552
Belgium	4246	4346	4526

France	4202	4213	4334
Sweden	3978	4041	4244
Ireland	3748	3818	3867
Finland	3463	3497	3604
Great Britain	3224	3235	3311
Italy	3203	3153	3126
Spain	3002	2925	2846
Greece	2648	2355	2513
Portugal	2673	2522	2508

Source: own study based on data from EUROSTAT, WHO from <http://www.euro.who.int/en/home> [accessed on 26.06.2016] [18].

Purchasing power parity (PPP) is used to determine the actual purchasing power. According to this conversion rate, the country with the highest total expenditures on health care is Luxembourg, where in 2011 it amounted to USD 6661 per capita and USD 6518 in 2013. Slightly lower spending than that of Luxembourg can be seen in the Netherlands, which at the same time shows the biggest upward trend over the years, i.e. the level of spending per capita of USD 5231 increases to USD 5601 by 2013. The expenditures of the other European Union countries fall in the range of USD 2500 to USD 5000 per capita according to PPP.

Portugal along with Greece are shown in the last position of the table, i.e. they have the lowest total spending on health care per capita in USD according to PPP from the countries selected; in 2013 they amount to around USD 2500.

In this conversion rate we can see a correlation between total expenditures on health care and the established health care financing model. Countries using the system of public health insurance, also called the Bismarck system, which is also the oldest one, are characterised by the highest total spending on health care. Countries in which the procurement system, also known as the Beveridge system, is used take the second place in terms of total expenditures on health care, which is the reason why they appear in more or less the second half of Table 6.

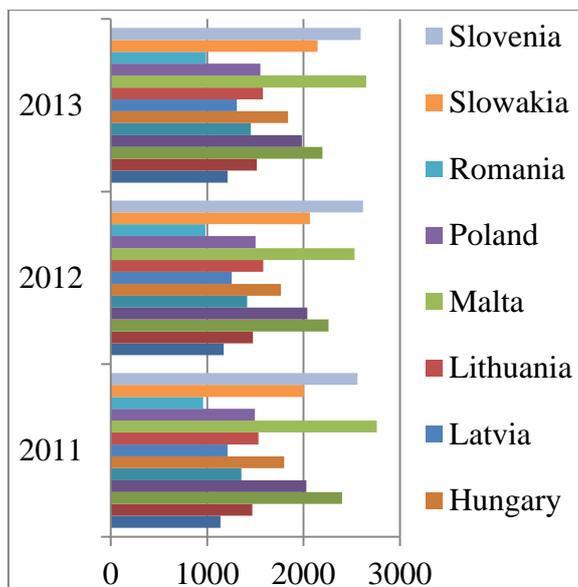


Figure 5. Total expenditures on health care per capita in USD according to PPP in countries accepted into the European Union after 2004
Source: own study based on data from EUROSTAT, WHO from <http://www.euro.who.int/en/home> [accessed on 26.06.2016] [18].

Figure 5 presents countries accepted into the European Union since 2004:

- In 2004 the Czech Republic, Cyprus, Estonia, Lithuania, Latvia, Malta, Slovakia, Slovenia, Hungary and Poland joined in,
- In 2007 Bulgaria and Romania joined in,
- In 2013 Croatia joined in.

The complete expenditures are significantly lower, as their range in 2013 spans from USD 988 to USD 2652 per capita according to PPP. The reason for this is the state of economic development, which is considerably higher in the old EU countries.

TABLE IX. TOTAL EXPENDITURES ON HEALTH CARE PER CAPITA IN USD ACCORDING TO PPP IN COUNTRIES ACCEPTED INTO THE EUROPEAN UNION AFTER 2004

	2011	2012	2013
Malta	2762	2530	2652
Slovenia	2559	2618	2595
Cyprus	2400	2261	2197
Slovakia	2002	2065	2147
Czech Republic	2031	2038	1982
Hungary	1798	1766	1839
Lithuania	1531	1583	1579
Poland	1495	1501	1551
Croatia	1469	1477	1517
Estonia	1356	1416	1453
Latvia	1210	1256	1310

Bulgaria	1138	1171	1213
Romania	958	982	988

Source: own study based on data from EUROSTAT, WHO z <http://www.euro.who.int/en/home> [accessed on 26.06.2016].

In 2013 Malta and Slovenia reach the highest level of the indicator in terms of total expenditures – ca USD 2500 per capita according to PPP, whereas Romania, being the only one, does not even have USD 1000, as in 2013 the level of its expenditures amounts to merely USD 988. In the remaining countries a significant drop or increase in total expenditures is not observed, although in most of the countries the level of expenses increases, which may be related to the growing needs for benefits.

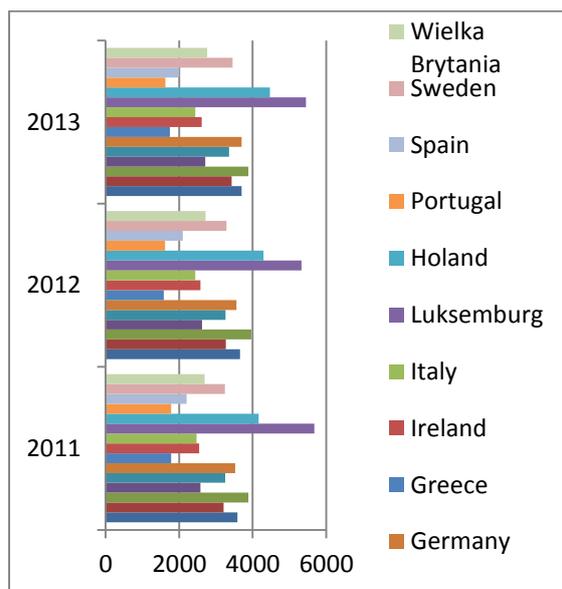


Figure 6. Public expenditures on health care per capita in USD according to PPP in countries accepted into the European Union before 1995
Source: own study based on data from EUROSTAT, WHO from <http://www.euro.who.int/en/home> [accessed on 26.06.2016] [18].

Figure 6 presents public expenditures on health care per capita in USD according to PPP. Similarly to private expenditures in these countries, the highest public spending is noted in Luxembourg and Holland. These are the countries in which the level of GDP per capita in the analysed years was the highest, so there is a visible correlation between the level of GDP per capita and the level of health care spending.

TABLE X. PUBLIC EXPENDITURE ON HEALTH PER CAPITA IN USD ACCORDING TO PPP IN COUNTRIES ACCEPTED INTO THE EUROPEAN UNION BEFORE 1995

	2011	2012	2013
Luxembourg	5682	5324	5454
Holland	4159	4295	4472
Denmark	3885	3958	3886
Austria	3583	3652	3700
Germany	3528	3556	3696

Sweden	3248	3284	3458
Belgium	3213	3268	3431
France	3250	3259	3360
Great Britain	2690	2716	2766
Finland	2583	2623	2713
Ireland	2543	2580	2617
Italy	2471	2438	2439
Spain	2203	2098	2004
Greece	1785	1581	1747
Portugal	1779	1615	1622

Source: own study based on data from EUROSTAT, WHO from <http://www.euro.who.int/en/home> [accessed on 26.06.2016][18].

Considering the level of PPP in the year 2013, Luxembourg, in relation to the remaining countries, spends the largest public resources on health care, which amounts to as much as USD 5454 per capita, even despite the fact that the level of expenditure in this country has dropped since 2011. Holland is the second leader, spending in 2013 USD 4472 per capita according to PPP; it is the only country with such a high increase of public expenditure. The majority of the remaining countries show an upward trend, with the exception of Italy, Spain (the biggest drop in public spending), Greece and Portugal.

This juxtaposition is also dominated by two models of health care financing: the insurance model and the procurement model, which I have mentioned previously when discussing the total health care expenditures in USD according to PPP in countries accepted into the European Union before 1995.

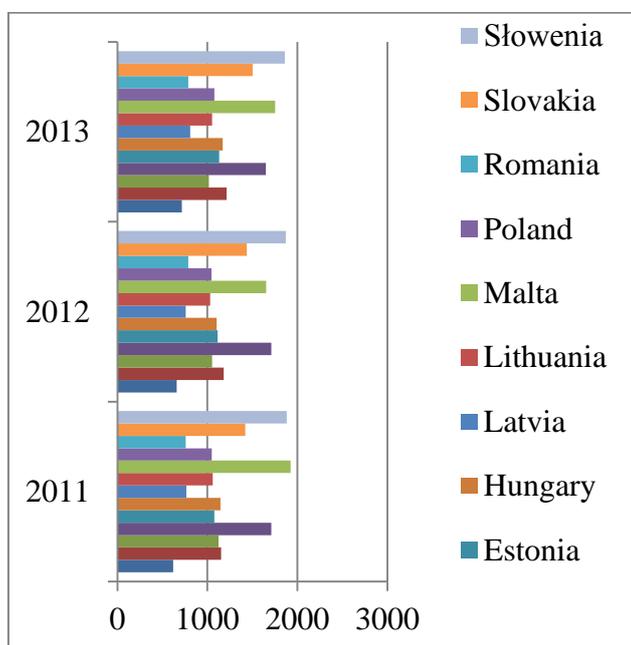


Figure 7. Public expenditures on health care per capita in USD according to PPP in countries accepted into the European Union after 2004
Source: own study based on data from EUROSTAT, WHO from <http://www.euro.who.int/en/home> [accessed on 26.06.2016] [18].

Figure 7 presents public spending on health care per capita in USD according to PPP in countries accepted into the European Union after 2004. The chart shows a visible large group of countries whose level of public expenditure is more than USD 1000, but does not exceed USD 1250 per capita; Poland is in this group.

TABLE XI. PUBLIC SPENDING ON HEALTH CARE PER CAPITA IN USD ACCORDING TO PPP IN COUNTRIES ACCEPTED INTO THE EUROPEAN UNION AFTER 2004

	2011	2012	2013
Slovenia	1882	1871	1859
Malta	1925	1655	1753
Czech Republic	1710	1712	1650
Slovakia	1420	1440	1503
Croatia	1154	1182	1214
Hungary	1146	1104	1169
Estonia	1076	1115	1131
Poland	1050	1044	1079
Lithuania	1059	1033	1051
Cyprus	1123	1053	1018
Latvia	768	761	811
Romania	759	788	788
Bulgaria	621	659	718

Source: own study based on data from EUROSTAT, WHO from <http://www.euro.who.int/en/home> [accessed on 26.06.2016] [18].

According to PPP, the above chart shows a certain division: countries with the lowest public spending of less than USD 1000 per capita are on the lowest level – these are Latvia, Romania and Bulgaria. Slightly higher are placed countries with the level of public expenditure ranging from USD 1000 to USD 1250 per capita; this is the largest group of countries with such public spending, including: Cyprus, Lithuania, Estonia, Hungary, Croatia and Poland. The last group includes countries with the highest public expenditure, i.e. exceeding USD 1500. In 2011 the highest public place belonged to Malta with USD 1925, while Bulgaria with USD 621 ranked the lowest; in 2013 Bulgaria did not change its position, but Malta reached the level of USD 1753, so Slovenia, with its USD 1859, became the leader.

VI. CONCLUSION

The aim of the article was to analyse the financing of health care in Poland against the background of other European Union countries as well as present the health care expenditure divided into public and private spending. Studies conducted on the basis of data from the European Statistical Office allow formulating a few conclusions.

Health care financing is an extremely difficult political and social issue. Each state works with a different health system, differing in the manner of financing, organisational structure, state's involvement and distribution of size between public and private sectors.

In all countries the state participates in the financing of health care system, but this participation is dependent on the classic health care system adopted in a particular country as well as on its wealth. Private resources are complementary; also their size depends on the established system.

One of the conclusions resulting from the conducted study is the level of spending on health care, which is generally dependant on the level of each country's GDP. However, one should take into consideration the fact that even a slight increase of GDP does not necessarily determine an increase in health care expenditure; an example is Luxembourg, whose GDP in the analysed period increased, but health care spending decreased.

An analysis of the level and dynamics of financial variables in the examined countries allows noting a correlation between GDP and the level of public spending on health care; an increase in the GDP level usually enables a higher share of public expenditure in the health care sphere.

Another important issue is the established system of health care financing, which allows concluding that countries having the same health model have similar health care expenditure and in charts they usually form one group of countries.

Summing up, health care financing in Poland against the background of other European Union countries is not performing well. The low level of health care expenditure in Poland results from the low level of GDP and the low share of health care expenditure in GDP; the hypothesis that the level of health care spending depends on the economic development of a country is therefore justified.

REFERENCES

- [1] Bem A. i in., Modele systemów ochrony zdrowia, [w:] P. Ucieklak-Jeż, (red.), System ochrony zdrowia: finansowanie, efektywność, restrukturyzacja, AJD, Częstochowa 2014.
- [2] Broda M., Nauki o finansach, [w:] W. Ronka-Chmielowiec (red.), Doświadczenia krajów europejskich w zastosowaniu współpłacenia w finansowaniu ochrony zdrowia, UE, Wrocław 2009.
- [3] Depta A., System ochrony zdrowia w Polsce, [w:] J. Suchecka (red.), Finansowanie ochrony zdrowia: wybrane zagadnienia, ABC a Wolters Kluwer business, Warszawa 2011.
- [4] Depta A., Transformacja współczesnych systemów zdrowotnych w wybranych krajach, [w:] J. Suchecka (red.), Finansowanie ochrony zdrowia: wybrane zagadnienia, ABC a Wolters Kluwer business, Warszawa 2011.
- [5] Finansowanie w ochronie zdrowia, <http://www.caspin.eu/pl/finansowanie-w-ochronie-zdrowia> (26.06.2017).
- [6] Jaworzyńska M., System opieki zdrowotnej w Niemczech, Uniwersytet w Lublinie, Lublin 2010.
- [7] Kolasa, K., Optymalna alokacja zasobów w ochronie zdrowia, ABC a Wolters Kluwer business, Warszawa 2012.
- [8] Lupniewska P., Finansowanie ochrony zdrowia, <http://cejsh.icm.edu.pl/cejsh/element/bwmeta1.element.desklight-231dc1ef-f90e-4a89-b3ee-c5ed5a169291> (26.06.2016).
- [9] Ministerstwo Zdrowia - podstawowe informacje, http://www.zdrowie.gov.pl/-/MF_EOG_i_NMF_2009_2014_Podstawowe_informacje.html (26.06.2016).
- [10] Modele finansowania opieki zdrowotnej, <http://docslide.pl/education/modele-finansowania1.html> (26.06.2016).
- [11] Mróz T., Uwarunkowania prawne, ekonomiczne i socjologiczne funkcjonowania wybranych systemów ochrony zdrowia, Termida 2, Białystok 2011.
- [12] Nojszewska E., System ochrony zdrowia w Polsce, Lex a Wolters Kluwer business, Warszawa 2011.
- [13] Przybyłka A., Systemy ochrony zdrowia, UE, Katowice 2011.
- [14] Sobczak A., Systemy ochrony zdrowia http://www.zdrowie.wz.uw.edu.pl/wp-content/uploads/materials/20131214_Systemy_ochrony_zdrowia.pdf (26.06.2016).
- [15] The World Bank, <http://www.worldbank.org>
- [16] Ustawa z dnia 27 sierpnia 2004 r. o świadczeniach opieki zdrowotnej finansowanej ze środków publicznych, Dz. U. z 2004 r. nr 210, poz. 2135.
- [17] Wielicka K, Zarys funkcjonowania systemów opieki zdrowotnej w wybranych krajach Unii Europejskiej – Zeszyty naukowe Politechniki Śląskiej, Politechnika Śląska Wydział Organizacji i Zarządzania, 2014.
- [18] Wydatki na ochronę zdrowia, <http://www.euro.who.int/en/home>
- [19] Zdrowie i ochrona zdrowia w 2014 roku, <http://www.stat.gov.pl/> (26.06.2016).

Bulgarian Double Taxation Approach and the Role of Accountants

A. Filipova-Slancheva

University of National and World Economy
Financial and Accounting Faculty
Sofia, Bulgaria
E-mail: nasiafilipova@gmail.com

Abstract—This study assesses double taxation in Bulgaria and the accepted and followed approach, along with the key role of accountants. There is a global understanding that international double taxation is a major obstacle to cross-border activity and investment. Hence, there is objective to eliminate it, where double taxation treaties seem possible solution. OECD has developed applicable model for negotiating bilateral double taxation treaties (DTTs), which eliminate the problem of double taxation.

Bulgaria is an open economy and has accepted and is following OECD model for DTTs, where more than 60 treaties are signed currently. Authorities are experienced in double taxation and legislation is amended and applied as per economic realities and tax needs. General conclusion, based on a survey among 10 accounting companies, is that double taxation is actively applied, as administrative procedures are complicated and require active role, extensive involvement by accountants and broad expertise. Tax authorities and associations are supportive, provide instructions and guidelines but complications, amendments in legal framework and new requirements are leading to the necessity of constant involvement by all stakeholders.

Keywords- Double taxation, Bulgaria, accountants

I. INTRODUCTION

Taxation is important for the existence of every country as properly designed tax process benefits the business and society. Every country has its own tax laws. If you are resident in one country and have income and gains from another, you may have to pay tax on the same income in both countries. This is known as ‘double taxation’. In order words, double taxation could be defined as the levying of taxes on the same income (or capital) of the same taxpayer in the same period across two jurisdictions [1].

The current paper try to shed light on the double taxation in Bulgaria, historic initiatives, accepted and followed approach, main challenges, effect on economic activity and FDI and the role of accountants in the process.

Double taxation treaties (DTTs) also referred as Double Taxation Agreements (DTAs) or Double Taxation Avoidance Agreements (DTAAs) have one major objective – to avoid double taxation. These agreements are almost entirely bilateral and specify which country has taxing rights over an individual, and, if they both have such rights, which one takes priority. The agreements may set down different rules for different types of income. They may also agree to exempt some income

or gains from tax or allow a set-off of tax paid in one country against tax due in the other [2].

In respect of effects on the economy, economic activity, competition and more specifically on level of Foreign Direct Investments (FDIs), empirical literature has tried to estimate the effect of DTTs on FDI. There is no clear conclusion, as they range from a positive, to a negative, to no effect. While the positive effect is consistent with the intention of DTTs, the literature has pointed to the prevention of tax evasion clauses as possibly explaining the evidence for a negative effect on FDI, [3], as well as the evidence of no effect where the positive impact is argued to be offset by this negative impact, [4].

The paper is structured in four chapters. First two chapters are introduction in Double Taxation and approach from global perspective and EU perspective. Next chapter is focused on double taxation in Bulgaria – historic review, implementation, current standing and future perspective. Fourth chapter is on selected methodology, stemming from the research objectives. In the study the following objectives are set – review of the relevant literature related to double taxation, EU approach (regulations, policies) and Bulgarian perspective; accounting role in the process of double taxation and definition of critical issues to be addressed.

Methodology involves a survey conducted in August 2016. Sample size is determined at 10 members of Bulgarian Association of the Professional Accounting Companies (APAC). Fifth chapter is on the findings and results of the research. Last chapter is concluding remarks on the double taxation issues, Bulgarian policy and accounting role and obligations.

The paper has its limitations related to OECD model on double taxation, double taxation approach in Bulgaria and more specifically the role, obligations of accountants.

II. GLOBAL DOUBLE TAXATION, EUROPEAN UNION TAXATION AND DOUBLE TAXATION APPROACH

A. Global Double Taxation Approach

As mentioned, on global level, there are a few approaches for double taxation. This paper will focus only on Organization for Economic Co-operation and Development (OECD) model, which is the most widely applied, also in Bulgaria. The other applied model, the “United Nations Model Double Taxation Convention between Developed and Developing Countries”

[5], has incorporated significant components of the OECD model [2].

Almost half a century ago, in 1958, the Fiscal Committee of the Organization for European Economic Co-operation (OEEC), predecessor of Organization for Economic Co-operation and Development (OECD), published a first treaty model draft on international taxation. In 1950s initial form of integration of global economy was experienced and assistance in order businesses and governments to avoid double taxation and to prevent tax evasion. Almost 15 countries were involved in drafting the first text, where the birth of the OECD model was 1 July 1958. By 1963 a full draft was ready, with the participation of 20 countries, even though it was not until 1977 that the model Double Taxation Convention was published [1]. The 1963 draft consolidated four earlier drafts.

It is worth mentioning that by 1996 only OECD member countries contributed to the model. Only since 1996 the process involved non-OECD countries, as every year OECD organizes a global forum addressing and working on tax treaties.

Currently, more than 3,000 tax treaties are concluded around the world based on the OECD model [2]. Some 30 non-OECD countries have set out their positions on the model.

Global economy is evolving as ever more tax issues are arising. In this aspect, OECD Model is constantly reviewed. Working Party No. 1 of the OECD's Committee on Fiscal Affairs amends the Model. Updates were published in 1994, 1995, 1997, 2000, 2003, 2005, 2008, 2010 and 2014. The next update of the OECD Model Tax Convention is tentatively scheduled for mid-2017 [6].

In summary, the developed by OECD model is applicable for negotiating bilateral double taxation treaties (DTTs), which eliminate the problem of double taxation. It sets the most common problems that arise in the field of international taxation [7], as additionally harmonize tax definitions, defines taxable bases, and assigns taxation jurisdictions, among others. DTTs prevent also tax evasion.

B. European Union Taxation Model and Tax Harmonization

Tax policy in the European Union (EU) has two components: direct taxation, which is sole responsibility of every EU member state, and indirect taxation, which affects free movement of goods and the freedom to provide services in the single market [5].

In respect to direct taxation, EU has however established some harmonized standards for company and personal taxation, and member countries have taken joint measures to prevent tax avoidance and double taxation. Existing tax harmonization is also in line with the willingness to create a well-functioning single market [8], by introducing a minimum Value-Added Tax (VAT) standard rate of 15% and limited list of reduced rates.

Tax harmonization involves also capital income, where in 1990 Parent-Subsidiary directive (PSD) [9] is accepted, which tackled double taxation of repatriated profits by a mother company from its subsidiaries. In 2003, the so called Interest and Royalties directive [10], enhanced the scope of double taxation by addressing withholding taxes on cross-border interest and royalty payments. Further amendments take place

in 2011 and 2014. In summary, as concluded by [8], tax harmonization means equalization of tax bases and/ or tax rates. Additionally, minimum bases or rates are also form of harmonization. The minimum standard VAT rate and the PSD are examples of a harmonization.

On indirect taxation, EU coordinates and harmonizes law on value-added tax (VAT) and excise duties. Each EU country imposes its own tax rules [11] as far as they are respecting EU law and not, for example, discriminating against non-nationals. Competition on the internal market is top priority, so it ensures variations in indirect taxation rates and systems providing businesses in one country an unfair advantage over others. It is worth mentioning that tax policy is at a crossroad: on the one hand is under national discretion and on the other cooperation and coordination is needed in order to address new issues and challenges, including also tax harmonization.

C. European Union Double Taxation Approach

There is no general EU measure to eliminate double taxation. Most EU countries have signed bilateral double taxation treaties among each other.

There is EU-wide understanding that international double taxation is a major obstacle to cross-border activity and investment within the EU. Hence, the objective to eliminate it, is a basic one and principle of any coordinated solution.

EU member states' double tax treaties are generally based on the Model Convention drafted by the OECD. The basic principles explained below are based on the OECD Model Convention, which include:

✓ Tax residence

Determination of the country you should pay your taxes, i.e. country tax residency. As a rule of thumb, a country will tax a resident of that country on all sources income – domestic or foreign. On the contrary, a non-resident will be taxed only on income arising in that country. The tax treaty normally contains rules to establish residence in cases where two countries regard someone as resident.

✓ Double tax relief

In case taxation is applied by two countries, the tax residency country will probably grant double taxation relief. This relief is coming in the form of: a tax credit for any tax paid abroad; an exemption for foreign income so in this case the tax paid in the foreign country is the final tax on your foreign income. The credit which the country of residence allows will only be for the amount of tax due in that country. In order to claim double taxation relief or a refund of tax you may be required to prove it, by providing certain documents related to place of residence or place where taxes have been paid [11].

III. BULGARIAN TAX SYSTEM AND DOUBLE TAXATION

The taxation of corporate income and profits is governed by the Corporate Income Tax Act ("CITA"). As an EU member state, Bulgaria amended in 2007 CITA [12] in order to harmonize taxation legislation with the requirements of the European directives concerning direct taxation [13][14][15].

PSD was also implemented into CITA in 2007 with further amendments in 2009.

The income of natural persons is regulated by Personal Income Tax Act (PITA) [16].

In respect of international taxation and based on OECD model, DTTs are superior to local legislation, as only The Constitution is superior. As per art 13, CITA, superiority to the provisions specified in the international treaty is given, relative to the provisions of CITA.

National Revenue Agency (NRA) is the responsible body for the collection and administering of Bulgarian state taxes (income tax, patent taxes, VAT, corporate taxes). In respect of double taxation, NRA [17] is the competent Bulgarian body.

Following the accepted approach to sign DTTs with major trading partners and various jurisdictions, NRA has developed high level of expertise in the field and is negotiating tax treaties actively. DTTs are reviewed and amended as per the current economic status and development.

Throughout the last years, Bulgaria re-negotiated some of the most frequently applied double taxation treaties. The old tax treaties with Austria (as of 19.01.2012), Germany (as of 01.01.2015), Switzerland (as of 23.11.2013), and, most recently, as of 05.02.2016, with the United Kingdom, were terminated and new treaties entered into force [18]. Currently, the process of negotiations for new tax treaty is launched with the Netherlands, as new rules related to taxation of capital gains is a new moment. Having said that, Bulgaria will be entitled to tax capital gains received by a Dutch entity from the sale of shares in a Bulgarian entity. The Netherlands is one of the leading investors in Bulgaria, as the number of Dutch entities, who have invested in Bulgaria has surged, bringing the logical conclusion that they should reconsider their strategy and restructure the relations.

In respect of new DTT with the United Kingdom, it will replace the currently applicable DTT signed back in 1987, and introduces unified criteria for a resident. The new DTT [18] revokes the withholding tax (WHT) exemption for interest, royalties in the source country.

Bulgaria has concluded more than sixty DTTs which provide for a tax relief or a reduced tax rate.

From legal perspective, in the Tax and Social Security Proceedings Code (TSSPC) [19] are settled the procedure for non-residents to apply the tax relief by the enacted agreements for avoiding the double taxation (AADT).

In order to benefit from the reliefs in a DTT, a non-resident person must submit an application in a standard form to NRA proving that the said person [17][19] :

- ✓ is a resident of the other State within the meaning given by the relevant treaty;
- ✓ is an income holder from a source inside the Republic of Bulgaria;
- ✓ does not own a permanent establishment or a fixed base within the territory of the Republic of Bulgaria, whereto the income is effectively connected;

- ✓ fulfills the special requirements for application of the treaty or separate provisions thereof in respect of persons specified in the treaty itself, where such special requirements are contained in the relevant treaty.

Written evidence, regarding the type, the grounds for realization and the amount of the relevant income, should be attached to the claim.

As per art 142 of Tax and Social Security Proceedings Code, when a payer charges to a foreign person incomes from a source in the country with total amount to BGN 500 000 on yearly basis, a request for applying DTTs shall not be filed.

In cases the total extent of the realized annual income exceeds BGN 500 000, the grounds for application of DTTs regarding the total extent of the incomes shall be certified.

As per the legal framework, role and obligations of Bulgaria in terms of double taxation, include, but not limits to:

- Advice on the applicable procedures and documentation required to obtain DTT clearance;
- Practical assistance in filing DTT application claims and further support in the communication with the authorities;
- Preparation and review of prove and explanations, provided in response to specific revenue authorities' queries;
- Assistance in obtaining tax residence certificates from the Bulgarian tax authorities, related to claiming DTT relief abroad.

The administrative procedures for appealing the tax assessments are also often seen as complex and confusing by businesses. Usually, the DTT relief procedure takes 60 days to be completed [20]. Tax authorities are also complicating the process, as on lower level experience and knowledge on the specific cases are missing. On the other hand, business relations are ever more complicated, very specific cases exists, which seen in light of a certain DTT, creates an enormous burden for accountants and tax authorities. In this respect, the role of the accountant and their respective association is crucial. Education, seminars, certain guidelines are not the only solution.

IV. RESEARCH METHOD

In first part of the study, literature related to double taxation, global and EU initiatives, legal framework and Bulgarian perspective, including accepted approach, signed DTTs, accounting role in the process and definition of critical issues to be addressed are examined.

In order to investigate double taxation and accountants' role, a survey was conducted in August 2016. An approach defined by [21] for simple random sampling was followed. Sample size is based on the number of registered accountants as sample size is determined at 10 members of the association. Lists are obtained from web sites of the Association of the Professional Accounting Companies (APAC). In the next

stage, selected members are approached and structured questionnaire was sent, with 7 simple questions. Questions were structured based on literature review and major Bulgarian double taxation issues defined – advice and assistance in respect of double taxation; experience in application of double taxation; clarity of the process; definition of administrative procedures; complication in order to receive tax relief; assistance/guidelines by NRA; technical support by APAC. The respondent answers with a “yes” or a “no”.

V. RESULTS AND ROLE OF ACCOUNTANTS

Brief update on Association of the Professional Accounting Companies (APAC):



APAC is established in 2003. Association is based in Sofia and is a voluntary non-governmental sectoral organization. Members [22] include specialized accounting and auditing companies, companies offering financial, tax and accounting consultations. APAC is just one of the association with more than 80 members.

Having received answers to the specified questions in the survey, the following could be concluded:

- Eight out of ten companies are providing services related to double taxation – advice and assistance;
- Seven out of the eight companies have experience in double taxation;
- For six companies the process of double taxation is clear, including companies who are not providing such services;
- For seven companies the administrative procedures are extensive;
- Reception of tax relief is complicated for 90% of surveyed companies;
- For 70% of companies, there is assistance by NRA, but still more clearance and practices are needed;
- For 80% of companies, APAC is supportive in terms of double taxation;

The role of accountants in the double taxation process is crucial, as high level of expertise is needed, along with in-depth knowledge of all stages, understanding of local and international legal framework and constant update. The administrative procedures for appealing the tax assessments are complex and confusing and require support, advice and assistance by an accountant. DTT relief procedure takes enormous time and needs strict following and communication with tax authorities, as an application to the tax authorities is submitted. Here accountants provide information and consultancy on all claim accompanying documents, i.e written evidence regarding the type, the grounds for realization and the amount of the relevant income. Additional services are

provided on control exercised by tax authorities in terms of the application of convention and conduct an examination or an audit. For the examination stage, accountants provide services in order an opinion on the existence or non-existence of grounds for application of the tax convention to be issued by tax authorities.

Bulgarian economy is open and cross-border business relations are ever more intensified and complicated. Very specific cases exist; regulatory framework is also amended, along with signing of a new DTT and existence of more than 60 signed DTTs, which create an enormous burden for accountants. Even on EU level, things are complicated and almost every case is different and require special attention by respective accountant and expertise in international tax planning.

VI. CONCLUSION

International double taxation is a major obstacle to cross-border activity and investment. On the other hands, ever more economies are opening for foreign investments, which create the enhanced concern for coordination [23] in taxation among nations. Globally, there is objective to eliminate it, as double taxation treaties seem possible solution. The developed by OECD model is applicable for negotiating bilateral double taxation treaties (DTTs), which eliminate the problem of double taxation. It sets the most common problems that arise in the field of international taxation, as additionally harmonize tax definitions, defines taxable bases, and assigns taxation jurisdictions, among others. DTTs prevent also tax evasion.

Bulgaria has concluded more than sixty DTTs which provide for a tax relief or a reduced tax rate. From legal perspective, in the Tax and Social Security Proceedings Code (TSSPC) are settled the procedure for non-residents to apply the tax relief by the enacted agreements for avoiding the double taxation (AADT).

In order to investigate double taxation and accountants` role, a survey was conducted in August 2016. Sample size is determined at 10 members of the Association of the Professional Accounting Companies (APAC). In the next stage, selected members are approached and structured questionnaire with 7 simple questions is sent.

The role of accountants in the double taxation process is crucial, as high level of expertise is needed, along with in-depth knowledge of all stages, understanding of legal framework and constant update. The administrative procedures for appealing the tax assessments are complex and confusing and require support, advice and assistance by accountant. Bulgarian economy is open and cross-border business relations are ever more intensified and complicated. Very specific cases exist; regulatory framework is also amended, along with signing of a new DTT and existence of more than 60 signed DTTs, which create an enormous burden for accountants. Even on EU level, things are complicated and almost every case is different and require special attention by respective accountant and broad expertise in international tax planning.

REFERENCES

- [1] P. Baker, *An Analysis of Double Taxation Treaties and their Effect on Foreign Direct Investment*, 2012.
- [2] OECD, *Model Tax Convention on Income and on Capital*, seventh edition of the condensed version, Paris, August 2008.
- [3] P. Egger, M. Larch, M. Pfaffermayr, H. Winner, *The Impact of Endogenous Tax Treaties on Foreign Tax Investment: Theory and Evidence*. *The Canadian Journal of Economics*, 39(3), 2006, pp. 901-931.
- [4] T. Coupé, I. Orlova, A. Skiba, In *Sauvant and Sachs' (Eds.), The Effect of Treaties on Foreign Direct Investment*, pp. 171-224, New York, NY: Oxford University Press, 2009.
- [5] United Nations, Department of Economic & Social Affairs *Model Double Taxation Convention between Developed and Developing Countries*, New York, 2001.
- [6] OECD, tax treaties, *Online document title*. Available at: www.oecd.org/ctp/tt
- [7] OECD, *Model Tax Convention on Income and on Capital, Condensed Version*. Paris: Organisation for Economic Co-operation and Development, 2010a.
- [8] A. Bénassy-Quéré, A. Trannoy and G. Wolff, *Tax harmonization in Europe: moving forward*, in *Les notes du conseil d'analyse économique*, no 14, 2014.
- [9] Council Directive 90/435/EEC of 23 July 1990 on the common system of taxation applicable in the case of parent companies and subsidiaries of different Member States
- [10] Council Directive 2003/123/EC of 22 December 2003 amending Directive 90/435/EEC on the common system of taxation applicable in the case of parent companies and subsidiaries of different Member States
- [11] European Commission, *Taxation and Customs Union, Individuals*, *Online document title*. Available at: http://ec.europa.eu/taxation_customs/taxation/individuals/cross-border_en.htm
- [12] *Corporate Income Taxation Act, amend. and suppl. SG. 95/8 Dec 2015*
- [13] Council Directive 2011/16/EU of 15 February 2011 on administrative cooperation in the field of taxation and repealing Directive 77/799/EEC
- [14] Council Directive 2011/96/EU of 30 November 2011 on the common system of taxation applicable in the case of parent companies and subsidiaries of different Member States
- [15] Council Directive (EU) 2015/121 of 27 January 2015 amending Directive 2011/96/EU on the common system of taxation applicable in the case of parent companies and subsidiaries of different Member States (OJ, L 21/1 of 28 January 2015).
- [16] *Personal Income Tax Act, amend. and suppl. SG. 95/8 Dec 2015*
- [17] National Revenue Agency, *Online document title*. Available at: <http://www.nap.bg/en/page?id=530>
- [18] KPMG Bulgaria, *Tax Analysis, Online document title*. Available at: <https://www.kpmg.com/BG/en/IssuesAndInsights/ArticlesPublications/Tax-News/Documents/2015-07-Tax-News-en.htm>
- [19] *Tax-Insurance Procedure Code, amend. SG. 94/ 04 Dec. 2015*, in force as of 01.01.2016, Procedure of applying the agreements for avoiding the international double taxation of the income and the property regarding foreign persons
- [20] PWC, *Bulgaria Corporate – Withholding taxes Online document title*. Available at: <http://taxsummaries.pwc.com/uk/taxsummaries/wwts.nsf/ID/Bulgaria-Corporate-Withholding-taxes>
- [21] M. Saunders, P. Lewis, A. Thornhill, *Research methods for business students*, 5th ed., Harlow, Pearson Education, 2009.
- [22] Association of the Professional Accounting Companies *Online document title*. Available at: <http://www.apac-bg.org/index.php?page=10>
- [23] P. Musgrave, 'The OECD Model Tax Treaty: Problems and Prospects', *Colum. J. World Bus.*, Summer 75, Vol. 10, Issue 2, pp. 29

Forecasting correctness of incurring credit with the aid of E.I. Altman's, J. Gajdka's and D. Stos's discriminant analysis models on the example of 200 studied companies from Opole and Lower Silesia provinces

Rafał Parvi
 WSB University in Wrocław
 Faculty of Economics in Opole
 Wrocław, Poland
 rafalp4@o2.pl

Abstract—The credit risk related to issuing credit for a company is mostly the result of too high amount of the incurred credit, wrong prediction of future periods and repayment of the incurred liability. In order to minimize risk, as part of information about a credited company, there should be technical and economic information enabling to conduct "collective evaluation of the company's activity" with the use of E.I. Altman's, J. Gajdka's and D. Stos's models. Both models were used in the group of the studied companies of Opole and Lower Silesia provinces. The research showed that incurred credit contributed to improvement of the financial liquidity in both groups. However, credits of greater worth led to the lessened increase of net profit and contributed to the small decrease of companies showing net loss. On the other hand, the group of companies, in which credits of lower worth were incurred, could decrease the number of companies suffering from net loss.

Keywords- company, financial liquidity, credit, discriminant analysis, net profit

I. INTRODUCTION

Using the J. Gajdka's and D. Stos's model in practice, it should be noted that the model proves to be perfect for Polish conditions because it reflects the realities of the Polish market, and demonstrates correctness of incurred credit of studied companies. The E.I. Altman's model was also used in research because the research results had to be compared in terms of a difference from the Polish market because this ratio was created for the American market and its needs.

200 micro, small and medium-sized companies were studied in the research, including 100 companies from the Opole province and 100 companies from the Lower Silesia province. Such a big group of the studied companies was used to indicate correctness of the company's decision on incurring credit. The goal was to indicate that the company, which did not have the financial liquidity, or was operating on the border of its maintenance, could improve or regain the financial liquidity after incurring credit [5, 6, 7, 12]. However, the amount of properly incurred credit and the period of its duration were additionally taken into account because they had

significant influence on the company's financial liquidity. Used models also enabled to indicate that the incurred credit influenced development of the subject's running a business positively, and even contributed to improve its financial condition. Nevertheless, it had to be incurred in a proper amount and for a proper period.

II. J. GAJDKA'S, D. STOS'S AND E.I. ALTMAN'S DISCRIMINANT MODELS.

The J. Gajdka's and D. Stos's model reflects the best research results because it was developed in Poland, where Polish companies underwent discriminant analysis. The J. Gajdka's, D. Stos's and E.I. Altman's models are comparable, but were developed for different economic realities. When both models were compared, differences between them were indicated [8, 13].

The E.I. Altman's model has been used for dozens of years. It may distort a picture and a result of the research because it was used as early as in the 1970s. The credit risk related to issuing credit for investments is mostly the result of the credited company's wrong prediction of its realization [2, 4], and as it can also be noticed in the conducted research, the wrong credit amount, either too low, or too high, and the time period, for which it was incurred. The E.I. Altman's model enables to forecast the course of economic events happening in the company within subsequent two years of its operation. The "Z" value, calculated on the basis of 5 economic and financial ratios, is the basis of this model [3, 10]:

TABLE I. E.I. ALTMAN'S GUIDELINES FOR THE COMPANY'S CLASSIFICATION

The "Z" ratio's value	The chance of the company's bankruptcy
$Z \leq 1.8$	Very high
$1.8 < Z < 3$	Indefinite, but significant
$Z \geq 3$	Low

Source: E. I. ALTMAN

$$Z = 1.2 x_1 + 1.4 x_2 + 3.3 x_3 + 0.6 x_4 + 0,999 x_5$$

where:

X1 - working capital / assets in total

X2 – net income / assets in total

X3 – EBIT / assets in total

X4 – net market value of the company/liabilities in total

X5 – trade (net sale) / assets in total

These ratios are statistical assessment of performance of not only the manufacturing company, but also other kinds of the company. If the result of "Z" value's calculations is below three, it means that credit ratings of the company's need to be examined and assessed thoroughly because the indefinite or low chance of the company's bankruptcy, or its ability to overcome such situation, should be expected.

In calculations of the E.I. Altman's "Z" ratio, attention should be paid on the X₅ ratio's value, which is trade (net sale) to assets in total, if the denominator shows low value in relation to the numerator. It may mean that the company is underfunded. That is why values not exceeding three that is X₅ ≤ 3 are considered to be the proper level of this ratio because, otherwise, the general assessment may be distorted.

By the use of the "Z" ratio, we can predict c. 80-90% of accurate forecasts of the companies' bankruptcy, or occurring problems with companies' maintenance of the financial liquidity. It concerns both one- and two-year periods.

E.I. Altman, in his original model, took a sample consisting of 66 companies operating in the same period and sector of economy. Half of these companies was insolvent. At the beginning, he estimated values of 22 financial ratios. Later, the number of these ratios, after conducting statistical tests and verification of their meanings (values), was lessened to 5. These 5 ratios reflect economic and financial situation and predicted credit rating best.

The cut-off point in the E.I. Altman's model amounts to 2.675. It is the discriminatory line separating the set of companies into two groups that is companies with high (below 2.675) and low likelihood of insolvency (above the cut-off point). According to E.I. Altman's research, the error of wrong companies' qualification to the set was then the smallest – as many as 94% of companies, which bankrupted in the previous year, reached the "Z" function's value below 2.675. In the same period, the studied value of 97% of solvent companies was above the cut-off point. Correctness of the classification a year prior to bankruptcy amounted to 95%, and, by analogy, results of the whole sample amounted to 82% two years prior to insolvency.

In Poland, D. Zarzecki undertook verification of discriminant analysis's models in 2003. The result of the analysis of these models conducted by D. Zarzecki shows that the J. Gajdek's and D. Stos's model brings the best research results [8, 11]:

$$Z = 0,7732059 - 0,0856425 x X_1 + 0,0007747 x X_2 + 0,9220985 x X_3 + 0,6535995 x X_4 - 0,594687 x X_5$$

where:

X1 – revenues from the sale/assets in total,

X2 – (short-term liabilities/cost of production sold) x 360,

X3 – net profit/assets in total,

X4 – gross profit from the sale/net revenues,

X5 – liabilities in total/assets in total.

In this model, the cut-off point is 0.45, which means that a studied company is not endangered with bankruptcy, if the above value is reached. This cut-off point is different from the one given by E.I. Altman, but it is related to the used ratios, which are different in particular models.

A comparison of these two research methods by E.I. Altman, J. Gajdka and D. Stos leads to clear conclusions and gives an opportunity to consider both studied methods – the one developed and functioning in the world, and the one used in Polish companies and adjusted to the Polish market's conditions. The other method is a little bit more correlated with Polish companies. However, ratios show that both methods are close to each other, and comply in indicating these companies, which can be included either to the group of companies endangered with bankruptcy, or the one, in which there are successful companies able to compete on the market with incurring credit.

Strengths of the discriminant analysis are:

- the system's easy functioning,
- the assessment's objectivity, in which measurable financial information is the basis,
- effectiveness measured with the forecasts' regularities scale,
- providing early warnings about credit risk.

Weaknesses are:

- effectiveness dependent on the quality of financial data set necessary to estimate values of particular ratios,
- only selected, not complex, quantitative information is taken into account in the model's construction,
- quantitative information is static.

During the study of companies with the use of both models, the method enabling to compare them in a way presenting their financial capabilities unambiguously was constructed. Depicted values of the "Z" ratios were present in conjunction with several variables presenting what differences occur at the chosen amount of contracted credit and its period [1, 8, 9, 10].

Used models are very useful in assessment of the companies' crediting and are often used in practice [3]. Nonetheless, conducted analyses are not attempts to estimate specific worth of credit and the period for which the company

should go in debt, but the credit's maximum worth and period. It may lead to issuing credit to a company, which may not be able to repay it in future.

III. THE USE OF E.I. ALTMAN'S, J. GAJDKAS'S AND D. STOS'S DISCRIMINANT ANALYSIS MODELS IN ORDER TO INDICATE CORRECTNESS OF A DECISION ON INCURRING CREDIT ON THE EXAMPLE OF 200 STUDIED COMPANIES FROM OPOLE AND LOWER SILESIA PROVINCES.

In the Opole province, companies were studied with a comparison of the net profit in following years: a year prior to issuing credit, in the year of issuing credit and two years after issuing credit. The net income (division into following groups: from PLN 0 to PLN 200,000, from PLN 200,100 to PLN 300,000, from PLN 300,100 to PLN 500,000, and from PLN 501,000 to 1,000,000) and net loss were taken into account. The goal of such an analysis was to study range and opportunities of the obtained credit's amount in relation to the net profit and owned capital. The net profit, or net loss, indicated whether credit contributed to maintenance and improvement of the companies' financial liquidity, or it led to their bankruptcy.

In 2010-2015, in the Opole province, companies of lower net profit (from PLN 0 to PLN 200,000 and from PLN 200,100 to PLN 300,000) were the most numerous – there were 77 such companies. In the Lower Silesia province, ranges between PLN 0 and PLN 200,000, and between PLN 200,100 and PLN 300,000 were dominant – there were 41 such companies. It should be noted that the studied companies tended to maintain net profit.

TABLE II. PROFIT OR LOSS OF STUDIED COMPANIES OF THE OPOLE PROVINCE EXAMINED (100 EXAMINED COMPANIES).

Year	Profit 0-200,000	Profit 200,100 – 300,000	Profit 300,100 – 500,000	Profit 500,100 – 1,000,000	Net loss
2010	30	35	10	4	21
2011	31	36	10	4	19

2012	30	37	9	4	20
2013	34	39	10	4	13
2014	35	39	11	4	11
2015	37	40	11	4	8

Source: own development based on 100 studied companies of the Opole province.

TABLE III. PROFIT OR LOSS OF STUDIED COMPANIES OF THE LOWER SILESIA PROVINCE EXAMINED (100 EXAMINED COMPANIES).

Year	Profit 0-200,000	Profit 200,100 – 300,000	Profit 300,100 – 500,000	Profit 500,100 – 1,000,000	Loss
2010	16	20	27	9	28
2011	16	21	28	8	27
2012	15	22	28	9	26
2013	17	22	29	8	24
2014	17	21	30	9	23
2015	18	23	30	9	20

Source: own development based on 100 studied companies of the Lower Silesia province.

Moreover, incurring credit even led to decrease of the number of companies, in which the loss occurred – from 21 to 8 in the Opole province, and from 28 to 20 in the Lower Silesia province. It proves that the decision on incurring credit, which contributed to improvement of the financial liquidity, was correct. These data were summarized in tables 2 and 3.

In tables 4 and 5, the average net profit, average long-term and current assets, average worth of issued credit, and average loss of the companies that do not have the financial liquidity were presented.

In the table 4, it should be noted that the average value of issued credit amounts to PLN 222,465. It is the working capital facility, revolving in subsequent years, and issued in 2011. The value of credit constitutes c. 1/3 of average values of current assets that is c. 31%. It is the evidence that credit, which is c. 30% of current assets, causes maintenance of the financial liquidity, and does not cause financial destabilization.

TABLE IV. AVERAGE NET PROFIT IN RELATION TO VALUE OF LONG-TERM AND CURRENT ASSETS OF STUDIED COMPANIES OF THE OPOLE PROVINCE IN PLN THOUSANDS.

Year	Average Net profit	Average value of Long-term assets	Average value of Current assets	Average value of assets in total	Average value of the issued credit	Average Loss
Before issuing credit						
2010	201,854 (79 companies)	480,567	690,487	1,171,054	X	280,547 (21 companies)
The year of issuing credit						
2011	225,963 (81 companies)	493,457	709,563	1,203,020	222,465	285,312 (19 companies)
After issuing credit						
2012	255,452	505,631	748,874	1,254,505	X	190,996

	(80 companies)					(20 companies)
2013	297,631 (87 companies)	567,524	795,631	1,363,155	X	175,654 (13 companies)
2014	302,254 (89 companies)	599,314	812,254	1,411,568	X	161,321 (11 companies)
2015	324,694 (92 companies)	625,984	836,547	1,462,531	X	145,567 (8 companies)

Source: own development based on 100 studied companies of the Opole province.

TABLE V. AVERAGE NET PROFIT IN RELATION TO VALUE OF LONG-TERM AND CURRENT ASSETS OF STUDIED COMPANIES OF THE LOWER SILESIA PROVINCE IN PLN THOUSANDS.

Year	Average Net profit	Average value of Long-term assets	Average value of Current assets	Average value of assets in total	Average value of the issued credit	Average Loss
Before issuing credit						
2010	255,568 (72 companies)	520,654	720,458	1,241,112	X	458,568 (28 companies)
The year of issuing credit						
2011	264,632 (73 companies)	532,686	736,548	1,269,234	440,562	442,632 (27 companies)
After issuing credit						
2012	278,568 (74 companies)	558,639	766,589	1,325,228	X	450,694 (26 companies)
2013	294,364 (76 companies)	621,349	772,652	1,394,001	X	422,632 (24 companies)
2014	301,258 (77 companies)	634,582	785,361	1,419,943	X	410,785 (23 companies)
2015	305,691 (80 companies)	667,328	815,695	1,483,023	X	385,632 (20 companies)

Source: own development based on 100 studied companies of the Lower Silesia province.

While analysing the table 5, it should be noted that the average value of issued credit amounts to PLN 440,562. It is the working capital facility, revolving in subsequent years, and issued in 2011 as well. However, in case of companies of the Lower Silesia province, its worth in relation to current assets is c. 6/10, so it is 60% of the credit's worth in relation to current assets. In this case, it can be seen clearly that companies maintain the financial liquidity harder with such debts. Moreover, the group of companies suffering loss reduced only from 28 to 27 in the year of incurring credit. As late as in 2012-2015, the group decreased to 20 companies. But in the Opole province, the number of companies suffering loss decreased four times – from 21 to 8 with 31% relation of incurred credit to current assets, while in the Lower Silesia province, the number of such companies decreased from 28 to 20 with c. 60% relation of incurred credit to current assets.

In conclusion, too heavy burden with debt and relying on foreign capital (over 50% of the current assets' value) leads to

disturbance of the company's financial liquidity because the company is not able to pay such debt and use obtained funds properly and sensibly. Only these companies where foreign capital is 30% of current assets will use them sensibly and in accordance with their financial opportunities.

The credit risk taken by a bank due to granting funds was minimal in case of companies with less credit. It is demonstrated by another calculations and use of E.I. Altman's, J. Gajdka's and D. Stos's methods. Nevertheless, granting funds constituting c. 50% of the company's current assets was too dangerous both for the bank and the company.

Analysing course of economic events since the moment preceding issuing credit [11] and subsequent years of the activity's duration, five selected ratios corresponding to particular models were used. The cut-off points for two chosen discriminant analysis models were obtained.

TABLE VI. THE USE OF E.I. ALTMAN'S, J. GAJDKA'S AND D. STOS'S DISCRIMINANT ANALYSIS MODELS ON THE EXAMPLE OF 100 STUDIED COMPANIES FROM THE OPOLE PROVINCE.

E.I. Altman's model	2010	2011	2012	2013	2014	2015
The number of companies showing profit	79	81	80	87	89	92
The average "Z" ratio for companies	3.10	3.35	3.38	3.87	4.01	4.02
Absence of risk, values close to and above 3.0	low	absence	absence	absence	absence	absence
The number of companies showing loss	21	19	20	13	11	8
The average "Z" ratio for companies	1.99	2.15	1.99	2.10	2.16	2.20
Absence of risk, values close to and above 3.0	high	medium	high	High	high	High
The J. Gajdka and D. Stos's model	2010	2011	2012	2013	2014	2015
The number of companies showing profit	79	81	80	87	89	92
The average "Z" ratio for companies	0.65	0.78	0.80	1.01	1.00	1.00
Absence of risk, values close to and above 0.45	absence	absence	absence	absence	absence	absence
The number of companies showing loss	21	19	20	13	11	8
The average "Z" ratio for companies	0.30	0.32	0.38	0.39	0.38	0.39
Absence of risk, values close to and above 0.45	high	high	high	high	high	high

Source: Own development on the basis of data of 100 selected companies from the Opole province.

TABLE VII. THE USE OF E.I. ALTMAN'S, J. GAJDKA'S AND D. STOS'S DISCRIMINANT ANALYSIS MODELS ON THE EXAMPLE OF 100 STUDIED COMPANIES FROM THE LOWER SILESIA PROVINCE.

E.I. Altman's model	2010	2011	2012	2013	2014	2015
The number of companies showing profit	72	73	74	76	77	80
The average "Z" ratio for companies	3.02	3.10	3.12	3.30	3.54	3.67
Absence of risk, values close to and above 3.0	absence	absence	absence	absence	absence	absence
The number of companies showing loss	28	27	26	24	23	20
The average "Z" ratio for companies	0.82	0.83	0.88	1.05	1.09	1.11
Absence of risk, values close to and above 3.0	high	high	high	high	high	High
The J. Gajdka's and D. Stos's model	2010	2011	2012	2013	2014	2015
The number of companies showing profit	72	73	74	76	77	80
The average "Z" ratio for companies	0.49	0.52	0.58	0.68	0.75	0.76
Absence of risk, values close to and above 0.45	absence	absence	absence	absence	absence	absence
The number of companies showing loss	28	27	26	24	23	20
The average "Z" ratio for companies	0.27	0.29	0.31	0.32	0.38	0.39
Absence of risk, values close to and above 0.45	high	high	high	high	high	high

Source: Own development on the basis of data of 100 selected companies from the Lower Silesia province.

On the example of the studied companies of the Opole province, the Altman's model shows significant improvement of the ratio in 2011 (3.35), when companies incurred credit, in relation to 2010 (3.10). Improvement of the selected companies' financial condition proves the above. In subsequent years, this value is the same, and in 2015, increases to 4.02.

The J. Gajdka's and D. Stos's model also indicates values above the cut-off point from 0.65 to 1.01 in 2010-2015. Only in companies suffering from loss the cut-off's ratio tends to deteriorate with the use of both methods, which proves that even properly selected credit does not improve the companies' financial liquidity. The values described above present research included in the table 6.

In turn, in the table 7, E.I. Altman's, J. Gajdka's and D. Stos's models were also used during research of companies of the Lower Silesia province. The above research shows that

companies, which maintained the financial liquidity with incurring credit, improved their financial condition, but their cut-off point's ratio are different from ones noted in the Opole province.

In the E.I. Altman's model, improvement can be seen in 2010-2015 – ratio's value increased from 3.02 to 3.67. whereas in the J. Gajdka's and D. Stos's model, the ratio's values increased from 0.49 to 0.76. It means that credit's worth constituting 60% of the current assets' worth is too heavy burden, and prevents from significant improvement of the financial liquidity. Moreover, it does not show the ratio similar to the one obtained in research in the Opole province.

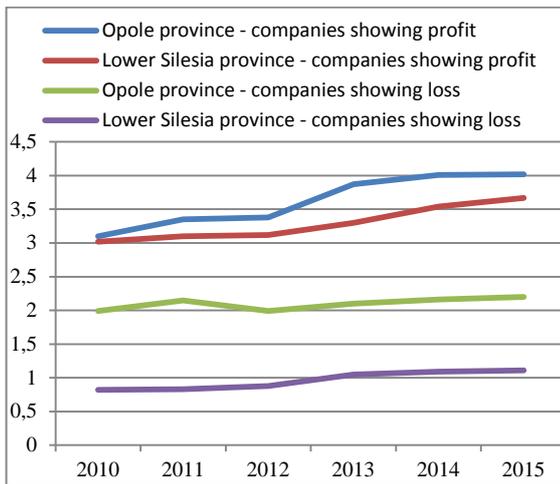


Figure 1. The use of E.I. Altman's model in the analysis of 200 companies of Opole and Lower Silesia provinces showing profit and loss in 2010-2015 (own development on the basis of data of selected companies from Opole and Lower Silesia provinces).

Furthermore, the cut-off points' values of the companies showing net loss in the Lower Silesia province do not show significant improvement of the financial liquidity, but they slightly vary in 2010-2015. In the E.I. Altman's method, they vary from 0.82 to 1.11, and in the J. Gajdka's and D. Stos's method – from 0.27 to 0.39.

It evidences that greater worth of credit could not ensure companies satisfactory improvement of the financial liquidity, but worsened their situation.

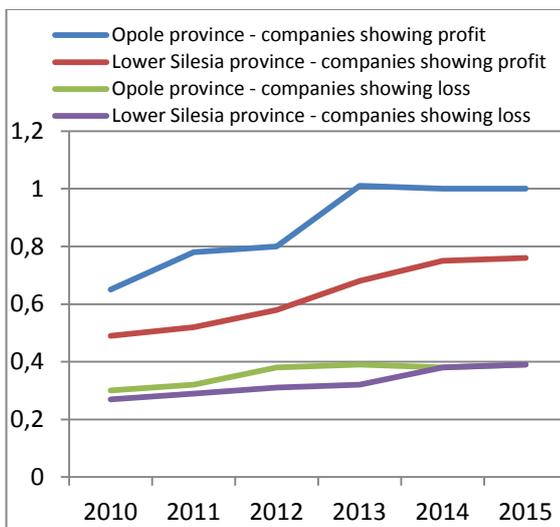


Figure 2. The use of the J. Gajdka's and D. Stos's model in the analysis of 200 companies of Opole and Lower Silesia provinces showing profit and loss in 2010-2015 (own development on the basis of data of selected companies from Opole and Lower Silesia provinces).

Analysing net profit of the companies, it can be noted that issued credit influenced their development positively. There, its huge influence on the companies' net income can be seen. Thanks to opportunity to incur credit, companies could develop dynamically and as they planned in their assumptions with

credit constituting 31% of the current assets' worth. Only credit constituting 60% of the current assets' worth did not cause major changes in many companies and did not lead to improvement of the financial liquidity of the greater number of companies showing net loss.

The sensibly selected credit resulted in the greater increase of net profit and contributed to the increase of net income and profit, without which the company could not develop and reach significant results.

IV. CONCLUSIONS

It should be emphasised that contracted credit in studied companies contributed to improvement of the financial liquidity. However, it was mostly in case of companies, whose credits were c. 30% of the current assets' worth. Furthermore, in case of companies of the Lower Silesia province, whose credits were 60% of the current assets' worth, the financial liquidity was not improved as much as in case of lower credits incurred by the studied companies of the Opole province. Nevertheless, credits enabled companies to settle current liabilities, which are proven by lessened number of companies suffering from net loss because such a phenomenon occurred in the group of 200 studied companies in 2010-2015. Therefore, companies maintained good financial condition after issuing credit. It should be stated clearly that the decision on incurring credit was, indeed, correct. But it should be borne in mind that the amount of incurred credit must not exceed specific worth preventing from repaying incurred credit and settling liabilities, which could lead to the company's inability to debt service. That is why c. 30% of the company's current assets' value, resulting from research of the companies, is the optimal amount.

The period, for which credit was incurred, is highly significant, but the studied companies contracted the working capital facility for one year with the possibility to renew it in subsequent years, which did not affect research and cause its distortion.

The companies that had unevenly balanced liquidity or needed additional financial resources for the functioning on the market, and that took up a credit above the value exceeding 60% of the external funds in relation to their current assets, did not maintain the liquidity, and only 8 companies improved it in relation to 20 companies that were at risk of bankruptcy, which was reported in the Lower Silesia Voivodeship. While the number of companies in Opole Voivodeship, which improved their liquidity, is 13, that is several times more than in Lower Silesia Voivodeship, but the improvement occurred thanks to a taken credit, however the debt amounted only to 30% of the external funds in relation to their current assets. Therefore, there must be a firm answer that the credits that are incurred in the form of cash and account for more than 60% of the external funds in respect of current assets will not have a good impact on the financial condition of the studied companies, since such a capital obligation and interest liability constitutes a major burden for the company, which must within next months, after a credit was incurred, pay it back to the bank [8, 9, 10].

REFERENCES

- [1] Antonowicz P., „Własności wskaźnika rentowności sprzedaży brutto oraz produktywności majątku w prognozowaniu i ocenie zagrożenia upadłością przedsiębiorstw”, w: "Czas na pieniądź. Zarządzanie Finansami. Mierzenie wyników przedsiębiorstw i ocena efektywności inwestycji", Zeszyty Naukowe Uniwersytetu Szczecińskiego nr 760, Finanse, Rynki Finansowe, Ubezpieczenia nr 59, 2013, pp. 11-20.
- [2] Czekaj J., „Rynki, instrumenty i instytucje finansowe”. Praca zbiorowa pod redakcją J. Czekaj, Warszawa, PWN, 2008, pp. 10-17.
- [3] Czerwiński S., Spiak J. Nietupski T., “Calculation parametres de la regulation dans l’entreprises agricole”. Nimes, CIOSTA, 1980, pp. 44 - 55.
- [4] Dowgiało Z., „Upadłość małych i średnich przedsiębiorstw w świetle badań”, Szczecin, „Firma i rynek” Zachodniopomorska Szkoła Biznesu Szczecin 2002 nr 2/3, pp. 122 - 124.
- [5] Gabrusiewicz W., „Analiza finansowa przedsiębiorstwa, teoria i zastosowanie”, PWE, Warszawa, 2014, pp. 245-261
- [6] Jaworski, W. L., „Bankowość”. Praca zbiorowa pod redakcją W.L. Jaworskiego i Z. Zawadzkiej, Warszawa, Poltext 2001, pp. 638-641.
- [7] Nowak E., „Analiza sprawozdań finansowych”, PWE, Warszawa, 2014, pp. 185-194.
- [8] Parvi R., (2015) „Forecasting correctness of incurring credit with the aid of E.I. Altman’s, J. Gajdka’s and D. Stos’s discriminant analysis models on the example of 200 studied companies from Opole and Podkarpackie provinces”, Czech Technical University in Prague, pp. 141-149.
- [9] Parvi R., “Forecasting correctness of incurring credit with the aid of E.I. Altman’s, J. Gajdka’s and D. Stos’s discriminant analysis models on the example of 200 studied companies from Opole and Lower Silesia provinces”, EDIS - Publishing Institution of the University of Zilina, Zilina, 2015, pp. 149-155
- [10] Parvi R., “Forecasting correctness of incurring credit with the aid of E.I. Altman’s, J. Gajdka’s and D. Stos’s discriminant analysis models on the example of 200 studied companies from Opole and Kujawsko-Pomorskie provinces”, EDIS - Publishing Institution of the University of Zilina, Zilina, 2015, pp. 130-146
- [11] Pomykalska B., Pomykalski P., „Analiza finansowa przedsiębiorstwa”, Warszawa, PWN, 2007, pp. 178-189.
- [12] Rutkowski A., „Zarządzanie finansami”, PWE, Warszawa, 2007, pp. 420-429.
- [13] Zarzecki D., „Analiza dyskryminacyjna jako metoda oceny zagrożenia bankructwem”. W: Zarządzanie finansami. Mierzenie wyników i wycena przedsiębiorstw. Szczecin, Uniwersytet Szczeciński 2003, pp. 173-181.

Public aid to coal industry and competitiveness of renewables on power market in Poland

Adam Staliński

Department of International Competitiveness
Poznań University of Economics and Business
Poznań, Poland
adam.stalinski@ue.poznan.pl

Abstract—In this paper there is analysed how public aid to coal industry in Poland affects the competitiveness of production of the electricity from renewable energy sources. Analysis is based on the model of competitive advantage of the nations by M.E. Porter and it is made only from the point of view of the governmental factor and its influence on the other determinants in this model. Results indicate that strong support to coal industry in Poland and especially exemption from the obligation of mitigation the negative consequences its activity are the most important factors that decrease relative competitiveness of all alternative producers, especially those who don't pollute the air, i.e. renewable ones.

Keywords- coal, renewable energy sources, competitiveness, public aid, Poland

I. INTRODUCTION

The aim of this paper is to analyse how public aid to coal industry in Poland affects the competitiveness of production of the electricity from renewable energy sources in this country. Framework for the analysis is the model of competitive advantage of the nations by M.E. Porter, however its scope here is limited to the governmental factor and its influence on the other determinants in this model. The paper is based on reports from sector organisations, scientific articles and books, statistical offices as well as Polish and European law and other sources. The article represent the state of art as on September 2 2016.

II. MODEL OF THE COMPETITIVENES OF THE SECTOR

The most important model explaining components of the international competitiveness of the sector was developed by M. E. Porter (so called Porter's diamond). It indicates determinants of advantage of the nation. Through the term of "nation" Porter understands here the economy of a country and, more specifically, the analysed sector.

Porter singled 6 spheres (4 basic and 2 additional), which have influence on the company, creating the advantage of sector. Its success depends on their good composition, but they don't guarantee it. Each of the factors is differently important in different sectors. All components create the system and are dependent on each other, influencing mutually (Porter, 1991, pp. 71-73). These spheres include:

- Factors conditions, such as e.g. human resources (including costs and qualification level), infrastructure

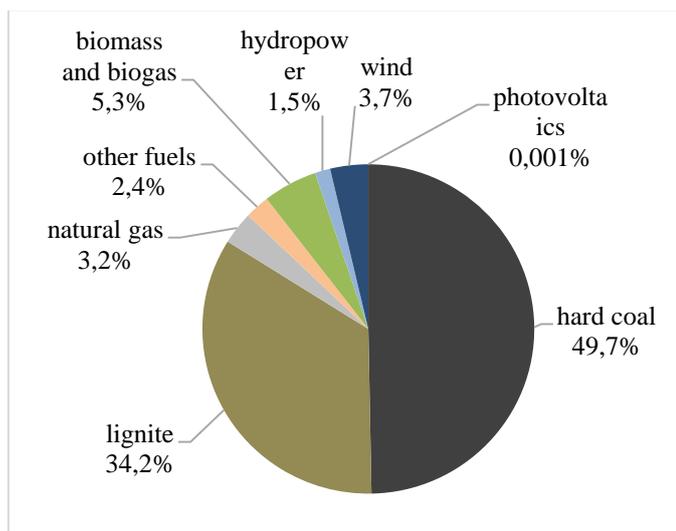
required to operate, knowledge resources, capital and natural resources [1].

- Demand conditions – what are the expectations of the customers. Companies gain the advantage where they are better able to meet needs of clients. Less important is the scale of customer demand but rather its character [1].
- Related and supporting industries. The possibility of achieving a competitive advantage is also influenced by the proximity and abundance of other entities which are not competitors of the analysed sector but which function in the industry and participate in value chain creation. Advantage is taken especially if they are characterized by a high level of international competitiveness [1].
- Firm strategy, structure and rivalry – how many enterprises there are, how large they are, which strategies to compete they adopt, how fierce is the competition, etc. [1].
- Opportunity – this term hides everything what through its sudden appearance significantly changes the situation in the sector, e.g. breakthrough inventions, changes in trends, significant changes in the financial markets, a ground-breaking political decisions, coups, wars, etc. [1].
- The role of the government – it refers to other determinants, which can be influenced positively or negatively. Subsidies, tax rules, policies towards capital markets and education, etc. can significantly change the current system of conditions factors. Strategies of the companies and structure of the sector can be affected, among others, by tax policy and antitrust law, related and supporting industries whereas by regulations in these areas, e.g. support for suppliers. In addition, the government is often the biggest consumer on the market and its purchasing decisions significantly shape the demand – if it claims the latest, most efficient solutions, it stimulates the growth of competitiveness [1].

III. SITUATION IN POLISH ENERGY INDUSTRY

A. Situation in power sector

The main source of electricity in Poland, which in 2013 covered nearly 84% of consumption is coal, which consists of a hard coal (49.7%) and a lignite (34.2%) (see fig. 1) [2]. 90% of it comes from Polish mines [3]. However it is regularly, despite slowly, replaced by renewables. In 2004 the production of electricity from renewable sources in Poland was based mainly on hydropower and biomass, which together accounted for over 95% of their production. In the next 10 years nominal production of hydropower was remaining at a similar level, but the share of biomass was steadily increasing. In the meantime, there significantly increased the production of wind energy, achieving a 54-fold nominal increase, while its relative share increased from 4.63% to 38.69% [2, 4]. In 2016 there were adopted changes in the law which caused that the situation has ceased to be favourable for wind energy, the development of which has been significantly restricted by the limitations in locating the power plants [5]. Support, at least that declared, has been moved in direction of a biogas plant [6]. Main driver in increasing the share of renewables in Polish energy mix is European Union (EU), which obligates all its members to reach certain share of renewable energy production to 2020. Target for every country is assigned individually, for Poland it amounts 15% and concerns whole the energy, not only electricity [7].



Source: based on [8].

Figure 1. Structure of production of electricity used in Poland in 2013.

Besides renewables, production infrastructure in Polish power system is in a very poor condition and suffer from a lack of investment. Polskie Sieci Elektroenergetyczne (Polish Power Grid), the operator of the Polish system of high-voltage network, made in 2016 an analysis of possible scenarios of what might happen if the current direction of development of the Polish power sector will be continued. Even in the optimistic scenario, which assumes the maximum extending the exploitation period of existing power plants, since 2030 Poland is no more able to cover all its demand. In 2035 production will be up to 9 GW lower than the demand, and

even almost 16 GW too low, including the required power reserve. In the second scenario, based on faster withdrawals due to lack of profitability of continuing the use of old installations, since 2021 production will be lower than demand; in 2035 by up to 16 GW. Together with the required reserves, the shortfalls will amount to up to 22 GW. For comparison, the winter demand peak in 2015 was about 26 GW, while for 2035 it is estimated between 32 and 40 GW [9].

The necessity of phase-out of existing installations is a result of their age. Nearly 1/4 of all power capacities of the Polish power system is older than 40 years and 60% is older than 30 years. Maximal technically permissible lifetime, assuming the use of all possibilities of modernization and extension of efficiency of the system is estimated at 50 years. Therefore, by 2030 about half of the currently used infrastructure will have to be exchanged, by 2040 up to 80%, and in 30 years almost all [10]. This is an opportunity for renewable energy, as if soon there is a necessity to invest in new installations, the amount of additional investment funds needed to be spent on transition to renewable energy is relatively lower than if there was no need to replace the current infrastructure.

B. Situation in coal mining sector

Poland has a very large balance resources of coal – estimated at 22 billion tonnes of lignite and 45 billion tonnes of hard coal [11], although only some of these resources can be extracted [12]. The rate of extraction of the national reserves rapidly decreases. Coal production in Poland in the early 80s was about 195 million tonnes per annum [11]. In 2014 it was only 72.3 million tonnes [13]. It also decreases the number of operating coal mines – from 70 in 1989 to 30 in 2011. In about half of those operating resources run out latest within 20 years. It is estimated that the sufficiency of coal resources in Poland is on 40-50 years, unless there are made investments in another mines. It also increases the average depth of extraction – from 524 m in 1989 to 705 m in 2011 [11]. There grow also costs, and thus it decreases the competitiveness of this energy source. As a result, it steadily increases the import of coal, which since 2008 exceeds its export [14]. Lignite is, however, currently mined in only 5 places in Poland and its resources (1,290 million tonnes) will suffice there likely to: in Adamów – 2023, in Konin – 2025, in Sieniawa (very small mine) – 2030, in Bełchatów – 2038, and in Turów – 2045. Due to the greatly invasive character (pits), this type of energy faces enormous social resistance [11], which can be prohibitively expensive to cope in opening new mines, despite a number of proven reserves.

IV. ROLE OF GOVERNMENT IN SHAPING THE COMPETITIVENESS OF PARTICULAR ENERGY SOURCES

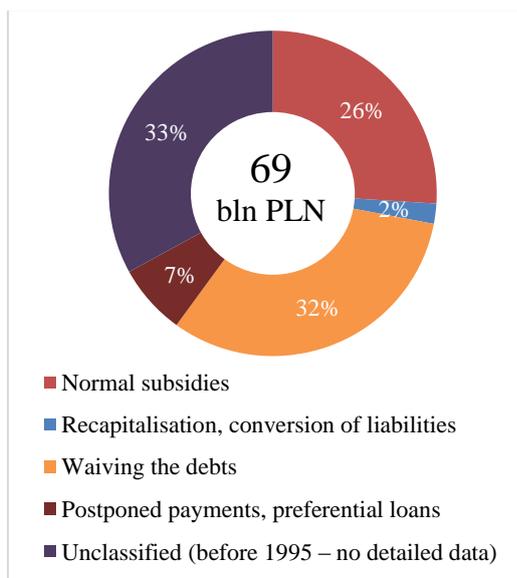
A. Coal production support in Poland

Coal power industry in Poland is supported indirectly, through subsidies to the coal mines, which can thus offer their products cheaper. Coal mining is subsidised in many ways. Firstly, there is a direct support to the coal mining companies. Generally, in EU public aid is forbidden in any form which distorts or threatens to distort competition by favouring certain undertakings or the production of certain goods. However there

are some exceptions, where public aid is or may be accepted, like remedying a serious disturbance in the economy of a Member State or facilitating the development of certain economic activities or of certain economic areas [15].

Before the accession of Poland to EU in 2004 direct public aid to coal mining was amounting nearly 0,2-0,3% of gross domestic product (GDP). In 2003 however, when there was last opportunity to make it, such expenses exceeded 2% of GDP. Nowadays public aid amounts 100-150 million EUR yearly and is limited to forms that are allowed by EU, mostly R+D works, restructuring and support connected with environment, like removal of mining damages and liquidation of mines [3].

According to the report by WiseEuropa, Polish mining industry, without public aid wouldn't be able to compete on global market without significant restructuring. This restructuring is financed from public aid. Many mining companies were recapitalized directly or indirectly through the conversion of their unpaid liabilities. Several times there were waived or postponed many billions PLN of different backlogs in payments, like retirement and pension contributions, taxes, contributions to the Fund of Guaranteed Employee Benefits, as well as environmental charges, including those for mining damage. Total sum of different grants and subsidies in 1990-2012 amounts 69 billion PLN (~16 billion EUR) [3]. Their structure is shown on fig. 2.



Source: [3].

Figure 2. Structure of public aid to coal mining in Poland in 1990-2012.

However, as mentioned currently, since accession to EU in 2004, such forms are very limited and they are a small part of public aid to coal sector in Poland.

Another form of public aid are subsidies to the special system of mining pensions. Due to the regulations, miners get disproportionally higher pensions in relation to their pension contributions than employees of other industries. According to the *Law about pensions from the Social Insurance Fund* (Polish: *Ustawa o emeryturach i rentach z Funduszu*

Ubezpieczeń Społecznych), their pensions are multiplied by a factor of 1,2-1,8 – depending on the particular type of work. Moreover, miners in Poland are entitled to retire significantly earlier than employees of other industries [16]. It results in longer period of drawing the pensions, what implicates higher their costs for the social system. According to WiseEuropa (estimations for 2013), to every 1 PLN paid by miners, the state pays additional 1,52 PLN for this purpose, what is another form of subsidies [3].

It is estimated that in 2012 mentioned above subsidies accounted for around 6% of wholesale electricity price [3].

The most important form of supporting the coal-based energy is connected with its external impact. Coal combustion has enormously harmful impact on the public health (and on the environment). Costs arising from it are connected with, among other, sick leave, pensions for people unable to work or higher expenses on medical treatment [3]. Those costs in Poland are estimated on 2.979 – 8.219 billion EUR every year. It is the highest value in EU, more even than in over two times more inhabited Germany. In whole EU it is (15.453 – 42.811 billion EUR). However even these costs are not exhausting, because they don't include consequences of neurological damages related to the release of mercury, which is responsible for medical expenses of 8-9 billion EUR yearly in whole EU. They also don't include all health impacts during the life cycle of coal, like those from coal mining, transport and waste disposal [17]. There should be taken into consideration also consequences of acid rains due to sulphur content in coal. Such rains cause, among other, faster degradation of buildings. In Polish study from 2014 there was assessed that external costs of coal combustion in Polish power plants should be compensated by additional fee amounting from around 0,1 to 0,5 PLN/kWh (~0,023-0,114 EUR/kWh). However, this study also doesn't include all the costs, e.g. those associated with climate changes [3]. The most comprehensive, a study for USA from 2011 indicates that in this country total cost of coal electricity should be higher by 0.178 USD/kWh (0.16 EUR or 0.7 PLN) [18]. Comparatively, average electricity price for consumers in Poland in 2016 was 0,56 PLN/kWh (0,128 EUR). Only 0,17 PLN (0,04 EUR) of this amount was the cost of electricity. The rest includes transmission costs and taxes [19]. It means that if power sector would have to be fully responsible for all the costs of external effects of its activity, final price of current from coal power plants for the customers in Poland would be at least 2 times higher than now and wholesale price several times higher (even taking into consideration higher mitigation costs in the USA due to higher costs of among other medical services). For industrial consumers it would be higher difference, because of lower tariff paid now. According to Eurostat [20], Average electricity price for medium sized households in Poland in 2015 amounted equivalent of 0,1444 EUR/kWh and for medium sized industrial customers 0,0833 EUR/kWh.

B. Regulation on infrastructure as a form of support

According to Adam Smith, one of the forms of public intervention is also regulating the infrastructure required to run a business. The state should maintain it in condition necessary to develop the trade [21]. In this context there should be paid

attention on the fact that renewable sector is generally very dispersed, especially in geothermal and biomass subsectors that cannot be huge facilities due to the dispersion of production factors [22, 23]. In Poland electricity production system was up to now concentrated and mostly limited to small number of big coal facilities located often in proximity of coal mines. Renewable generation would require rebuilding the transmission system to provide the possibility of grid access for those facilities. There are currently still big lacks in this issue, especially important for small renewable producers for whom building the line connecting them with the system would be very expensive in relation to the total costs of investment. It is important because connection to the grid is made to transformer station, that sometimes is very far from the planned power plant [24]. Here, however, Polish law offers support to renewable producers, although only those smaller. According to the *Energy law*, renewable power plants with nominal power not higher than 5 MW pay only half of the costs of connecting to the grid. When the use cogeneration, they must be smaller than 1 MW, [25] (all agriculture biogas power plants in Poland use cogeneration [26]). Microinstallations, i.e. up to 40 kW [27] are always exempted from the costs [25].

C. Customer expectations and market structure

For customers of electricity the most important is its lowest possible cost, however they are also afraid that change of its supplier may cause breaks in supplies. Experience of energy markets with a lot of competitors (like Great Britain) shows that the longer diversification is present, the more customers knows about the possibility of changes and the more they are eager to benefit it, changing the supplier [28]. Due to division between production and distribution facility owners, distributors in such situation exert pressure on producers and they are influenced by these changes. In conditions of supporting the concentrated producers, it is harder to have an influence on them. In addition, for renewable producers it is harder to compete with them with lower price that coal power plants offer thanks to special support. Relatively low benefits of changing the supplier cause that customers are less interested in looking for the cheaper one. At result, electricity market experiences lower pressure on looking for alternative suppliers.

In addition, hidden support for coal industry and open support for renewables makes unclear the situation for public opinion. Society may get the impression that renewables are more costly than coal what create biased situation for decision-makers, who influenced by public opinion may be reluctant to change current situation [3].

D. Support for renewable energy sources

Renewables in Poland are also subsidised in different forms. There is supported building new installation and R&D works. Most of money for this purposes comes from EU. Another form of support are so called green certificates [3], i.e. certificates of origin of energy from renewables that electricity distributors must buy in amount related to part of energy sold by them [27]. In Poland the most important reason of necessity of supporting the renewables are high costs of building the installation. In such conditions old, yet amortised, coal plants are in better situation. Nominal amount of support (in all form)

for power from renewables in 2005-2012 was averagely 0,26 PLN/kWh (0,06 EUR/kWh) [3]. However costs of renewables from one year to another are lower and lower. That is why the rate of necessary subsidies for them also is (and will be) lower and lower, whereas mining loses are not decreasing [3], despite restructuring (among reasons are e.g. higher and higher costs of extraction due to depleting the shallow reserves and necessity of mining deeper and deeper).

V. CONCLUSIONS

Public aid to the coal industry in Poland has a huge consequences for the competitiveness of renewable energy sources on the electricity market (see fig. 3.). Support in greatest extent refers to the exemption of the industry of responsibility for negative side effects of its activity. Diseases, pensions, sick leaves, premature deaths, etc. cost in Poland every year 2,979-8,219 billion PLN. There are also all kinds of damage to the environment, such as acid rain and climate change, which also cause financial losses of people. These costs are currently paid from the state budget and budgets of individual citizens. If they were covered by the culprits, i.e. entities that are responsible for emissions, the electricity price for end users would have increase around twice and the wholesale price several times. Also other forms of support are important for decreasing the competitiveness of power generation from renewable sources. They are mainly hidden in the form of co-financing of pensions for employees of suppliers of coal, i.e. mines. As a result, mines can offer their product cheaper as well as their clients (power plants) can cheaper generate electricity. Thanks to subsidies mines can extract more coal than on the market conditions it would be economically justified.

Also transmission infrastructure is adjusted for the existing producers and entrance of the new ones would be associated for them with additional, enormous costs, which significantly affect their economic performance.

Subsidising the coal also results in fewer players in the market and a weaker rivalry between them. In a situation where the primary determinant of the choice of electricity supplier for the customer is the lowest price, actions to lower the cost of coal power plants, particularly disturb the competition.

Supporting the coal industry also increases the demand for the technologies associated with it, and thus allows their manufacturers to improve them, and those who offer alternatives doesn't give such sales possibilities.

Hidden support for coal disrupts also public opinion and make it more favourable to the coal sector, as it hides its major disadvantages.

And finally, government has the possibility of sudden performing the unexpected solutions on the market, which can quickly change the situation. Not using this option also is an intentional action.

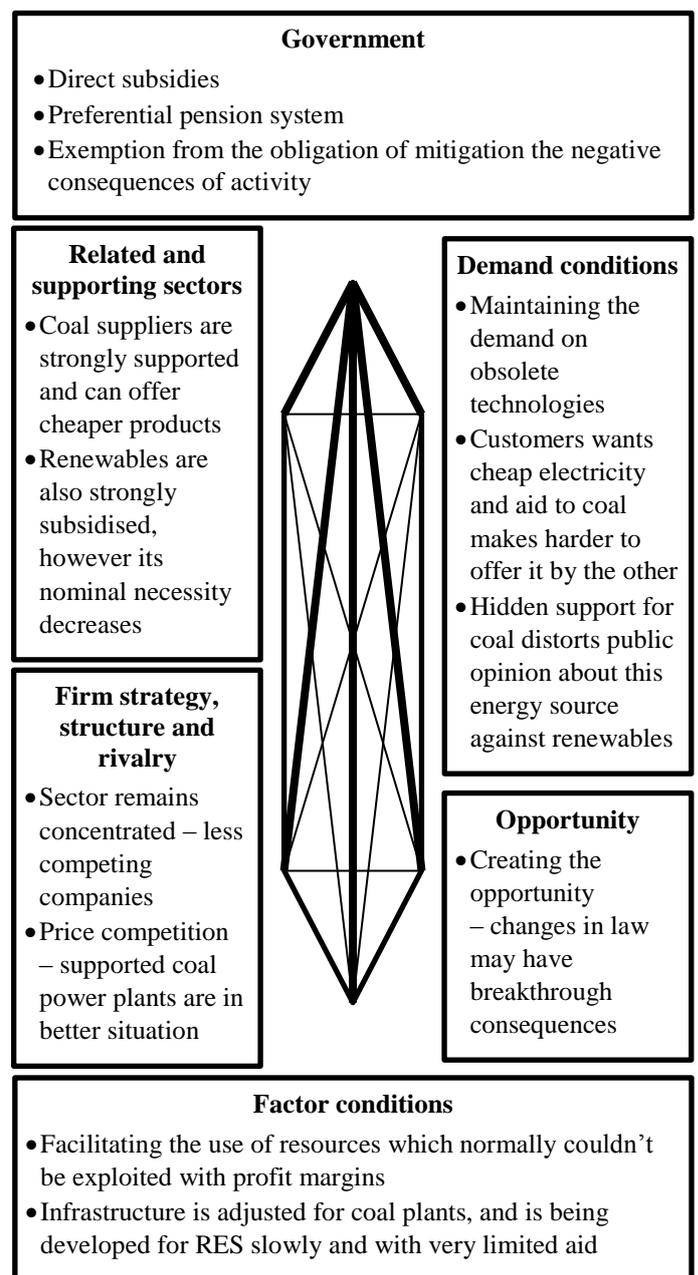
Summarising, subsidising the coal industry in Poland greatly distorts competition on the electricity market against the renewable energy sources and it is probably the most important factor inhibiting their development. Equal opportunities, including taking by the power plants the

responsibility for all the consequences of their activities would cause that the renewable energy sources would be on the electricity market more competitive than coal.

In order to solve these problems author suggests that Polish government should:

- stop to subsidise coal mining, especially pensions;
- introduce a fee for emissions of harmful substances to the atmosphere – not only CO₂, but also any other, including especially sulphur compounds, mercury and dust. Every power plant emitting them should be under this fee, without an amount of emissions exempted from it. Height of the fee should reflect total negative environmental and health consequences and should be fully spent on its mitigation;
- participate more in costs of developing the transmission infrastructure to provide renewable producers more equal chances in access to the market.

Then supporting the renewable producers also will be much less necessary and after some time completely unnecessary. Green certificates however should be left in order to stimulate decarbonisation, even if their prices will be insignificantly low.



Source: own.

Figure 3. Influence of Polish government on competitiveness of renewable energy sources on power market.

REFERENCES

- [1] M. E. Porter, "The competitive advantage of nations", Macmillan Press: London and Basingstoke, 1991.
- [2] GUS, „Energia ze źródeł odnawialnych w 2014 r.”, Główny Urząd Statystyczny: Warszawa, 2015.
- [3] M. Bukowski and A. Śniegocki „Ukryty rachunek za węgiel. Analiza wsparcia gospodarczego dla elektroenergetyki węglowej oraz górnictwa w Polsce”, Warszawski Instytut Studiów Ekonomicznych: Warszawa, 2014.
- [4] GUS, „Energia ze źródeł odnawialnych w 2013 r.”, Główny Urząd Statystyczny: Warszawa, 2014.
- [5] Ustawa z dnia 20 maja 2016 r. o inwestycjach w zakresie elektrowni wiatrowych (OJ 2016 position 961).

- [6] IAR, „Tchórzewski: Rząd będzie wspierał biogazownie”, Bankier.pl, 28.12.2015, <http://www.bankier.pl/wiadomosc/Tchorzewski-Rzad-bedzie-wspiera-biogazownie-3462840.html>, accessed: September 1, 2016.
- [7] Directive 2009/28/EC of the European Parliament and of the Council of 23 April 2009 on the promotion of the use of energy from renewable sources and amending and subsequently repealing Directives 2001/77/EC and 2003/30/EC (Text with EEA relevance) (OJ L 140, 5.6.2009, p. 16–62).
- [8] CIRE, 2016, „Podstawowe dane”, Centrum Informacji o Rynku Energii, <http://www.rynek-energii-elektrycznej.cire.pl/st,33,207,tr,75,0,0,0,0,0,podstawowe-dane.html> accessed: August 9, 2016.
- [9] Polskie Sieci Elektroenergetyczne S.A., „Prognoza pokrycia zapotrzebowania szczytowego na moc w latach 2016 – 2035”, Konstancin-Jeziorna, 2016.
- [10] PWC, „Ocena stanu technicznego infrastruktury gospodarki”, PWC: Warszawa, 2015.
- [11] Z. Kasztelewicz „Blaski i cienie górnictwa węglowego w Polsce”, in: *Polityka energetyczna*, vol. 15, iss. 4, 2012, pp. 7-27.
- [12] T. Olkusiński, „Analiza trendów wydobycia węgla energetycznego u czołowych producentów na świecie oraz w Polsce”, in: *Polityka Energetyczna*, vol. 16, iss. 2, 2013, pp. 53-65.
- [13] GUS, „Gospodarka paliwowo-energetyczna w latach 2013 i 2014”, Główny Urząd Statystyczny: Warszawa, 2015.
- [14] T. Olkusiński, „Zależność Polski w zakresie importu węgla kamiennego”, in: *Gospodarka Surowcami Mineralnymi*, vol. 29, iss. 3, 2013, pp. 115-130.
- [15] Consolidated version of the Treaty on the Functioning of the European Union (OJ C 326, 26.10.2012, p. 47–390).
- [16] Ustawa z dnia 17 grudnia 1998 r. o emeryturach i rentach z Funduszu Ubezpieczeń Społecznych (OJ 1998 no 162 position 1118).
- [17] J. Huscher and D. Smith “The unpaid health bill. How coal power plants make us sick”, Health and Environment Alliance: Brussels, 2013.
- [18] P. R. Epstein et al. “Full cost accounting for the life cycle of coal”, *Annals of the New York Academy of Sciences*, in: *Ecological Economics Reviews*, 2011, no 1219, pp. 73–98.
- [19] Cena prądu, „Ceny prądu w Polsce”, 2016, <http://www.cenapradu.strefa.pl/>, accessed: August 31, 2016.
- [20] Eurostat, “Electricity prices by type of user”, 2016, <http://ec.europa.eu/eurostat/tgm/table.do?tab=table&init=1&language=en&pcode=ten00117&plugin=1>, accessed: September 1, 2016.
- [21] P. Podsiadło „Pomoc publiczna a konkurencyjność małych i średnich przedsiębiorstw w świetle zaleceń strategii rozwojowych Unii Europejskiej”, Uniwersytet Ekonomiczny w Krakowie: Kraków, 2015.
- [22] IRENA, “Renewable Power Generation Costs 2014”, International Renewable Energy Agency: Bonn, 2015.
- [23] R. Bertani, “Geothermal Power Generation in the World 2005–2010 Update Report”, in: *Proceedings World Geothermal Congress 2010*, Bali, pp. 1-41.
- [24] J. Dach, „Rynek biogazowni w Polsce – ocena i perspektywy”, in: *Czysta Energia*, no V, 2010, pp. 38-42.
- [25] Ustawa z dnia 10 kwietnia 1997 r. Prawo energetyczne (OJ 1997 no 54 position 348).
- [26] „Rejestr wytwórców biogazu rolniczego. Stan na dzień: 05.08.2016 r.”, http://www.arr.gov.pl/data/02004/rejestr_wytworcow_biogazu_rolnicze_go_05082016.pdf, accessed: September 1, 2016.
- [27] Ustawa z dnia 20 lutego 2015 r. o odnawialnych źródłach energii (OJ 2015 position 478).
- [28] PWC and ING, „Koniec tradycyjnej energetyki? Jak wygrać w dobie zmian?”, 2015.

Porter's Competitive Strategies and Human Resources in Czech Family Businesses

Šárka Zapletalová

Silesian University in Opava

Department of Business Economics and Management Karviná, Czech Republic

zapletalova@opf.slu.cz

Abstract—The entrance of an enterprise on the market itself allows for a significant business opportunity. The entrance and activities of entrepreneurial subjects on the international markets can be complicated owing to a number of factors that are given by the environment on one hand, and by the position and situation of the entrepreneurial subject itself on the other hand. The companies that decide to enter international entrepreneurship must be aware both of entrepreneurship opportunities and risks, which are inseparably connected with entrepreneurship. Entrepreneurial activities on international markets bring significant changes in strategy and strategic management of enterprise and are conditioned by them as well. This paper aims to investigate the competitive strategies of Czech family businesses on the international markets at the first foreign entrance. The paper is based on data collected in interviews with managers and founders of Czech family businesses. The companies included in the study are those that have already undertaken internationalization activities and are incorporated in the Czech Republic. Strategies of the Czech family businesses have been researched using the method of questioning; the main primary data collection instrument was a questionnaire-interview.

Keywords— Czech family businesses, internationalization, international markets, Porter's competitive strategy, strategy, human resources

I. INTRODUCTION

The enterprises which are applying the growth strategy must decide soon or later about the internationalization strategy if they plan expansion not only on the domestic market, but also on the international markets. The entrance of a company on the market itself allows for a significant opportunity, so long as the said company possesses the proper readiness which grants it the chance to develop entrepreneurial activities (business) in the international markets. The internationalization of entrepreneurship activities counts among strategic long-lasting decisions; these decisions bring significant changes in running a company and are conditioned by them as well. Michael Porter revolutionized thinking about competitive strategies twenty years ago with the development of three generic strategies that companies can adopt to outperform industry rivals: overall cost leadership, differentiation, and focus [1]. Porter [1] transformed the theory, practice, and teaching of business strategy. He described competitive strategy as taking offensive or defensive actions to create a defensible position in an industry, to cope successfully with the five competitive forces and thereby yield a superior return on investment for the company. When engaging in cost

leadership, the company produces products for a wide customer group with lower costs resulting from economies of scale. When following a differentiation strategy a company attempts to differentiate the product offered that is perceived industry-wide as unique, thereby increasing and/or capturing consumers who have relatively inelastic price sensitivity of demand. The third generic strategy is the focus strategy in which the company targets a particular buyer group, segment of the product line, or geographic market. Many companies have ignored any strategy all together [2,3] or have defined price as the primary and in many cases sole competitive variable [4]. There are some factors, external and internal factors, behind the choice of the competitive strategy on international markets.

The objective of this paper is to investigate empirically competitive strategies of the selected Czech family businesses on international markets at the first foreign entrance. The main research question of the paper is: which factors affect the choices of the competitive strategy on the international markets at the first international entrance? In this research study, capabilities of the family business (as resources, knowledge or experience) were investigated as internal factors influencing the selection of competitive strategy (Porter's competitive strategies). More specifically, the analysis is aimed at better understanding of the relationship between international competitive strategy and selected factors such as company size, industry, resources, knowledge, and experiences with international activities. The study is based on primary data collected from a recent survey of Czech family businesses. The relationships of interest are analyzed using relevant regression techniques. The paper is organized into three parts. The first part of the paper outlines selected theories dealing with the internationalization strategy and competitive strategy of enterprises. The second part of the paper aims to present and then interpret results of the survey carried out among Czech family businesses. Finally, the last section provides conclusion of the research and offers discussion of the most important implications. The results of the analysis are discussed and further recommendations are provided for managers in the last section.

II. THEORETICAL FRAMEWORK

The term internationalization of entrepreneurial activities refers to all those entrepreneurial activities which involve cross-border transactions of goods, services, and resources between two or more nations. Transactions of economic resources include capital, skills, people etc. for international

production of physical goods and services such as finance, banking, insurance, or construction etc. The internationalization of entrepreneurial activities is represented by geographic expansion of entrepreneurial activities across national borders [5]. Companies go international for a variety of reasons but the typical goal is the company growth or expansion. The problems of the internationalization of entrepreneurial activities have received a considerable interest among a number of significant economists (Johanson, Lopez, Andersen etc.). Studies of international entrepreneurship often focus on the pattern and speed with which new companies break into foreign markets [6,7,8,9]. For more than three decades the academic community has studied internationalization and its implications for the company performance [10,11,12,13]. In the last decade, the strategies of internationalization have been included among most relevant topics in managerial literature. New perspectives are flourishing and new approaches combine different approaches, knowledge and competences. Studies on the internal factors on the internationalization process and competitive strategy focus on having strong leadership on top, strong management team [14,15,], entrepreneur [16,17], management team's international experience [18], product quality [15], satisfying customers' needs, the ability to develop and sustain technological advantage, the ability to identify and focus on one or several market niches/regionalization [14], the availability of financial and technological resources, strategic alliances [19,20], and competitive strategy [21,22].

When a company hires international employees or searches for new markets abroad, an international strategy can help diversify and expand a business [23]. The progress and speed of business activity internalization depends on the importance and role that is assumed to the international entrepreneurship within the entrepreneurship strategy of the particular company. Strategy is a process that can allow an organization to concentrate its resources on the optimal opportunities with the objectives of increasing sales and achieving a sustainable competitive advantage [24]. According to Chaffee [25], strategy is the determination of the basic long-term goals of the enterprises, and the adoption of courses of action and allocation of resources necessary for carrying out these goals. Corporate strategy applies at the level of a company engaged in different business segments: the multi-business corporation. It essentially defines the portfolio of businesses in which the corporation wants to be and the resource allocation pattern among those businesses. If the corporation operates internationally, the corporate strategy will be an international corporate strategy which will incorporate the choice of regions and countries in the corporate portfolio [26]. A business strategy is then used as an umbrella term to denote the broad range of strategic options open to the company, including both organizational and functional management strategy, product/market strategies, and diversification strategies [27]. It consists of integrated decisions, actions or plans that will help to achieve target goals. A business strategy is a set of fundamental choices which define its long-term objectives, its value proposition to the market, how it intends to build and sustain a competitive business system and how it organizes itself. If the market in which the company operates is foreign,

its business strategy will be an international business strategy that defines the way to compete across the world [26].

In the competitive strategy framework, a successful business is one which sustains an attractive relative position for the company. The success of the process of internationalization of company depends in large part on the formulation and implementation of competitive strategy [16]. According to Sliwiński [28], a permanent competitive strategy is obtained through synergy. When a company has permanent competitive advantage, its resources and capabilities are durable, hard to identify and hard to copy. The organization of domestic economic activity and the integration of the company in the domestic markets [29] is an important factor for the definition and success of an international competitive business strategy [30]. For companies seeking benefits from international markets, the type of competitive strategies they choose may represent an important vehicle by which they build a distinctive business position at the international level and achieve superior financial returns [31,32].

Competitive strategies can be classified according to their level and types. There are various competitive strategy typologies. This research study focuses on Porter's typology of competitive strategies. Michael Porter has described a category scheme consisting of three general types of strategies that are commonly used by business to achieve and maintain competitive advantage. Porter [33,34,35] suggests two generic, but fundamentally different approaches to creating and sustaining a competitive advantage: lower cost than its competition and differentiation relative to its rivals. These competitive advantages lead to three generic competitive strategies: cost leadership strategy, differentiation strategy, and focus strategy. These three generic strategies are defined along two dimensions: strategic scope and strategic strength. Strategic scope is a demand side dimension and looks at the size and composition of the market you intend to target. Strategic strength is a supply side dimension and looks at the strength or core competency of the company. In particular Porter identified two competencies that he felt were most important: product differentiation and product cost [36]. The two basic types of competitive advantage (differentiation and lower cost) combined with the scope of activities on international markets for which a company seeks to achieve them lead to four generic strategies for achieving above average performance in an industry: cost leadership, cost focus, differentiation, and differentiation focus [34].

With strategy cost leadership, the objective is to become the lowest-cost producer in the industry. The sources of cost advantage are varied. They may include the pursuit of economies of scale, proprietary technology, preferential access to raw materials and other factors. Many market segments in the industry are supplied with the emphasis used to minimize costs. If the achieved selling price can at least equal the average for the market, then the lowest-cost producer will in theory enjoy the best profits. This strategy is usually associated with large-scale businesses offering standard products with relatively little differentiation that are perfectly acceptable to the majority of customers. Occasionally, a low-cost leader will also discount its product to maximize sales, particularly if it has a significant cost advantage over the competition and, in doing

so, it can further increase its market share. Maintaining this strategy requires a continuous search for cost reductions in all aspects of the business. The associated distribution strategy is to obtain the most extensive distribution possible. Promotional strategy often involves trying to make a virtue out of low cost product features. The product is often a basic product that is produced at a relatively low cost and made available to a very large customer base. By producing high volumes of standardized products, the company hopes to take advantage of economies of scale and experience curve effects. To be successful, this strategy usually requires considerable market share advantage or preferential access to raw materials, components, labor or some other important input. Without one or more of these advantages, the strategy can easily be mimicked by competitors.

With the strategy cost focus companies compete by following cost leadership strategies to serve narrow market niches which are generally targeted the smallest buyers in an industry (those who purchase in such small quantities and those industry-wide competitors cannot serve them at the same low cost). Here a business seeks a lower-cost advantage in just one or a small number of market segments. The product will be basic, perhaps a similar product to the higher-priced and featured market leader, but acceptable to sufficient consumers.

Strategy differentiation involves selecting one or more criteria used by buyers in a market, and then positioning the business uniquely to meet those criteria. This strategy is usually associated with charging a premium price for the product (often to reflect the higher production costs) and extra value-added features provided for the consumer. Differentiation is about charging a premium price that more than covers the additional production costs, and about giving customers clear reasons to prefer the product over other, less differentiated products. Companies that succeed in a differentiation strategy often have the following internal strengths: access to leading scientific research; highly skilled and creative product development team; strong sales with the ability to successfully communicate the perceived strengths of the product; corporate reputation for quality and innovation. Vargas and Tagle Rangel found [37] that those SMEs whose explicit business strategy emphasizes innovation and knowledge creation which are the basis for differentiation strategy have been able to successfully participate in global contexts. Differentiation strategy can allow small companies to minimize harmful interaction with competitors, giving rise to business export on international markets.

In the differentiation focus strategy, a business aims to differentiate within just one or a small number of target market segments. In the strategy a company seeks to be unique in its industry along some dimensions which are widely valued by buyers and perceived to be better or different from the competition. The special customer needs of the segment mean that there are opportunities to provide products that are clearly different from competitors who may be targeting a broader group of customers. Companies following focused differentiation strategies produce customized products for small market segments. They can be successful when either the quantities involved are too small for industry-wide competitors to handle economically, or when the extent of differentiation

requested is beyond the capabilities of the industry-wide differentiator. The important issue for any business adopting this strategy is to ensure that customers really do have different needs and wants, in other words that there is a valid basis for differentiation and that existing competitor products are not meeting those needs and wants. It is rewarded for its uniqueness with a premium price [33].

All competitive strategies in themselves appear to be sensible, logical and coherent, highlighting the advantages and benefits that a company could gain by using either approach. A more common approach is to differentiate where possible and reduce the cost where necessary. Besides that, Porter's thesis of "stuck in the middle" [33,38] argues that these two strategies cannot be combined. While a company focusing on cost leadership has to maintain a certain standard for its products, reducing the possibility to create economies of scope, a company focusing on differentiation may find it difficult to maintain low costs and compete with other companies that produce more standardized products for the same market. Many suggest that a combination of cost leadership and differentiation is not only a feasible option [39,40], but also a successful approach to improve competitive position and to cope with rapid and complex changes in the market environment [41,22]. Unlike Porter [35] they argue that it is false to choose between two orientations (differentiation and cost leadership), and they advice to follow up both Cheaper and Better strategy which will gain sustainable competitive strategy. Chetty and Campbell-Hunt [42] argue that companies must develop their strategies that are capable of capturing as many economies of scale as they can, while also supporting multiple product variants. By this new, hybrid strategy companies do not rely on a single generic strategy, but companies integrate the generic strategies and successfully pursuing the cost leadership and differentiation strategies simultaneously. Differentiation enables the company to charge premium prices and cost leadership enables the company to charge the lowest competitive price.

Man and Wafa [43] found a significant relationship between differentiation strategy type and business performance of SMEs. According to Potinggia and Vescovi [44] the size effects can be observed in the two levels: the first are the resources to invest to gain new foreign, overseas markets (not limited to marketing and sales but also manufacturing and logistics); at the second level, the organizational capabilities combine quickly and to move faster than multinational enterprise, typical of smaller and medium companies. In international competitive strategy the size plays a significant role in determining the innovation requested. Based on the above discussion it is proposed that:

Hypothesis 1: Competitive strategy on international markets at the first international entrance is affected by the company size.

Porter's generic strategies describe how a company pursues competitive advantage across its chosen market scope. A company also chooses one of two types of scope, either focus (offering its products to selected segments of the market) or industry-wide, offering its product across many market segments [33]. Porter describes an industry as having multiple

segments that can be targeted by a company. The breadth of its targeting refers to the competitive scope of the business. The intensity of competition in an industry determines the ability of company in the industry to sustain above average returns. According to Porter [33] the characteristics of the industry determine the strength of the five basic competitive forces. The goal of competitive strategy for a company is to find a position in its industry where these competitive forces will do it the most good or the least harm. The success of a company's competitive strategy depends on how it relates to its environment. Not all industries have equal potential. They differ fundamentally in their ultimate profit potential as the collective strength of the forces of competitive. Based on the above discussions regarding to competitive strategies, it may be proposed that:

Hypothesis 2: Competitive strategy on international markets at the first international entrance is affected by the industry.

Enterprises seem to operate in international markets exploiting the advantage coming from its relative flexibility of governance and routines and overcome some of the issues created by insufficient resources. The resource based theory of the firm [45,46,47,48] suggests that the allocation of organizational resources is a key determinant of companies' strategy, performance and maintenance of competitive advantage in the markets. The lack of resources for internationalization, according to Potinggia and Vescovi [44], is for many companies an obstacle to develop and to implement international strategies. The needs to join resources among different companies or to enter in new markets using inter-organizational relationships and agreement, or institutional mechanisms of alliances suffer from many limitations. Resource availability can be defined as the level of resources available to companies from environment [49]. Since the resources are limited, companies often have to fight for these resources with their competitors. This brings about two important aspects: the availability of resources and the competition of resources. Based on the above discussions regarding competitive strategies, it may be proposed that:

Hypothesis 3: Competitive strategy on international market, at the first international entrance is affected by the company resources.

According North and Kumta [50], the knowledge retains rationalization potentials (through the transfer best practices) and differentiation potentials (through the combination knowledge). Dixon [51] defines knowledge as the knowledge that employees learn from doing the organization's tasks. Davenport and Prusak [52] define knowledge as a fluid mix of framed experience, values, contextual information and expert insights that provides a framework for evaluating and incorporating new experiences and information. Knowledge is developed in a specific context. Knowledge in organizations takes many forms and can be classified from different perspectives. It includes the competencies and capabilities of employees, a company's knowledge about customers and suppliers, know-how to deliver specific processes, intellectual property in the form of patents, licenses and copyrights, systems for leveraging the company's innovative strength and so on.

Knowledge is the product of individual and collective learning and is embodied in products, services and systems. The creation and transfer of knowledge play an important role in the operative management of international companies. This involves decisions on which knowledge is created, and where and how knowledge can be transferred efficiently. Multinational companies are turning into worldwide knowledge networks with their customers and suppliers. The availability of knowledge is also a criterion for decisions pertaining to where business activities are located. This involves not only the creation of local market knowledge but also the availability of corresponding qualified employees and suppliers. Knowledge is managed through knowledge transfer mechanisms. Based on the above discussions regarding to competitive strategies, it may be proposed that:

Hypothesis 4: Competitive strategy on international markets at the first international entrance is affected by the knowledge about international markets.

Knowledge transfer in a company can be defined as the process by which one unit is affected by experiences. Experiences are built through shared hands-on experience amongst the members of the organization, and between the members of the organization and its customers, suppliers and affiliated companies. Skills and know-how are acquired and accumulated by individuals through experiences at work. International experiences are important resources for enhancing international competitiveness of companies. Based on the above discussions regarding to competitive strategies, it may be proposed that:

Hypothesis 5: Competitive strategy on international markets at the first international entrance is affected by the experience with international activities.

III. METHODOLOGY

This research study is part of a larger research which focused on the internationalization process of Czech family businesses. The objective of this research study is to present the results of primary research focused on specification of competitive strategies and management of human resources of Czech family businesses on international markets at the first foreign entry. On the basis of the research results significant characteristics of competitive strategy of Czech family businesses will be specified. The research was carried out in the Czech Republic between May 2015 and May 2016. The competitive strategies of Czech family businesses have been researched with the method of oral questioning and the main instrument was a questionnaire.

A. Data

The research design is based on the collection of primary data from top managers of selected Czech family businesses. The sample consisted of 246 Czech companies which are located in the Czech Republic. The companies under research were selected with the method of non-probability purposive sampling, or more precisely on the basis of assumption and occasional selection. The companies included in the study have already started their internationalization operations, they are incorporated in the Czech Republic and all of them are private companies.

The instrument used in the survey was a structured questionnaire containing five fields of varying degrees of complexity relating to the area of internationalization. The questionnaire consisted of closed, semi-closed and opened questions. The questions are based on information offered due to personal communication with selected experts from business and universities and on the basis of previous researches. In some questions, particularly those related to the entry mode choice and market choice, simple and complex scales were used, mostly the Likert-type scale (5 = strongly agree to 1 = strongly disagree). In addition to the interview questions the questionnaire also included 4 questions related to the company background itself (the type of a business sector in domestic market and in international markets; the size of company measured by the number of employees and the level of revenue; the year of company foundation; the year of the first foreign market entry). The questionnaire was pre-tested for instrument validity with 20 managers. In interviewing these managers, they were asked to respond to the items measuring the theoretical construct. The managers were also asked to identify any ambiguities revealed in the draft questionnaire. Some minor changes of wording were made, based on their feedback.

Because of the relatively low response rate in mail surveys in the Czech Republic, and sensitivity to Czech managers' concerns about industrial espionage, a high level of personal involvement consisting of telephone calls and personal delivery and pickup of questionnaires was necessary to collect survey data from Czech family businesses in this research study. First, telephone calls were placed to general managers or CEOs of the Czech companies to explain the purpose of the study and to request their participation. Thereafter questionnaires were hand-distributed to the general managers and CEOs. Trained research assistants helped the managers and CEOs complete the questionnaire, and explained any items that the respondents wished to have clarified. This procedure resulted in 300 matched questionnaires, from which 54 were eliminated due to incompleteness of responses. Thus 246 (a response rate of 82%) questionnaires were used in the subsequent data analysis and statistical processing.

B. Variables

Dependent variable is the competitive STRATEGY of Czech companies on international markets at the first foreign entrance. To establish the strategic approach on international markets, respondents were presented with a list of nine possible strategic approaches. Respondents indicated their approach used. The majority of respondents used the differentiation strategic approach.

The group of *independent variables* consists of: available RESOURCES for international activities, KNOWLEDGE of international markets, EXPERIENCE with international activities (number of years of work in international markets), company SIZE, and INDUSTRY. Resources were measured via the list of eight the most important available resources (tangible and intangible resources) for international activities. Respondents indicated the most important resources that have been available for international activities. The mode of resources among sampled companies was foreign contacts and

special knowledge. Knowledge of international markets by company management were measured by using the five-item scale (Cronbach's alpha = 0.802). The level of knowledge of international markets was intended as an above average. Experiences with international activities were measured according to the number of years of management working on international markets. The median number of years among sampled companies was five. The number of years of experience with international activities ranges from ranged from zero (39%) to 60. The size of company was measured by the number of employees. The mode of company size among sampled companies was a medium sized company. The industry of companies was classified by employing the statistical classification of economic activities in the European Community NACE. The mode of industry among sampled companies was manufacturing.

C. Sample

The final sample consisted of 27 % of companies representing manufacturing, 19 % of service companies, and 54% of business companies. The companies differed as to their size assessed by the number of employees so that 41 % of the sample consists of small companies (microenterprises and small enterprises), 33 % of medium ones and large ones equal 26 %. The Eurostat [53] and Czech Statistical Office [54] classify enterprises by a wide range of variables such as sales revenues and the number of employees. This research study follows the conventional idea (European idea) that the size of companies is defined according to EU norms. A company, which has from 1 to 10 employees and 2 million euro of turnover per year, is referred to as a micro company. A company, which has 11 to 50 employee and at most 10 million euro of turnover per year, is called a small company. A company, which has 51 to 250 employees and at most 50 million euro of turnover per year, is called a medium company. A company, which has more than 250 employees and more than 50 million euro of turnover per year, is called a large company. Average age of the respondents is twenty two years.

D. Analyses

The analysis draws on the method of logistic regression to test hypotheses. The normality of all the variables was checked using skewness, kurtosis, and outlier analyses, which indicated that no transformations were required. Variance inflation factors (VIF) associated with each regression coefficient showed a range of 1.005 – 1.777 and factor of tolerance showed a range of 0.344 – 0.850. These values indicate no serious problems with multicollinearity. The representativeness of the research sample was verified by using the criterion of territorial representation of businesses in the present research. The representativeness of the research sample was also verified by a chi-square test. Based on the level of significance $\alpha = 0.05$, the p-value accounted for 0.128, which means that the research sample was representative with respect to the location of the business unit. The data obtained via the questionnaire research were processed by using the IBM SPSS statistical program.

The analysis began by examining the correlation between variables. All variables were screened to reveal their distribution through Pearson correlation coefficients.

IV. RESULTS

To test the research hypotheses (Hypothesis 1 – Hypothesis 5) logistic regression models were created with competitive strategies (cost leadership, cost focus, differentiation, differentiation focus) as dependent variable and with five independent variables. Therefore, five models were created. The results of formal tests of the hypotheses are provided in Tables I – V. Goodness-of-fit tests for each successive model were conducted. The results show that the Pseudo R² (defined by McFadden) is improved at the 0.05 and 0.01 significance level when the explanatory variables are included in the model. In addition, the results from the Pearson and Deviance measures are used to assess the goodness of fit. The results from the Wald χ^2 statistic also confirm that the predictive power of successive models has been increased significantly.

A. Model 1 – Strategy and Company size

The logistic model was fitted to the data to test the research hypothesis regarding the relationship between the likelihood to choose a competitive strategy and the independent variables – company size. Variables of logistic regression models are described in Table I.

The analysis shows that for a selection of international competitive strategy the SIZE of company is not statistically significant predictor. The hypothesis H1 is not supported.

TABLE I. LOGISTIC REGRESSION RESULTS FOR HYPOTHESIS 1

Independent variables	Dependent variables			
	Cost leadership	Cost focus	Differentiation	Differentiation focus
Intercept α	-3.521**	-2.943**	-0.616*	0.510**
SIZE β_1	0.471	-0.188	0.159	-0.179
Wald	3.763	0.235	2.297	2.153
Odds ratio	1.602	0.829	1.172	0.836
Pearson	17.136			
Deviance	21.161			
Pseudo R ²	0.02			
Wald χ^2 statistic	5.897			

* p < 0.05, **p < 0.01

Source: own research

B. Model 2 – Strategy and Industry

Logistic model was fitted to the data to test the research hypothesis regarding the relationship between the likelihood to choose a competitive strategy and the independent variables – industry of company. Variables of logistic regression models are described in Table II.

TABLE II. LOGISTIC REGRESSION RESULTS FOR HYPOTHESIS 2

Independent variables	Dependent variables			
	Cost leadership	Cost focus	Differentiation	Differentiation focus
Intercept α	-1.163**	-2.203**	-0.235	-3.366**
INDUSTRY β_1	-0.214*	-0.266	0.005	-0.278
Wald	5.953	2.043	0.112	2.215
Odds ratio	0.807*	0.766	1.005	0.757
Pearson	89.826			
Deviance	106.175			
Pseudo R ²	0.06			
Wald χ^2 statistic	17.413**			

* p < 0.05, **p < 0.01

Source: own research

Overall, the Model 2 explains little variance in the dependent variable (pseudo R² = 0.06) but is statistically significant. The analysis shows that for a selection of international competitive strategy INDUSTRY of company is a statistically significant predictor. The hypothesis H2 is supported only for cost leadership strategy (negative link). According to the significance of the Wald statistics (5,954 at p < 0.05), the INDUSTRY is a significant variable. The realization of cost leadership strategy is associated with a decrease -0.214 in the variable INDUSTRY. For cost leadership competitive strategy, variable INDUSTRY has projected impacts of 0.807 (decrease 0.193) for a one standard deviation change in the explanatory variable.

C. Model 3 – Strategy and Resources

The logistic model was fitted to the data to test the research hypothesis regarding the relationship between the likelihood to choose a competitive strategy and the independent variables – industry of company. The variables of logistic regression models are described in Table III.

TABLE III. LOGISTIC REGRESSION RESULTS FOR HYPOTHESIS 3

Independent variables	Dependent variables			
	Cost leadership	Cost focus	Differentiation	Differentiation focus
Intercept α	-1.420	-5.107*	-1.354*	1.001
RESOURCES β_1	-0.364	0.759	0.521*	-0.437
Wald	0.416	0.807	4.591	0.955
Odds ratio	0.695	2.137	1.684*	0.646
Pearson	1.612			
Deviance	2.516			
Pseudo R ²	0.12			
Wald χ^2 statistic	6.340*			

* p < 0.05, **p < 0.01

Source: own research

Overall, the Model 3 explains little variance in the dependent variable (pseudo R² = 0.12) but is still statistically significant. The analysis shows that for a selection of international competitive strategy RESOURCES of company is a statistically significant predictor. The hypothesis H3 is supported only for differentiation strategy (positive link). According to significance of the Wald statistics (4.591 at p <

0.05), the RESOURCES is a significant variable. The realization of differentiation strategy is associated with an increase 0.521 in the variable RESOURCES. For the differentiation competitive strategy, the variable RESOURCES has projected impacts of 1.684 (increase 0.684) for a one standard deviation change in the explanatory variable.

D. Model 4 – Strategy and Knowledge

This logistic model was fitted to the data to test the research hypothesis regarding the relationship between the likelihood to choose a competitive strategy and the independent variables – the knowledge of international markets. The variables of logistic regression models are described in Table IV.

TABLE IV. LOGISTIC REGRESSION RESULTS FOR HYPOTHESIS 4

Independent variables	Dependent variables			
	Cost leadership	Cost focus	Differentiation	Differentiation focus
Intercept α	-1.837	-2.892	-1.517**	1.058*
KNOWLEDGE β_1	-0.096	-0.137	0.338**	0.264*
Wald	0.137	0.090	6.560	5.255
Odds ratio	0.908	0.872	1.402**	1.768*
Pearson	13.429			
Deviance	14.667			
Pseudo R ²	0.03			
Wald χ^2 statistic	7.975*			

* p < 0.05, **p < 0.01

Source: own research

Overall, the Model 4 explains little variance in the dependent variable (pseudo R² = 0.03) but it is statistically significant. The analysis shows that for a selection of international competitive strategy KNOWLEDGE of international markets is a statistically significant predictor. The hypothesis H4 is supported for the differentiation strategy (positive link) and for the differentiation focus strategy (positive link). According to the significance of the Wald statistics (6.560 at p < 0.01; 4.542 at p < 0.05), the KNOWLEDGE is a significant variable. The realization of differentiation strategy is associated with an increase 0.338, resp. with increase 0.264 in the variable KNOWLEDGE. For the differentiation competitive strategy, the variable KNOWLEDGE has projected impacts of 1.402 (increase 0.402) for a one standard deviation change in the explanatory variable. And also for the differentiation focus competitive strategy, the variable RESOURCES has projected impacts of 1.768 (increase 0.768) for a one standard deviation change in the explanatory variable.

E. Model 5 – Strategy and Experience

This logistic model was fitted to the data to test the research hypothesis regarding the relationship between the likelihood to choose a competitive strategy and the independent variables – experience with international activities. The variables of logistic regression models are described in Table V.

TABLE V. LOGISTIC REGRESSION RESULTS FOR HYPOTHESIS 5

Independent variables	Dependent variables			
	Cost leadership	Cost focus	Differentiation	Differentiation focus
Intercept α	-1.997**	-3.552**	-0.092	-0.069
EXPERIENCE β_1	-0.034	0.019	-0.016	0.016
Wald	0.959	0.278	1.460	0.457
Odds ratio	0.966	1.019	0.984	1.016
Pearson	122.152			
Deviance	85.277			
Pseudo R ²	0.09			
Wald χ^2 statistic	2.706			

* p < 0.05, **p < 0.01

Source: own research

The analysis shows that for a selection of international competitive strategy the variable EXPERIENCE of international activities is not statistically significant predictor. The hypothesis H5 is not supported.

V. DISCUSSION

The competitive strategies of Czech companies on international markets at the first foreign entry were monitored in terms of Porter's competitive strategy (generic strategies). It has been found out that Czech companies used for their first entry to the international market primarily differentiation focus (Table VI).

TABLE VI. COMPETITIVE STRATEGY OF CZECH FAMILY BUSINESSES ON INTERNATIONAL MARKETS (%)

Strategy	%
Cost leadership	5.6
Cost focus	1.7
Differentiation	41.8
Differentiation focus	50.8

Source: own research

Cost leadership strategy was most frequently reported among large companies (55%) from manufacturing industry. Companies with cost leadership strategy have declared their dominant tangible resources and below average knowledge about international markets by management. About half of the companies with cost leadership strategy reported that their managers have no experience with international activities. And the remaining managers have experience ranging from 5 to 18 of years. The average number of years of experience with the international activities of managers in these companies is 10 years.

Cost focus strategy was most frequently reported by among medium-sized companies (67 %) from agriculture, manufacturing and retail trade. Companies with cost focus strategy have declared their dominant intangible resources (special knowledge and knowledge of markets) and below average level of knowledge about international markets by management. Approximately one-third of the sample reported that their managers have no experience with international activities. And the remaining managers have experience ranging from 12 to 15 of years. The average number of years of

experience with the international activities of managers in these companies is 14 years.

Differentiation strategy was most frequently reported by among medium-sized (34 %) companies from manufacturing. Companies with differentiation strategies have declared their dominant tangible and intangible resources (special knowledge and foreign contacts), and above average level of knowledge about international markets by management. About 30 % of the sample reported that their managers have no experience with international activities. And the remaining managers have experience ranging from 1 to 23 of years. The average number of years of experience with the international activities of managers in these companies is 9 years.

Differentiation focus strategy was most frequently reported among medium-sized companies (34 %) from manufacturing. Companies with differentiation focus strategy have declared their dominant intangible resources (special knowledge and foreign contacts) and average level of knowledge about international markets by management. Approximately 40 % of the sample reported that their managers have no experience with international activities. And the remaining managers have experience ranging from 2 to 60 of years. The average number of years of experience with the international activities of managers in these companies is 13 years.

The selection of competitive strategy on international markets is affected by several variables: industry, resources and knowledge of international markets. The industry is a variable statistically significant only for cost leadership strategy. The variable is negatively related to the dependent variables, while these variables resources and knowledge are statistically significant for the differentiation strategy and differentiation focus strategy. Resources and knowledge of international markets are positively related to the likelihood of a competitive strategy. The largest projected impact has variable knowledge of international markets. The remaining variables such as company size and experience with international activities are not statistically important for the selection of competitive strategy on international markets.

It is important to note some of the limitations of this research. First, the findings may apply mostly to medium-sized companies and large companies. It cannot be said whether the results would hold in micro companies and small companies, and in Czech family businesses. Several other implications also emerge from the present research study. For international business researchers, the results suggest that investigation of the internationalization process in aggregate, or international activities in a single activity, provides the best and multifaceted picture of multinational managerial decisions and the internationalization process. The paper provides information on the international activities (international strategy) of Czech companies. There appear to be some potential areas for further work such as performance on international markets etc. The research focused on activity locations in a region of the world with a good deal of variation in terms of market size, growth rates, levels of development, openness, tax rates, and other features.

VI. CONCLUSION

The above results show that competitive strategy choices vary by various factors for Czech family businesses. This suggests that we must be careful in making overall conclusions based on the investigation of international activities in general or of a single activity. The results of the research study show competitive strategies of Czech family businesses on international market at the first foreign entrance. The majority of Czech companies chose as their international competitive strategy the differentiation strategy and differentiation focus strategy. Different sets of Czech companies are shown to be associated with resources and costs in international activities. It is not surprising that the international activities show the most significant differences according to the company size and their resources.

The globalization of economy offers new opportunities to companies, resulting from their access to bigger markets, scale economies and exposure to best practise management and technology. However globalization also poses and invites new competitive challenges, either by local and international competitors, with new productive processes and innovative products and services. In response to these challenges, companies try to conquer new international markets and expand their presence and operating in the global market. Internationalization is an important factor of competitiveness for companies, reflecting on the performance, determined by own business, industry and environment factors.

The present paper investigates the determinants of the competitive strategies of Czech family businesses on international markets at the first foreign entrance. It has become obvious that the competitive strategy is more than a selection of suitable entry modes or selection of location; it shows how the company really competes. Porter's generic competitive strategy are the basis for much of modern business strategy. The results show that the strategy of mostly Czech companies on international markets at the first foreign entry is driven by the differentiation strategy and differentiation focus strategy. A differentiation focus strategy is appropriate where the target customer segment is not price-sensitive, the market is competitive or saturated, and customers have very specific needs which are possibly under-served, and the firm has unique resources and capabilities which enable it to satisfy these needs in just those ways that are difficult to copy (Porter, 1985). The selection of an appropriate competitive strategy on international markets among Czech companies is affected by industry, company resources and knowledge of international markets.

ACKNOWLEDGMENT

This article is the outcome of the Student Competition Grant, project no. SGS 24/2016 (Silesian University in Opava) Lidské zdroje v rodinných podnicích – Human Resources in Family Businesses.

REFERENCES

- [1] M. E. Porter, *Competitive Strategy: Techniques for Analyzing Industries and Competitors*. New York: Free Press, 1980a.
- [2] M. E. Porter, "Strategy and the Internet," *Harvard Business Review*, vol. March, pp. 66-78, 2001.
- [3] J. B. Barney, *JGaining and Sustaining Competitive Advantage*. New York: Addison-Wesley Publishing Company, Inc., 1997.
- [4] Ch. E. Stark, L. E. Moss, and D. E. Hahn, "Farm Business Goals and Competitive Advantage" *American Agricultural Economics Association Annual Meeting*, Long Beach, California, vol. July, pp. 28-31, 2002.
- [5] L. E. Lopez, S. K. Kundu, and L. Ciravegna, "Born Global or Born Regional? Evidence from an Exploratory Study in the Costa Rican Software Industry," *Journal of International Business Studies*, vol. 40, no. 7, pp. 1228-1238, 2009.
- [6] M. V. Jones, N. Coviello, and Y. K. Tang, "International Entrepreneurship Research (1989-2009): A Domain Ontology and Thematic Analysis," *Journal of Business Venturing*, vol. 26, no. 6, pp. 632-659, 2011.
- [7] P. P. McDougall, S. Shane, and B. M. Oviatt, "Explaining The Formation Of International New Ventures: The Limits Of Theories From International Business Research," *Journal Of Business Venturing*, vol. 9, no. 6, pp. 469-487, 1994.
- [8] H. J. Sapienza, D. DeClercq, and W. R. Sandberg, "Antecedents of International and Domestic Learning Effort," *Journal of Business Venturing*, vol. 20, no. 4, pp. 437-457, 2005.
- [9] L. Zhou, B. Barnes, and Y. Lu, "Entrepreneurial Proclivity, Capability Upgrading, and Performance Advantage of Newness among International New Ventures," *Journal of International Business Studies*, vol. 41, no. 5, pp. 882-905, 2010.
- [10] M. W. Peng, "The Resource-Based View and International Business," *Journal of Management*, no. 27, pp. 803-829, 2001.
- [11] C. R. Fong, and L. E. F. Ocampo, "Intangible Resources as a Determinant of Accelerated Internationalization," *Global Journal of Business Research*, vol. 4, no. 4, pp. 95-105, 2010.
- [12] H. B. Roxas, and D. Chadee, "A Resource-Based View of Small Export Firms' Social Capital in a Southeast Asian Country," *Asian Academy of Management Journal*, vol. 16, no. 2, pp. 1-28, 2011.
- [13] R. J. Jiang, P. W. Beamish, and S. Makino, "Time Compression Diseconomies in Foreign Expansion," *Journal of World Business*, vol. 49, no. 1, pp. 114-121, 2014.
- [14] B. C. Ghosh, T. W. Liang, T. T. Meng, and B. Chan, "The Key Success Factors, Distinctive Capabilities, and Strategic Thrusts of Top SMEs in Singapore," *Journal of Business Research*, vol. 51, no. 3, pp. 209-221, 2001.
- [15] H. Wijewardena, and A. De Zoysa, "A Factor Analytic Study of the Determinants of Success in Manufacturing SMEs," 35th EISB Conference – Sustaining the Entrepreneurial Spirit Over Time, Barcelona, Spain, 12-14 September, 2005.
- [16] G. Knight, "Entrepreneurship and Marketing Strategy: The SME Under Globalization," *Journal of International Marketing*, vol. 8, no. 2, pp. 12-32, 2000.
- [17] C. Benzing, H. M. Chu, and O. Kara, "Entrepreneurs in Turkey: A Factor Analysis of Motivations, Success Factors, and Problems," *Journal of Small Business Management*, vol. 47, no. 1, pp. 58-91, 2009.
- [18] R. Reuber, and E. Fischer, "The Influence of the Management Team's International Experience on the Internationalization Behaviors of SMEs," *Journal of International Business Studies*, vol. 28, no. 4, pp. 807-825, 1997.
- [19] W. H. Hoffmann, and R. Schlosser, "Success Factors of Strategic Alliances in Small and Medium-Sized Enterprises – An empirical Survey," *Long Range Planning*, vol. 34, no. 3, pp. 357-381, 2001.
- [20] M. Al-Mahrouq, "Success Factors of Small and Medium Enterprises: The Case of Jordan," *Zagreb International Review of Economics and Business*, vol. 13, no. 2, pp. 89-106, 2010.
- [21] D. Lavie, and A. Fiegenbaum, "The Strategic Reaction of Domestic Firms to Foreign MNC Dominance: the Israeli Experience," *Long Range Planning*, vol. 33, no. 5, pp. 651-672, 2000.
- [22] E. M. Pertusa-Ortega, F. M.-A. José, and E. C.-C. Claver-Cortés, "Competitive Strategies and Firm Performance: A Comparative Analysis of Pure, Hybrid and "Stuck-in-The-Middle" Strategies in Spanish Firms," *British Journal of Management*, vol. 20, no. 4, pp. 508-523, 2008.
- [23] K. Twarowska, and M. Kakol, "International Business Strategy – Reasons and Forms of Expansion into Foreign Markets" *International Conference 2013 Management, Knowledge and Learning*, Zadar, Croatia, pp. 1005-1012, 2013.
- [24] P. Kotler, *Kotler on Marketing*. New York: Simon and Schuster, 2012.
- [25] E. E. Chaffee, "Three Models of Strategy," *The Academy of Management Review*, vol. 10, no. 1, pp. 89-98, 1985.
- [26] P. Lasserre, *Global Strategic Management*. 2nd ed. New York: Palgrave MacMillan, 2007.
- [27] B. R. Barringer, and D. W. Greening, "Small Business Growth Through Geographic Expansion: A Comparative Case Study," *Journal of Business Venturing*, no. 13, pp. 467-492, 1998.
- [28] R. Sliwiński, "Internationalization Strategies of Polish Fast Growing Enterprises," *Poznań University of Economics Review*, vol. 12, no. 1, pp. 17-39, 2012.
- [29] J. H. Dunning, "The Eclectic Paradigm as an Envelope for Economic and Business Theories of MNE Activity," *International Business Review*, vol. 9, no. 2, pp. 163-190, 2000.
- [30] P. A. Feio, *Território e Competitividade: Uma Perspectiva Geográfica do Processo de Internacionalizacao do Sector Ceramico*. Lisbon: Edicoes Colibri, 1998.
- [31] B. B. Allred, and K. S. Swan, "Contextual Influences on International Subsidiaries' Product Technology Strategy," *Journal of International Management*, no. 10, pp. 259-286, 2004.
- [32] Y. D. Luo, and H. X. Zhao, "Corporate Link and Competitive Strategy in Multinational Enterprises: A Perspective from Subsidiaries Seeking Host Market Penetration," *Journal of International Management*, no. 10, pp. 77-105, 2004.
- [33] M. E. Porter, *Competitive Strategy*. New York: Free Press, 1980.
- [34] M. E. Porter, *Competitive Advantage*. New York: Free Press, 1985.
- [35] M. E. Porter, "Towards a Dynamic Theory of Strategy," *Strategy Management Journal*, no. 12, pp. 95-117, 1991.
- [36] R. Tanwar, "Porter's Generic Competitive Strategies," *Journal of Business and Management*, vol. 15, no. 1, pp. 11-17, 2013.
- [37] O. Kumlu, "The Effect of Intangible Resources and Competitive Strategies on the Export Performance of Small and Medium Sized Enterprises," *10th International Strategic Management Conference*, pp. 24-34, 2014.
- [38] M. E. Porter, "What is strategy?" *Harvard Business Review*, vol. 74, no. 6, pp. 61, 1996.
- [39] C. W. L. Hill, "Differentiation versus Low Cost or Differentiation and Low Cost: A Contingency framework," *Academy of Management Review*, no. 13, pp. 401-412, 1988.
- [40] D. Miller, and P. H. Friesen, "Porter's (1980) Generic Strategies and Performance: An Empirical Examination with American Data. Part II: Performance Implications," *Organization Studies*, no. 7, pp. 255-261, 1986.
- [41] M. Acquah, and M. Yasani-Ardekani, "Does the Implementation of a Combination Competitive Strategy Yield Incremental Performance Benefits? A New Perspective from a Transition Economy in Sub-Saharan Africa," *Journal of Business Research*, 61, pp. 346-354, 2007.
- [42] S. Chetty, and C. Campbell-Hunt, "Paths to Internationalization among Small-to Medium-Sized Firms: A Global versus Regional Approach," *European Journal of Marketing*, vol. 37, no. 5/6, pp. 796, 2003.
- [43] M. M. Man, and S. A. Wafa, "The Relationship between Innovativeness, Strategy Types, Environment and the Export Performance of Small and Medium Sized Enterprises (SMEs) of Malaysian Manufacturing Sector," *The Business Review*, vol. 13, no. 2, pp. 45-55, 2009.
- [44] A. Pontiggia, and T. Vescovi, T. (2012). *When Size Does Matter. Trends of SMEs Internationalization Strategies in Chinese Economy*. Available at: http://papers.ssrn.com/sol3/papers.cfm?abstract_id=2182486
- [45] E. T. Penrose, *The Theory of the Growth of the Firm*. New York: Oxford University Press, 1959.

- [46] B. Wernerfelt, "A Resource-based View of the Firm," *Strategic Management Journal*, no. 5, pp. 171-180, 1984.
- [47] J. B. Barney, "Firm Resources and Sustained Competitive Advantage," *Journal of Management*, no. 17, pp. 99-120, 1991.
- [48] J. B. Barney, "Is the Resource-based "View" a Useful Perspective for Strategic Management Research? Yes," *Academy of Management Review*, vol. 26, no. 1, pp. 41-56, 2001.
- [49] M. P. Sharfman, and J. W. Dean, "Conceptualizing and Measuring the Organizational Environment: A Multidimensional Approach" *Journal of Management*, vol. 17, no. 4, pp. 681-700, 1991.
- [50] K. North, and G. Kumta, G. *Knowledge Management: Value Creation Through Organizational Learning*. London, UK: Springer International Publishing Switzerland, 2014.
- [51] N. M. Dixon, *Common Knowledge: How Companies Thrive by Sharing What They Know*. Boston, Massachusetts: Harvard Business School Press, 2000.
- [52] T. H. Davenport, and L. Prusak, *Working Knowledge: How Organizations Manage What They Know*. Cambridge, USA MA: Harvard Business School Press, 1998.
- [53] Eurostat. (2011). *Summary Indicators - Employment Size Classes for EU25/EU27 (all NACE activities)*. Available at: <http://appsso.eurostat.ec.europa.eu/nui/setupModifyTableLayout.do>.
- [54] Czech Statistical Office. (2013). *The Czech Republic since Year 1989 in the Numbers*. Available at: http://www.czso.cz/csu/redakce.nsf/i/cr_od_roku_1989.

The integration and reclamation of quarries

António Pliz

University of Évora

Department of Landscape, Environment and Planning-

University of Évora

Évora, Portugal

antonio.pliz@gmail.com

Rute Sousa Matos

University of Évora

Art and Art History Investigation Centre (CHAIA) -

University of Évora

Évora, Portugal

rsm@uevora.pt

Abstract - The reclamation of quarries can be characterized as a process of local intervention within the context of visual management, landscape conservation and landscape valuation.

Through the process of reclamation, not only is it necessary to engage it with the existing legal framework, it requires an understanding of the landscape context, which allows a detailed assessment of the potential visual impacts and further to propose mitigation measures.

In order to make a right assessment of the landscape vulnerabilities, the article presents a methodology of analysis and interpretation of the landscape's main components, as well a structural landscape characterization and description concerning the visual impact assessment caused by the quarries. The goal of this method is to provide information about the visual dimension of the landscape in order to propose the most suitable options of rehabilitation and integration of the quarries on a specific landscape.

Keywords-Landscape; Reclamation; Quarries; Integration

I. INTRODUCTION

This work emerges from the need to create a suitable methodology of landscape reclamation applied to quarries, with the intention to approach the reclamation plans to the local reality and to the principles established by the European Landscape Convention, mainly those concerning the "Landscape quality objective", the "Landscape protection" and the "Landscape management" [6].

It is very important to predict and assess the degree of alteration introduced in the landscape caused by the quarrying activity. It will make it possible to understand the vulnerabilities of the landscape by assessing its visual sensitiveness to changes, and to propose mitigation measures that will combine the development of the quarrying activity as an economic activity with several environmental issues in order to restore progressively the natural values inherent to the landscape character.

Therefore, it developed a methodology with several criteria of analysis and assessment including a thorough description of the existing landscape components such as, the topography, the vegetation, the water, and the anthropic elements, which provide an assessment of the potential visual effects on them as on their combination caused by the presence of the quarries. Based on the compiled information concerning the landscape components, the next step is to assess the capacity of visual absorption of the landscape to changes, to understand the

effects of the presence of quarries in the visual quality, and to assess the visual sensitivity of the landscape. This will ensure and provide an important contribution to the landscape visual quality management throughout the process of reclamation of ecosystems and habitats of flora and fauna.

The path to achieve the reclamation goals was developed under a complex and deep landscape study, which is now presented in short. The study describes the most important components and their combination that compose the landscape structure.

The approach concerning the structural organization of the landscape and the awareness of how the landscape mosaic is organized, allows for a more accurate assessment of the visual absorption capacity, the visual quality, and the visual sensitivity of the landscape. The landscape reclamation plans, the relation with numerous options of reclamation measures, alongside with the knowledge of the main impacts and the possibilities at all levels of potential land uses, will enhance the possibilities of ecosystems rehabilitation and potential recreational land uses.

The importance of this methodology allows design teams to assess relevant information concerning the landscape qualities and weaknesses, which will help to define the best reclamation measures in order to propose the most suitable mitigation measures and achieve the best integration of the quarries in the landscape.

It is important to mention that this methodology was already applied to practical cases such as, a quarry of industrial granite and a quarry of ornamental granite. Its success and efficiency is currently being tested.

II. METHODOLOGY

The work method involves 4 work phases, which describe the process of analysis and landscape characterization. This process settles on the physical dimension of the landscape.

Phase 1 corresponds to an understanding and characterization of the landscape structure by describing the existing matrix, patches and corridors. The landscape structure approach is based on the description of the main landscape components (geomorphology, vegetation, water and anthropic elements). Specific maps back the elements and the structural characterization such as slope maps, hypsometry maps, stream and ridge maps, aspect maps, land use maps, landscape units and subunits maps.

Based on phase 1, phase 2 consists of the characterization and assessment of the landscape visual absorption capacity (VAC) [8] [14], visual quality (VQ) [1] and visual sensitivity (VS) [11]. The assessment of the VAC is articulated with the characterization of the zones of visual influence (ZVI) [11], once it is necessary to know what areas are visible or not only by using topographic information. This will allow landscape architects to define and assess the visual absorption capacity (VAC) [8] of the landscape, where it is possible to identify the most sensitive areas from where a quarry can be seen.

The visual quality (VQ) is assessed by using mixed methods, which are composed of the direct and the indirect methods. The direct methods are related with the direct observation of the landscape, which is included in a process of perception of the landscape on its vertical dimension, horizontal dimension and distance, allowing the human brain to receive a set of information concerning depth, color discrimination, etc. [15]. This method is also related with the preference for certain types of landscapes. The preference for some types of landscapes is determined by the need to understand and explore them, which depends on coherence, legibility, complexity and mystery [12]. The direct methods are very subjective and depend on the observers background, motivations, culture, geographic origin, etc. [17].

The indirect methods are related with the decomposition of the landscape components (landforms, water, vegetation and anthropic elements) in order to assess the visual quality of each one of them, based on the direct observation.

The assessment of the visual quality of each landscape patch, corridor and matrix is done by using math calculations with the Geographic Information Systems (GIS), in which several criteria concerning the topography visual quality, the vegetation visual quality, the water visual quality, and the anthropic elements visual quality are introduced with different values.

After crossing the VAC map with the VQ map it is possible to assess and identify the overall landscape visual sensitivity (VS) [7] through the visual sensitivity map.

Phase 3 (visibility analysis) begins with the definition of the most sensitive visibility points. This analysis provides an understanding of the degree of exposure from a key point [11] towards a development according to the visual sensitivity map. In addition, the cross between the sensitivity maps and the main locations where people stand and move, called “sensitive receptors” [11], will identify the most “sensitive points” from where the visibility is higher. The “sensitive points” correspond to a specific location from where it is possible to gaze a quarry. The “sensitive receptors” [11] correspond to locations or areas of flux and movement of people such as paths, roads, highways, etc. and standing areas such as resting areas, housing areas, touristic developments, archeological sites, monuments, etc.

Phase 4 corresponds to the sensitive points and the sensitive receptor’s analysis. This analysis uncovers the most exposed observers, the locations with higher visual sensitivity and their potential of visibility. The sensitivity concerns the locations of observation or “sensitive receptors”, where the observation

points are located. These points are ranked accordingly with a higher or lower number of users.

The outcome of the process of analysis and assessment of the landscape, allows us to understand the types of impacts caused by the quarry and the potential land uses, in order to design the Landscape Reclamation Plan.

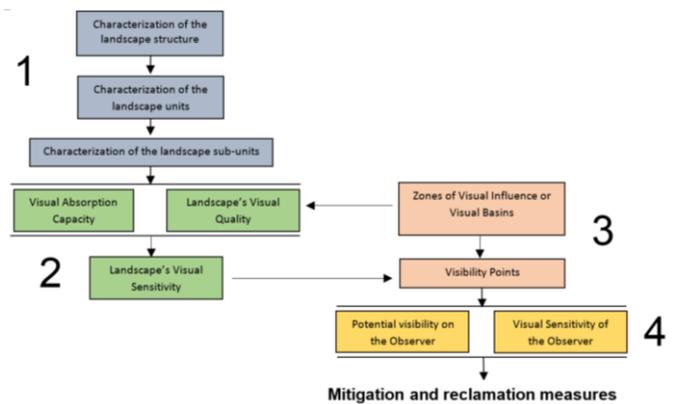


Figure 1 – Chart of methodology

III. ANALYSIS AND CHARACTERIZATION OF THE LANDSCAPE STRUCTURE

To understand the landscape structure it is important to know which components and elements compose it, as well as the setting that defines its structure in a deeper analysis of the landscape [7].

Aside from the different designations of the landscape elements from author to author, the classic theories of landscape ecology defines them as biotopes or ecotopes, which vary on the scale of approach as long as they present homogeneity in their interior.

On the course of the landscape element concept, introduce the matrix, patch and corridor system, as way to classify several landscape elements [9]. While the patches form the mosaic, the corridors form a web and the outcome of their combination results in a certain landscape pattern [7].

In this work, the identification of the landscape elements is based on the aerial photography and on the land use map (COS2007). From the crossing of both of those maps it is possible to recognize the patterns which will define the landscape subunits. The landscape elements can be big rock formations, streams and their margin vegetation formations, hedges, forests, groves, agriculture areas, built settings, urban areas, roads, ponds, etc. which will endow the landscape with intrinsic visual qualities [4] “Fig. 2”.



Figure 2 – Example of a three-dimensional terrain model with the topography and the existing vegetation

The landscape structure consists on the spatial relation between distinct ecosystems or the landscape elements [13].

That can be translated on the distribution of energy, materials and species considering their dimension, form, number, type and configuration of the ecosystems, that results on a particular configuration of the land use, vegetation, building presence and water presence, which are the landscape components, providing a specific character [7] “Fig. 3”. The geomorphology supports and shapes those elements.

The structural analysis not only allows us to understand the landscape, relatively to its composition and organization, but to understand its vulnerabilities towards the modifications caused by the quarries. It makes necessary to adapt the mitigation solutions according with the degree of modification introduced in the landscape.

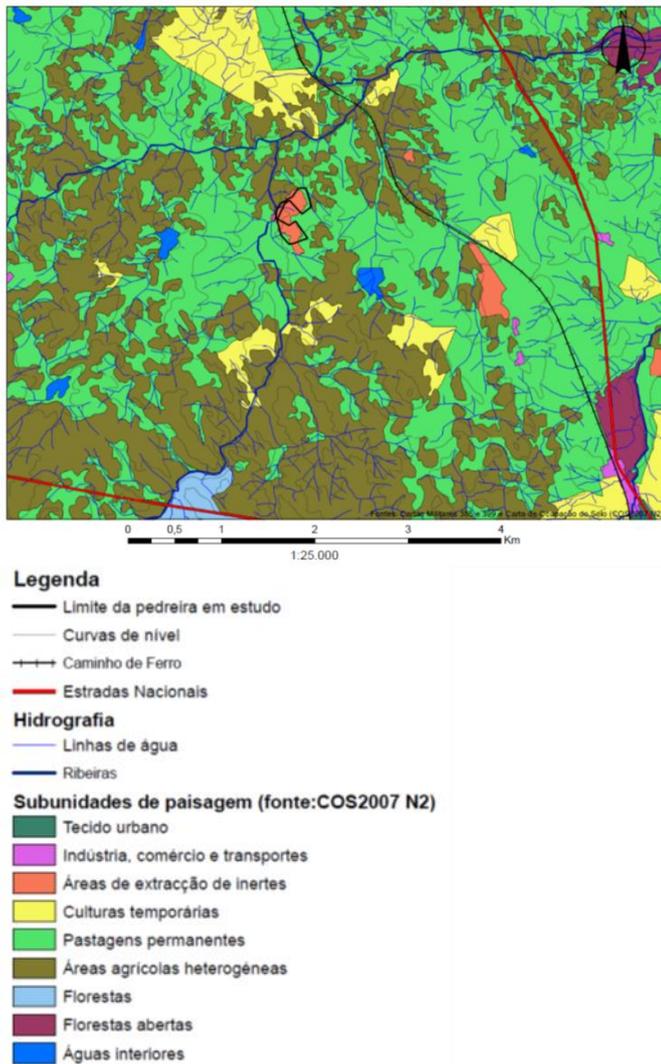


Figure 3 – Example of the Landscape Synthesis Chart, with the landscape sub-units.

IV. ANALYSIS AND VISUAL CHARACTERIZATION OF THE LANDSCAPE

In order to do the landscape visual analysis and characterization one must determine the study of the visual influence zones^a, the visual absorption capacity^b “Fig. 4”, the visual quality^c “Fig. 5”, the visual sensitivity of the landscape^d and the visibility points.^e

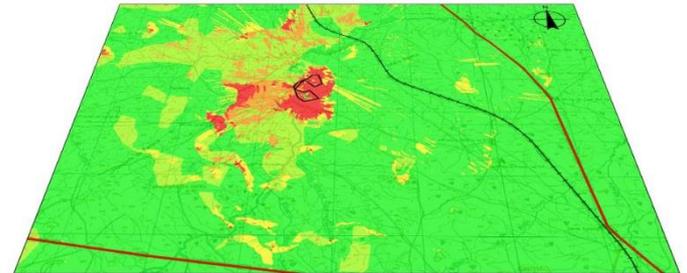


Figure 4 –Visual Absorption Capacity (VAC) map.

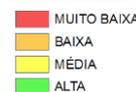
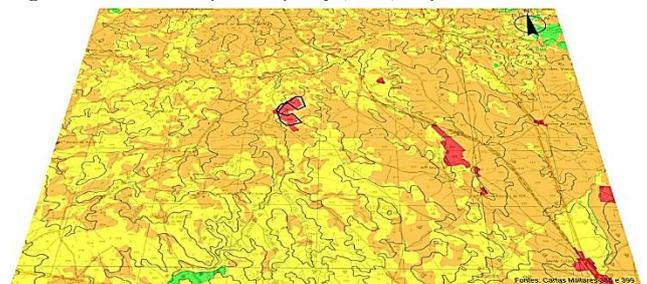


Figure 5 –Visual Quality (VQ) map.

^a This concept is present on the “Guidelines for Landscape and Visual Impact Assessment” and it allows the identification of the most visible areas towards the source of the visual disturbance.

^b The visual absorption capacity allows to assess how a landscape can bare a certain visual change and how it influences the landscape visual sensitivity caused by human action. *In* Canter, 1996.

^c The visual quality is done at the landscape components level, considering the organization of the natural and the artificial elements. The visual quality can be interpreted in terms of its “appearance” as the visible expression of the geomorphology, vegetation, soil use and humanization. It results from the interaction of the natural, the historic, the cultural, the economic and the political processes [10].

^d The visual sensitivity is achieved by crossing the degree in which a particular kind of landscape is able to absorb a change, with the visual quality of the land use and its inherent patterns, landscape scale, opening/closing of views, distribution of visual receptors and the landscape value [2].

^e The landscape visual sensitivity comes from the need to know and assess the potential effects of the proposed change in the landscape, in order to identify the most visually exposed points towards the visual impact source. From the assessment of the landscape visual sensitivity, it is possible to define the best mitigation strategies, in order to get a reduction of the level of the quarries visual impact.

This phase of the visual analysis it is accomplished with the visual framing of the quarries in the landscape, by assessing the potential effects on the quality and sensitivity of the landscape. By knowing the most sensitive areas it is possible to propose and design the best solutions of reclamation. These solutions should combine the mitigation of several impacts^f related to the characteristics of the quarries and therefore to define a strategy concerning the preferred land use^g. The intention is to implement the general conditions for the ecosystems to regenerate. The final goal is to restore the natural vegetation, the surface drainage, the shape of the terrain, which will have positive implications on the visual quality of the landscape.

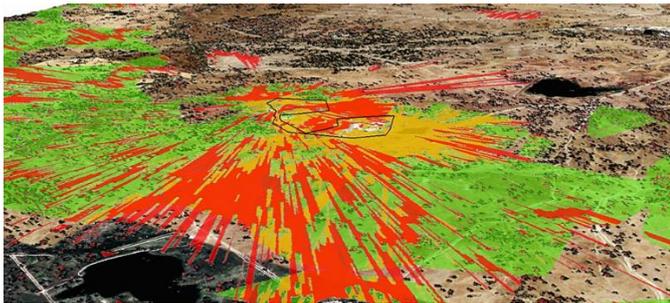


Figure 6 – Representation of the Visibility Zones. The green zones correspond to the Zones of Visual Influence (ZVI). The red zones correspond to the visible areas from the top of a 12m height pile of waste. The yellow zones correspond to the visible areas at ground level from the property perimeter.

V. RECLAMATION PLANS

The reclamation plans are general divided into 3 phases. The first phase corresponds to the construction or preparation phase, which includes the location of the supporting structures as the equipment directly related with the quarrying activity. This phase is also highlighted by the deforestation and the removal of the top soil. It is common to propose safety measures for people such as fences and specific measure of protection of the top soil layer, mostly with grasses.

The second phase corresponds to the phase of exploitation. This phase marks the beginning and evolution of the extraction operations, where normally, are proposed several visual impact mitigation actions like ditches to control surface water runoff and vegetation screens “Fig. 7”.

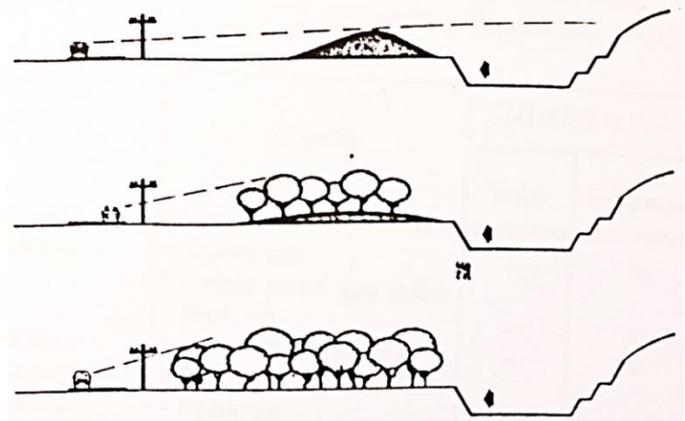


Figure 7 – Types of Visual Barriers.

The last phase is the reclamation phase, which can be done simultaneously with the phase of deactivation. This phase marks the end of the exploitation and the execution of measures such as the reinsert of the topography and top soil, the installation of the vegetation and the removal of the quarrying equipment. In this phase it is fundamental to equate the main reclamation measures, usually supported by good practice manuals. The support on specific types of manuals concerning reclamation of quarries is due to the lack of references of executed reclamation projects “Fig 8”.

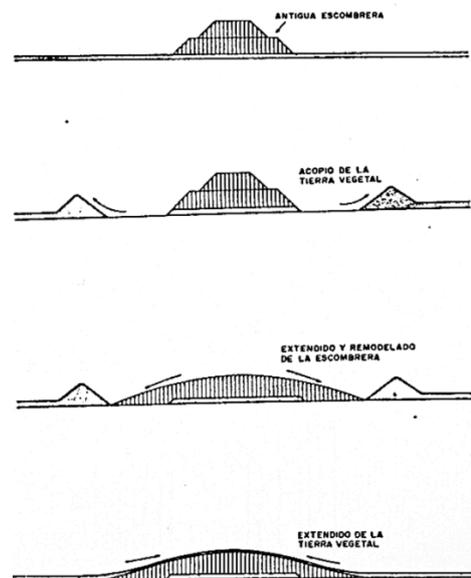


Figure 8 – Example of heap reclamation.

Apart of the existence of several phases, it does not mean that they should occur in different periods, the different phases could occur simultaneously. This method of progressive reclamation [3] will allow a more effective reclamation and faster results. Under several aspects, this strategy of reclamation is the most indicated because it allows the reclamation of the quarry as the exploitation process advances. “Fig. 9”.

^f From the several negative impacts caused by “open sky” quarries, the visual effects is one of the most sensitive that depends on the exploitation area [5]. The visual changes usually cause changes at the level of the basic visual elements (shape, line, color and texture) regarding the existing landscape. [16]

^g Urban and industrial uses; intensive recreational use; landfill, agricultural and forestry; intensive recreational and pedagogic use; nature conservation and ecological refuges. [3].

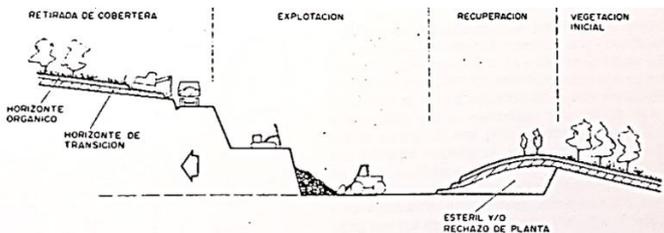


Figure 9 – Example of the progressive reclamation method.



Figure 10 – Visual simulation of the reclamation plan.

Besides the legal modifications and the higher requirements by the governmental authorities, the number of executed reclamation plans in Portugal is still very low. Considering the final reclamation budget, under the Portuguese laws the stone companies have to pay a fee on behalf of the Portuguese state.

If the stone companies stop their works or abandon the quarry, these fees will provide the financial means to proceed with the reclamation of the quarries. It is a fact that until now and considering the universe of quarries throughout the country, the government has reclaimed a very small number of quarries.

VI. CONCLUSIONS

The method that was summarized in this article has been applied in two cases.

The first case concerns the reopening of an industrial granite quarry and the second is the reclamation of an ornamental granite quarry.



Figure 11 – Reclamation Master Plan.

The first case “Fig. 11” it is a demonstration of the use of the method that was completely followed starting with an exhaustive analysis of the landscape concerning its structure, characterization of the landscape units and subunits, landscape visual analysis and assessment. This analysis helped to frame the reclamation plan, which is divided in two phases. The execution of the first phase was proposed for the first three years of quarrying by adopting minimization measures of visual impact through the strengthening and reinforcement of vegetation screens. The second phase was proposed for the quarry lifetime by removing the existing waste pile, the implementation of a drainage system to capture the runoff water, the plantation of several kinds of riparian trees and shrubs near the closest stream and the seeding of a mixture of grasses of a few areas outside the property, damaged by the quarry. This strategy aims to promote the biodiversity as well to restore ecosystems, such as the flora and the fauna, which were absent by the presence of the quarry [3].

After the end of the quarrying works, it is proposed the minimum fill. The final form of the exploitation hole, which in this case has the shape of a well, will become a water reservoir filled with rainwater. The final lagoon will be accomplished with the accumulation of runoff and rainwater during the rainiest months.

The vertical walls of the quarry are five meters high each and they will be prepared to receive the trees and the shrubs in order to integrate the site within the “green structure”.

This plan was developed in 2014 and the phase 1 is in progress. The plantation of the vegetation screens and the mitigation of the visual impacts caused by the opening of the exploitation is in progress and their implementation is under monitoring. The second phase will begin next year where a grinding unit will be assembled at the property to transform the

^h Generally based on good practices manuals e.g. “Manual de Restauración de Terrenos y Evaluación de Impactos Ambientales en Minería” of IGME in Spain. IGME, 2004.

materials from the existing waste pile. The process is running as expected and therefore the heritage value, the ecological value, the cultural value and the identity of the landscape is being preserved.

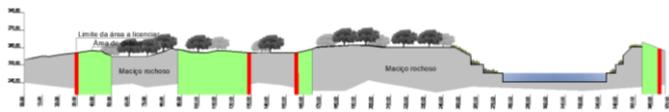


Figure 12 – Profile of the Proposed Reclamation.

The second case “Fig.13” concerns an ornamental granite quarry where the reclamation works started on the year of 2013 and finished in the year of 2014.

The method of assessing visual impacts and the reclamation process was the same as in the previous example.

This quarry had a very short period of exploitation due to the quality of the granite. The excess of fractures and the lack of visual aesthetics of the granite turned impossible to keep exploiting the stone.

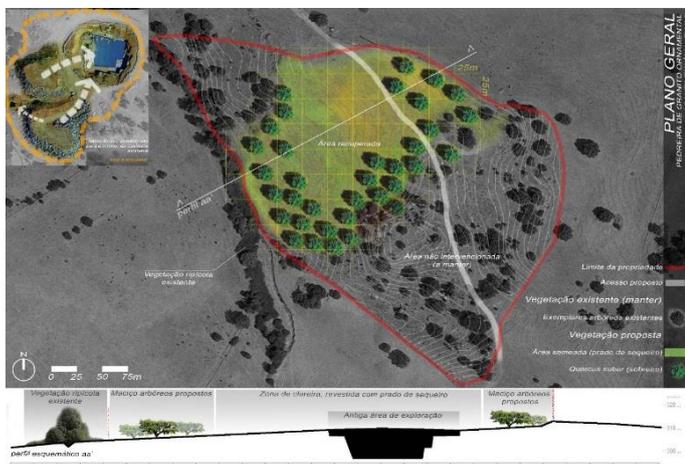


Figure 13 – Master plan of the Reclamation plan for the second example.

The company decided then to close the quarry and proceed with the reclamation plan.

This quarry had two separated piles of debris, which were the two biggest sources of negative visual impacts from outside the property. The two main spots affected by its presence were two country houses that were located in the vicinity.

In order to eliminate the negative visual impacts, the reclamation plan proposed to remove the two piles of waste into the exploitation hole.

The vegetation plan was inspired on the existing vegetation patterns and distributions across the property and its surroundings. The plantations were done mainly with *Quercus suber*, once it was the predominant species in the site.

The figures “14 and 15” show the process of filling and the final landforms.



Figure 14 – View of the initial conditions on November 2013



Figure 15 – View of the final landform on April 2014

REFERENCES

- [1] Abellán, Manuela A, La evaluación del impacto ambiental de proyectos y actividades agroforestales, Universidad de Castilla – La Mancha, 2006.
- [2] APA, (2013). Guias para a atuação das Entidades Acreditadas. Agencia Portuguesa do Ambiente, 2013.
- [3] Ayala, Carcedo F. J. Vadillo, L.. Manual de restauración de terrenos y evaluación de impactos ambientales en minería. 5ª edición. Madrid. Instituto Geológico y Minero de España, 2004.
- [4] Bombín and Ma. del Milagro Escribano et al, El paisaje, Madrid: Ministerio de Obras Públicas y Urbanismo (MOPU), 1987.
- [5] Brodtkom, F. As boas práticas ambientais na indústria extrativa. Um guia de referência. IGM. Lisboa, 2000.
- [6] “Convenção europeia da paisagem”, Decreto n. 4, de 14 de Fevereiro de 2005, 2005.
- [7] A. Cancela d’Abreu, T. Pinto Correia and R. Oliveira. Contributos para a identificação e caracterização da paisagem em Portugal Continental, vol. 1. Lisboa: Direcção Geral do Ordenamento do Território e Desenvolvimento Urbano (DGOTDU), 2004.
- [8] Canter, L. W., Environmental Impact Assessment, 2nd ed., McGraw-Hill, New York, 1996
- [9] Forman R.; Godron M., Landscape ecology, New York: John Wiley & Sons, 1986.
- [10] Hoehstetter, S. Enhanced methods for analysing landscape Structure. Landscape metrics for characterising three-dimensional patterns and ecological gradients. Band 6 der Reihe, Fernerkundung und angewandte Geoinformatik“.Rhombos-Verlag, Berlin, 2009
- [11] Landscape Institute and Institute of Environmental Management and Assessment, Guidelines for Landscape and Visual Impact Assessment (3rd edition), Oxon, Routledge, 2013.
- [12] Linda Steg, Agnes E. van den Berg, Judith I. M. de Groot. Environmental Psychology: An Introduction, Wiley-Blackwell, 2012.
- [13] Magalhães, M R. A Arquitectura Paisagista. Morfologia e Complexidade. Lisboa: Editorial Estampa, 2001
- [14] Marchetti, Mauro and Rivas, Victoria, Geomorphology and Environmental Impact Assessment, A. A. Balkema Publishers, 2001
- [15] Nijhuis, S, Visual research in Landscape Architecture. In Exploring the Visual Landscape: Advances in Physiognomic Landscape Research in the Netherlands (chapter 5), Delft, Delf University, 2011.
- [16] Smardon, Richard C; Elsner, Gary H; Proceedings of our national landscape: a conference on applied techniques for analysis and management of the visual resource. Gen. Tech. Rep. PSW-35. Berkeley, CA, 1979
- [17] Surova, Teresa Pinto-Correia, Robert Marusak. Visual complexity and the montado do matter: landscape pattern preferences of user groups in Alentejo, Annals of Forest Science, 2014.

From Theory to Practice: How to Teach and Engage Students using Mixed Methodology

Mette L. Baran

Department of Doctoral Leadership
Cardinal Stritch University
Milwaukee, WI., USA
Mlbaran@stritch.edu

Janice E. Jones

Department of Doctoral Leadership
Cardinal Stritch University
Milwaukee, WI., USA
Je2jones@stritch.edu

Abstract—A fundamental core of any doctoral program is courses in advanced research methods focusing on quantitative and qualitative methods including data analysis and statistics. However, institutions have varied requirements in terms of delivery method and whether or not students are required to be trained in both methods. This short presentation will describe one institution's effort to train its doctoral students to become scholars of mixed methods research methods. In addition, professors feel challenged in determining which approaches best meet the needs of novice researchers.

Keywords- *Mixed Methodology, Graduate Program Teaching, Research*

I. INTRODUCTION

Mixed methods research is, generally speaking, an approach to knowledge (theory to practice) that attempts to consider multiple viewpoints, perspectives, positions, and standpoints. As such, before the advent of mixed methods, many studies used multiple methods to achieve the benefits of triangulation without restricting themselves to any paradigmatic membership or methodological category (Tashakkori & Teddlie, 2003). The combined use of quantitative and qualitative research methods is commonly known as mixed methods. It is expected that a mixed methods approach can overcome the drawbacks of using a single method by incorporating the relative advantages of both quantitative and quality methods (Harrigan, Ramsey, & Ibbotson, 2012; Harrison & Reilly, 2011; Tashakkori & Teddlie, 2003). Many researchers have used mixed methods (Arora, 2011; Bazeley, 2004; Davis, Goljic, & Boerstler, 2011; & Koller, 2008) and this approach has become the third methodological movement (Cameron & Miller, 2007). A fundamental core of any doctoral program is courses in advanced research methods focusing on quantitative and qualitative methods including data analysis and statistics. However, institutions have varied requirements in terms of delivery method and whether or not students are required to be trained in both methods. This short presentation will describe one institution's effort to train its doctoral students to become scholars of mixed methods research methods. The intended purpose is then to provide exemplars of how researchers can use both methodologies conducting empirical research as well as practical ways to teaching this material. While there are both practical and pedagogical challenges involved in effectively designing research methods courses focusing on both quantitative and qualitative methods and training students to

become strong researchers in both disciplines, the faculty strongly believes that such an approach generates well-rounded researchers trained to approach a research problem from different viewpoints.

Quantitative research allows for large-scale data collection and analysis providing statistical explanations of the data. Horna (1994) notes that "quantitative research designs are characterized by the assumption that human behavior can be explained by what may have termed "social facts", which can be investigated by methodologies that utilize "the deductive logic of the natural sciences" (p. 121). Quantitative investigations look for "distinguishing characteristics, elemental properties and empirical boundaries" (p. 121) and tend to measure "how much", or "how often" (Nau, 1995). The design allows flexibility in the treatment of data, in terms of comparative analyses, statistical analyses, and repeatability of data collection in order to verify reliability; however, it fails to provide any explanation or analysis beyond the descriptive level. Miles and Huberman (1994) state that "quantitative data is more efficient and able to test hypotheses, but may miss contextual detail" (p. 40). Qualitative research, on the other hand, allows the researchers to gain rich detailed data. It provides a deep, rather than broad, set of knowledge about a particular phenomenon seen through the eyes of the researcher who tends to become subjectively immersed in the subject matter (Miles & Huberman, 1994, p. 40). "Qualitative research, broadly defined, means "any kind of research that produces findings not arrived at by means of statistical procedures or other means of quantification" (Strauss & Corbin, 1990, p. 17).

Although a distinction is commonly drawn between qualitative and quantitative aspects of scientific investigation, it has been argued by numerous researchers that the two go hand in hand. Mixed methodology, blending both qualitative and quantitative research methods, can create an optimal design for many studies. Eisner (1991) points out that all knowledge, including that gained through quantitative research, is referenced in qualities, and that there are many ways to represent our understanding of the world. Qualitative research is often used to gain a general sense of phenomena and to form theories that can be tested using further quantitative research. Jayaratne (1993) argues that qualitative data can support and explicate the meaning of quantitative research. Rossman and Wilson (1985) identified three reasons for combining quantitative and qualitative research. First, combinations are used to enable confirmation or corroboration of each other through triangulation. Second, combinations are used to enable

or to develop analysis in order to provide richer data. Third, combinations are used to initiate new modes of thinking by attending to paradoxes that emerge from the two data sources. By examining published research, Greene, Caracelli, and Graham (1989) inductively identified the following five broad purposes of rationales of mixed methodological studies: (1) triangulation, (2) complementarity, (3) development, (4) initiation, and (5) expansion.

Most recently, Collins, Onwuegbuzie, and Sutton (2006) identified four rationales for conducting mixed research: participant enrichment, instrument fidelity, treatment integrity, and significance enhancement. Meanwhile, in recent years, some of the strongest supporters of qualitative research, such as Denzin, Lincoln, and Guba, have, at times, made statements that appear to give credence to mixed methods research. For example, Lincoln and Guba (1985) acknowledged that “indeed, there are many opportunities for the naturalistic investigator to utilize quantitative data—probably more than are appreciated” (pp. 198-199). Also, Guba and Lincoln (2005) stated that “the information may be quantitative or qualitative (p. 174). Responsive evaluation does not rule out quantitative modes, as is mistakenly believed by many, but deals with whatever information is responsive to the unresolved claim, concern, or issue”. Furthermore, Guba and Lincoln (1994) noted that, “both qualitative and quantitative may be used appropriately with any research paradigm” (p. 105). Similarly, Guba and Lincoln (2005) reiterated that “within each paradigm, mixed methodologies may make perfectly good sense” (p. 200).

Both single methodology approaches (qualitative only and quantitative only) have strengths and weaknesses. The combination of methodologies, on the other hand, can focus on their relevant strengths. Nau (1995) notes that the researcher should aim to achieve the situation where “blending qualitative and quantitative methods of research can produce a final product which can highlight the significant contributions of both” (p. 1). Mixed research strategies are now considered a common and acceptable feature of all good research.

II. REVIEW OF THE LITERATURE

Strong teachers aspire to improve their pedagogy regardless of what grade level they teach and are driven by the responsibility to ensure that their students learn. In higher education, part of being an effective instructor involves understanding how adults learn best. Compared to children and teens, adults have special needs and requirements as learners. Knowles (1975) identified the following characteristics of adult learners:

- Adults are autonomous and self-directed. They need to be free to direct themselves. Their teachers must actively involve adult participants in the learning process and serve as facilitators for them.

- Adults have accumulated a foundation of life experiences and knowledge that may include work-related activities, family responsibilities, and previous education.

- They need to connect learning to this knowledge/experience base.

- Adults are goal-oriented. Upon enrolling in a course, they usually know what goal they want to attain.

- Adults are relevancy-oriented. They must see a reason for learning something. Learning has to be applicable to their work or other responsibilities to be of value to them.

- Adults are practical, focusing on the aspects of a lesson most useful to them in their work. They may not be interested in knowledge for its own sake. Instructors must tell participants explicitly how the lesson will be useful to them on the job.

- Adults need to be shown respect. Instructors must acknowledge the wealth of experiences that adult participants bring to the classroom. These adults should be treated as equals in experience and knowledge and allowed to voice their opinions freely in class (pp. 14-15).

The following section describes the curriculum utilized in teaching both quantitative and qualitative methods to doctoral students focusing on both the strengths and weaknesses of both methods using a substantively broad, student-centered approach to learning and teaching.

III. CURRICULUM

Doctoral students typically decide early in their coursework what research methodology they lean towards to conduct their dissertation research. It may be a challenge to instructors keeping all students’ interest levels up while covering both quantitative and qualitative methods to students who have limited their choice to either quantitative or qualitative methods. Instructors in this Doctorate in Leadership program have made an effort to introduce students to a multi-methodological approach focusing on the appropriateness of utilizing mixed methods to answer a broad range of research questions. The result is that approximately 70% of all graduates in the program utilize mixed methodology in the dissertation, demonstrating a strong knowledge base of both quantitative and qualitative methods.

In the context of an increasingly diverse campus community, cooperative and active learning are strategies that pose an efficient way to promote student learning, interaction and social skills. Learning groups ensure that students engage actively with the course material, reflect on their own ideas, and support each other’s learning, as opposed to simply writing down notes - a choice that derives from the outmoded banking concept of teaching (Timpson & Bendel-Simso, 1996).

The six research seminars introduce the research process and practice, focusing on the elements of research design that apply to both qualitative and quantitative methodologies. Students examine a number of qualitative and quantitative research methodologies such as case study and ethnographic research; historical research; non-experimental quantitative research such as survey research, longitudinal and correlational research; experimental research, and others. The overall goal of the research seminar courses is that students gain deep knowledge of principles of research design including the understanding of the strengths and limitations of quantitative and qualitative methods in study design and analysis. Another goal is to ensure that students gain the ability to use a range of analytic methods and select and apply the most appropriate

ones to address specific research questions. The following section outlines examples of required student assignments throughout the three-year research seminar sequence starting with year one requirements.

IV. EXAMPLES OF ASSIGNMENTS

The aim of these assignments is that students will gain a deep understanding of both qualitative and quantitative methods. This paper only includes examples of year one and three assignments. Students continue their exposure to mixed methodologies during their second year of study, as well. Students complete two assignments during their first year in the doctoral program: Literature Review and Research Design Overview.

Literature Review: Students locate and read five journal articles (both qualitative and quantitative methods) in an area of interest for their research.

Research Design Overview: Study teams prepare an oral and written paper summarizing research that typifies one of the major forms of quantitative and qualitative research design. Papers must reflect an understanding of the benefits and shortcomings of various research methodologies, as well as an ability to critically analyze research methodology for the purpose of choosing the most appropriate approach and answering a specific form of question.

In their third year students complete the following assignments: Data Analysis and Research Overview.

Data Analysis: Students will individually analyze their data using descriptive and inferential statistical techniques or qualitative data analysis techniques. Students will be asked to present results and conclusions to the rest of the class. Data must be appropriately interpreted and analyzed.

Research overview: Students write a research overview covering what they learned in research over the past three years.

V. SUMMARY

Professors of leadership research see the need teaching students both quantitative and qualitative research methods. Graduates will be able to contribute to future research in their fields covering their broad exposure to both research methodologies utilizing mixed methods in their own research. They will be consumers and critics of research traversing across both methods adding to the renewed emphasis on the need for integrated research in order to understand a problem to the fullest. With the continuous changes of our society and rapid growth of technologies, researchers also need to take into consideration and reevaluate the various new trends of data, data collection methodologies, and the meaning of quantitative and qualitative data.

REFERENCES

- [1] Arora, R. (2011). Bundling or unbundling frequently purchased products: A mixed method approach. *Journal of Consumer Marketing*, 28(1), 67-75.
- [2] Bazeley, P. (2004). Issues in mixing qualitative and quantitative approaches to research. In R. Buber, J. Gadner, and L. Richards (Eds.), *Applying qualitative methods to marketing management research* (pp. 141-156). UK: Palgrave Macmillan.
- [3] Cameron, R., & Miller, P. (2007). Mixed methods research: Phoenix of the paradigm wars. In R. Chapman (Ed.), *Managing our intellectual and social capital: Proceedings of the 21st ANZAM Conference*. Sydney, Australia: Promaco.
- [4] Collins, K. M. T., Onwuegbuzie, A. J., & Sutton, I. L. (2006). A model incorporating the rationale and purpose for conducting mixed methods research in special education and beyond. *Learning Disabilities: A Contemporary Journal*, 4, 67-100.
- [5] Davis, D. F., Golicic, S. L., & Boerstler, C. N. (2011). Benefits and challenges of conducting multiple methods research in marketing. *Journal of the Academy of Marketing Science*, 39(3), 467-479.
- [6] Greene, J. C., Caracelli, V. J., & Graham, W. F. (1989). Toward a conceptual framework for mixed-method evaluation designs. *Educational Evaluation and Policy Analysis*, 11(3), 255-274.
- [7] Eisner, E. W. (1991) *The enlightened eye: qualitative inquiry and the enhancement of educational practice*. New York: Macmillan.
- [8] Harrigan, P., Ramsey, E., & Ibbotson, P. (2012). Exploring and explaining SME marketing: Investigating e-CRM using a mixed methods approach. *Journal of Strategic Marketing*, 20(2), 127-163.
- [9] Harrison, R. L., & Reilly, T. M. (2011). Mixed methods designs in marketing research. *Qualitative Market Research: An International Journal*, 14(1), 7-26.
- [10] Horna, J. (1994). *The study of leisure*. Oxford: Oxford University Press.
- [11] Jayaratne, T. (1993). Quantitative methodology and feminist research. In M. Hammersley (Ed.), *Social research: Philosophy, politics and practice* (pp. 109-123). London: Sage.
- [12] Knowles, M. S. (1975). *Self-Directed Learning. A guide for learners and teachers*. Englewood Cliffs: Prentice Hall/Cambridge.
- [13] Koller, M. (2008). A future research agenda for mixed-method-design in business research. *International Journal of Business Research*, 8(4), 50-60.
- [14] Lincoln, Y. S., & Guba, E. G. (1985). *Naturalistic inquiry*. Beverly Hills, CA: Sage Publications.
- [15] Miles, M. B., & Huberman, A. M. (1994). *Qualitative Data Analysis* (2nd Ed.). Thousand Oaks: Sage.
- [16] Nau, D. (1995, December). Mixing Methodologies: Can Bimodal Research be a Viable Post-Positivist Tool? *The Qualitative Report*, 2 (3). Retrieved from: <http://www.nova.edu/ssss/QR/QR2-3/nau.html>
- [17] Strauss, A., & Corbin, J. (1990). *Basics of qualitative research: Grounded theory procedures and techniques*. Newbury Park, CA: Sage Publications, Inc.
- [18] Tashakkori, A., & Teddlie, C. (2003a). *Handbook of mixed methods in social and behavioral research*. Thousand Oaks, CA: Sage Publications.
- [19] Timpson, William M. & Bendel-Simso, Paul. (1996). *Concepts and Choices for Teaching: Meeting the Challenges in Higher Education*. Madison, WI: Magna Publications, Inc.
- [20] Rossman, G. B., & Wilson, B. L. (1985). Numbers and words: Combining quantitative and qualitative methods in a single large-scale evaluation study. *Evaluation Review*, 9, 627-643.

Learning Style Preferences of Undergraduate Quantity Surveying Students

Quantity Surveying

Elzane van Eck

Department of Construction Economics
University of Pretoria
Pretoria, South Africa
elzane.VanEck@up.ac.za

Hennie van Heerden

Department of Construction Economics
University of Pretoria
Pretoria, South Africa
hennie.vanheerden@up.ac.za

Michelle Burger

Department of Construction Economics
University of Pretoria
Pretoria, South Africa
michelle.burger@up.ac.za

Ridhwana Khan

Department of Construction Economics
University of Pretoria
Pretoria, South Africa
Student

Abstract—Some students find it difficult to adequately approach the study material of quantity surveying. The purpose of this study was to investigate learning styles and brain dominance of undergraduate quantity surveying students in order to determine the preferred learning styles of these students.

To have a holistic understanding of the preferred learning style, it was necessary to investigate certain key topics. The focus of this study was to firstly examine literature on the key topics namely quantity surveying, different learning styles and brain dominance. Secondly empirical research was conducted by making use of a comprehensive questionnaire consisting of 24 short questions. Research data was gathered from 50 quantity surveying students who were in their third year of studies at the University of Pretoria. The captured results of the questionnaire was used to determine which part of the brain is predominantly used by quantity surveying students which is directly associated with the type of learning styles that the students prefer to make use of.

It was found that 70% of quantities surveying students make use of the left side of their brain (referred to as quadrant A & B) rather than the right side. The percentage quantity surveying respondents inclined towards quadrant A brain dominance was 36% and those inclined towards quadrant B brain dominance was 34%. The learning styles that best align with the left side of the brain are the logical- and methodical approach.

Keywords- *Learning styles, Brain dominance, Quantity surveying, University of Pretoria*

I. INTRODUCTION

Information processing can be defined as the different ways in which an individual analyses information. Different stages of information processing exists which includes the thinking, perception and attention of an individual [1]. Lecturers at the Department of Construction Economics observed that students struggle to adequately approach the study material of the challenging course, quantity surveying. This research aims to

investigate the preferred learning styles or methods of undergraduate quantity surveying students.

In order to have a holistic understanding of the preferred learning methods, it is necessary to have basic knowledge about certain topics. These topics include quantity surveying as profession, different learning styles and the brain dominance. First it is necessary to understand what quantity surveying as profession entails in order to get an understanding of what quantity surveying students are being prepared for at university level. Secondly it is necessary to investigate the various learning methods available to students. Lastly it is necessary to look at the impact of brain dominance on processing of information.

II. LITERATURE REVIEW

A. *Quantity Surveying*

It is important for the quantity surveying profession to obtain candidate QS's and professional QS's that have received sound education and come with adequate knowledge. The aim of tertiary institutions should be to ensure optimum absorption and grasping of information by students. This article will therefor focus on learning styles of students.

An important aspect of understanding the roles and functions of a quantity surveyor in South Africa is firstly to define the terms "quantity surveyor" and "quantity surveying". The South African Council for the Quantity Surveying Profession (SACQSP) defines these two terms as follow [2]:

"Quantity Surveying" is the provision of expert, professional services and advice on construction procurement, contracting and costs. Quantity surveyors are trained, experienced specialists who have acquired comprehensive knowledge of construction procurement and contracting methods, finance and economics. They advise, collaborate and co-operate with members of other Built Environment Professions."

“Quantity Surveyor” is a person who is registered as such in terms of the Quantity Surveying Profession Act, 2000 (Act No. 49 of 2000) [3].”

The faculty of Engineering, Built Environment and Information Technology (EBIT) at the University of Pretoria [4] define in part 2 of their rules and regulations the terms quantity surveying and quantity surveyor as follow: “The science that delivers specialised financial and contractual services and advice to clients in the building and construction industry, as well as in related industries. The quantity surveyor is an independent and professional consultant who works with architects, consulting engineers, and the building contractor, in order to protect the interests of the client, while at the same time also looking after the interests of the contractor and subcontractors” [4]. The modern quantity surveyor can be seen as the construction cost advisor or construction cost consultant with a broad knowledge of construction economics [5].

The services provided by a registered professional quantity surveyor can be categorised into six stages namely: inception; concept and viability; design development; documentation and procurement; construction and close-out. Professional quantity surveyors base their fees on these stages as outlined in the 2013 Tariff of Professional Fees Schedule as published by the SACQSP [6]. The actions and deliverables of the quantity surveyor will align with the various project stages and key deliverables at the end of each stage [5] [6].

It is thus essential that the academic preparation of quantity surveying students at the University of Pretoria is done in such a manner that students will be able to meet the demands and requirements of the quantity surveying profession. Qualifying with an accredited degree or honours degree in quantity surveying has a direct impact on the route to becoming a registered professional quantity surveyor (PrQS). In South Africa there are various routes available in order to register as a professional quantity surveyor. The different routes are established to accommodate different types of higher education qualifications and to ensure that all candidates achieve the same level of required knowledge prior to registration. The table below is compiled by the SACQSP and indicate the various registration options.

An individual wanting to become a registered quantity surveyor must have a qualification in higher education. The Department of Higher Education and Training together with the South African Qualifications Authority (SAQA) has established the National Qualifications Framework (NQF). The NQF levels are associated with the type of higher education qualification for example a diploma is considered a NQF level 6 in comparison to a Bachelors Honours degree that is considered a NQF level 8. The associated NQF credits, NQF level and type of qualification obtained will determine the route an individual has to follow to become a registered quantity surveyor [7]. The tables above outlay all the different routes available but for the purposes of this study, only routes A1 and A2 will be further discussed.

TABLE I. SACQSP ROUTES TO REGISTRATION FOR CANDIDATE QUANTITY SURVEYORS [7].

Effective 1st January 2013	Academic Route						
	SACQSP Accredited Quantity Surveying Degrees		SACQSP Accredited Cognate Degrees +		Non Accredited QS Degree		MRICS / FRICS QS Pathway Only
Entry Qualifying Programme	1 A	1 B	2 A	2 B	3 A	3 B	4
Route Code	480	360	480	360	480	360	480 equivalent
NQF Credit	480	360	480	360	480	360	480 equivalent
SAQA / NQF Exit Level	Level 8	Level 7	Level 8	Level 7	Level 8	Level 7	Level 8 equivalent
Professional Skills Modules *	Nil	18	Programme Dependant	18	Programme Dependant	18	Nil
Minimum duration under a PrQS supervision**	3-Years	4-Years	4-Years	5-Years	4-years	5-years	N/A
Maximum Candidate Registration Period ***	10-years	10-years	10-years	10-years	10-years	10-years	N/A
Compulsory Interim Submission	1 off	1 off	1 off	2 off	1 off	2 off	N/A
Compulsory Final Submission	Yes	Yes	Yes	Yes	Yes	Yes	N/A
Daily Diary	Yes	Yes	Yes	Yes	Yes	Yes	N/A
Log Book	Yes 3-yr	Yes 4-yr	Yes 4-yr	Yes 5-yr	Yes 4-yr	Yes 5-yr	N/A
General report - current	Yes 3-yr	Yes 4-yr	Yes 4-yr	Yes 5-yr	Yes 4-yr	Yes 5-yr	N/A
Detailed Resume'							Yes
Project Report	Yes	Yes	Yes	Yes	Yes	Yes	N/A
APC Interview	Yes	Yes	Yes	Yes	Yes	Yes	N/A
PrQS Peer Interview							Yes

An individual wanting to become a registered quantity surveyor must have a qualification in higher education. The Department of Higher Education and Training together with the South African Qualifications Authority (SAQA) has established the National Qualifications Framework (NQF). The NQF levels are associated with the type of higher education qualification for example a diploma is considered a NQF level 6 in comparison to a Bachelors Honours degree that is considered a NQF level 8. The associated NQF credits, NQF level and type of qualification obtained will determine the route an individual has to follow to become a registered quantity surveyor [7]. The tables above outlay all the different routes available but for the purposes of this study, only routes A1 and A2 will be further discussed.

The main difference between routes A1 and A2 is that route A1 applies to an individual who holds a SACQSP accredited bachelors' honours degree in Quantity Surveying whereas route A2 applies to an individual who holds a SACQSP accredited bachelor's degree in Quantity Surveying.

Due to the difference in higher education levels achieved, the A2 route candidates will have to work one year longer under PrQS (registered professional quantity surveyor) supervision. In January 2013 the new registration regulations took effect. The new regulations require candidates to undertake 18 Professional Skills Modules in lieu of the prior council examinations Part 1 and 2. Candidates of route A1 are exempt from this requirement due to their qualification level. The professional skills modules have been purpose-written for the SACQSP and are individually assessed. A2 route candidates are required to complete all 18 skills modules and will receive a certificate of competence for each module passed [8].

Both routes A1 and A2 require a candidate quantity surveyor to work a certain minimum years under PrQS supervision and mentorship. During these years the A2 route candidates will undertake the 18 professional skills modules.

All candidates are required to keep a daily diary of their work experience which is carried over to a log book. The log book is a summary of the total work experience divided into pre-determined work or skill categories. This will indicate whether a candidate obtained enough experience in all the relevant categories as required by the SACQSP. Together with the daily diary and log book each candidate is also required to produce a general report of all the projects they have worked on as well as a detailed project report of one of their projects. These documents have to be submitted to the SACQSP for approval. Half way during the supervision period the SACQSP requires a compulsory interim submission from each candidate. They will then provide feedback and guidance on possible shortfalls in experience. At the completion of the supervision period each candidate will submit their compulsory final submission to the SACQSP for approval. Only once all the SACQSP requirements have been met a candidate will be approved for an Assessment of Professional Competence (APC) interview. This is the last step in the route to registration for A1 and A2 candidates.

In the APC interview a candidate will be interviewed by a committee of professional quantity surveyors as appointed by the SACQSP. This committee will have a discussion with the candidate on his or her work experience and ask work related questions to determine if the candidate qualifies to become a professional quantity surveyor. If the APC interview is successful the candidate quantity surveyor will receive the status of professional quantity surveyor (PrQS).

The different routes to registration as a professional quantity surveyor have been established by the SACQSP in order to breach any knowledge gap that might exist. At the University of Pretoria students can enrol for both a degree and honours degree in quantity surveying. Various subjects are taught at the University of Pretoria as part of the academic curriculum in order to sufficiently prepare quantity surveying students for the quantity surveying profession. Tables 2, 3, 4 and 5 below summarises the subjects which students can choose from to obtain the required credits for the degree they enrolled for.

TABLE II. 1ST YEAR (BScQS) SUBJECTS TAUGHT [4].

1st Year (BScQS)	
Semester 1	Semester 2
Academic orientation	Building organisation
Academic information management	Building drawings
Academic literacy	Building science
Economics	Economics
Building drawings	Building services
Building science	Quantities
Economics	History of the environment
Building services	Structures
Quantities	
Introduction to structures	
Pre-calculus	

TABLE III. 2 ND YEAR (BScQS) SUBJECTS TAUGHT [4].

2nd Year (BScQS)	
Semester 1	Semester 2
Building science	Building science
Financial management	Financial management
Building services	Building services
Quantities	Quantities
Reinforced concrete structures	History of the environment
Statistics	Civil engineering services
Site surveying	Statistics

TABLE IV. 3RD YEAR (BScQS) SUBJECTS TAUGHT [4].

3rd Year (BScQS)	
Semester 1	Semester 2
Business law	Housing
Quantity surveying practice	Quantity surveying practice
Building science	Building science
Building services	Introduction to property law
Quantities	Quantities
Community-based project	Community based project
Construction information technology and communications	Property financial mathematics
	Research methodology
	Sustainable construction

TABLE V. HONOURS YEAR (BSCHONSQS) SUBJECTS TAUGHT [4].

Honour Year (BSCHonsQS)	
Semester 1	Semester 2
Building cost estimation	Building cost estimation
Quantity surveying practice	Quantity surveying practice
Research report	Research report
Feasibility studies	Management practice
Quantities	Feasibility studies
Construction management	Quantities
Construction contract law	Construction contract law
Construction project management	Practical development feasibility
Practical development feasibility	

As can be seen from Tables 2, 3, 4 and 5 above, the subjects taught at the University of Pretoria aims to provide quantity surveying students with an overall sound knowledge of economics, finance, contractual matters and building and construction. The subjects aim to sufficiently prepare students to face the realities of quantity surveying. As part of the honours degree program the University of Pretoria also requires quantity surveying students to accumulate 240 hours of work experience prior to obtaining their honours degree [4].

This further helps students to prepare for the industry demands they will be facing in practice.

Not all students will find the study material of the above mentioned subjects easy to grasp and they will apply different learning approaches to obtain the required knowledge. It is important for lecturers to understand this in order to optimize student learning.

B. Learning Approaches

Various learning styles and learning approaches exist that allow students to absorb knowledge in a way that is understandable to them. According to Svenson (1997), Schmeck & Geisler-Brenstein (1989) and Loyens, et. al (2012) [1][9][10] there are two main learning styles namely deep learning and surface learning which are summarised in table 6 below.

TABLE VI. LEARNING STYLES: DEEP APPROACH VERSUS SURFACE APPROACH [1][9][10].

LEARNING STYLES	
DEEP APPROACH	SURFACE APPROACH
Students analyse and reinterpret the study material to understand its broader/deeper meaning.	Students take the information just as it is found, literally.
Focus is on the main themes and principles of the information.	Memorise information without creating links between different pieces of information.
Students are analytic, linguistic and have better control of their cognitive resources and thus do not rely heavily on external cues.	Reproduces the content/facts without understanding the deeper meaning and avoid developing own conclusions.
	Can accumulate more facts but fail to gain greater understanding.
	Students do not challenge information provided.

As can be seen from the table above, deep learning enables students to have a deeper and broader understanding of study material. Surface learning on the other hand does not explore the deeper meaning or understanding of study material as students only memorise and reproduce information given to them. Schuford (2000: 21) [11] says that certain subjects will require facts and details to be memorised. A combination of learning styles will in some cases benefit students more.

There are various learning approaches namely visual, auditory, kinaesthetic, logical and methodical. Each of these approaches has its own unique characteristics. Table 7 below summarises the characteristics of the different learning approaches [1][10] [12][13][14].

As can be seen from the table above the main differences between the various learning approaches are as follow: with the visual approach students process information by creating mental images, with the auditory approach students process information by making use of sound and listening skills, with the kinaesthetic approach students process information by making use of interactive learning and sharing experiences with others, with the logical approach students process information through logical understanding and in a structured manner and lastly with the methodical approach students process information through following procedures and methods and following steps.

TABLE VII. LEARNING STYLES: LEARNING APPROACH: CHARACTERISTICS [1][10][12][13][14].

LEARNING APPROACH: Characteristics			
	VISUAL	AUDITORY	KINAESTHETIC
Characteristics of learning approach:	Students have active imaginations and create mental images of study material to remember its content.	Encompasses a representation of sound in a person's memory.	Students listen and share personal ideas and experiences with others.
	Activities of this approach include extensive reading, written instructions, using outlines, flash cards, TV, videos and the internet.	Students take notes from auditory input such as listening to lectures.	Use emotions in the form of personal experiences.
		Students inclined towards using songs and music as part of their learning technique.	Inclined towards activities that involve group discussions, role playing, drama and storytelling.
			Facilitate learning using interactive learning.
	LOGICAL	METHODICAL	
Characteristics of learning approach:	Student's intention to understand content together with the processes of relating and structuring ideas, looking for underlying principles, weighing relevant evidence, and critically evaluating knowledge.	Students use an organised and consistent approach to studying.	
	Information is processed in a very structured and sequential manner.	Learning is facilitated by outlining, summarising, making checklists and enjoy following procedures when studying.	
	The focal point of processing information is on the finer details.	Students place emphasis on staying on track and on time with their studying.	Prefer exercises and problem solving that require particular steps to be followed.

Learning approaches are different and students will thus have different motivational preferences for each learning approach.

The different student preferences, according to De Boer, Bothma & Du Toit [12], is summarised in table 8 below.

TABLE VIII. LEARNING APPROACH: STUDENT PREFERENCE [12].

LEARNING APPROACH: Student Preference			
	VISUAL	AUDITORY	KINAESTHETIC
Student preference:	Motivated by tasks which encourage to explore, discover, conceptualise and synthesise information.	Motivated by tasks which hear and of what they have been told.	Motivated by tasks which encourage them to be actively involved.
		Enjoy class and group discussions.	Sharing, internalising and using physical movement and feeling.
		Good at remembering instructions and conveying them verbally.	
		Prefer studying with a friend.	
		Recite the information out loud.	
		Auditory students also make calculations orally.	
	LOGICAL	METHODICAL	
Student preference:	Motivated by tasks that require them to analyse and theorise the information given to them.	Prefer to be motivated by tasks which encourage them to continuously practice tasks as well as to organise information efficiently.	
	Quantifying and making use of logical information processing are activities that also motivate logical students to learn effectively.	Sequencing of information also motivates methodical students when learning.	

As can be seen from the table above, students applying a certain learning approach will prefer and be motivated by certain tasks. For example a student following the auditory approach will enjoy class discussions, studying with a friend and reciting information out loud when studying. Likewise students who follow a logical learning approach will prefer to do tasks where they can analyse and theorise information. Lecturers should keep in mind that the students in their class will not all follow the same learning approach. Teaching styles/methods should incorporate various tasks to accommodate various learning approaches.

With each learning approach there are also student weaknesses to take into account. According to De Boer, Bothma & Du Toit [12], student weaknesses can be summarised as per table 9 below.

TABLE IX. LEARNING APPROACH: STUDENT WEAKNESS [12].

LEARNING APPROACH: Student Weakness			
	VISUAL	AUDITORY	KINAESTHETIC
Student weakness:	Students struggle with strictness.	-	Students have difficulty in absorbing high volumes of data.
	Students cannot manage time well.		Interaction with other people is lacking.
	Difficult to study information that has too much detail.		Students do not spend a lot of their time on relationships.
	LOGICAL	METHODICAL	
Student weakness:	Struggle to understand information that is vague.	Difficulty at grasping concepts and instructions that are not clear.	
	Find it difficult to understand concepts that do not require the use of logic and application to it.	Often struggle with ambiguity and are not risk takers.	
	Struggle with expressing emotions.		

As can be seen from the table above, students following a certain learning approach will have difficulty processing information that is presented according to a different learning approach. Visual students will struggle to process information with a lot of detail and logical and methodical students on the other hand will find it difficult to process information that is vague. The limitations of different learning approaches should be kept in mind as it can affect information processing by students.

To accommodate the various learning approaches of students, lecturers could consider the educational strategies as summarised in table 10 below [12][13][15][16].

There are various educational strategies that lecturers can apply in accordance with the different learning approaches. Visual strategies include making use of colours, pictures, flowcharts or visual illustrations. Auditory strategies include group work or group discussions and allowing students to record lectures so that they can audibly refer back to what was discussed in class. Kinaesthetic strategies include physical activities, sensory based experiments, using human interest stories or group projects. Logical strategies include research, problem solving or including expert sources in study material. Lastly methodical strategies include exercises with repetition and opportunity to practice or step-by-step testing of the information taught.

The literature as discussed thus far provides a basic overview of the characteristics, strengths, weaknesses and educational strategies of the different learning approaches but there is another important aspect to consider when it comes to student learning. This aspect is brain dominance and will be discussed next.

TABLE X. LEARNING APPROACH: EDUCATIONAL STRATEGIES [12][13][15][16].

LEARNING APPROACH: Educational Strategies			
	VISUAL	AUDITORY	KINAESTHETIC
Educational strategies:	Incorporate different colours in their lecture notes.	Consider a suitable style of language to convey information.	Incorporate activities like small group discussions, group team projects and physical activities.
	Summarise each paragraph or topic by using sentences that contain vital information.	Incorporate group discussions and group work into their syllabus.	Encourage kinaesthetic students to sit in the front row of the class.
	Use metaphors and visual illustrations.	Allow students to record lectures.	Use human interest stories or narratives to convey their information.
	Incorporate discovery activities.		Hands-on activities and sensory based experiments in which students can try, fail, and retry with an opportunity for verbal feedback and encouragement.
	Prompt students to make use of mental imagery.		
	LOGICAL	METHODICAL	
Educational strategies:	Incorporate some form of research with regards to their subjects.	Lectures are well structured, have sufficiently detailed agendas as well as clear instructions.	
	Provide challenging problems to solve, that stimulates students using a logical approach to learning.	Student to undertake much repetition and practice in order to improve their skills and competence.	
	Lecture material should contain concrete information using expert sources and citations as this is strongly used by logical students.	Tested the step-by-step processes of the information that is being taught to them.	
	Structured in such a way as to encourage students to apply their logic by rationalising and critically evaluating information.		
	Logical students learn through external factors such as lectures and text books.		

C. Brain Dominance

Brain dominance can be explained by making use of the Hermann Whole Brain model as illustrated in figure 1 below. According to de Boer, du Toit, Bothma and Scheepers (2012: 187) [17] this model represents a metaphoric whole brain that is divided into four quadrants or four thinking modes. These quadrants can be categorised as follow:

- A: intellectual self
- B: safekeeping self
- C: emotional self
- D: experimental self

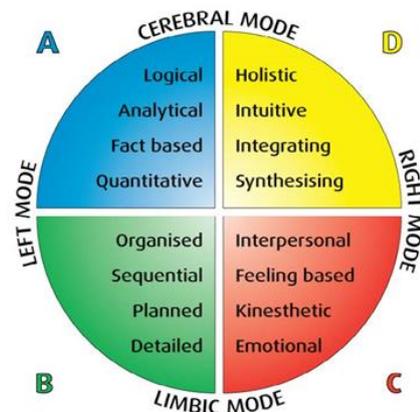


Figure 1. Hermann Whole Brain Model [17].

The left side of the brain is associated with logical, rational, critical, quantitative issues and activities while the right side of the brain is associated with visual, conceptual, emotional and interpersonal activities [17]. Not all students will have the same thinking mode preference and the Hermann model is able to identify not only high- but also low preference thinking modes [17].

De Boer, et. al. (2012: 189) [17] in their article “Constructing a comprehensive learning style flexibility model of the innovation of an information literacy model” explain that they built on Hermann’s whole brain model by integrating different ways of facilitating learning, learning preferences, learning avoidances, student expectations and aspects with which students may struggle with. Figure 2 below illustrates this model.

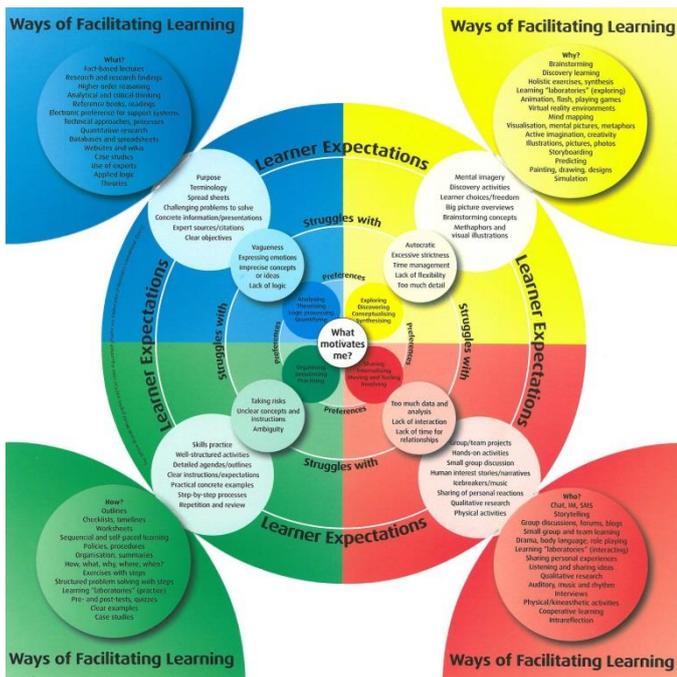


Figure 2. Comprehensive whole brain model of facilitating learning accommodating diverse thinking preferences [17].

Figure 2 is based on the four quadrants of Hermann’s Whole Brain Model which is divided into circles. Each circle addresses different topics associated with learning & teaching within a specific brain quadrant. The inner circle addresses motivational factors, the next circle addresses student preferences followed by the circle addressing the things students struggle with, the outer circle represents learner expectations and the four outer quadrants address ways to facilitate learning within each brain quadrant or thinking mode.

When looking at the different learning approaches, as discussed earlier, in comparison to the comprehensive whole brain model drawn up by de Boer et. al. (2012: 191) [17], it is clear that there is a correlation between learning approaches and brain dominance. Certain learning approaches will naturally align with a specific brain quadrant or thinking mode. For example a student with a quadrant A (logical, analytical, fact based, quantitative) brain dominance should have a stronger preference for the logical learning approach.

III. METHODOLOGY

A. Data collection and Analysis

Various learning approaches or styles were reviewed to try and gain a basic understanding of their characteristics. These are: deep approach, surface approach, visual approach, auditory approach, kinaesthetic approach, logical approach and methodical approach. For the purpose of this study, the data that was collected and reflected in parallel with the literature review.

Data was gathered from an independent population on the same day. The population consisted of 50 quantity surveying students who were in their third year of studies at the University of Pretoria. The researcher was present when all the questionnaires were handed out and filled in by the students. The researcher was available to answer any questions and uncertainties by the students regarding the questionnaire. The researcher was accompanied by three lecturers in total who were at the time working in the department of construction economics. The research method selected by the researcher was a qualitative method of data collection. A comprehensive questionnaire consisting of 24 short questions were handed out to the students during one of their weekly classes. The questionnaire was formulated by a researcher from the department of education, University of Pretoria. It is a valid research tool that was appropriately aligned with the literature study.

All data gathered from or with this questionnaire was strictly handled with utmost confidentiality. Students were not required to put their names on to the questionnaires so as to maintain privacy of information. A positive response of 50 questionnaires were successfully completed and collected. Students were selected based on their time availability and was conducted on a voluntary basis.

The captured results of the questionnaire is used to determine which part of the brain is predominantly used by quantity surveying students which is directly associated with the type of learning styles that the students prefer to make use of.

A qualitative data analysis was conducted. The data was critically discussed to provide an overview of the brain dominance of quantity surveying students. Weighted averages for each of the questions were also used to provide a more in depth analysis of the data that was collected.

IV. RESULTS AND FINDINGS

The results discussed below represent the strongest single quadrant preference gathered from the quantity surveying respondents. It must be understood that all four quadrants distribution of each student is not taken into consideration.

Table 11 illustrates the weighted averages and quadrant weighted average for quadrant A that will be discussed below.

This study found that 36% of quantity surveying respondents makes use of a logical approach to studying. They are attributed to making use of a logical, analytical, fact-based and quantitative manner of learning.

TABLE XI. WEIGHTED AVERAGES FOR QUANTITY SURVEYING STUDENTS – QUADRANT A.

Quantity surveying		
Questions Asked	Weighted averages	Quadrant weighted average
Quadrant A		3.94
Likes it when the lecturer is in charge & clearly explains subject matter.	4.60	
Learns a lot when lecturer gives informative lecture.	4.34	
Likes brief, clear & to the point information that is accurate with expert sources.	4.60	
Enjoys collecting and analysing facts, ideas & theories.	3.24	
Enjoys critical analysis & problem-solving.	3.76	
Don't like a lot of open-ended sharing of feelings & opinions.	3.12	

This study found that 36% of quantity surveying respondents makes use of a logical approach to studying. They are attributed to making use of a logical, analytical, fact-based and quantitative manner of learning.

The survey highlighted that quantity surveying respondents enjoy collecting and analysing facts, ideas and theories. This is represented by a weighted average of 3.24. These respondents have a strong preference to information that is brief, clear and to the point. They are inclined to information that is accurately tied to expert sources. This scored a high weighted average of 4.60.

A weighted average of 3.76 shows those respondents who are dominant in quadrant A enjoy critically analysing information as well as solving problems. It seems as though quantity surveying respondents learn in abundance when lecturers present lectures that are informative. To this extent a weighted average of 4.34 was found. Table 12 shows the detailed response by the quantity surveying respondents with regard to the question below.

Respondents portrayed the importance of a lecturer to demonstrate authority and explain the subject matter in a clear manner by rating the question in table 12 as follows: 0% strongly disagrees, 0% disagrees, 8% are neutral, 24% agree and 68% strongly agree. This revealed a high weighted average of 4.60.

TABLE XII. DETAILED RESPONSE BY QS STUDENTS' QUESTION: LIKE WHEN THE LECTURER IS IN CHARGE & CLEARLY EXPLAINS THE SUBJECT MATTER.

Question: Like it when the lecturer is in charge & clearly explains subject matter.						
Response	1 = Strongly Disagree 5 = Strongly Agree					Total
	1	2	3	4	5	
Number of respondents	0	0	4	12	34	50
Percentage of total	0%	0%	8%	24%	68%	100%
Average rating	4.60					

A low weighted average of 3.12 suggests that quantity surveying respondents are neutral towards open-ended sharing of feelings and opinions. This is also evident due the fact that only 9% of the respondents make use of a kinaesthetic approach to learning. This means that majority of quantity surveying respondents are not inclined to activities that involve the use of their feelings, emotions and physical self when learning. The overall analysis of quadrant A revealed a high quadrant weighted average of 3.94.

Table 13 indicates the weighted averages and quadrant weighted average for quadrant B that will be discussed below.

TABLE XIII. WEIGHTED AVERAGES FOR QUANTITY SURVEYING STUDENTS – QUADRANT B.

Quantity surveying		
Questions Asked	Weighted averages	Quadrant weighted average
Quadrant B		4.00
Likes content organised into lists, outlines & categories	4.40	
Wants the lecturer to give clear instructions, keep classroom orderly & start & stop on time	4.52	
Needs frequent opportunities for guided practice, feedback & review during class	3.86	
Wants well planned, practical, structured & sequential instructions	4.44	
Frustrated by many open-ended activities, discussion & exploration of ideas	3.10	
Needs checkpoints & activities to verify understanding of material	3.70	

The survey highlighted that quantity surveying respondents also have a strong preference of using a methodical approach to learning. This is evident by 34% of the respondents being dominant in quadrant B.

The data analysis suggests that students with a preference to quadrant B enjoy content that is organised into lists, outlines and categories. This revealed a weighted average of 4.40. They

are inclined towards instructions that are well-planned, practical, structured and sequential. This question scored a high weighted average of 4.44 by the respondents.

The research results indicated that quantity surveying respondents need frequent opportunities for guided practice, feedback and review during class. This showed an average of 3.86.

A calculated weighted average of 3.70 indicated that quantity surveying respondents require checkpoints and activities in order so that they may verify their understanding of the study material. It was also found that these respondents embrace the idea of lecturers giving clear instructions so as to keep the classroom orderly. They are strongly in favour of lectures commencing and concluding timeously. The respondents rated this question with a high weighted average of 4.52.

Table 14 shows the detailed response by the quantity surveying respondents with regard to the following question.

TABLE XIV. DETAILED RESPONSE BY QS STUDENTS TO QUESTION: FRUSTRATED BY MANY OPEN-ENDED ACTIVITIES, DISCUSSIONS & EXPLORATION OF IDEA.

Question: Frustrated by many open-ended activities, discussions & exploration of ideas						
Responses	1= Strongly Disagree 5=Strongly Agree					
	1	2	3	4	5	Total
Number of respondents	5	8	20	11	6	50
Percentage of total	10%	16%	40%	22%	12%	100%
Average rating	3.10					

In table 14 above, it was established that respondents who are dominant in quadrant B get frustrated with a lot of open-ended activities and discussions and are not open to the exploration of ideas. This question was appraised as follows: 10% strongly disagree, 16% disagree, 40% are neutral, 22% agree and 12% strongly agree. This resulted in a low weighted average of 3.10.

The overall analysis of information reflected the highest quadrant weighted average of 4.00 for quadrant B as indicated in the table above.

Table 15 indicates the weighted averages and quadrant weighted average for quadrant C that will be discussed below.

TABLE XV. WEIGHTED AVERAGES FOR QUANTITY SURVEYING STUDENTS - QUADRANT C.

Quantity surveying		
Questions Asked	Weighted averages	Quadrant weighted average
Quadrant C		3.37

Enjoys hands-on, active instruction where student gets to move around.	3.72	
Likes to get to know other students & discuss ideas with them.	3.24	
Dislike competition in class & need to feel comfortable with everyone to learn	3.36	
Likes personal attention, care & acceptance from lecturer with smiles & good eye contact.	3.44	
Appreciates hearing personal stories from lecturer that connects to topic.	3.54	
Enjoys class discussion so can share ideas & hear what others are thinking.	2.92	

Only 9% of the respondents are dominant in quadrant C which revealed a low quadrant weighted average of 3.37. This means that there is a neutral response by quantity surveying respondents to make use of a kinaesthetic approach to learning.

The following table shows the detailed response by the quantity surveying respondents with regard to the question below.

TABLE XVI. DETAILED RESPONSE BY QS STUDENTS TO QUESTION: ENJOYS CLASS DISCUSSION SO CAN SHARE IDEAS & HEAR WHAT OTHERS ARE THINKING.

Question: Enjoys class discussion so can share ideas & hear what others are thinking						
Responses	1= Strongly Disagree 5=Strongly Agree					
	1	2	3	4	5	Total
Number of respondents	5	15	13	13	4	50
Percentage of total	10%	30%	26%	26%	8%	100%
Average rating	2.92					

When respondents were asked as to whether they enjoyed having class discussions which allowed them to share their own ideas and opinions, their response indicated that they mostly disagree or were neutral. This is denoted by a weighted average of 2.92 as seen in table 16 above.

Table 17 demonstrates the weighted averages and quadrant weighted average for quadrant D that will be discussed below.

TABLE XVII. WEIGHTED AVERAGES FOR QUANTITY SURVEYING STUDENTS - QUADRANT D

Quantity surveying		
Questions Asked	Weighted averages	Quadrant weighted average
Quadrant D		3.69
Likes freedom in class to explore ideas, make discoveries & figure things out on their own	3.50	

Important for student to choose how to do things & to have several options available	3.80
Frustrated with structured lecture with many lists & outlines	2.86
Enjoys variety & change in class	3.50
Important to see the big picture when starting a new unit of instruction	4.28
Likes the lecturer to use visuals, patterns, connections & relationships	4.18
Average rating	2.92

The survey further points out that a significant amount of respondents are dominant in quadrant D. 21% of the respondents prefer to learn by using a visual approach. The weighted averages of the six questions for quadrant D ranged between 2.86 and 4.28 as seen in table 17 above. A strong response was received from the quantity surveying respondents when they were asked if it is important for them to see the big picture when starting a new study unit. They demonstrated a weighted average of 4.28. A quadrant weighted average of 3.69 was calculated which reflects the lowest average when compared to the other quadrant averages.

Figure 3 below illustrates the strongest single quadrant distribution of quantity surveying respondents with regard to their brain dominance.

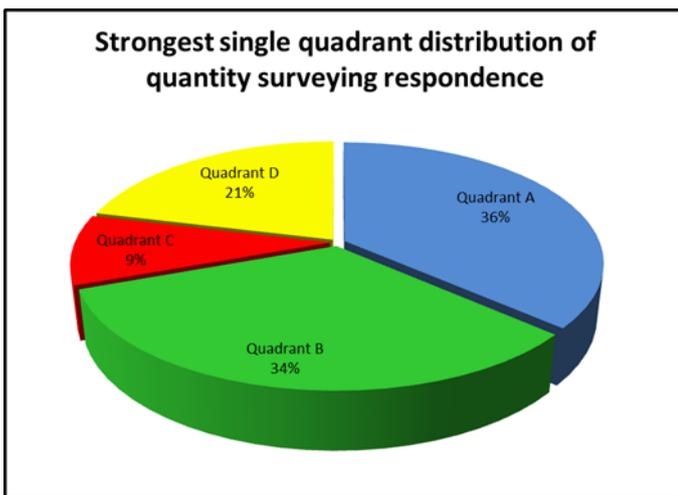


Figure 3. Quantity surveying distribution.

The survey indicated that:

- 36% of the respondents have a strong preference for quadrant A.
- 34% of the respondents prefer quadrant B.
- 9% of the respondents are dominant in quadrant C.
- The outstanding 21% of the respondents present a preference to quadrant D.

From figure 3 above it can be concluded that 70% of the quantity surveying respondents makes use of the left side of their brain more than the right side. The learning approaches,

as discussed earlier, that best aligns with the left side of the brain is the logical and methodical approach.

V. CONCLUSION

The aim of this research was to investigate the preferred learning styles of undergraduate quantity surveying students. Literature was reviewed to gain a basic understanding of the, different learning approaches and brain dominance. The empirical research method used was a quantitative method making use of questionnaires to gather data. A total of 50 quantity surveying students who were in their third year of studies at the University of Pretoria where approached to fill in a questionnaire consisting of 24 short questions.

This study found that 36% of quantity surveying respondents has a strong preference for quadrant A brain dominance and 34% of quantity surveying respondents have a strong preference for quadrant B brain dominance. This indicates that the majority of quantity surveying students is left brain dominant. Quadrant A brain dominant students would prefer a logical, analytical, fact-based and quantitative manner of processing information. Quadrant B brain dominant students would prefer organised, sequential, planned and detailed manner or processing information [17]. It can thus be concluded that the preferred learning approach that best match brain quadrants A and B are the logical and methodical learning approaches. According to de Boer, et. al. (2012: 189) [17] the key to excellence in facilitating learning is to find appropriate strategies to address the low preference brain quadrants/learning approaches since these may be essential to success in particular subjects.

Lecturers should consider the above results when facilitating learning so that study material and lectures can be adapted according to the preferred learning methods of quantity surveying students.

REFERENCES

- [1] Schmeck, R. R. & Geisler-Brenstein, E., 1989. Individual Differences that affect the way students approach learning. *Learning and Individual Differences*, 1(1), pp. 85-124.
- [2] South African Council for the Quantity Surveying Profession. 2015c. Proposed supplementary specified quantity surveying registration categories [online]. SACQSP. Available from: <[http://c.ybcdn.com/sites/www.sacqsp.org.za/resource/collection/CA30C441-B09C-471D-A5FE-1D54CC08C03A/Draft_Rule_-_New_Tier_of_Registration_\(Rev_1\).pdf](http://c.ybcdn.com/sites/www.sacqsp.org.za/resource/collection/CA30C441-B09C-471D-A5FE-1D54CC08C03A/Draft_Rule_-_New_Tier_of_Registration_(Rev_1).pdf)> [Accessed 06 July, 2015].
- [3] South African Qualifications Authority. 2015. National Qualifications Framework. Sub frameworks and qualification types [online]. SAQA. Available from: <<http://www.saqa.org.za/docs/brochures/2014/NQF%20Level%20Descriptor.jpg.pdf>> [Accessed 07 July, 2015].
- [4] Faculty of Engineering, Built Environment and Information Technology (EBIT). 2016. Rules and regulations part 2 (Excerpt). University of Pretoria.
- [5] Maritz, M.J. & Sigle, H.M. 2010. *Quantity Surveying Practice in South Africa*. Pretoria: Construction Economics Associates (Pty) Ltd.
- [6] South African Council for the Quantity Surveying Profession. 2015a. 2013 Guideline tariff of professional fees [online]. SACQSP. Available from: <http://c.ybcdn.com/sites/www.sacqsp.org.za/resource/collection/62E54748-385B-4597-A72A-4BD2F97D3641/2013_Guideline_Tariff_of_Professional_Fees.pdf> [Accessed 07 July, 2015].

- [7] South African Council for the Quantity Surveying Profession. 2015d. Registration Policy and guide to the APC [online]. SACQSP. Available from: http://c.yimcdn.com/sites/www.sacqsp.org.za/resource/collection/AB1D407C-C34F-44F0-9031-3C8D009A1070/Registration_Policy_-_Revised_30_March_2015.pdf [Accessed 06 July, 2015].
- [8] South African Council for the Quantity Surveying Profession. 2015b. Professional skills modules introduction [online]. SACQSP. Available from: http://www.sacqsp.org.za/?page=PSM_Introduction [Accessed 07 July, 2015].
- [9] Svensson, L., 1977. On qualitative differences in learning III – Study skill and learning. *British Journal of Education Psychology*, Volume 47, pp. 233-243.
- [10] Loyens, S. M., Gijbels, D., Coertjens, L. & Cote, D. J., 2013. Students' approaches to learning in problem-based learning: Taking into account professional behaviour in the tutorial groups, self-study time, and different assessment aspects. *Studies in Educational Evaluation*, Volume 39, pp. 23-32.
- [11] Schuford, C. B., 2000. Learning styles and strategies of first-year college students, Ann Arbor: Bell and Howell Information and Learning.
- [12] De Boer, A.-L., Bothma, T. & Du Toit, P., n.d. Facilitating Whole Brain Learning - An innovative option for Information Literacy. Pretoria: Department of Information Science, University of Pretoria.
- [13] Bothma, T., De Boer, A.-L. & Du Toit, P., 2001. A whole brain approach to teaching and learning in higher education. *Learning in higher education*, 15(3), p. 19.
- [14] Psaltou-Joycey, A. & Kantaridou, Z., 2011. Major, minor, and negative learning style preferences of university students. *SYSTEM*, Volume 39, pp. 103-112.
- [15] Ismail, A., Raja Maznah, R. H. & Shahrir, J., 2010. Assessment of students learning styles preferences in the faculty of science, Tishreen University, Syria. *Procedia Social and Behavioural Sciences*, Volume 2, pp. 4087-4091.
- [16] Tomuletiu, E.-A. et al., 2011. The relation between pupils' learning style and educational performance. *Elsevier*, Volume 15, pp. 1502-1506.
- [17] De Boer, A., du Toit, P.H., Bothman, T. & Scheepers, D., 2012. Constructing a comprehensive learning style flexibility model for the innovation of an information literacy module. *Libri*, Volume 62, pp. 185-196.

Improving online course quality and learner satisfaction

Anssi Mattila

Online Education Team
Educational and Regional Development Unit
Laurea University of Applied Sciences
Vantaa, Finland

Minna Mattila

Development Services
Lahti University of Applied Sciences
Lahti, Finland

Abstract—This paper explores how to improve the perceived online course quality and satisfaction among the college students. What can be done to make the online courses more appealing and studying online more attractive to the students? Often, the past experience defines also the future perceptions towards studying online. Negative beliefs become negative attitudes which are hard to die and are expected to lower the willingness to study online. This paper sheds light on the factors affecting the perceived online course quality. Furthermore, the paper discusses the different dimensions of student satisfaction and offers guidance on how to create and maintain a positive online course image. The findings presented in this paper stem from both secondary data compiled from previous research and primary data based on student feedback from 26 online courses the authors have self-handedly taught during 2012 – 2016.

Keywords– online course quality, online student satisfaction, online education, eLearning

I. INTRODUCTION

Some believe that using internet-based services, such as educational services online, increases the importance of delivering delight and maintaining customer satisfaction. Internet has traditionally been viewed and managed as a technical innovation but can it survive as such? We agree with Yang et al. that the true online services' proof of concept is to successfully wove the user needs and preferences into the website design and business concept [1]. An ethnographic approach places the user in the forefront of the website design process while taking into account the way business is conducted and the way people communicate in the target society when developing the interface design [2].

The service interface interlinks service processes which manage the activation points for different customer scripts. It is essential that the service providers acknowledge more self-determinism by clients and create more clarity and transparency in the service interface. [3]. The information efficiency of an interface is defined as the minimum amount of information necessary to do a task, divided by the amount of information that has to be supplied by the user [4]. An information overload may lead to a customer frustration.

Various scenarios on the power of word of mouth online has been presented. It is a well-known fact that a dissatisfied user online can tell about his or her bad experiences to masses in seconds. According to Rotondaro, a dissatisfied customer talks about an unpleasant event to 5000 people online [5].

Mattila et al. have found the word-of-mouth effect to be dependent on the users' age; the elderly the mobile services users are, the more likely they are to share their bad service experiences online [6].

II. MEASURING SATISFACTION AND COURSE QUALITY

Various factors affect the link between satisfaction and perceived quality, and thus the relationship of the two is far from linear [7]. We too have studied the relationship between seamless use experience, customer satisfaction and recommendation in online environment [8]. Somewhat surprisingly, it turned out that the mobile device users were more satisfied with the mobile Internet services than the ones using services via fixed-line connection. Customers felt that even though their expectations were not fully fulfilled, they were regardless satisfied with the service itself.

While satisfaction with the user interface, let's say an online course shell or an eLearning environment, has not been found to have a direct effect on the perceived value [9], the more satisfied customers tend to be more loyal [10]. It is debatable whether the relationship between satisfaction and quality is causal or not [11,12,13] and yet, literature does suggest that the perceived quality in fact results from satisfaction [14,15,16,17,18,19].

Can the online course quality dimensions be identified, and the relationship between online learner satisfaction and perceived online course quality be investigated? Many of the student feedback surveys concentrate on the similar dimensions as defined in SERVQUAL by Parasuraman et al.[20,21]:

- Tangibles: physical facilities, equipment and appearance of personnel
- Reliability: ability to perform the promised service dependably and accurately
- Responsiveness: willingness to help customers and to provide prompt service
- Assurance: knowledge and courtesy of employees and their ability to inspire trust and confidence
- Empathy: caring, individualised attention, the service provider gives its customers

Using SERVQUAL to examine the quality of information systems (IS) services has been found to be a good tool for cross-organisational benchmarking [22] while others argue that

SERVQUAL is more suitable to examine the overall quality [23]. As eLearning environments are more or less information system based, the following modified SERVQUAL definitions by Heinzl to be used to assess the information systems services will be the basis of our analysis too [24]:

- Tangibles: IS has up-to-date hardware and software
- Reliability: when users have a problem, IS shows a sincere interest in solving it
- Responsiveness: IS tell users exactly when services will be performed
- Assurance: Users will feel safe in their transactions with IS's employees
- Empathy: IS give users individual attention

Furthermore, the SERVQUAL characteristics have been featured in WebQual developed by Barnes et al. with subcategories useful to map the online course quality as well such as navigation, ease of use, visual impact, individual impact, finding information, information content, external integration and communication [25].

A recent study conducted among online MBA students suggests that *"course content is the strongest predictor of perceived learning, satisfaction and quality; it is the only significant factor affecting perceived learning. They also found that professor-student interaction had a significant positive impact on satisfaction, but not on perceptions of quality. Perceptions of quality were influenced significantly by student-student interaction and mentoring-support."* [26] Among the underprivileged students, the learning support function has been found to be the most important factor affecting the online learning satisfaction [27].

III. USABILITY RELATES TO SATISFACTION AND QUALITY

In the human-computer interaction literature, usability has been defined as ease of learning, efficiency of use, memorability, error rates and preferences [28,29]. Different authors have added dimensions of their own such as understandability and operability [30], and perception / cognition and control / action [31].

Previous research shows that computer self-efficacy, system characteristics, digital material features, interaction, learning outcome expectations and learning climate are critical affecting factors in determining student learning gratifications, which on the other hand play significant role in student retention [32]. Also, some of the latest research results indicate that interaction, perceived usefulness, perceived ease of use and social presence are important in relation to eLearning achievement which affects eLearning transfer [33].

The ease of use has been found to be the most significant variable affecting the intention to use mLearning [34]. The most important perceived advantages of using mLearning include collaboration during studies, the prospect of ubiquitous learning in space and time, and user friendly application design [35]. We have concluded that usability doubts do not hinder the use of mobile Internet [36] and thus are less likely to affect to willingness to adopt m/eLearning in use. More errors have

dependencies with personal context of mobile Internet service use than with environmental context [36].

Users who call mobile service delivery channel seamless have a lower level of education. It is no surprise that as the education level rises, one becomes more critical and analytical. The younger and less educated are most likely to perceive electronic channels as independent from time and place. It appears as if male would find the memorability of mobile services more important than female, and the importance of memorability lowers as the level of education rises.[37].

IV. SHORTLY ON METHODOLOGY

The findings presented in this paper stem from both secondary data compiled from previous research and primary data based on student feedback from 26 online courses the authors have self-handedly taught via BlackBoard, Canvas and Optima in 2012 – 2016:

Graduate

- 6 Strategic Marketing Management in Aviation
- 11 Business Research Methods
- 6 International Business Administration
- 1 Global Marketing
- 1 Leading High Performance Teams

Undergraduate

- 1 Introduction to Information Security

All the courses share similar teaching methods and the courses run for several weeks. The collected student feedback comprises of 17 course experience, delivery mode and instructor experience dimensions. The questions asked in the student feedback forms covered the following themes:

- Instructor expertise, communication skills, availability, timeliness and content of weekly feedback, activeness
- Instructional methods and assessment, learning objectives, grading criteria and instructions, workload, used readings
- Delivery mode experiences and preference
- Willingness to recommend the course to fellow students

This descriptive study aims to identify and explain variables, and to describe their relations. Particularly, we examine the ways and whys of improving online course quality which may lead to higher online learner satisfaction. Altogether 392 students who had taken courses online were sent an online course feedback questionnaire. The overall response rate with 272 returned survey responses was 69,4 per cent. The students had an opportunity to respond to the survey 2 weeks prior to and 1 week beyond the course end date. Responding to the survey depended solely on the willingness of a student as now financial or other incentives were offered.

V. DISCUSSING SOME PRACTICAL IMPLICATIONS

We think it's safe to skip the part where we try to convince the readers about the importance of eLearning and its expected impact. You most likely are already fully aware of that. Still, it's always good to know the starting premises in order to develop and grow. Nothing comes out of nothing, so you have to be aware of your current surroundings and starting point first. ELearning, online education, virtual teaching – whatever you like to call it – is here, right now, today. There's no escaping it and it's up to you whether you choose to ignore this fact and keep chasing the train which already went, or take the initiative and proactively make things happen.

No more ifs and buts and whys and nos. Surely you can do this if you just make your mind to it. Marshall Goldsmith has said "*What got you here won't get you there*". So what will get you "there" in the field of eLearning then? Perseverance, systematic approach, thinking ahead, focus, coherent and credible course portfolio. There are just couple of key points to remember when launching eLearning services. Based on the research we've done, the drivers for the uptake of eLearning among the student body are pretty straight-forwarded. It looks to us that the willingness to adopt the eLearning solutions depends on both the external and internal factors.

What we mean by this is that there are external and internal factors affecting the students' willingness to adopt online channels for educational purposes. Students with prior positive technology experience are likely to be more prone to eLearning. Reference group might also have a great impact on the students' willingness to study online. If they have heard positive things about eLearning or most of their friends are already studying online, of course a student is more likely to adopt eLearning him or herself. Similarly, the internal factors such as attitudes, beliefs and perceptions effect the uptake of eLearning. Students who prefer personal services in their daily life are less likely to adopt eLearning, and *vice versa*. Lucky for us, there's a growing segment of students who prefer studying online.

What John Naisbitt said about technology and the human touch more than 30 years ago "*The more high technology around us, the more need for human touch*" still holds true today. Traditionally thinking, 55 per cent of the service experience when facing a customer comprises of body language, 33 per cent of the tone of voice and just 12 per cent of the actual words, their meaning. Now think of what happens when you take this online. If all you're going to use is written text, you're likely to have less influence on your students. You must have a very strong presence also online! Set the tone, use your voice, use the technological opportunities to create lively content and to maintain lively discussion online. There's a time and place for written assignments but just think of it for a second; could students co-create content with you, with the help of technology, such as videos and presentations, to really use their full potential – as well as technologies.

Using technology isn't all bad, that's not what we're saying. Technology has also a human side and some students will find it easier to interact and keep up the dialogue in an online environment. Technology may help us to approach others, it facilitates online discussions and may even offer

comfort for some. Managing the technology-student link is important.

It is also important to be open and honest of the technological requirements to study online. If you'd be afraid that telling openly to the students what kind of applications, hardware, software and so forth eLearning requires scares them away, and how much they need to invest into the technology itself, you'll only harm yourself. So-called catastrophic errors resulting from problems with the internet connection, for example, will be directly connected in the students' minds to you as the learning solution provider even though we all know you might have very little to do with it.

What kind of eLearning solutions students need, is different from what they want. Although we just wrote that students could be involved in creating learning material online, we wouldn't recommend you to go too far with asking the students what they want. It's like with customers in general; the customers rarely are able to explicitly express what kind of online service would best suit their needs. There's also the question of how much the students are willing versus capable of paying for studying online. eLearning does come with a price tag too.

What we are trying to say here is that you need to know your future student, who will be also your customers whether you like calling students customers or not. Be aware of who you want to reach to. Why limit your options to the young, bold and beautiful when you can reach for the experienced, well-off, middle-aged student segment with perhaps one college degree already in their pocket but still hungry to learn for more. Online learning environment is still very much about people and the human touch. At the end of the day, it's the people who make the effective online learning environment.

So now you know the premises of creating and maintaining an effective online learning environment but how to proceed? No matter how good of an educator one might be, getting ready to teaching in an online environment calls for additional training. We strongly recommend that the universities would offer opportunities for personal development also towards your online educators and instructors planning to teach online one day. When planning an orientation programme for the new online faculty, you first need to introduce the eLearning technologies and platform to them. An experienced online instructor may find it easy to move between the different eLearning platforms. That being said, the eLearning technology does develop fast and new features emerge, forcing also the most skilful and experienced online educators to update their competences and knowledge on how to exploit the eLearning technologies to their full potential.

The new online faculty must be offered an opportunity to practice teaching online before the actual students are enrolled in the online course. It is important that the forthcoming online faculty members understand just how much time and effort it takes in practice to teach online. It may even be more time consuming than teaching a regular seated class. This is also when educators adopt the role of a learner, and get to experience how the virtual teaching appears in the eyes of the students. If the instructors are responsible also for creating the course shells and course content, the importance of pre-training

plays even more important role. This is to ensure the high quality and appropriate content of each online course. Success calls for deep understanding of the online educator's responsibilities, not just the online learner responsibilities.

eLearning is partially culturally dependent and calls for cultural sensitivity as well as embracing diversity. If eLearning is implemented truly on a global scale, and you invite international students to participate the online courses, or better yet, if you're aiming at selling online education worldwide, you might want to partnership with some international eLearning actors. The critical mass is there, and nothing's stopping us from exporting the online education! Language barrier's is relatively low if the online courses are created in English from the start. If you choose to go international with the eLearning activities, besides cultural sensitivity, a good quality content is needed and it can't vary every time the course is being taught. You could employ some quality managers and course monitors to review the e-Courses on regular basis, not to mention a course developer who would be in charge of creating the course shell or at least actively supporting the instructors by offering a centralised online course creation service to them. eLearning should always be an educator-led process, never self-paced by the students.

VI. CLOSING REMARKS

Regardless of the rapid technological development online learning and online learning environment include elements having longer lifespan than evolving technology. In an online learning environment it is easy to lose yourself in the jungle of developing technologies and online tools. Even though technology provides the means to communicate with the students and the ways to deliver your course, sometimes in online learning environment, less can be more too. When starting to craft your online course, the mnemonic T.R.E.E. is worth remembering - tone, rules, expectations and engagement.

In an online environment, students weigh the dimensions of seamless user experience differently than in a physical environment. According to our studies, the students using online services such as eLearning solutions via mobile devices detect more easily errors and are more irritated by memorability related issues. For example, if you've remodified the online course shell and the "stuff" isn't in the same place where it used to be. The students using computer with a fixed-line (landline) internet connection are more concerned about the learnability related issues. For example, when they need to adopt a brand new eLearning platform or technology in use.

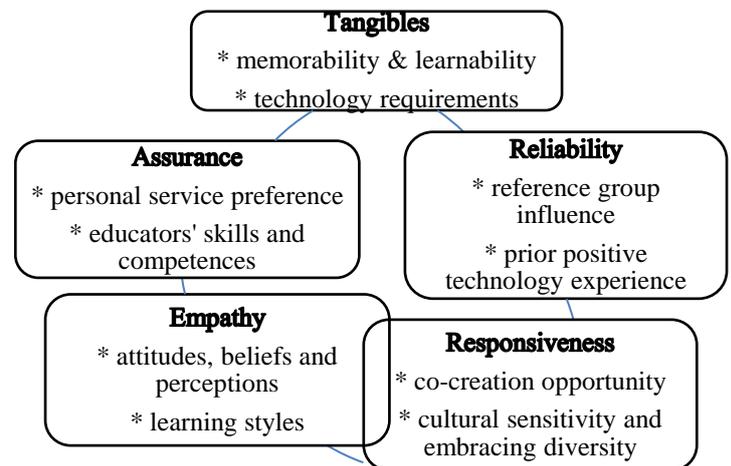


Figure 1. Usability aspects related to online learner satisfaction and online course quality

Not all the students can or should be transferred online. Learners have different learning styles, learner profiles if you will. Some prefer reading, some doing, some listening. There'll always be students who need at least a multichannel approach to facilitate their learning best instead of going fully online. We've made some estimates as part of our previous studies that for example 17 per cent of the Finnish population still have negative attitudes towards technology-based online services, of which 2 per cent is likely never to adopt them in use. Don't be fooled by the fact that most people are already online. It may not correlate directly with their willingness to study online.

REFERENCES

- [1] Yang, X. & Ahmed, Z. & Ghingold, M. & Boon, G. & Mei, T. Hwa, L. (2003). "Consumer preferences for commercial Web site design: an Asia-Pacific perspective", *Journal of Consumer Marketing*, Vol. 20, No. 1.
- [2] Shneiderman, B. (1996). "Designing information-abundant Web sites", available at www.cs.umd.edu/projects/hcil/Research/tech-report-list.html#1996 as on 11.12.2002.
- [3] Broderick, A. & Vachirapompuk, S. (2002). "Service quality in Internet banking: the importance of customer role", *Marketing Intelligence & Planning*, Vol. 20, No. 6
- [4] Raskin, J. (2000). "The Humane Interface", Addison-Wesley, New York.
- [5] Rotondaro, R. (2002). "Defining the customer's expectations in e-business", *Industrial Management & Data Systems*, Vol. 102, No. 9.
- [6] Mattila, M. & Härkönen, A. (2003) "Cell Sailors – An educational program aimed at mature customers on how to use mobile services", *Journal of Internet Banking and Commerce*, Vol. 8, No. 2.
- [7] Bowen, J. & Chen, S-L. (2001), "The relationship between customer loyalty and customer satisfaction", *International Journal of Contemporary Hospitality Management*, Vol. 13 Iss 5 pp. 213 – 217.
- [8] Mattila, A. (2005). "Relationship between Seamless Use Experience, Customer Satisfaction, and Recommendation", *Problems and Perspectives in Management*, 1/2005, pp. 96-103.
- [9] van Riel, A. & Liljander, V. & Jurriens, P. (2001). "Exploring consumer evaluations of e-services: a portal site", *International Journal of Service Industry Management*, Vol. 12, No. 4.
- [10] Oliva, T. & Oliver, R. & MacMillan, I. (1992). "A catastrophe model for developing service satisfaction strategies", *Journal of Marketing*, Vol. 56.
- [11] Lewis, B. (1989). "Quality in the service sector: a review", *International Journal of Bank Marketing*, Vol. 7, No. 5.

- [12] Babakus, E. & Boller, G. (1992). "An empirical assessment of the SERVQUAL scale", *Journal of Business Research*, Vol. 24.
- [13] Gilmore, A. & Crason, D. (1992). "European Journal of Marketing", *Marketing Intelligence & Planning*, Vol. 10, No. 7.
- [14] Johnston, R. & Silvestro, R. & Fitzgerald, L. & Voss, C. (1990). "Developing the determinants of service quality" in *Proceedings of 1st International Research Seminar on Services Management*, Aix-en-Provence, France.
- [15] Cronin, A. & Taylor, S. (1992). "Measuring service quality: a re-examination and extension", *Journal of Marketing*, Vol. 56.
- [16] Cronin, A. & Taylor, S. (1994). "SERVPERF versus SERVQUAL reconciling performance-based and perceptions-minus-expectations measurement of service quality", *Journal of Marketing*, Vol. 58.
- [17] Teas, R. (1993). "Expectations, performance evaluation and consumers perceptions of quality", *Journal of Marketing*, Vol. 57.
- [18] Parasuraman, A. & Zeithaml, V. & Berry, L. (1994). "Reassessment of expectations as a comparison standard in measuring service quality: implications for further research", *Journal of Marketing*, Vol. 58.
- [19] Teas, R. (1994). "Expectations as a comparison standard in measuring service quality: an assessment of a reassessment", *Journal of Marketing*, Vol. 58.
- [20] Parasuraman, A. & Zeithaml, V. & Berry, L. (1985). "A conceptual model of service quality and its implications for future research", *Journal of Marketing*, Vol. 49, No. 4.
- [21] Parasuraman, A. & Zeithaml, V. & Berry, L. (1988). "SERVQUAL: A multiple-item scale for measuring consumer perception of quality", *Journal of Retailing*, Vol. 64, No. 1.
- [22] van Dyke et al. (1999) van Dyke, T. & Prybutok, V. (1999). "Cautions on the use of the SERVQUAL measure to assess the quality of information systems services", *Decision Sciences*, Vol. 30, No. 3.
- [23] Scharecher, M. (2002). "A methodological approach to extending SERVQUAL to measure the internal service quality between employer and employee", *Research Paper 3*, DBA Anglia Business School, UK.
- [24] Heinzl (2002) Heinzl, A., *Case Studies in Information Management*, Information Management: IS/T Cotrolling, Universität Mannheim, Mannheim, 2002.
- [25] Barnes, S. & Vidgen, R. (2000). "WebQual: an exploration of web-site quality", in *Proceedings of the 8th European Conference on Information Systems*, Vienna, Austria.
- [26] Sebastianelli, R., Swift, C. & Tamimi, N. (2015). *Factors Affecting Perceived Learning, Satisfaction, and Quality in the Online MBA: A Structural Equation Modeling Approach*. *Journal of Education for Business*, Volume 90, Issue 6.
- [27] Kim, J. & Lee, W. (2011). *Assistance and possibilities: Analysis of learning-related factors affecting the online learning satisfaction of underprivileged students*. *Computers & Education*, Volume 57, Issue 4, 2395-2405.
- [28] Hix, D. & Hartson, R., *Developing User Interfaces: Ensuring Usability through Product and Process*. John Wiley & Sons, New York, 1993.
- [29] Nielsen, J., *Usability Engineering*. AP Professional, New York, 1993.
- [30] Bevan, N. (1999). "Quality in use: meeting user needs for quality", *The Journal of Systems and Software*, Vol. 49, No. 1.
- [31] Han, S. & Yun, M. & Kim, K. & Kwahk, J. (2000). "Evaluation of product usability: development and validation of usability dimensions and design elements based on empirical models", *International Journal of Industrial Ergonomics*, Vol. 26, No. 4.
- [32] Chen, Y. (2014). *An Empirical Examination of Factors Affecting College Students' Proactive Stickiness with a Web-based English Learning Environment*. *Computers in Human Behavior*, Volume 31, pp. 159-171.
- [33] Mbarek, R. & Zaddem, F. (2013). *The Examination of factors Affecting E-learning Effectiveness*. *International Journal of Innovation and Applied Studies*, Volume 2, pp. 423-435.
- [34] Jaradat, M. (2011). *Exploring the Factors that Affecting the Intentions to Use Mobile Learning*. *International Journal of Mobile Learning and Organisation*, Volume 5, No. 2.
- [35] Alrasheedi, M. & Capretz, L. F. (2015). *Determination of Critical Success Factors Affecting Mobile Learning: A Meta-Analysis Approach*. *Turkish Online Journal of Educational Technology*, Volume 14(2), pp. 41-51.
- [36] Mattila, A. "Service Content and Context Affecting the Dimensions of Seamless Mobile Service Interface: Case Errors", *Beyond the Dawn of Innovation 2009 Conference Proceedings*, Hyvinkää, Finland, June 2009.
- [37] Mattila, A. & Pento, T. (2006) "The Effect of Demographics on Seamless Mobile Service Interface", *The IPSI BgD Transactions on Internet Research, Multi-, Inter-, and Trans-disciplinary Issues in Computer Science and Engineering*, Vol. 2, No. 1.

Dimensions of likelihood to recommend an online course

Minna Mattila

Strategic Planning and Process Management
Development Services
Lahti University of Applied Sciences
Lahti, Finland

Anssi Mattila

Online Education Team
Educational and Regional Development Unit
Laurea University of Applied Sciences
Kerava, Finland

Abstract—In this paper, we examine how the course experience, delivery mode and instructor experience relate to the likelihood of recommending online courses to other students. The course experience, delivery mode related perceptions and expectations, and instructor experience collectively are characterised by 17 dimensions. This paper also discusses the role of overall instructor impression and its potential impact on the recommendation likelihood. The empirical data in use consists of 259 online student feedback responses from 25 online courses taught during March 2012 – July 2016. Based on the findings, we conclude that the instructor experience determines the recommendation likelihood. Overall instructor impression and overall delivery mode impression appear to be most closely related to the likelihood of recommend an online course.

Keywords— online course, eLearning, recommendation, online education

I. INTRODUCTION

As students start to change the ways they work, communicate, and spend their leisure time, they will undoubtedly exert some pressure also on higher education institutions to change the way they offer studies and learning opportunities [1]. The increased development of new education delivery channels is changing the students' behaviour, and *vice versa*. Furthermore, it has been suggested that electronic delivery channel creates loyalty [2].

Online education can be offered in various ways, also as a blended or hybrid course. The definitions vary but in this paper, an online course refers to a course taught fully online via an eLearning platform. In our data the used platforms were BlackBoard and Canvas. An online course does not have face-to-face meetings. On a blended course, 30 per cent of the course activities are online and 70 per cent are face-to-face sessions which students and instructors can attend either from a class room or from home. If the students and instructor(s) attend the face-to-face sessions from various locations, the course is called hybrid. The face-to-face here does not refer to a traditional seated class but to a virtual class room maintained for example via Adobe Connect. [3].

Technology has been one of education enablers for a long time and known to act as a lever for learning. For example, it bridges the physical distances, offers faster transfer of knowledge and quicker feedback [4], and may facilitate the sense of belonging to a social (online) community. Interactive

technologies enhance dialogue and collaboration, and thus support peer learning.

Online students have been called digital explorers, critical thinkers and puzzle solvers. Online students believe that learning can happen anytime and anywhere. [5]. Perceived ease of use has been found to be the most significant factor affecting the adoption of mLearning [6]. Use of technology does not motivate only the open-minded students to study online but the novelty of teaching online and its future opportunities have been found to attract the instructors to engage themselves in teaching online [3].

Over the past 8 years or so, the online course enrollment has been growing faster than the overall enrollment. Competition on the best students online is on as the online offerings diversify and keep growing. Online education is slowly getting more and more international but it is still usual to have students on an online course who are all the same nationality, if not even from a relatively close geographical proximity to each other. [3].

II. REFERENCE GROUP INFLUENCE

Social reference group can strongly affect person's behaviour as most people prefer surrounding themselves with people whose beliefs and attitudes are consistent with their own [7][8][9][10]. For example, reference group influences the choice of delivery channel in banking [11]. Peer group, contrast group and inspirational group are forms of reference groups. Reference group has significant relevance upon person's behaviour even when it is a preference group perceived in one's mind and does not represent the person's reference group in reality. The reference group influence is sometimes also called the subjective norm. Sometimes the reference group influence is indirect and the possible impacts include e.g. impact on the recommendation likelihood and/or the willingness to start using new service(s) or repurchase a product. [12].

Previous research has shown that a satisfied service user is likely to recommend using the service to others. People appear to believe that their recommendation induces intended behaviour in other people. Together with the word of mouth, advertising is known to have an impact on service usage. [13]. Both the negative and positive reference group cues have been found to be affecting for example the voting decisions [14]. It has even been suggested in literature that due to a reference

group influence, a company might be able to charge higher prices [15].

People tend to have close associations with people who are demographically similar to them [16] but not all the people are affected by reference group influence in a similar manner [17]. Demographics, personality and other personal characteristics have impact on the level of perceived susceptibility towards reference group influence. That being said, the level of income has not appeared to have an impact on the level of perceived susceptibility. [17].

While brand reference group influence has been found to be stronger over services consumed in public (in comparison to services consumed privately), the informational reference group influence has been found to be the most predominant one affecting the customers' consumption patterns in the field of public services [18]. This may be a result of the following: “--- the utilitarian reference group function suggests that in a product purchasing situation an individual is expected to comply with the preferences or expectations of others who are viewed as being mediators of significant rewards or punishment.” [19].

The use of reference group in customer acquisition and retention for segments, in which customers interact socially, has been found to be efficient [20]. One might conclude that a reference group influence plays a significant role also in the online course enrollment and retaining students online. When the link between satisfaction, word of mouth and customer acquisition was analysed, it turned out that the effects of word of mouth in user acquisition just cannot be ignored [21].

We have concluded that “the friends and relatives do not form that important reference group as does the stereotype of a typical Internet banking user that one has in his mind”. According to our studies, the most eager to recommend internet banking are so-called Old Users, meaning people who have been using internet (banking) services since the beginning and for a long period of time. Some of the customers who had unsuccessful use experiences were naturally reluctant to recommend internet banking services to others. [22].

We have found the level of satisfaction, willingness to recommend using mobile services and intention to encourage using mobile services to be correlated. It is no surprise that the higher level of satisfaction boosts the intention to encourage others to use mobile services, too. Among the experienced mobile internet service users, the only significant demographic variable affecting the willingness to recommend mobile services appears to be gender. The men, who are also the heavy users of mobile services, appear to be the ones also recommending using mobile services to others. From the people occasionally using mobile services, a 25-34 years old married male is most likely to recommend mobile services to others. [23].

III. METHODOLOGY AND DATA COLLECTION

This is a descriptive study which identifies and explains variables and describes their relations. No attempt is made to define cause-effect relationship(s). Due to the relative novelty of the online education, we aim to increase understanding about the dimensions of likelihood to recommend an online

course. We examine how the course experience, delivery mode and instructor experience relate to the likelihood of recommending online courses to other students (see figure 1).

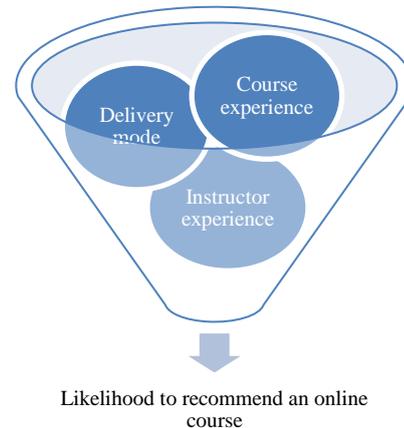


Figure 1. Dimensions of likelihood to recommend an online course

Course Experience		Delivery Mode	Instructor Experience
Q12 - The learning objectives were clearly stated throughout this course.	Q13 - The grading criteria were explicit and easy to understand.	Q9 - The delivery mode (e.g. Classroom, Online, EagleVision, etc.) used in this course was my most preferred delivery mode.	Q1 - The instructor exhibited expertise in the course subject matter.
Q14 - Instructions for course activities and assignments were clear.	Q15 - The average amount of hours I spend working on this course (in and out of class) per week is:	Q10 - My overall impression of this delivery mode (e.g. Classroom, Online, EagleVision, etc.) is positive.	Q2 - The instructor used a variety of methods to communicate with the class. (e.g. email, announcements, etc.)
Q16 - The workload in this course was well-distributed throughout the term.	Q17 - This course used a variety of instructional methods, materials, and media.		Q3 - The instructor was readily available for questions and assistance outside the classroom.
Q18 - The textbook and/or assigned readings were relevant and supported the learning objectives.	Q19 - How likely is it that you'd recommend this course to a fellow student?		Q4 - The instructor provided meaningful and timely feedback on my assignments and progress.
			Q5 - Quizzes and examinations were fair tests of the learning objectives and materials in the course.
			Q6 - The instructor kept the class actively engaged with the subject matter and each other.
			Q7 - My overall impression of the instructor is positive.

Figure 2. Presenting the student feedback questions

The collected student feedback comprises of 17 course experience, delivery mode and instructor experience dimensions presented in figure 2. In particular, we concentrate on understanding the overall instructor impression impact on the recommendation likelihood.

The feedback survey was sent to 361 students of which 70,7 per cent turned in the feedback sheet of 20 questions. Some of the questions are so-called open questions, and as such, were excluded from this analysis. The survey opens 2 weeks prior to the course end date and closes a week after the course has ended. The instructor does not receive the feedback prior to giving the final grades and the students are offered no other incentive than their own willingness to respond to the course feedback surveys.

The empirical data in use consists of 259 online student feedback responses from 25 online courses taught during March 2012 – July 2016:

- 6 Strategic Marketing Management in Aviation
- 11 Business Research Methods
- 6 International Business Administration
- 1 Global Marketing
- 1 Leading High Performance Teams

All the courses share similar teaching methods and the same instructor. Each course runs for 9 consecutive weeks. The students are international adult learners and the courses are offered on a graduate level only. The student feedback forms were all the same regardless of the course. For all the questions except one, a scale from 1 (strongly disagree) to 5 (strongly agree) was used. On this scale, 3 indicated a neutral opinion. The answers to question number 19 “How likely is it that you'd recommend this course to a fellow student?” were measured on a scale from 1 (very probably not) to 5 (definitely), 2 being probably not, 3 possible and 4 very probably.

IV. RESULTS AND PRACTICAL IMPLICATIONS

A. Hypothesis: Instructor experience determines the recommendation likelihood

Based on the empirical data, we conclude that the instructor experience has a significant impact on the likelihood to recommend an online course. If the instructor experience drops to 4.5 or below on a scale from 1 to 5, it shows in the likelihood to recommend an online course and at least 1 student is not likely to recommend the course to others. Proportionally, smaller decrease in instructor experience than in course experience or delivery mode has a bigger effect on the recommendation likelihood.

Figure 3 shows the percentage of students likely to recommend an online course and percentage of students not likely to recommend an online course in relation to the percentage of students with a positive instructor experience and/or negative instructor experience. Neutral responses and responses falling within a category of “possible” were removed from figure 3.

B. Hypothesis: Delivery mode preference boosts the recommendation likelihood

If the instructor experience is high and the delivery mode is the one student prefers, the likelihood to recommend an online course raises up to 100 per cent – even if the course experience had received a lower score. On the other hand, higher delivery mode feedback value does not increase the recommendation likelihood if the instructor experience scores below the delivery channel.

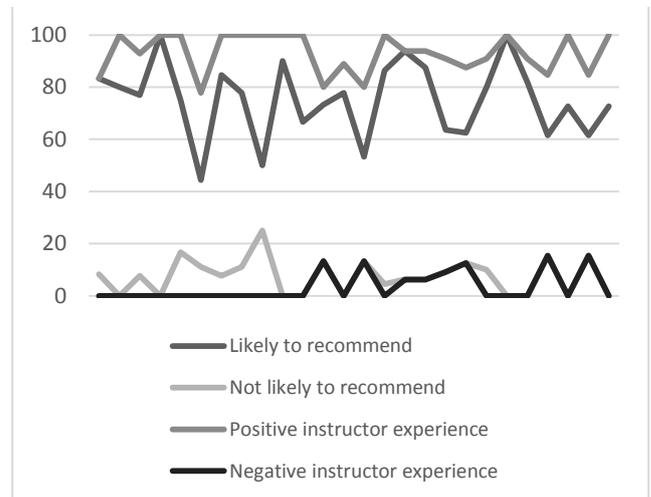


Figure 3. Likelihood to recommend an online course versus instructor experience

C. Hypothesis: Course experience has the smallest impact on recommendation likelihood

Only if the course experience scores 4 or less on a scale from 1 to 5, the course experience starts to show in the likelihood of recommending an online course. For more information, see figure 4.

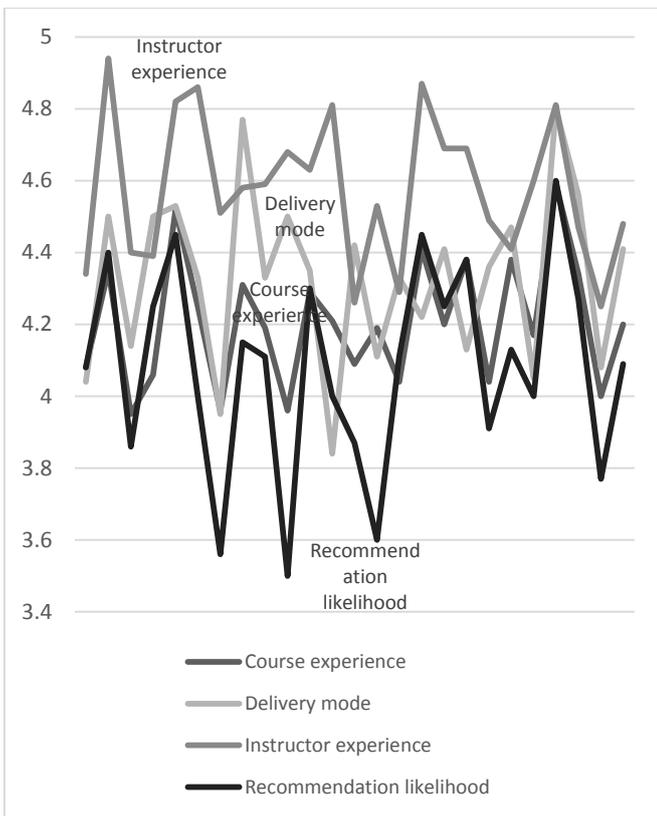


Figure 4. Measuring the dimensions of recommendation likelihood

An instructor can have a positive effect on some of the course experience variables such as clarity of requirements and assignment instructions, and explicitness of grading criteria and learning objectives. Helpful and available instructors may be able to soften the negativity related to course experience, and even increase the likelihood of recommending an online course. Some of the course experience variables, though, are predetermined by the Course Developer and as such, are beyond the instructor's reach (e.g. chosen textbook, workload distribution and variety of instructional methods used).

D. Hypothesis: Learning styles and course experience are intertwined

E. Hypothesis: Overall instructor impression and overall delivery mode impression are the most significant variables of the recommendation likelihood dimensions

From the three dimensions of likelihood to recommend an online course, the course experience is most connected to different learning styles. Seven learning styles are commonly recognised [24]:

- visual preferring use of pictures, images and spatial understanding
- aural preferring use of sound and music
- verbal preferring use of words
- physical preferring use of body and hands, and sense of touch
- logical preferring use of logic, reasoning and systems

- social preferring use of groups, and shared learning
- solitary preferring use of individual assignments and self-study

Depending on the student's learning style, s/he may find the delivery channel less attractive and may find his/her online course experience less appealing or even negative. Some of the learning techniques can be more easily implemented on an online course than others. For example, physical learning styles are more demanding to facilitate in an online environment.

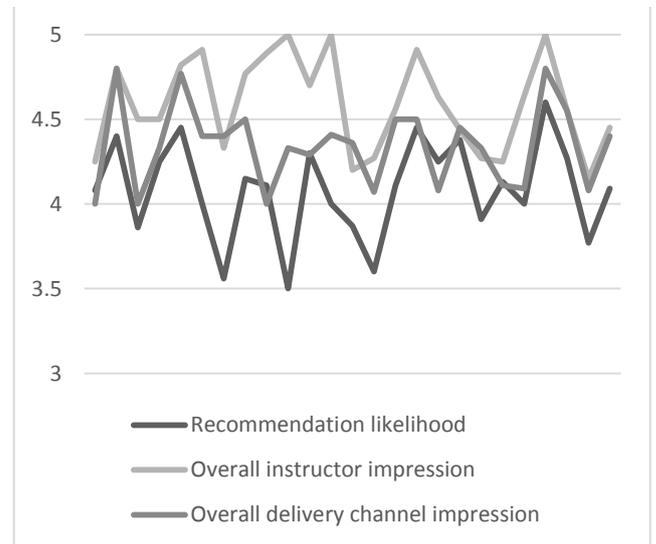


Figure 5. Two most significant variables of course and instructor experience in comparison to recommendation likelihood

F. Hypothesis: Unsuitable online course content lowers the likelihood to recommend the course

While the course experience has the least impact on the recommendation likelihood, a mismatch between the learning style and course content appears to have an impact on the recommendation likelihood. It may be that some course content is less suitable to be taught online than other(s).

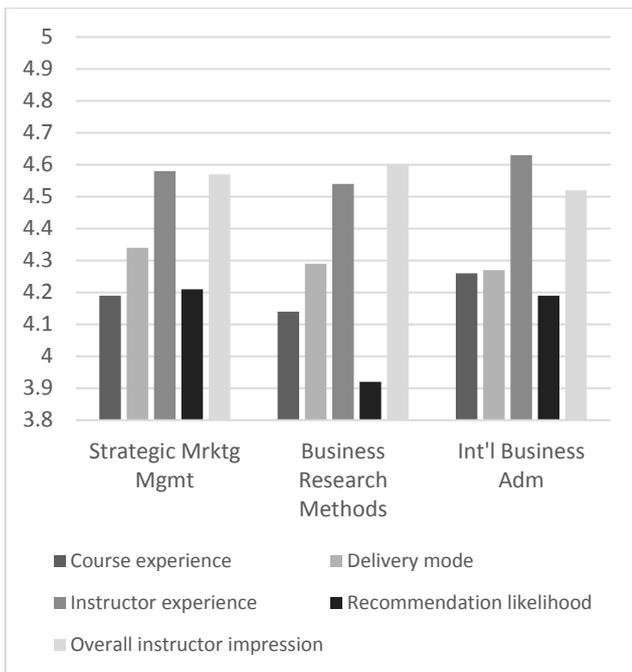


Figure 6. Compiled recommendation likelihood results of three different online courses taught altogether 23 times

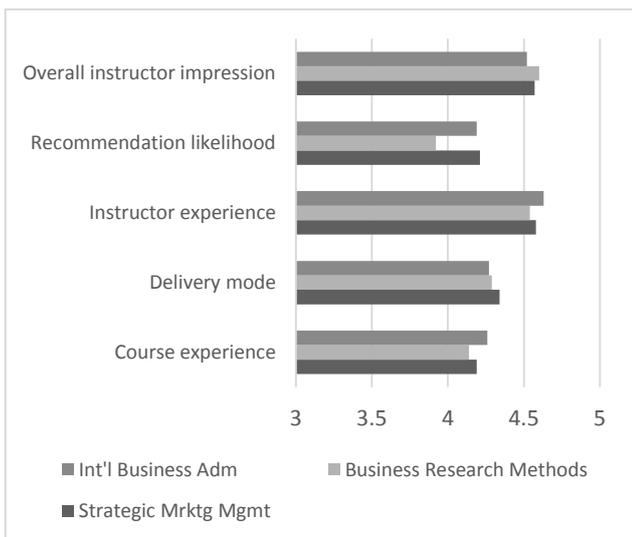


Figure 7. Compiled recommendation likelihood results of three different online courses taught altogether 23 times

If a student disagrees with the suitability of course content to be taught online, s/he will not recommend the course regardless of how high the instructor experience or overall instructor impression scores. The delivery mode *per se* may be what the student prefers but due to the course content which cannot be delivered online to match his/her learning style, s/he finds the course to be uncommendable. An example of such exception is presented in figure 6 (Business Research Methods, 12 courses). Students may find the course content to be too hard to comprehend online, without face-to-face instruction, or they may not be able to locate the necessary readings online

and would benefit from traditional seated classes with additional materials.

V. SOME CONCLUSIONS

Based on the figures and numbers presented above, we conclude that the instructor experience determines the recommendation likelihood. We also analysed the respondents' willingness to engage in recommending studying online. The most eager referees were the students who had a positive instructor experience and preferred online as a delivery mode by default. Overall instructor impression and overall delivery mode impression are the most closely related to the likelihood of recommend an online course. The course content has the least impact on the likelihood to recommend an online course but it may have a significant negative impact if the content does not fit well with the student's learning style.

REFERENCES

- [1] J. Sheth and R. Sisodia, "Consumer behaviour in the future," in *Electronic Marketing and the Consumer*. Thousand Oaks: Sage, 1997.
- [2] N. Mols, "The behavioural consequences of PC banking", *International Journal of Bank Marketing*, vol. 16, no. 5, 2000, pp. 195-201.
- [3] E. Allen, J. Seaman, *Staying the Course*. Babson Park: The Sloan Consortium, pp. 1, 2008.
- [4] C. Lomas, M. Burke, C. Page, "Collaboration Tools", *Educause Learning Initiative*, No. 2, 2008, pp. 2-11.
- [5] R. Paloff, K. Pratt, *The virtual student: A profile and guide to working with online learners*. San Francisco: Jossey-Bass. 2003.
- [6] Jaradat, M. (2011). *Exploring the Factors that Affecting the Intentions to Use Mobile Learning*. *International Journal of Mobile Learning and Organisation*, Volume 5, No. 2.
- [7] M. Fishbein, "A consideration of beliefs and their role in attitude measurement," in *Readings in Attitude Theory and Measurement*, M. Fishbein. New York: John Wiley. 1967. pp. 477.
- [8] M. Fishbein and I. Ajzen, *Belief, attitude, intention and behaviour: an introduction to theory and research*. Massachusetts: Addison-Wesley, 1975, pp. 494-495.
- [9] P. Kotler, G. Armstrong, J. Saunders and V. Wong, *Principles of Marketing*. Milan: Rotolito Lombarda, 1999, pp. 452.
- [10] M. Taylor, *The fanatics. A behavioural approach to political violence*. Sydney: Brassey's, 1991, pp. 155.
- [11] M. Mattila, H. Karjaluoto and T. Pentto (2001) "Internet Banking Adoption Factors in Finland", *Journal of Internet Banking and Commerce*, Vol. 6, No. 1. Available: <http://www.arraydev.com/commerce/jibc/MATTILA.HTM>
- [12] L-Y. Lin and Y-W. Chen, "A study on the influence of purchase intentions on repurchase decision: the moderating effects of reference group and perceived risks", *Tourism Review*, vol. 64, no. 3, 2009, pp.28-48.
- [13] S. Nam, *Quantifying the effect of service quality and word of mouth on customer acquisition, usage and retention*. A dissertation submitted to the Faculty of the University of Chicago Booth School of Business. Illinois 2010, pp.22-23. Unpublished.
- [14] B. Grofman and B. Norrander, "Efficient use of reference group cues in a single dimension", *Public Choice*, vol. 64, no. 3, 1990, pp.213-227.
- [15] K. Selvakumar, *Willingness to pay a premium for group norms as a measure of reference group influence*, A Thesis presented to the Faculty of Graduate Studies of the University of Guelph. Ottawa: Heritage Branch, 2009, p.50.
- [16] B. Lawrence, "Organizational Reference Groups: A Missing Perspective on Social Context", *Organization Science*, vol. 7, no. 1, 2006, pp.80-100.
- [17] M. Mihic, "Consumers' susceptibility to reference group influence: a segmentation analysis", *An Enterprise Odyssey International Conference Proceedings*. Zagreb: University of Zagreb, 2006, pp.1629-1643.

- [18] F. Guzmán and J. Montaña, "Brand building by associating to public services: A reference group influence model", *Journal of Brand Management*, vol. 13, no. 4/5, 2006, pp.353-362.
- [19] V. Lessig and C. Park, "Promotional Perspectives of Reference Group Influence: Advertising Implications", *Journal of Advertising*, vol. 7, 1978, pp.41-47.
- [20] D. Peppers and M. Rogers, *The one to one future*. London: Biddles, 1993, p.52.
- [21] F. Wangenheim and T. Bayón, "The chain from customer satisfaction via word-of-mouth referrals to new customer acquisition", *Journal of the Academy Marketing Science*, vol. 35, 2007, pp. 233-249.
- [22] M. Mattila, "Reference group influence in online customer acquisition and retention", *Journal of Management and Marketing*, Vol. 2, Iss: 1, 2014, pp. 34-40.
- [23] A. Mattila, "Relationship between Seamless Use Experience, Customer Satisfaction, and Recommendation", *Problems and Perspectives 1*, 2015, pp. 96-108.
- [24] (2015, September 16). *Overview of Learning Styles*. Available at: <http://www.learning-styles-online.com/overview/>

Teaching Experience through Years

Magbule Mejzini

Public University of Gjakova
Faculty of Education, Faculty of Medicine
Gjakovë, Kosovë
magbulemejzini@yahoo.com

Abstract—I teach English at the Public University in Gjakova and at the secondary public school (15 -18), overcrowded and mixed levels. I taught primary students as well. In a class of 38 students, overcrowded and mixed levels one has to be a real “acrobat” in order to achieve any results you may have from those keen and highly interested to those who look for fun and nothing more inside the classroom.

I always look for new ways and methods to bring on board as large number as possible to be active while the lesson activity is going on.

In those classes with large numbers you can have different talents who need encouragement and support.

Why not use the power of picture... the power of sound... the power of games...the power of talent in the classrooms.

It is a very complex issue to combine all the features together with the level targeting to be attractive not boring for the students, we should be friendly in achieving this, not old fashioned or traditional being boring for them.

It takes so many efforts to be a good teacher.

Keywords- students, power, games, pictures, sound, talents

I. INTRODUCTION

If a textbook before used to have tens of pages of reading text, exercises, questions and answers, probably with one black and white picture or even one at allowing the horizon for teachers is open so much in Kosovo. There are so many different textbooks available. I will take one example: I have come across an Oxford publication of an “Oxford Picture Dictionary” for the content areas by Dorothy Kaufman and Gary Apple a book with 160 pages or more with one picture – one word.

As textbook, in Kosova mainly is used HEADWAY. But if the teacher wants to be creative, there is always room. If there is a student who can draw, give him a chance to do something for the whole class and put it in the function of the class activity. There may be another one who can sing, give him a chance to perform and again engage the students to lyrics. There are so many gifted students some can sing without knowing the meaning of a single word. Some others can draw. On the other hand, the technology is our advantage now; the internet is available in the schools, in the streets, at home, everywhere..., go along with modern technology in teaching and learning. It also gives teenagers increased contact with their peer group – often the most influential group of people in a teenager’s life. The need to appear cool and be accepted by this group can often be the strongest motivating force in a teenager’s life. Large classes make it difficult for teachers to ensure that all students have the amount of practice in for them

to make significant progress. Furthermore, large classes make it more difficult for teachers to pay individual attention to students.

II. THEORY

Constructivism is basically a theory -- based on observation and scientific study -- about how people learn. It says that people construct their own understanding and knowledge of the world, through experiencing things and reflecting on those experiences.

In the classroom, the constructivist view of learning can point towards a number of different teaching practices. In the most general sense, it usually means encouraging students to use active techniques (experiments, real-world problem solving) to create more knowledge and then to reflect on and talk about what they are doing and how their understanding is changing.

Constructivist teachers encourage students to constantly assess how the activity is helping them gain understanding. By questioning themselves and their strategies, students in the constructivist classroom ideally become "expert learners." This gives them ever-broadening tools to keep learning. With a well-planned classroom environment, the students *learn how to learn*.

Constructivism transforms the student from a passive recipient of information to an active participant in the learning process. Always guided by the teacher, students construct their knowledge actively rather than just mechanically ingesting knowledge from the teacher or the textbook.

Constructivism promotes social and communication skills by creating a classroom environment that emphasizes collaboration and exchange of ideas. Students must learn how to articulate their ideas clearly as well as to collaborate on tasks effectively by sharing in group projects. Students must therefore exchange ideas and so must learn to "negotiate" with others and to evaluate their contributions in a socially acceptable manner. This is essential to success in the real world, since they will always be exposed to a variety of experiences in which they will have to cooperate and navigate among the ideas of others.

The chart below compares the traditional classroom to the constructivist one. You can see significant differences in basic assumptions about knowledge, students, and learning.

TABLE I.

Traditional classroom	Constructivist classroom
Curriculum emphasizes big parts of the whole. Emphasizes basic skills.	Curriculum emphasizes big concepts; beginning with the whole and expanding include the parts.
Materials are primarily textbooks and workbooks	Materials include primary sources of material and manipulative materials.
Learning is based on repetition.	Learning is interactive, building on what the student already knows.
Teachers disseminate information to students; students are recipients of knowledge.	Teachers have a dialogue with students, helping students construct their own knowledge
Teacher's role is directive rooted in authority.	Teacher's role is interactive rooted in negotiation.
Assessment is through testing, correct answers.	Assessment includes student works, observations, and points of view, as well as tests. Process is as important as product.
Knowledge is seen as inert.	Knowledge is seen as dynamic, ever changing with our experiences.

III. PRINCIPLES OF EFFECTIVE LANGUAGE LEARNING

Motivate

The design of a course, and the topics and issues it deals with, must motivate students from the start. This can be achieved by:

- using authentic location photography, magazine articles, website articles, and e-mails, as well as games
- using teenage characters with whom students can easily identify
- focusing on situations, topics, and emotional issues that students recognize and respond to
- presenting authentic functional language and everyday expressions that teenage native speakers of English use in daily conversation
- including topics that expand students' knowledge of the world.
- native speakers of English use in daily conversation
- including topics that expand students' knowledge of the world.

The power of games

- Games and fun activities that work well with young learners often work equally well with older teenagers or adults. If you explain the reason for the game or activity and make it clear what the students are practicing by playing it, then most students tend to respond positively. I recently played word formation bingo with a group of adults and was amazed that they got really excited and competitive and were all trying to win so they could become 'Bingo King' or 'Bingo Queen' for the next round. After a hard day at work I think they enjoyed the chance to revert to their childhood for twenty minutes!
Games are fun and children like to play them. Through games children experiment, discover, and interact with their environment. (Lewis,1999) Games add variation to a lesson and increase motivation by providing a plausible incentive to use the target language.
When teaching primary children flashcards can be a great way to introduce new vocabulary so that learners have a very clear understanding of the word or concept.
One of the simplest ways to engage students' interest is to introduce new items with a Mystery Box. You can give hints about what's inside and have students guess.

The power of picture

- "A picture paints a thousand words", it's true, and pictures are a great way of improving your English, especially if you are a visual learner. So, use pictures to learn vocabulary, and grammar. Don't just look at pictures, think about them. Discuss them. See if you can describe what's happening in them, and name everything in them. Pictures are essential when it comes to engaging students who are learning a new language at any level. They can be successful study aids during lessons, and they can act as useful prompts to help students when they are practicing speaking. The game Pictionary, in which players have to guess specific words based on their team mates' drawings and other mingling games with pictures are fun activities that can be used with both children and adults to review the vocabulary they have learnt. Students can write or tell a story by using a sequence of pictures, or, if the teacher wants to really fire their imagination, the students can create a story based on just a single picture. This exercise can be particularly interesting and productive if the teacher encourages students to use specific tenses (such as past simple vs past continuous), vocabulary or functional language in their story. In a class you can have students who can draw, while talking about freedom and our country (Kosova) two of my students were drawing, and these are what I got, fantastic pictures and this makes the teacher more inclusive.

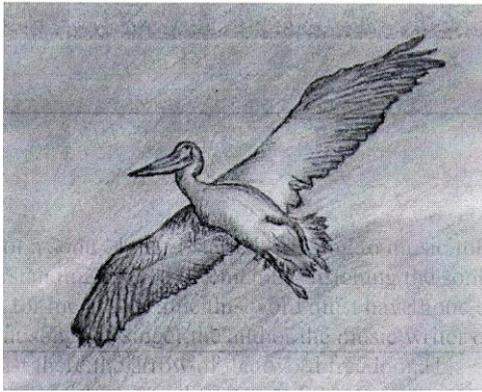


Figure 1. Freedom

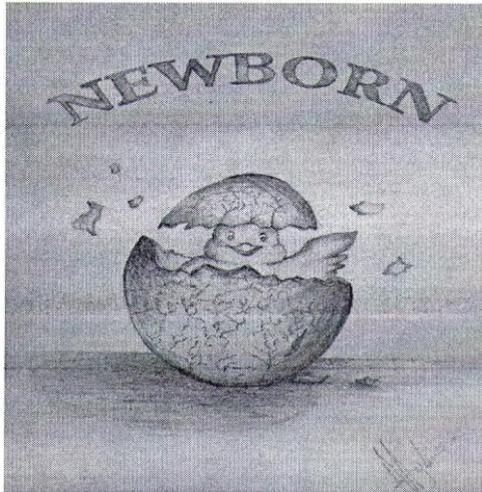


Figure 2. Newborn country

The power of sounds

- Songs and music almost always contain a lot of useful vocabulary, phrases and expressions. And since the intended audience is native speakers, songs and music include up-to-date language and colloquialisms. The language used in songs is casual and actually usable, if you pick the right music. Using songs as tools for teaching a foreign language has many benefits. According to Lo and Li (1998), songs are able to change the monotonous mood in the class and with the smoothing effect of music; they provide a comfortable class environment so that students can develop their lingual skills more easily. Besides, utilizing songs in class environment amuses students, helps them feel relaxed and get rid of their negative attitudes towards a foreign language while learning a lingual structure through a song (Sarıçoban, 2000). In this direction, the amusing and relaxing mood brought by songs to the class eases the effects of certain emotional cases such as excitement, anxiety, lack of self-confidence and the feeling of being threatened, in addition to influencing learning process positively or facilitating it by stimulating the student emotionally (Kramsch, 1993). Also songs help motivating the learners as they provide a pleasant atmosphere. The students are encouraged to

actively involved in the learning process by making use of their musical knowledge. In this way songs help students to develop confidence for language learning. (Şahin, 2008)

Listening to songs will also allow you to focus on your pronunciation and understanding of the English language's rhythm, tone and beat. All of which will help you to learn English through songs as you easily memorize vocabulary and phrases. In fact, after a short period of time you will find it almost impossible to forget them.

If you're a teacher of young learners, you will probably want to use songs that are repetitive and very easy to understand. For teenagers, however, use contemporary or fairly recent pop and rock songs. My advice: it's often best to ask them 'what's cool'. Alternatively, for adult learners, who will probably have a more open approach to classes, use songs that are interesting to their age group. Music gives your insight into English-speaking culture and how English-speaking people think and feel. Familiarity with popular songs and artists gives you something to talk about with your English-speaking friends.

There are so many gifted students, some can sing without knowing the meaning of a single word. "I WILL ALWAYS LOVE YOU..." Whitney Huston, here is a mix of so many things: talent, words, music, performance and many more, one can find all this in every student sitting in front of you. Just keep searching, be inclusive be friendly with your students be nice be good...they will always love you...



Figure 3. Whitney Huston

IV. THE DIFFERENCE TEACHING A FOREIGN LANGUAGE TO CHILDREN, ADOLESCENTS AND ADULTS

There is a huge difference between teaching children, adolescents and adults. Each group has their own learning style, completely different reasons for being in your class, and a drastically different level of self-motivation and discipline. Some differences are immediately obvious: children are more enthusiastic and lively as learners. However, they also lose interest more quickly and are less able to keep themselves motivated on tasks they find difficult. Children often seem less embarrassed than adults at taking a new language, and their

lack of inhibition seems to help them get a more native- like accent. They learn English just as they learned their native language: through experience and interaction. They aren't consciously studying structure and grammar rules.

With adults, the content of lessons needs to be more varied and relevant to their lives in order to keep the students' interest. Be prepared to teach some fairly complex ideas and to answer pretty high level questions. You also have to know the students, and to teach what is useful to their goals. They will have very specific reasons for learning English. They might be preparing for university abroad, or are just trying to gain a new skill for their career at home.

Children's natural ability to acquire new languages is strong before adolescence. Pronunciation Small children don't have a driving motivation to learn languages. Their attention is fueled by curiosity and imagination. Keep this in mind, and plan your lessons to appeal to their senses.

Adolescents are often shy and self-conscious and feel embarrassed if asked to do activities like miming or performing in front of their peers. They also don't like being patronized. Many adolescents have a wealth of knowledge about particular subjects, and they are often happy to share this knowledge in pairs or small groups. If asked a question in class, they may not want to answer in case they are seen by their friends as not smart enough or, alternatively, too smart. Acceptance by their peer group is very important. Take the opportunity to put students into pairs or groups. Pair and group work allow them to work in English with reduced risk of embarrassment and also allows shyer students to make their voices heard.

V. CONCLUSION

Teachers need to have flexible approaches for dealing with diverse students. Teenagers and adults have distinct needs when learning a language. Understanding his can help a teacher to have success in the classroom. Students want to learn but they also want to feel as if they have some control over themselves. I never made assumptions again about a student before they came into my class. Every student is different; no two students react in the same way. It is our task as teachers to

find what motivates each student. Good teachers should encourage their students to get information from a variety of sources. They need to work with their students individually and in groups developing good relationships. They need to plan a range of activities for a given time period and be flexible enough to move on to the next exercise when they see their students getting bored.

REFERENCES

- [1] Cameron L. 2001 Teaching Languages to Young Learners
- [2] Erben T. Ban R. Castaneda M. 2009 Teaching English Language Learners through Technology
- [3] Lever-Duffy J. McDonald J. 2011 Teaching-and-Learning-with-Technology
- [4] Ur P. and Wright A. 1995 Five minutes activities
- [5] Wright A. 1984 Games for Language Learning
- [6] Brumfit C., Moon J., and Tongue R. 1994. Teaching English to children. London: Longman.
- [7] Paterson, A. & Willis, J. 2008. English through music. Oxford: Oxford University Press.
- [8] Richards I. A. and Christine M. Gibson 2005 English Through Pictures
- [9] Brunfit C., Moon L., Tongue R. 1991 Teaching English to Children. London: Harper Collins Publishers
- [10] Kaufman D. and Apple G 2003 Oxford Picture Dictionary for the Content Areas
- [11] Keyes J.R. 2002 Oxford Picture Dictionary for Kids
- [12] Grup autorësh, Qeverisja dhe udhëheqja në arsim
- [13] Ismajli H. 2012. Teknologjia mësimore dhe të menduarit kritik
- [14] Musai, B.; Metodologjia e mësimdhënies, Tiranë, 2003.
- [15] Peshkepia V. 2012. Mësimdhënia, mësimnxënia, raportet e tyre me integrimin evropian
- [16] Harmer J. 1998 How to Teach English
- [17] Lo, R. & Fai Li, H.C., 1998. Songs enhance learner involvement. English Teaching Forum, 36, pp.3:8-11.
- [18] Kramsch, C. (1993). Context and culture in language teaching. Oxford: Oxford University Press.
- [19] Sariçoban, A. & Metin, E. (2000). Songs, verse and games for teaching grammar, The Internet TESLJournal. Retrived 11th January 2011 from <http://iteslj.org/Techniques/SaricobanSongs.html>.
- [20] British Council, <https://www.britishcouncil.org>, available: Nov. 2016.

Dyspraxia/DCD – Problem Review on the Basis of British Experience

Cathy Parvin

Dyspraxia Education
Worcester, United Kingdom (England)
cathy@dyspraxia-ed.co.uk

Jacek Szmalec

Mazurskie Centrum Szkoleń i Ubezpieczeń Dariusz
Wyszyński
Ostróda, Poland
jszmalec@gmail.com

Dorota Podgórska-Jachnik

Faculty of Pedagogy and Psychology
Kazimierz Wielki University
Bydgoszcz, Poland
depejot@wp.pl

Abstract—DCD (Developmental Coordination Disorder) affects children from many countries. It is recognised more and more frequently in the UK thanks to increasing awareness of this problem by paediatricians, teachers and parents. There are a lot of symptoms in early years that testifies dyspraxia can occur. There are several terms describing this type of complex of symptoms and the main definitions are shown in this article. The reasons of this complex of disorders are not known yet, though there are some theories.

Keywords- dyspraxia, DCD, definitions, symptoms, diagnosis criteria

I. INTRODUCTION

Dyspraxia affects between 5 - 7% of the population with boys being more affected than girls on estimated ratios of 3:1 or 4:1 [6]. It is validated in Lingam's paper:

"Estimates of the incidence of DCD/dyspraxia vary according to the exact methods used to obtain such data. However a recent and rigorous population study in the UK (the Avon Longitudinal Study of Parents and Children, ALSPAC) reports an incidence of almost 5% in 7-8 year old"[17].

However, more recent discussions have suggested it may be more prevalent in girls than initially thought due to the manner in which they react to their difficulties, and also by the nature of their play which is less effective in highlighting a problem [3]. With these statistics, in the UK in an average class of thirty children between one and three could be expected to be on this spectrum. There are no statistical research on dyspraxia in Poland. But it doesn't mean that dyspraxia excludes Polish children and adults.

There are many symptoms that should be warning signs for healthy and educational professionals and parents that dyspraxia may occur. Some of them are mentioned below.

"I. Warning Signs in a Toddler

- Is a messy eater, preferring to eat with fingers rather than a fork or spoon

- Is unable to ride a tricycle or play ball
- Is delayed at becoming toilet trained
- Avoids playing with construction toys and puzzles
- Doesn't talk as well as kids the same age and might not say single words until age 3

II. Warning Signs in Preschool or Early Elementary School

- Often bumps into people and things
- Has trouble learning to jump and skip
- Is slow to develop left- or right-hand dominance
- Often drops objects or has difficulty holding them
- Has trouble grasping pencils and writing or drawing
- Has difficulty working buttons, snaps and zippers
- Speaks slowly or doesn't enunciate words
- Has trouble speaking at the right speed, volume and pitch
- Struggles to play and interact with other kids

III. Warning Signs in Grade School or Middle School

- Tries to avoid sports or gym class
- Takes a long time to write, due to difficulty gripping pencil and forming letters
- Has trouble moving objects from one place to another, such as pieces on a game board
- Struggles with games and activities that require hand-eye coordination
- Has trouble following instructions and remembering them

- Finds it difficult to stand for a long time as a result of weak muscle tone

IV. Warning Signs in High School

- Has trouble with sports that involve jumping and cycling
- Tends to fall and trip; bumps into things and people
- May talk continuously and repeat things
- May forget and lose things
- Has trouble picking up on nonverbal signals from others” [9].

II. BACKGROUND

Dyspraxia has certainly been evident for many years yet until the last fifteen years, was poorly recognised in the UK [1,2]. Dixon and Addy [3] report that one of the earliest references to dyspraxia was made by Dupre in 1911. Kirby and Sugden [4] explore further works that developed the notion of ‘motorically deficient’ children and go onto explore the development of dyspraxia awareness, however there was scant research into this topic. They found a paper by Anell in the 1940s, but it was not until the 1960s that awareness was raised and this condition was recognised as ‘the clumsy child’ [4]. David Sugden and Mary Chambers examined the importance of motor skill acquisition and learning as early as the 1960’s [5]. However, dyspraxia really began to gain recognition in the 1980’s [4] and the Dyspraxia Trust was set up by two mothers who met at Great Ormond Street Hospital for Sick Children in 1987. By 1996 the charity changed its name to the Dyspraxia Foundation [6].

More recently in 1997 Dr Amanda Kirby set up the ‘Discovery Centre’ which was formed of a multidisciplinary team of professionals working in conjunction with the University of Wales, Newport [7]. In 1999 Dr Madeline Portwood wrote “Developmental Dyspraxia Identification and Intervention. A Manual for Parents and Professionals” [8] a landmark publication, which she has later added to with “Understanding Developmental Dyspraxia. A Textbook for Students and Professionals” [9].

III. DEFINITIONS

Jill Christmas, a senior paediatric occupational therapist, clarifies the term Dyspraxia in her book “Hands on Dyspraxia”:

“**DYS**= difficulty

PRAXIS= planning and automatic organisation of movement

DYSPRAXIA= difficulty in the ideation, planning and organisation of automatic movement

Ideation – the ability of the brain to think about or conceptualise what the body needs to do (which should become automatic once a skill is learned). The child with dyspraxia may have to cognitively work out which action is needed each time although they have performed the action previously.

Motor planning – the ability to organise one’s body for action without having to think about it. With dyspraxia the child has to consciously think actions through, sometimes at the expense of the task at hand.

Execution – the ability to respond to input from the environment and make the right movement – in technical terms this is called a ‘motor adaptive response’- something that we learn to do from the moment we are born in response to incoming stimuli from around us. Practice refines the movement and it is then utilised without conscious monitoring” [10].

There are many definitions for dyspraxia in circulation which can lead to confusion and the challenge is composing a definition which wholly encompasses this extremely complex condition [1,3,8]. Subjectively the author has found that the majority of people in the UK know it as a “coordination difficulty”. However, those working with these children, understand it as a condition going far beyond this description with many hidden aspects.

Definitions for dyspraxia have evolved over the years and two of the most recent ones to emerge are by:

1. Movement Matters - formed early in 2011 to act as an umbrella group bringing together the key bodies involved in Developmental Coordination Disorder/Dyspraxia in the UK. This includes DCD-UK, The Dyspraxia Foundation, The Developmental Adult Neuro-diversity Association (DANDA) and the National Handwriting Association.

They define Developmental Coordination Disorder as:

“Developmental Coordination Disorder (DCD), also known as Dyspraxia in the UK, is a common disorder affecting fine and/or gross motor coordination in children and adults. This condition is formally recognised by international organisations including the World Health Organisation. DCD is distinct from other motor disorders such as cerebral palsy and stroke. The range of intellectual ability is in line with the general population. Individuals may vary in how their difficulties present; these may change over time depending on environmental demands and life experience, and will persist into adulthood.

An individual’s coordination difficulties may affect participation and functioning of everyday life skills in education, work and employment. Children may present with difficulties with self-care, writing, typing, riding a bike, play as well as other educational and recreational activities. In adulthood many of these difficulties will continue, as well as learning new skills at home, in education and work, such as driving a car and DIY. There may be a range of co-occurring difficulties which can also have serious negative impacts on daily life. These include social emotional difficulties as well as problems with time management, planning and organisation and these may impact an adult’s education or employment experiences” [11].

2. The Dyspraxia Foundation accept this definition but also add to it:

”.... recognising the many non-motor difficulties that may also be experienced by people with the condition and which

can have a significant impact on daily life activities. These include memory, perception and processing as well as additional problems with planning, organising and carrying out movements in the right order in everyday situations. Although dyspraxia may occur in isolation, it frequently coexists with other conditions such as Attention Deficit Hyperactive Disorder (ADHD), dyslexia, language disorders and social, emotional and behavioural impairments” [12].

These are comprehensive definitions, however they perhaps lack the inclusion of sensory difficulties which are evident in these children. Christmas [10] identifies very clearly the importance of sensory feedback in developing motor competence. For a child to develop effective motor function they rely heavily on accurate sensory feedback, to enable them to “fine tune” their motor skills. Achieving this through a cyclical process of motor “trial” followed by sensory feedback, which is then used to make adjustments to motor performance, thus facilitating the child to eventually achieve motor competence through a process of “trial” and “error”. However, many children with DCD, experience sensory difficulties compromising the whole process [13]. Sensory development is dependent on motor development and vice versa. In the author’s experience, many of the “odd” or “quirky” behaviours these children exhibit have a root cause in sensory overload problems. The definitions also make no mention that the vast majority of these children are of average or above average intellectual ability, some are even gifted [9]. There is a tendency for these children to show somewhat “spikey” profiles on testing; showing brilliance in some areas but achieve only a very low score in others [9].

The many and varied terms used to describe children exhibiting these difficulties over the years, has simply exacerbated the problem of slow recognition, referral, accurate diagnosis and appropriate intervention. Historically there has been a plethora of terms describing what we now call dyspraxia also known as Developmental Coordination Disorder (DCD) such as:

- Clumsy Child Syndrome [1, 3, 14]
- Minimal Brain Dysfunction [1, 3, 14]
- Motor Learning Difficulty [1, 3, 14]
- Developmental Apraxia and Agnosia [3]

More recently the term Developmental Coordination Disorder (DCD) is preferred by health and educational professionals [3,14]. There is also an ever increasing realisation that DCD usually co-occurs with other conditions or Specific Learning Difficulties (SPLD) such as dyslexia, Autistic Spectrum Disorder, Attention Deficit Hyperactivity Disorder (ADHD), Tourette’s syndrome, Specific Language Impairments [15]. Additionally terms such as dyscalculia and dysgraphia are also being explored, however these terms are currently in discussion concerning usage and definitions. Current thinking is that children are on a spectrum of co-occurrence, but often present with a leaning or tendency more toward one of the defined conditions [1]. More recently the term “Neuro-diverse”, a blanket term, is often used in

association with this group of children, in relation to their condition and learning styles.

The other important factor to consider is that, no one child will present with exactly the same set of signs or difficulties as the next; indeed, the range of presenting features can be quite diverse and yet the same diagnosis may be made [1,8]. This individuality requires the need to assess each child on an individual basis and devise their own tailor made intervention.

DCD is recognised by the World Health Organisation and is defined in the fifth edition of the Diagnostic and Statistical Manual of Mental Disorder (DSM)(2013) [16] as a sub category of neurodevelopmental disorders: Developmental Coordination Disorder is listed under “Motor Disorders”

In summary, by the very complex and often conflicting nature of dyspraxia, a succinct definition which fully encompasses it, is difficult to achieve.

IV. DIAGNOSIS

The Dyspraxia Foundation recommend a diagnosis is made by a Community Paediatrician and/ or an Educational Psychologist. Normally a Community Paediatrician will not make a diagnosis without the child initially being assessed by an Occupational Therapist. They value these reports hugely in helping to make this diagnosis.

Criteria for diagnosis are based on the child having a significant impairment in their motor coordination development relative to their age, which cannot be explained by any other condition⁸. This developmental delay in motor coordination significantly interferes with their normal activities of daily living and also their academic learning⁸.

The world-known specific criteria for DCD were formulated by American Psychiatric Association in DSM-5 in 2013. They are as follows:

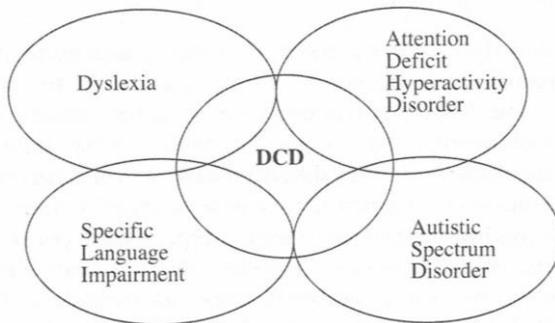
- A) “Acquisition and execution of coordinated motor skills are below what would be expected at a given chronologic age and opportunity for skill learning and use; difficulties are manifested as clumsiness (eg, dropping or bumping into objects) and as slowness and inaccuracy of performance of motor skills (eg, catching an object, using scissors, handwriting, riding a bike, or participating in sports).
- B) The motor skills deficit significantly or persistently interferes with activities of daily living appropriate to the chronologic age (eg, self-care and self-maintenance) and impacts academic/school productivity, prevocational and vocational activities, leisure, and play.
- C) The onset of symptoms is in the early developmental period.
- D) The motor skills deficits cannot be better explained by intellectual disability or visual impairment and are not attributable to a neurologic condition affecting movement (eg, cerebral palsy, muscular dystrophy, or a degenerative disorder)” [16].

Caution must be exercised when making a diagnosis of DCD so that other conditions such as:

- Cerebral Palsy,
- Motor coordination difficulties resulting from head injury
- Other neurological conditions e.g. Muscular Dystrophy
- Generalised developmental delay,

which present in a similar way can be eliminated.

Some of disorders co-existing with DCD are shown in the figure 1 [5] below:



Comorbid conditions.

Figure 1. Comorbid conditions

In the UK diagnosis is usually made from 5 years of age; prior to this there is a reluctance to give a firm diagnosis due to the developmental differences at this age. Many Paediatricians will give a “working” diagnosis or describe the child as having DCD tendencies.

V. CAUSE

To date there is no known cause for dyspraxia although there are some commonly occurring factors [1]:

- Familial tendency - usually a parent will demonstrate similar tendencies but many may not have a formal diagnosis as such.
- History of a difficulty or problematic delivery at birth.
- Premature birth
- Multiple births
- Environmental changes such as the type of physical play children in their early developing years are exposed to.

None of these are proven and more research is needed.

The Dyspraxia Foundation says:

“Although the exact causes of dyspraxia are unknown, it is thought to be caused by a disruption in the way messages from the brain are transmitted to the body. This affects a person’s

ability to perform movements in a smooth, coordinated way.” [18].

VI. CURE?

There is no known cure currently: children do not generally grow out of dyspraxia but they do learn to accommodate their difficulties [8, 9]. However evidence suggests that early intervention can have beneficial results [1, 9]. It is important to start as soon as possible multidisciplinary treatment according to medical recommendations in cooperation among therapists (especially OT), teachers and parents.

REFERENCES

- [1] S. Drew, “Dyspraxia in the Foundation Stage”, A&C Black Publishers, London, 2005.
- [2] M. Lee, “Co-ordination difficulties. Practical ways forward.”, David Fulton Publishers, London, 2004.
- [3] G. Dixon, L.M. Addy, “Making Inclusion Work for Children with Dyspraxia” Routledge, Oxon, 2004.
- [4] A. Kirby, D.A.Sugden,, “Children with developmental coordination disorders”, “Journal of the Royal Society of Medicine”, vol. 100(4), 2007, pp.182-186.
- [5] D.A. Sugden,, M. Chambers, “Early years movements skills”.. John Wiley & Sons Ltd, London, 2006, p. 63.
- [6] Dyspraxia Foundation, “Dyspraxia explained. (Leaflet)”, Dyspraxia Foundation, Hitchin, (undated)
- [7] A. Kirby, “What is DCD and practical strategies.” In the: The Dyspraxia Foundation Annual General Meeting and Conference, (not in print), London, 2011.
- [8] M. Portwood, ”Developmental Dyspraxia. Identification and intervention 2nd Ed.”, David Fulton Publishers, London, 1999.
- [9] M. Portwood, M., “Understanding Developmental Dyspraxia A Textbook for Students and Professionals.”, David Fulton Publishers, London, 2007
- [10] J. Christmas, “Hands on Dyspraxia.”, Speechmark Publishing, Milton Keynes, 2009.
- [11] Movement Matters, 2016, *DCD/Dyspraxia descriptor*, Available at: <http://www.movementmattersuk.org/dcd-dyspraxia-adhd-spld/uk-dcd-consensus/what-is-dcd-dyspraxia.aspx> Accessed on 29.05.16
- [12] The Dyspraxia Foundation, 2016, *What is Dyspraxia?*, Available at: <http://www.dyspraxiafoundation.org.uk/about-dyspraxia/dyspraxia-glance/> Accessed on 29.05.16.
- [13] J. Jenkinson, T. Hyde, S. Ahmed, ”Building blocks for learning. Occupational Therapy approaches.”, Wiley-Blackwell, Chichester, 2008.
- [14] M.F. Ball, ”Developmental Coordination Disorder.”, Jessica Kingsley Publication, London, 2002
- [15] B.J. Kaplan, S.G. Crawford, B.N. Wilson, D. Dewey, “Comorbidity of developmental coordination disorder and different types of reading disability.”, *Journal of International Neuropsychological Society* 3: 54, 1997.
- [16] American Psychiatric Society Ed, 2013, *Diagnostic and statistical manual of mental disorders 5th ed.*, Available at: <http://dsm.psychiatryonline.org/doi/book/10.1176/appi.books.9780890425596>, Accessed 29.05.16
- [17] R. Lingam, L. Hunt, J. Golding, M. Jongmans, A. Emond, (2009)Prevalence of Developmental Coordination Disorder Using the DSM-IV at 7 Years of Age: A UK Population–Based Study. *Pediatrics*, vol. 123(4), pp. 693-700, 2009
- [18] The Dyspraxia Foundation, 2016, *What causes dyspraxia?*, Available at: <http://www.dyspraxiafoundation.org.uk/about-dyspraxia/> Accessed on 29.05.16

Published by: EDIS - Publishing Institution of the University of Zilina



Univerzitna 1
01026 Zilina
Slovak Republic

Editors: Ing. Michal Mokrys; Ing. Stefan Badura, Ph.D.

ISBN: 978-80-554-1270-2

cdISSN: 1339-522X

eISSN: 2453-6075

DOI: 10.18638/hassacc.2016.4.1

Pages: 146

Printed in: 100 copies

Publication year: 2016

- All published papers undergone single blind peer review.
- All published papers are in English language only. Each paper had assigned 2 reviewers and each paper went through two-tier approval process.
- Papers are published as delivered by authors without content modification. All accepted papers have been formally checked by the conference Technical Committee and regularly reviewed in single blind peer reviewing process by the conference Scientific Committee (Reviewers Committee).
- The publication contents are the sole responsibility of the publication author and it does not reflect the Publishing Society, Zilina, Slovakia.

Open Access Online archive is available at: <http://www.hassacc.com/archive>
(proceedings will be available online one month after the publication release).

In case of any questions, notes or complaints, please contact us at: [info\(at\)hassacc.com](mailto:info(at)hassacc.com).

Paper Citation Example:

In (Eds.) S. Brown, S. Larsen, K. Marrongelle, and M. Oehrtman, Proceedings of The 4th year of Human And Social Sciences at the Common Conference (HASSACC-2016), Vol. 4, pg #-#. Zilina, Slovakia.



Warning
Copyright © The authors mentioned in the table of contents, Publishing Society, Zilina, Slovakia, All rights reserved.



HASSACC

HASSACC 2016

Proceedings in
Human and Social Sciences at the Common Conference 2016
The 4th Human and Social Sciences at the Common Conference

3. - 7. October 2016
Slovak Republic

ISBN 978-80-554-1270-2
cdISSN 1339-522X
eISSN 2453-6075