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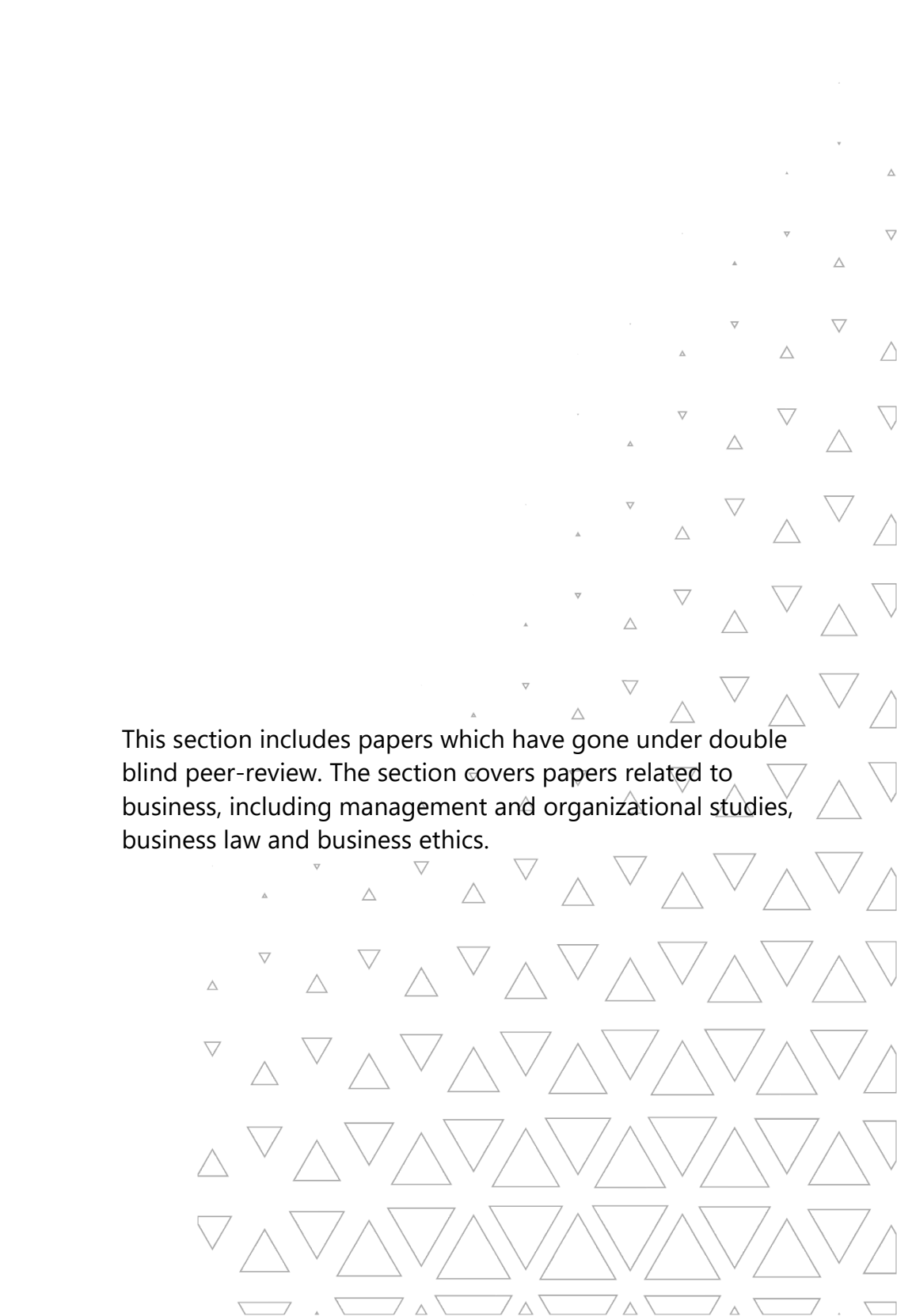
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Section

BUSINESS AND MANAGEMENT



This section includes papers which have gone under double blind peer-review. The section covers papers related to business, including management and organizational studies, business law and business ethics.

ANALYZING THE EFFICIENCY AND PRODUCTIVITY OF SLOVAK FARMS SPECIALIZING IN LIVESTOCK

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ABSTRACT

This paper aims to estimate productivity, efficiency, and especially the estimation of managerial performance among 284 farms specializing in livestock in Slovakia. Data Envelope Analysis (DEA) is used to estimate farm efficiency and related economies of scale. Taking full advantage of the panel structure, changes in farm productivity are provided by the Malmquist index and are divided into technological progress, scale effects, and managerial decision-making. Empirical results show that, on average, a 31% reduction in input use could be achieved, provided that all livestock farms operate efficiently, without further restrictions on this adjustment. In 2012 farms specialized in livestock improved their performance compared to the best farms by 17%, mainly due to improvement of the managerial efficiency by 12% and improvement of scale efficiency by 4%.

***Keywords:** productivity, managerial efficiency, Malmquist index, livestock farms, Slovakia*

INTRODUCTION

In livestock production, management practices can be defined as a set of alternative production techniques that can have a significant impact on the economic performance of a farm. According to economic theory, the goal of effective management is the optimal use of inputs to achieve outputs in a way that maximizes economic return. In a rapidly changing environment, the complexity of livestock production systems is accepted. With the growing awareness of overproduction and the associated budgetary burden of the common agricultural policy, the focus of the industry has shifted from production growth to efficient farm management. In 2019, in Slovakia, there was another production performance of the branch focused on animal production by 6.9%, due to the end of the natural production of animals for slaughter [1].

In recent years, several approaches to efficiency and productivity assessment have been developed, which can be divided into two broad categories: parametric and nonparametric boundary models. The first model estimates the production parameters or the cost function. Most nonparametric applications are based on the DEA (Data Envelopment Analysis) methodology, which has become a central technique in the analysis of productivity and efficiency in various aspects of economics and management. A key question arising from the borderline analysis

is whether it is possible to identify common characteristics between units of good practice. The existence of these characteristics means that managerial personal traits may be associated with efficiency levels and their impact on the assessed farm performance. In the literature, numerous empirical studies have attempted to explain variations in farm success by reducing efficiency scores on a set of explanatory variables [2].

Within this context, several empirical studies have focused on combining managerial and economic approaches with animal science. Aspects of operational management practices were explored and who be adapted to day-to-day management to improve farm efficiency. Aspects of management practices were regressed based on the entry efficiency score of the farm-level packaging data analysis (DEA) based on data from Sweden. Changes in husbandry and feeding practices could affect efficiency. Inefficient farms cannot become more efficient by adapting to the veterinary practices of more efficient farms [3]. A significant difference in efficiency change due to different management styles is related to relative management efficiency and efficiency change [4]. The use of DEA that allows for the incorporation of multiple inputs and outputs in determining relative efficiencies can be of value in examining the competitiveness of the chain as a whole [5].

Further analysis of productivity and efficiency in existing meat processing units offers ample opportunities to increase their performance. The change in total factor productivity (TFP) is slight and maintains production in the meat processing industry mainly due to the increased use of inputs and capital investment. The reasons for inefficiency and low changes in TFP were empirically analyzed in terms of input breaks at the optimal level of the production process [6]. Another study using the DEA examines ways to improve the technical, economic, and environmental performance of Dutch pig farms. Compared to currently available technologies, a much higher average technical efficiency of farms has been found. The overall technical performance increases slightly after the introduction of new technologies. Environmental properties, especially ammonia emissions, can be significantly reduced using modern housing techniques [7].

Empirical studies have measured and degraded the overall efficiency of sheep farming in the mountainous areas of Greece. The empirical results suggest that managerial efficiency and scale efficiency of the balance are almost as important in determining the overall efficiency [8]. Within EU countries, another study examined the effectiveness of agriculture through the DEA. Data on inputs such as labour, land, capital, fertilizers, and irrigation, and production-related to the economic value of agricultural production were collected between 1993 and 2013. Most EU countries are experiencing growth or declining economies of scale, highlighting their potential to increase efficiency. by changing the use of inputs. Most EU countries could better rationalize the use of inputs, obtain more outputs and achieve production efficiency. Therefore, when planning policy, but also

when making management decisions, attention should always be paid not only to maximizing agricultural production but also to the excessive use of environmental resources.[9]

Efficiency varies significantly between regions due to differences in the production environment, the ability of individual producers to manage inputs, and the choice of species depending on local environmental conditions [10]. There should be synergies between crop and animal scientists; assistants and agricultural economists to meet the requirements that farmers have for integrating agriculture with livestock farming to achieve optimal levels of efficiency [11].

Regarding existing studies, deficiencies of existing approaches, and availability of data, we assess managerial efficiency change and productivity change on Slovak livestock farms using the DEA approach.

An attempt to explain differences in efficiency based solely on physical or biographical variables may be insufficient; even a farmer with high personal abilities can be inefficient provided that his decision-making process such as planning, implementation, and control of the decision, is bad. In this context, the purpose of this paper is to specify and measure the efficiency of Slovak farms and to focus on certain livestock management practices, and to examine the extent to which a set of different breeding and production practices can affect farm performance.

The study aimed to estimate productivity, efficiency, and possible changes in managerial performance among Slovak farms specializing in livestock. The next section Data Envelope Analysis methodology is devoted, and the applied model is presented. The third part is presented to the methodology, where we estimate the function of rent to identify which factors affect the value of rent in cadastral areas in Slovakia. Next, we present the results and finally we consider the implications of our findings in comparison with other authors.

METHODOLOGY AND DATA

Managerial efficiency is a management system related to the conversion of inputs from various sources to output. Managerial efficiency is a management system related to the conversion of inputs from various sources to output. To Measurement of relative managerial efficiency and efficiency change, we used the DEA approach presents a method by which multiple inputs and outputs of an entity can be objectively combined into the overall effectiveness of an organization [12]. The efficiency, decision-making unit (DMU), can be obtained by solving the output-oriented CCR model

We expressed farm productivity using the Total Factor Productivity (TFP) approach, a suitable methodology for multi-input and output technologies. To estimate the change in TFP, we used the output-oriented Malmquist index, which

uses Shephard's (1970) output-oriented distance function. The Malmquist index (1) can be divided into technical efficiency change (TECH) and technical change (TCH) [13]:

$$M_o(x^t, y^t, x^{t+1}, y^{t+1}) = \frac{D_o^{t+1}(x^{t+1}, y^{t+1})}{D_o^t(x^t, y^t)} \left[\frac{D_o^t(x^{t+1}, y^{t+1})}{D_o^{t+1}(x^{t+1}, y^{t+1})} \cdot \frac{D_o^t(x^t, y^t)}{D_o^{t+1}(x^t, y^t)} \right]^{\frac{1}{2}}$$

$$= TECH(x^t, y^t, x^{t+1}, y^{t+1}) \cdot TCH(x^t, y^t, x^{t+1}, y^{t+1}) \quad (1)$$

where: $TECH > 1$ indicates improvement in technical efficiency and $TECH < 1$ deterioration in technical efficiency. $TCH > 1$ indicates technical progress (evidence of innovation) and $TCH < 1$ technical regress. Both components equal unity are associated with no change. Likewise, Malmquist index of total factor productivity change equal unity means stagnation, index greater than unity indicates growth and index less than unity means deterioration of productivity.

Malmquist index in (1) assumes that technology exhibits constant returns to scale (CRS). If the assumption on returns to scale is relaxed to allow variable returns to scale (VRS), then component of TECH, can be further decomposed to scale efficiency change (SECH) and pure efficiency change (PECH) also known as managerial efficiency [13]. This technical efficiency for the CRS model can additionally be decomposed into a pure technical or management efficiency and scale efficiency. Distance functions $D_o^t(x^t, y^t)$ and $D_o^{t+1}(x^{t+1}, y^{t+1})$ are reciprocal to technical efficiency measures and can be estimated by output-oriented models of Data Envelopment Analysis. As mentioned above, the most notable feature of DEA models is that they allow for comparative evaluations of managerial performance [14].

In our study were used three output variables: total output crops and crop production in EUR; total output livestock and livestock products in EUR; and other output. Base on FADN division of cost, four input variables were used: total specific costs; farming overheads; external factors and depreciation. We used panel data of 284 Slovak agricultural farms. The panel was constructed from the FADN from years 2004-2013. The average annual work units (AWU) and utilised agricultural area (UAA) of the farm in the panel was higher than there was the average value of indicators of the farms provided data to the FADN SK permanently over the period 2004-2008. The average characteristics of the panel farms specializing in livestock according to the specialization confirm that mostly large farms according to their AWU (49) and UAA (1515 ha).

RESULTS

The result obtained by the non-parametric application of the input-oriented DEA model is illustrated in Figure 1 by panel data over the ten-year period. On

average, 11% of farms are the best practice under CRS and 18% under VRS. Average technical efficiency under constant return to scale of the farms in the panel was 0.68 with a standard deviation of 0.15, minimum 0.16, and maximum 1. The interpretation of the scale effectiveness score allows for some interesting mentions. The average scale efficiency is 0.91, which means that the average farm size is not far from the optimal size, although a further increase in productivity of 8.5% could be achieved if they adjust the operation of their farm to the optimum scale. In fact, 67% of livestock farms operate to the most productive scale and the efficiency of the scale is equal to one. The average technical efficiency over ten years implies that only 68% of the possible outputs have been produced by the farms using the current level of inputs. The number of farms producing on the production possibility frontier decreased from 26 (9%) in 2004 to 17 (6%) in 2013.

Farms specialized on livestock production were the most inefficient in 2009. The average yearly technical efficiency of the Slovak farms in the panel decreased from 70% only to 69% over ten years period. The consequences of the global financial and subsequent economic crisis also contributed significantly to this, especially the sharp fall in commodity prices (especially pigs and milk), which were also reflected in Slovak agriculture through market systems and slowed down financial flows. In this year, agriculture achieved a negative economic result after joining the EU. We will achieve the highest efficiency in 2012. Agriculture has achieved a positive economic result mainly due to an increase in revenues from livestock production.

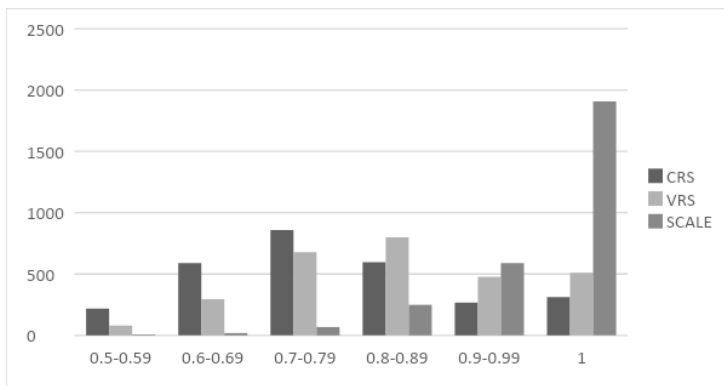


Fig. 1. Distribution of efficiency

The total factor productivity change measured by Malmquist indices ranged from 0.97 to 1.11 of livestock farms (Table 1). Although the number of technically efficient farms is not small, the mean radial technical efficiency of the sample is 0.69 under CRS assumptions, respectively. This implies first that on average, farms could reduce their inputs by 31% and still maintain the same output level, and second, that there is considerable variation in the performance of Slovak livestock farms. Total factor productivity increased the most in 2010. The total

factor productivity has declined by 2%, compared to the average productivity level to the beginning of the period.

Table 1. Decomposition of Malmquist TFP index

Year	TFP	TECH	TCH	PECH	SECH
2005/2004	0.97	1.11	0.87	1.07	1.04
2006/2005	0.99	0.91	1.08	0.94	0.97
2007/2006	1.03	0.98	1.05	0.96	1.02
2008/2007	0.97	0.91	1.07	1.00	0.91
2009/2008	0.90	0.94	0.96	0.96	0.99
2010/2009	1.09	1.11	0.98	1.00	1.11
2011/2010	1.11	0.98	1.13	1.00	0.99
2012/2011	0.97	1.17	0.83	1.12	1.04
2013/2012	0.97	0.90	1.07	0.93	0.96
Cumulative change	0.98	0.98	1.00	0.97	1.01

Note: TFP = total factor productivity change (Malmquist index), TECH = technical efficiency change, TCH = technological change, PECH = pure technical efficiency change, SECH = scale efficiency change

Source: Calculated from FADN data

The total factor productivity expressed by the Malmquist indices are decomposed into a change in technical efficiency over time as catching up and technological change as a change due to a shift in production boundaries of technologies over time. Technical efficiency change links to how the farms have performed relative to the best farms on the frontier. An efficiency change value greater than one means that the farm is closer to the efficiency threshold at the end of the reference period than at the beginning of the reference period. Changes in the technical efficiency of all groups of farms exceeded 1 and meant that farms lagging at the beginning of the reference period caught up with the best farms. Technological change ultimately represents a shift, influenced by production technologies or innovations. The higher technological progress was in 2011 (13%). This finding means that farms specializing in livestock adopt insufficient extent the innovative technologies. The highest deterioration of TCH was found in (by 10 %). Possible explanation lag of farms specializing in livestock can be exhausted investments in technologies at the end of the programming period.

The technical efficiency change under the variable returns to scale was decomposed into the pure technical efficiency change and the scale efficiency change. Pure technical efficiency is also known as managerial efficiency. A farm exhibits managerial inefficiency when the inputs used to produce a given level of output are more than the required amount. The technical efficiency change is

partitioned into that part that is due to pure or managerial technical efficiency and that part due to scale efficiency.

The model for measuring the change in efficiency is used to examine the change in the managerial efficiency of a livestock farm. The managerial efficiency was achieved in a period, where the value of pure efficiency change was less than 1. On the other side, the highest managerial efficiency was achieved in 2012. The scale efficiency growth in 2010 however, prevailed managerial inefficiency decline, and the farm technical efficiency increased. Cumulative values of indices over the period 2004-2013 show that farms degraded their performance compared to the best farms by 2%, mainly due to deterioration of the managerial efficiency by 3% and improvement of scale efficiency by 1%. Efficient farms increased their technical efficiency mainly due to an increase in managerial efficiency and scale efficiency in livestock and mixed production (2012). The results of the returns to scale estimation indicate that decreasing returns to scale was the predominant form of scale inefficiency of the efficient farms. Low economies of scale mean that farms are too large to take full advantage of scaling. Ultimately, downsizing is the best option for these farms.

CONCLUSION

An input-oriented DEA model under the assumption of CRS and VRS has been applied to investigate the degree of technical and scale efficiency of Slovak livestock farms over the period 2004-2013. Data of 284 farms from the FADN SK were analysed. This procedure makes it possible to identify farms with the best management practices and can also provide them with the necessary knowledge for farm management. By using these farms as benchmarks, inefficient farms can identify which changes in input resource use are needed to increase overall performance.

Total factor productivity (TFP) change was measured by Malmquist indices and decomposed to technical efficiency change and technological change. Further, we identify sources of efficiency changes by decomposition of technical efficiency change to managerial efficiency and scale efficiency changes.

This paper shows that the transformation of all inputs and outputs to average may provide a clearer insight into farm performance as efficiency scores can be more realistic and closer to the actual performance of each farm. Results suggest that on average, a potential 31% reduction in input use could be achieved provided all livestock farms operated efficiently, assuming no other constraints on this adjustment.

These results are important for the livestock sector. To remain profitable, farmers must adapt to the changes associated with the general liberalization of agricultural trade. Reducing waste of input resources and costs may prove to be

the most effective way to increase the viability of livestock farms, as farmers have more control over inputs.

The use of Malmquist indices shows how farmers can benefit from applying operational management tools to assess their performance. Management is identified as one of the main sources of inefficiency. Farms can improve technical efficiency through better management [7]. Improving the technical efficiency of the farm means less use of inputs, lower production costs, and thus affecting the profitability of farms, which is the driving force behind farmers' motivation to adopt new techniques.

We found that the productivity of farms specializing in livestock farming declined over time. The technical efficiency of all livestock farms remains stable over the period under review, with technological changes being negative over time. The negative development of technical efficiency was mainly due to a decrease in managerial efficiency of 3% compared to the average managerial level at the beginning of the period. The findings of a study on the optimal combination of integrated livestock farming in Nigeria revealed declining the average management efficiency by 9%. Farmers therefore can reduce the number of farms, labour, seeds, fertilizers, manure and agrochemical inputs [11].

In order to improve the productivity and efficiency of the industry, these results are useful for management in creating the optimal level of inputs, in streamlining the process of obtaining and using these inputs and in designing an appropriate policy framework to address identified problems in livestock production [6]. Nevertheless, some interesting insights regarding the performance of the Slovak livestock farms along with an indication of the relationship between certain managerial practices and technical efficiency may have been provided.

ACKNOWLEDGEMENTS

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CONSUMER BEHAVIOR ON THE BEER MARKET IN THE SLOVAK REPUBLIC

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ABSTRACT

Consumers have started looking for non-traditional types of beer with a specific taste and aroma usually offered by craft breweries. These breweries are characterized by brewing various beer specialties from special types of hops and yeasts. They differ from industrial breweries by brewing technology, production volume and the duration of the beer production process. This paper evaluates the development of beer consumption and describes consumer preferences with an emphasis on craft beer in the Slovak Republic. We analyzed the development of beer consumption per capita in Slovakia in the period from 2010 to 2019. For collecting data related to consumer behavior, we used a questionnaire which was realized on the sample of 281 respondents. We examined dependencies between places of beer consumption, factors affecting beer purchasing, consumer preferences with emphasis on craft beer consumption and selected demographic characteristics using different statistical methods. Domestic and foreign craft beer from small breweries is more preferred by men and by consumers living in cities with more than 20,000 inhabitants. It is most popular among respondents in the age category from 26 to 40 years. Usually, the price of craft beer is higher than the price of beer produced by industrial breweries. We assume that consumers from 26 to 40 years old are the most economically active and therefore they can afford to consume more expensive beer. Due to changes in consumer preferences and lifestyles, we anticipate an increasing interest in the consumption of craft beer. Changing consumer habits can generate new opportunities in the beer market and initiate to production of innovative products.

Keywords: *beer, craft beer, consumption, consumer preferences*

INTRODUCTION

Beer is considered one of the oldest alcoholic beverages and one of the most consumed alcoholic drinks around the world. It is a fermented beverage which contains 4 basic ingredients —water, malts (and its adjuncts), yeast and hops [1]. Beer contains B vitamins which support the immune system. Other advantages of this popular beverage can be considered that it strengthens the nervous system, helps with skin and digestive problems [2]. Regular beer consumption could be a non-invasive preventive measure to prevent Alzheimer's disease and other

neurodegenerative diseases [3]. Beer is also a source of antioxidants, which play an important role in the prevention of atherosclerosis and cancer [2]. The transformations that occur during the brewing process enrich the beer with micronutrients. Beer also contains trace amounts of minerals such as calcium, iron, zinc, magnesium, phosphorus, potassium, sodium, copper, manganese, selenium, fluoride and silicon [1].

The beer industry is one of the oldest industries in Europe. In most countries, beer is one of the most widely purchased beverages. Changes in this sector have occurred with the advent of new trends in various areas. The so-called craft beer revolution is currently very often mentioned in several countries around the world. However, it is quite difficult to define the exact beginning of the revolution in some countries. The pioneers of craft brewing were often inspired by foreign countries that have a strong beer tradition or countries in which craft brewing is already developed. Inspiration at the beginning of the development of craft brewing went from east to west, but currently flow both ways [4]. Craft breweries differ from industrial breweries by the amount of production, taste, aroma and technology of brewing. The term craft brewery is used to describe a brewery which has recently begun to brew different types of beer in small quantities. Craft beer consumers consume beer because it means something to them. As a result, they build an identity that is perceived as more unique and authentic in comparison to industrial beer consumption [5]. The most important differences between craft and industrial beer are the type of malt, yeast and hops used. Craft breweries also use the possibility to apply not standardized processing conditions [6]. The situation on the Slovak beer market started to change only a few years ago. Beer consumers have stopped craving uniformly pasteurized and filtered beer and over time they began to look for beer specialties produced by craft breweries. Consumer preferences are associated with exploring new tastes, which can increase the consumption of craft beer. At present, it is possible to taste various types of beer and hundreds of draft and bottled beer specialties from all over the world in specialized places, craft breweries and pubs [7]. Craft beer includes beer styles such as IPA (India Pale Ale), APA (American Pale Ale), Porter, Stout, Weizen. The growing interest of Slovak consumers in craft beer is confirmed by the increased amount of craft breweries in the Slovak Republic.

MATERIAL AND METHODS

The aim of the paper is to point out the development of beer consumption in the Slovak Republic and determine consumer preferences with an emphasis on craft beer. Data related to beer consumption in Slovakia and other European Union countries were obtained from secondary data from the Statistic report European Beer Trends 2020 Edition and previous years. The basis for examining the development of beer consumption was described by using regression. Data related to consumer behavior were obtained through a questionnaire survey in the period from March 2019 to February 2020. The aim of the questionnaire survey was to identify consumer preferences when purchasing and consuming beer. The

survey was conducted on a sample of 281 respondents from the Slovak Republic through social networks and personal meetings. We used Microsoft Excel and IBM SPSS to process the data. For fulfillment of aims of the paper, we set the following hypotheses:

- There is a dependence between the place of beer consumption and demographic characteristics (gender, age, place of residence and gross monthly income).
- There is a dependence between the factors affecting the beer purchasing and selected demographic characteristics.
- We assume that consumer preferences are influenced by respondents' age, gender, residence, and gross monthly income.

We examined these dependences by using the Chi-square and non-parametric test Kruskal-Wallis H and Mann-Whitney U.

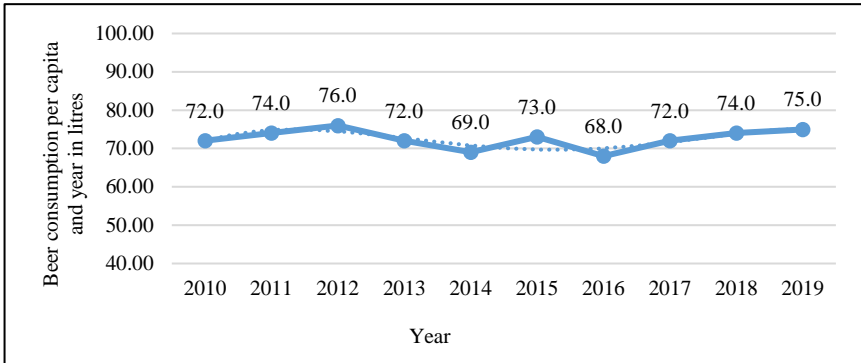
RESULTS

Beer consumption in the Slovak Republic in the observed period 2010-2019 was characterized by a slightly increasing tendency and the average growth coefficient was recorded at the level of 0.05% ($k' = 0.004546$). Based on this, we can claim a relatively stable development of beer consumption by the population of the Slovak Republic. In the first year of the observed period, the average annual beer consumption per capita was recorded at the level of 72 liters, while in the last analyzed year its level was 75 liters. The Slovak Republic is currently in 10th place in the consumption of beer per capita in comparison with the countries of the European Union. The highest beer consumption was recorded in the Czech Republic, where the average annual beer consumption per Czech consumer is 142 liters. The second largest consumers of beer are the inhabitants of Austria, who consumed an average of 107 liters per capita in 2019. Germany is considered to be the largest beer producer in the EU and the annual consumption of beer per capita in Germany is 100 liters. We expressed the trend of the development of beer consumption in the Slovak Republic in the observed period by using a polynomial function of the 5th degree (quintic function), which is as follows:

$$q_t = 63.933 + 11.102 * t - 3.5035 * t^2 + 11.102 * t^3 - 0.0007 * t^4 - 0.0008 * t^5$$

$$R^2 = 0.6179$$

Fig.1. Beer consumption in Slovakia in the period 2010-2019



Source: own processing

In the context of the mentioned regression model and based on the analysis of beer consumption in the last 10 years, it is possible to assume a similar development in beer consumption with a view to the future. Beer consumption can be determined by favorable price relations, purchasing power of the population, new nutritional trends and lifestyles of consumers, changes in consumers' eating habits or climate change.

The development of new innovative products, the constantly expanding range of new types of beer, can also have an impact on the amount of beer consumption. In connection with this and especially with a view to the future, a change in the consumption of industrial beer can be expected by changing eating habits and growing preference for craft beer, which popularity is increasing. This type of beer is considered to be of higher quality. Craft breweries use higher quality raw materials, which is also revealed in the taste of the alcoholic beverage. In the context of beer consumption, it is important to emphasize that during the pandemic situation, lower beer consumption is expected due to the measures taken relating to gastronomic establishments. For this reason, it is necessary to raise consumer awareness of the need to consume beer, also with regard to health aspects.

Men (73%) took part in the questionnaire survey to a greater extent. More than 50% of respondents belong to the age category 26-40 years. The second most numerous group consisted of respondents from 18 to 25 years. Less than 14% of respondents from our research sample were over 41 years old. More than 57% of respondents living in cities with more than 20,000 inhabitants took part in the survey. 32% of the total number of respondents are living in the countryside. More than 92% are employed or self-employed. As for the gross monthly income of respondents, the most numerous group consists of respondents with a gross monthly income over 1500 euros, which represents 29% of the total number of respondents. Almost half, ie 48% of consumers consume alcoholic beverages

several times a week. Men most often consume alcoholic beverages several times a week, while women usually consume alcoholic beverages once a week. About 35% of respondents usually buy beer in bars and restaurants, while beer consumers, according to a survey conducted in Mexico [5], prefer to buy beer at convenience stores and supermarkets. Only about 15% of Mexican consumers buy beer at bars. Approximately 28% of Slovak consumers usually prefer to buy beer in specialized stores. The largest number of consumers prefer the consumption of beer in the bars and pubs. Almost 85% of beer consumers prefer drinking beer with friends. Research [8] carried out on Italian consumers confirms this statement. When testing the hypotheses, we recorded statistically significant differences in the answers of the respondents with respect to the place of residence and place of beer consumption. We found that consumers living in cities with more than 20,000 inhabitants prefer drinking beer at the bar and in the pub compared to consumers living in smaller cities and in the countryside. Beer consumers living in cities with less than 20,000 inhabitants most often consume beer at home. On the contrary, they consume beer the least often in a restaurant. Consumers living in the countryside is most often consume beer with friends and family. In other cases, we did not notice statistically significant differences, because the p-value was above the level of 0.05. Using a Chi-square test, we found that in our research sample there are no statistically significant differences in respondents' answers between the factors affecting the beer purchasing and selected demographic characteristics.

Table 1. Results of Mann-Whitney and Kruskal-Wallis test to test the dependences between the consumer preferences and demographic characteristics

	Mann-Whitney test	p-value
Consumer preferences and gender		
I like to drink domestic craft beer from craft breweries	5490.500	0.00004601
I like to drink foreign craft beer from craft breweries	4676.000	0.00000007
I like to drink IPA, APA	5271.500	0.00001339
I like to drink Porter, Stout	5948.500	0.00169363
	Kruskal-Wallis test	p-value
Consumer preferences and age		
I like to drink domestic craft beer from craft breweries	35.592	0.000000019
I like to drink foreign craft beer from craft breweries	41.922	0.000000001
I like to drink IPA, APA	26.565	0.000001704
I like to drink Porter, Stout	17.657	0.000146519
Consumer preferences and place of residence		
I like to drink domestic craft beer from craft breweries	12.226	0.00221413
I like to drink foreign craft beer from craft breweries	14.959	0.00056453
I like to drink IPA, APA	13.572	0.00112930
I like to drink Porter, Stout	0.980	0.61248615
Consumer preferences and gross monthly income		
I like to drink domestic craft beer from craft breweries	34.310	0.00000064
I like to drink foreign craft beer from craft breweries	29.089	0.00000750
I like to drink IPA, APA	22.775	0.00014043
I like to drink Porter, Stout	15.455	0.00384475

Source: own processing

In our consumer survey, we found that there are statistically significant differences in respondents' preferences with respect to almost all of the demographic characteristics. We did not notice a statistically significant difference only in determining the dependence between the place of residence and preference for Porter and Stout beer types. Domestic and foreign craft beer from small breweries is more preferred by men and consumers living in cities with more than 20,000 inhabitants prefer this type of beer. This may be influenced in particular by the fact that consumers in larger cities have the opportunity to choose from a wider range of craft beer. In the countryside, consumers are inclined to consume industrial beer. Craft beer from Slovakia and abroad is the most popular

with respondents in the age category from 26 to 40 years. Usually, the price of craft beer is higher than the price of beer that is produced by large industrial breweries. We can consider that this age category of respondents is most economically active and for this reason these consumers can afford to consume more expensive beer. Higher incomes stimulate not only an increase in demand for products with higher prices, but also a higher demand for diversity [4]. To the consumer, higher prices generally signify better quality or status, while lower prices signify more affordable, mass-produced beverages [9]. The finding that higher-income consumers like to consume these types of beer also tells us about this fact. Domestic craft beer produced by small breweries is preferred by consumers whose gross monthly income ranges from 900 to 1,200 €. Foreign craft beer is most preferred by consumers with a gross monthly income of over 1,500 €. This may be due, for example, to the higher price of foreign craft beer in comparison to the price of domestic craft beer. Similar findings were confirmed by research conducted in the USA, where craft beer consumers tend to have higher incomes [10]. Top-fermented beer IPA and APA are more popular by men compared to women. The same preference for the IPA style was found in a survey in Pennsylvania. These beer styles are most preferred by consumers from 26 to 40 years old. IPA and APA are most preferred in cities with more than 20,000 inhabitants due to the place of residence. Porter and Stout are preferred by consumers over the age of 41 compared to other age groups.

CONCLUSION

Recently, there has been a dynamic development in the beer market with an emphasis on changes in the preferences of consumers, who are increasingly consuming non-traditional innovative types of beer such as craft beer. The aim of the paper was to point out the development of beer consumption in the Slovak Republic for the period 2010-2019 and the identification of consumer preferences with an emphasis on the craft beer consumption. Men consume alcoholic beverages several times a week, while women usually once a week. More men participated on the questionnaire survey compared to women and it was due to the fact that men tend to enjoy beer. We have found that there is a dependence between the place of beer consumption and the consumer's place of residence. We did not find statistically significant differences in our research sample between factors affecting beer purchasing and selected demographic characteristics. We have found that consumers living in cities with more than 20,000 inhabitants prefer to drink beer at the bar and in the pub compared to consumers living in smaller cities and in the countryside. These consumers have the greatest preferences in the consumption of domestic and foreign craft beer compared to consumers living in smaller cities and countryside. In the larger cities there are more opportunities to taste various beer styles. The consumers from these cities prefer drinking beer at the bar and pub. Craft beer consumers tend to have higher incomes. We can consider that the consumers from 26 to 40 years are the most economically active, so they can afford to consume more expensive beer. Beer styles IPA, APA, Porter and Stout are more preferred by men than women. India

and American Pale Ale are mostly preferred by consumers from 26 to 40 years. Porter and Stout are more popular among consumers in age over 41 years and less popular among the consumers from 18 to 25 years compared to other age groups. Many consumers like to try new tastes of beer and prefer quality over quantity, which creates an opportunity to produce different types of craft beer produced by small independent breweries.

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“IS GREEN IN FASHION?” ANALYSING THE STRATEGIC COMMUNICATION OF FASHION BRANDS AND THE ATTITUDES OF GENERATION Z CONSUMERS TOWARDS ENVIRONMENTAL ISSUES IN THE FASHION INDUSTRY

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ABSTRACT

This paper deals with “green fashion” in marketing. Young people are interested in eco production and are seeking “eco” brands, at least that's how they declare it. Fashion brands want to fulfil the wishes of their customers. But there is still one question: are companies' promises and statements true or is it only marketing and greenwashing? We have tested their sustainability reports and statements here involves.

The main goal of the paper is to evaluate whether the environmental discourse is having an effect on young consumers (young people from generation Z) and whether they behave ecologically or not. Additionally, we are interested in getting to know the customers' attitudes towards “green fashion”.

This study involves two analyses (both critical discourse analysis): (1) the environmental discourse of leading European fashion brands and (2) interviews with young consumers on their attitudes to, and buying behaviour of, fashion.

Additionally, there also are implications for the fashion industry.

Keywords: *sustainability, fashion, corporate communication, greenwashing, critical discourse analysis*

INTRODUCTION

In the recent societal calling for climate change actions, the problems have often been visualized by plastic waste in oceans, and companies like Starbucks have been lynched for using plastic straws. Eventually, this public backlash led to changes in the directive of the European Union, banning single-use plastics. However, when we look at the biggest contributors to environmental pollution, we cannot disregard the fashion industry, which ranks among the most polluting industries in the world. “The question of fashion is not a fashionable one among intellectuals,” writes Gilles Lipovetsky, who has conceptualized the cultural and

social aspects of fashion [1]. The fashion industry has been perceived in a positive light due to its contribution to diminishing social inequalities by “democratization” – fashion companies have been praised for bringing upscale fashion trends to the masses at an affordable price after they appeared on the runway of famous designers [1]. Over the past few years, criticism aimed at the fashion industry has changed from focusing on its representing snobbism, representing “class ambition” [1] or manufacturing their fashionable products under inhuman conditions of sweatshops [2]. Instead, the focus is now on the actions which breach the common idea of sustainability or environmentally friendly acts, such as Burberry or H&M burning their unsold inventory. In the case of fashion, we can see that defining the “public interest” or “common good” can be very difficult – what can be perceived as democratization and increase of quality of life among some consumers, can be viewed, not necessarily as an opposite, but as unsustainable and environmentally harmful by others.

In order to keep up with the latest consumer trends, which show increasing interest towards environmental impact and sustainability among Millennial and Generation Z consumers, fashion brands have turned their attention towards “green marketing” [3]. Recently, many fashion brands have included sustainability and environmental issues in their communications and actions and this issue is widely reported also in academic literature [4]. Some fashion brands are also trying to direct consumer behaviour towards more ethical and environmentally-friendly consumption, such as slow-fashion or recycling [5]. But from the standpoint of strategic communication of fashion brands, which derive their success from continuous economic growth – is it merely just to do the talking, or does it really change the behaviour of consumers? What effect does emphasising the environmental issues in the communication of fashion brands have on the consumers? Can communicating slow fashion really lead towards system change, as proposed by Fletcher [5], or is it an oxymoron?

It is not only the fashion brands talking about the environment, but the stakeholders who also play an important role in the dialogue between fashion brands and their consumers. The role of public relations in the fashion industry is evolving and it is trying to enhance consumer-citizen behaviour and social change by promoting the ideas of environmentally conscious behaviour [6].

However, we are still just beginning to learn about the corporate-consumer relationship and the role of the stakeholder's power when it comes to possible system change. Existing research shows that the consumer backlash against companies who do not fulfil often vaguely defined public interest, ranges from passive clicktivism or slacktivism, to advocacy campaigns which can affect the whole industry. It is essential to explore the role of public relations in this process – to what extent should public relations contribute to the company's success on the market and listen to the voices of the stakeholders [7]? To what extent should the companies take over the political stand, and yet not become politicized or even

propagandistic by displaying vague statements and pretending their public interest, as in Vaclav Havel's absurd dramas [7]?

Our aim is to explore the attitudes towards fashion consumption with regard to environmental issues among Generation Z consumers – the younger generation, whose behavioural patterns will strongly influence environmental development around the globe in the future.

METHOD AND METHODOLOGY

The main goal is to explore the customers' and companies' attitudes towards the broadly defined "environmental issues" which are part of the larger picture of contribution to the common good by the fashion brands and corporations, and how this topic is perceived by consumers. Additionally, we will consider the extent to which this topic is perceived and in which way they relate to each other. Our aim is also to analyse what the "social beliefs" which are reinforced by companies or consumers [8], see Fig. 1.

There were analysed two aspects of this rather complex issue in this paper. That means the research is divided into two parts (two phases).

Firstly, the environmental discourse in the communication of leading European fashion brands, were tested. We have chosen leading fashion brands because their products are available in most countries in Europe; therefore, they impact our society and are well known among young people from generation Z.

Secondly, a qualitative study among respondents in generation Z (born after 1995) about their perceptions, attitudes and buying behaviour when it comes to fashion was conducted (following exploratory studies by Watson and Yan [11])

Finally, the first and second analyses were compared to ascertain whether the two discourses related to each other, or if they are somehow intertwined or rather separated. It is extremely difficult to make conclusions as to whether there is some effect on environmental communication of fashion brands towards the consumers – the results cannot prove an effect of communication on consumers, but they can show some indications of effects or they can also show the disparities and discrepancies of what brands and consumers perceive as "sustainable" and "ethical".

Our research is therefore divided into two parts with one research question being asked for each part.

RQ1: How are environmental issues defined from the perspectives of fashion brands? (*for part 1*)

RQ2. How are environmental issues defined from the perspectives of young consumers? (*for part 2*)

We use the CDA as developed by Teun van Dijk [8] for our research. Van Dijk’s sociocognitive approach enables the analysis of ideological, power and societal structures, which are deeply embedded in the text. CDA is an effective tool to uncover hidden structures of communicative power, and it also allows us to ask not only what is being said, but also what is missing in the conversation. “Knowledge and attitudes, together with their ideologies, are all forms of shared cognition. Yet, they are also different” [8].

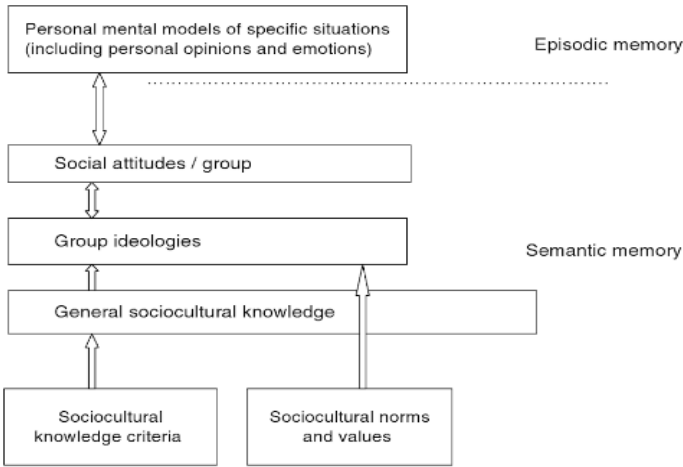


Fig. 1. System of social beliefs according to van Dijk [8]

Part 1

Main characteristics of dataset of part 2:

There were 28 men and 59 women in the survey (detail in table 1)

Table 1. Gender representation in research

gender/age	17	18	19	20	21	22	23	24	25	26
women	0	3	5	18	14	12	6	1	1	1
men	1	1	3	4	9	3	5	0	0	0

Source: own research

60 respondents spent 0-40 EUR per month on fashion, 10 respondents spent less than 120 EUR and the rest (27 respondents) spent 160 or more EUR per month. 1 man declared that he spent approximately 1600 EUR/month on fashion.

RESULTS OF THE RESEARCH

The results are divided into two parts.

Part 1

RQ1 = How are environmental issues defined from the perspectives of fashion brands?

Fashion brands communicate with customers through different campaigns. Moreover, these brands communicate through their actions which are summarized in annual and other types of reports available online. That is why we have focused on annual reports of sustainability.

Firstly, we have tested the companies' views and approaches towards the well-known concept of the 3R's of ethical consumption/production: Reduce, Reuse, Recycle.

1. **Reduce:** Brands are focused on reducing electrical energy (Inditex, Burberry, H&M as well as Adidas), water (eg. Adidas combines water consumption reduction with reuse [12]) and chemicals, eventually replacing chemical pesticide or plastic packaging material. We also often see efforts in the reduction of carbon emissions (Inditex has taken many steps towards decreasing greenhouse gas as well as emissions [15], Burberry is trying to increase carbon emissions [13]). E.G. Burberry's report "Responsibility Reflection Report" mentions all of these efforts. The most information is provided about reducing electrical energy by changing LED lighting (e.g. Burberry saved 33% of energy in five main distribution centres since 2012 [13]). Some interesting information is given in the Adidas report: Adidas will strive to reduce the environmental footprint of their consumer event [12].

2. **Waste Recycling:** According to the reports, the main point of recycling is to recycle waste, primarily the waste from stores. Burberry's aim is to recycle the textile, e.g. in Italy or in the UK [13]. In the UK they work with Avena Environmental and the John Cotton Group to recycle damaged garments into insulation materials [13]. But for the Inditex group recycling has a higher priority [15]. Mentioned in its report are the amounts of products recovered to be sent for recycling (more than 18 000 000 kilos in 2017). Adidas, as one of the firms examined, looks at recycling issues from another point of view. Adidas puts emphasis on the use of recycled materials in their production – one of its targets is increasing the use of recycled polyester in their products. In addition to this, they try to identify innovative recyclable materials that can be broken down into 3-D shapeable material [12].

3. **Reusing is not a primary priority for companies:** As can be seen, the companies aren't actively engaged in reusing. They only sort waste that can be

reused (e.g. Burberry). Adidas and H&M declares reuse of plastic waste - although they declare the reuse of plastic waste, there isn't any evidence that supports it. Inditex group doesn't publish any information about reusing [12, 14]. Unfortunately, it isn't clear, what has happened with these garments.

Greenwashing sins in communication of fashion brands

Brands base their communication on strategies which are related to their mission and vision. The way they have chosen to communicate could induce spreading of positive consumer behavior and corporate behaviour [6] as well as inducing positive consumer behavior and the communication of social change. The brands which were analysed are the most likely to undertake the last direction. The way they communicate often includes features of the Seven sins of greenwashing. The Sins are: The Sin of the Hidden Trade-Off, The Sin of No Proof, The Sin of Vagueness, The Sin of Worshiping False Labels, The Sin of Irrelevance, The Sin of the Lesser of Two Evils, The Sin of Fibbing.

Most often we encounter claims that are in line with the following sins: The Sin of Irrelevance, Vagueness or The Lesser of Two Evils.

Part 2

RQ2 = How do young consumers perceive key ethical and environmental issues in the fashion industry?

The collected data from the interviews were examined using critical discourse analysis. We have created clusters using a general inductive approach for qualitative content analysis via selective coding (Strauss and Corbin, 1990).

Reuse, recycle, but still not reduce; defining a consumer approach to environmentally friendly fashion consumption

We have examined the consumer's definition and approach towards the well-known concept of the 3R's of ethical consumption: Reduce, Reuse, Recycle. We have found that the definitions of environmentally friendly fashion consumption are perceived by the consumers mostly in the concept of recycling and upcycling.

1. **Recycling** is the epitome of an environmental approach in the perceptions of young people. The respondents often stated that they "never throw away clothes", they "think that throwing away of too many clothes is the biggest problem" (in the fashion industry). However they state that this is not their problem: they "only throw away things which can't be worn again, because they are washed-down or torn", or "I store the thing I don't need in my closet and then throw them in the bin for clothes". Some consumers are trying to find a "common sense" balance between the fast fashion and slow fashion approach: "I'm not the

type which would throw away clothes after three months. On the other hand, I don't buy it to last for ten years".

2. **Second-hand shopping and selling** – reusing clothes is popular among Gen Z. Respondents say that despite the fact that some of them are aware they might be buying too many clothes, some of them solve this “problem” by purchasing them in second-hand shops, which they perceive as ethical, ecological and also cheaper. “I think shopping in second-hands or upcycling is a form of sustainability” (R60). Some have also admitted that they buy more impulsively in second-hand shops because of these factors. However, their attitudes towards buying in second-hand shops differ as some would like to embed them in shopping malls while others don't like them because shopping is too time-consuming. Since most of the respondents were students, some have also noted they perceive second-hands as a typical student attire and an easy solution for low-budgets.

3. **Not reducing consumption.** There is no direct link between environmental attitude and reducing consumption. Respondents have stated they like buying “high quality goods which last longer”, or “aiming for an effective closet”.

They often state that the responsibility is out of their reach: “I care about the source (country of origin) and about the effect (on the environment), but unfortunately I cannot do anything about it. (...) I try to repair things which are broken instead of throwing it away.” (R23)

Interestingly, decreasing consumption and a more sustainable approach in buying is often linked to higher income and social status. In the answers of respondents, we found a discrepancy: those who declare lower income, usually have fewer things in their closet, take care of them and do not perceive themselves as “ecological” because they use the clothes until they are worn out and then throw them away or use them for cleaning. Those who declare higher income do perceive themselves as ecological because they “give things away” to the textile bins, to their relatives, to their co-workers, or they sell them online or swap (change clothes at special events). The data set included a respondent who declared she has a 4,5-meter-long walk-in closet, yet she perceived herself as a conscious consumer because she “recycles”. Some respondents have stated an interesting mental vision that they will be more ecological when they have more money.

Important findings

Fast fashion: McDonald's for everyone

Fast fashion brands are the most widely consumed brands among Gen Z respondents in our data set. They are not perceived as inherently un-ecological or environmentally unfriendly companies. For example, one respondent stated he

“cares for the quality, not the brand”, shopping mainly in Zara or Patagonia, putting both brands on the same level. Fast fashion companies are “*producing fashion affordable for everyone – something like McDonald’s. It might not be the best, but it tastes good*” (R25).

No environmental backlash towards online shops

Generally, young people are the most open to online shopping. In our dataset, online shopping has been perceived as a regular form of shopping behaviour, although some respondents stated that they “don’t like it”. It is worth noting that when it comes to online shopping, respondents did not mention any environmental concerns. Whereas in most European shops consumers have to pay for a plastic bag to reduce environmental harm, online shops, which use a lot of packaging and have a disputable carbon footprint, were not criticised at all.

Little knowledge about what is “good quality”

Although some respondents have stated that they care about the quality of garments, they have also admitted that they don’t know what the aspects that define “good quality” – whether it is material, cut, size, etc. “*I don’t quite understand it (the quality). When I buy something, I check if the product is not damaged. Generally, I don’t know which material is of better quality and which worse, so I don’t care*” (R20). Respondents have also stated that they only sometimes take care of their clothes by themselves (in other cases, they mentioned their family or significant others who take care of their clothes, incl. repairs), they don’t like handwashing, ironing and none of the respondents mentioned using dry-cleaners. This is rather in contradiction to the “sustainable” care of some delicate natural fibres, such as wool or silk, which need special care to last longer. Respondents have stated that “organic cotton” products are “*really expensive products which last longer*” (R25) made from “*quality materials*” (R24), which is rather in contradiction to recent research which shows that organic cotton takes up to 10-times more water and has lower quality fibers than ordinary cotton. Also, luxury as defined by the respondent it should say “*something that is beautiful even after 10 years*” (R75).

Sustainability as a fashion trend?

We have indicated that sustainability and slow fashion have become fashion trends. Respondents like brands such as Patagonia or they value programs developed by Levi’s to produce one pair of jeans with less water. As has been illustrated by the research one of the possible effects of corporate communication as the idea of sustainability by fashion brands has nested in the minds of youngest consumers; however, the question is how they process it. There are many examples of respondents giving very vague or indirect responses to the questions, for example; “Are you interested in sustainability in fashion?” – “*Yes, I like to*

follow trends, what's in fashion and I might even participate in that (sustainability)” (R58).

It has already been mentioned that many respondents draw inspiration from influencers (individuals, celebrities and brands) on Instagram. Some declare interest in fashion brands which follow trends like “street style” or “hypebeast”, especially the collaborations of luxury and streetwear brands, like Louis Vuitton and Supreme or Kanye West, but these respondents did not mention environmental or ecological issues at all.

DISCUSSION

In this paper, we have examined the perspectives of corporations and consumers on the environmental aspects of the fashion industry. We have used critical discourse analysis to explore both the corporate perspective, represented in sustainability and financial reports and the consumer perspectives among young people (18-23 years). We have examined a construction of social beliefs that tackles the environmental issues in the fashion industry.

When we apply the results to van Dijk’s social belief model, we can see that **the episodic memory is represented by personal mental models of specific situations** which mainly represents the recycling and reusing of garments. However, it does not include the mental model of “consume less” or “get more educated about the best options, like material quality, etc.”

The semantic memory is set by the sociocultural norms and values which are set by the (mostly European or U.S.) brands. They put the environmental issues in the centre of their corporate reports and some brands, like H&M, even write special Sustainability Reports. However, these reports bring many vague, unspecific, unrelated or misleading statements, which can be labelled as examples of greenwashing. However, the general sociocultural knowledge of the environmental problems helps to create a group ideology of Gen Z consumers who, according to public opinion research, perceive their attitudes towards the environment as one of the key requirements of brand behaviour. According to our research, this does not translate directly into consumer behaviour which would lead to decreased consumption of fashion goods. According to our data, consumers’ social attitudes are more likely to be described as a form of unconcerned interest in environmental changes, where consumers make compromises only when it’s in line with some of their other interests (e.g., saving money on second-hand goods, or seeing themselves as “conscious consumers”, etc.).

We have also noted clear contradictions which can mislead consumers. The respondents show a very limited knowledge about the materials and the “quality” of the garments. They value highly the “organic” cotton as environmentally friendly and, therefore, they prefer this material without hesitation.

A detailed overview of the research results applied to van Dijk are showed in the table 2

Table 2. Societal beliefs of fashion customers according to the van Dijk scheme

Levels of social beliefs by van Dijk	Individual	Corporate
Personal mental models	Recycling of used clothes in recycling bins Caring for good quality Upcycling second-hand clothes Positive attitudes towards organic cotton	
Social attitudes/group	Consumer behaviour is strongly favourable towards mass fast fashion retailers (McDonald's for everybody) Price / value sensitivity	Increasing price with less environmental impact Greenwashing practices to add better brand image
Group ideologies	Beliefs about increasing environmental attitudes with financial/social capital	Overproduction in fast fashion is framed as democratization (low prices for everyone) and supporting individual freedom of stylistic expression
General sociocultural knowledge	Increasing consumption leads to environmental harm	
	Citizen education about environmental behaviour	Compliance with environmental policies
Sociocultural knowledge criteria	Lack of knowledge about quality Lack of information for conscious decision making Lack of marketing literacy (greenwashing effect)	Knowledge of social trends and customer attitudes Knowledge about the environmental impact Sophisticated use of marketing and persuasive techniques to increase the environmental image of the company
Sociocultural norms / values	Caring for environment Caring for society inequalities	
	Personal wellbeing Personal gain (price sensitivity)	Increasing market share Increasing stock price and brand value

Source: Authors, 2020.

IMPLICATIONS FOR THE FASHION INDUSTRY

There is a clear calling from Gen Z consumers towards fashion brands to take a more environmentally friendly stand. However, they do so also by using

severely misleading and greenwashing statements. Both the brands and the consumers refuse to take responsible action; consumers want fashionable goods at low prices and corporations want to increase their profits and growth.

One of the key problems that has been identified is the definition of overconsumption, which is absent in the corporate communications and public relations of fashion brands. Logically, buying less is in clear contradiction with the aims and goals of the fashion corporations. However, without tackling this issue, brand communication might be perceived as misleading and “greenwashing” the consumers.

CONCLUSION

In this study, we use critical discourse analysis (CDA) as an analytical tool, to examine two rather different data sets. Firstly, we analyse the brand financial and sustainability reports to define the “public interest” of fashion brands with regard to environment and sustainability (company-to-consumer perspective). Secondly, we use the same method to analyse the data set of semi-structured face-to-face interviews of Generation Z consumer’s attitudes towards fashion (consumer perspective). The research was divided into two phases/parts. A research question was stated for each part. In part 1 (RQ1: How are environmental issues defined from the perspectives of fashion brands?) we find that companies tend to be perceived as environmental and sustainable firms and often are able to use greenwashing methods. In part 2 (RQ2: How do young consumers perceive key ethical and environmental issues in the fashion industry?) respondents declared they care about the environment and are interested in social topics. Slow fashion and sustainability are new trends. Young people from Gen Z search for companies which have a “clear” image and are sustainable or responsible. On the other hand, they tend not to verify the information published by companies and they have lack of information about “bio” and “eco” fashion.

There are several limitations of this study. Firstly, we examined only brands who have participated in the UN Global Impact Charter, but the fashion industry includes many other textile and shoe producers. This includes smaller brands, which can control their supply management more effectively, to larger producers like Primark, who have complicated supply chain management and price policy, which clearly targets the price sensitivity of its customers with no regard to the environmental impact.

Secondly, our dataset of respondents covers mainly Czech and Slovak nationalities. Although other nationalities such as English and Finns etc. were included there were only a few of them. Despite representing the younger generation which has no connection to the former socialist Czechoslovak Republic; they have been brought up with some of those ideas and lifestyles, which will probably be different to the generations brought up in Western countries. In the socialist ideology where resources were scarce, people were

brought up to recycle most of the reusable materials like paper, glass, and metals from early childhood. It will probably be more natural for them to recycle and repair (or to buy repaired clothes).

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POULTRY MEAT AND MEAT PRODUCTS MARKET IN THE SLOVAK REPUBLIC WITH AN EMPHASIS ON CONSUMPTION

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ABSTRACT

The meat and meat products sector belongs to one of the strategic and key sectors of the food industry in the Slovak Republic. Meat and meat products are considered basic foods that are consumed by Slovak consumers. Of the food group, pork and poultry have the widest consumption. From the point of view of dietary properties, price relations, availability or speed of preparation, poultry meat and meat products appear to be the most consumed with a view to the future. In the context of the above, the aim of the paper is to point out the current market of poultry meat and meat products in Slovakia in terms of production and consumption, as well as to identify consumer behavior. Based on the results, it can be stated that the production of poultry meat has an increasing tendency and currently reaches 13 kg per capita. Poultry consumption in the Slovak Republic has been rising rapidly in recent years and exceeds the recommended dose by almost 100%. These are also confirmed by the results of the survey, which shows an annual consumption of more than 30 kg. In terms of factors, the quality, price and freshness of purchased and consumed meat are the most important for consumers. In view of future developments, it is necessary to appeal to the quality of the meat consumed, as well as to aspects relating to health recommendations, the environment, sustainability, or animal welfare.

Keywords: *poultry, meat, meat products, consumption, factor*

INTRODUCTION

Poultry meat has an important role in human nutrition and is one of the most consumed types of meat in the world. This can be justified by the positive benefits of rational nutrition [1]. Compared to other types of meat, poultry meat has advantageous biological and nutritional properties and thus becomes a preferred species for consumers. Poultry meat can be considered a valuable food as it is characterized by variable and moderate energy content, high content of highly digestible proteins, high content of unsaturated essential fatty acids and unsaturated lipids, as well as the content of essential amino acids, minerals, fat-soluble vitamins, calcium, and phosphorus. Poultry meat has a good nutritional

quality and is also characterized by a lower fat content, which does not lead to health risks with increased consumption of poultry than in the case of consumption of pork and beef. Furthermore, chicken meat can be easily enriched with several other important nutrients [2], [3], [4]. In the context of this, however, it is necessary to emphasize that the nutritional value of poultry meat depends on various factors such as age, feeding, keeping, hybrids, carcass parts and type of poultry [5]. By consuming poultry meat together with the current adherence to a comprehensive rational diet, it is possible to prevent and reduce the risk of the development of overweight and obesity, cardiovascular disease, type 2 diabetes, and cancer. Poultry meat is considered a widely available, affordable food that can be consumed in all countries of the world and in developing countries [3].

When pointing out the health benefits resulting from the consumption of poultry meat, it should be added that they also depend on the quality of the meat consumed. The production of high-quality and healthy poultry meat is possible through modernly equipped production facilities, high-quality compound feeds and high-quality zootechnics, which is under constant veterinary supervision [6]. The quality of produced poultry meat is also affected by the method of cooling. High-quality poultry meat should be air-cooled and looks dull and has a drier, shiny appearance. In terms of color, quality poultry meat should be creamy white to yellowish in color with brownish spots caused by oxidation in air-cooled poultry. In addition to air cooling, European Union legislation allows for other methods of cooling poultry meat, namely air cooling with spraying and, in some exceptions, water cooling. Most imported meat sold on the Slovak market is cooled by water, which is an economically less demanding cooling process, but poultry meat is of lower quality. This is because microbial contamination can occur with this method of cooling, as the water contains a certain amount of chlorine, which inactivates the microflora on the surface of the poultry. This method of cooling also has a negative impact in the form of binding free water in poultry meat [7].

Another fact that has a significant impact on the quality of poultry meat is the fattening of chickens. In the case of broilers, fattening lasts 33-36 days. If the fattening is longer, the meat is of better quality. The slaughter weight is generally 1.6 to 2 kg. In some countries, poultry meat, especially chickens, is fattened to a higher weight and at the time of slaughter, the weight of the chicken quarter can reach 500 g. The second type is slow-growing hybrids, which are in fattening for at least 49 days, the meat is of better quality, but the costs are higher. This is mainly due to longer rearing, the use of other feed mixtures that contain lower concentrations of nutrients, a larger component consists of cereals, minerals, vitamins and vegetable oils. The characteristic of chickens is that they can naturally bind a yellow color. The average weight of this type of hybrid is 2 kg, while 1.9 kg of feed is used per 1 kg of weight [8], [9]. The higher quality of poultry meat also depends on the existence of antibiotics. Antibiotics should be used only minimally in chicken farming and should only be used when necessary and recommended by a veterinarian. There are several cases in foreign poultry

farms where antibiotics have been used to stimulate growth in chicken farming. Cases have been identified e.g., in Poland and Brazil, or in other countries where veterinary control is insufficiently performed [10].

In connection with the above, the aim of the paper is to point out the market of poultry meat and meat products in the Slovak Republic and to identify the behavior of Slovak consumers with an emphasis on key aspects of buying and consuming poultry.

MATERIALS AND METHODS

The aim of the paper was achieved by using and processing secondary and primary data. Secondary data were obtained from the Statistical Office of the Slovak Republic and were the basis for examining the development of the trend in production and consumption of poultry meat which was described by using regression. Mathematical methods and calculation of the average growth coefficient were used to process the secondary data. The current situation was also confronted by meat producers who have been the subject of research. A survey focused on meat producers was carried out in 2019 and 2020 by personal and e-mail communications and was attended by 26 companies from Slovakia.

The primary data were obtained by consumer survey, the aim of which was to determine the level of consumption of poultry meat and meat products and to identify consumer behavior on the Slovak poultry market. The questionnaire survey was conducted on a sample of 1,409 respondents in Slovakia in the years 2018 - 2020 in an electronic version. Respondents involved in the questionnaire survey were divided into eight categories: gender (women 59.0%; men 41.0%), age (18-25 years 38.8%; 26-35 years 22.1%; 36-50 years 21.8%; over 51 years 17.3%); education (basic 3.4%; secondary school 47.5%; university education 49.1%), place of residence (countryside 45.5%; city 54.5%), economic status (employed 48.9%; entrepreneur 8.9%, student 31.2%, pensioner 7.6%, unemployed 0.8%, maternity leave 2.7%), number of household members (1 member 5.8%; 2 members 20.3%; 3 members 27.3%, 4 members 30.0%, 5 members 11.9%, more than 5 members 4.6%), monthly income of the respondent (up to 500 euros 39.2%; 501 – 1,000 euros 37.3% ; 1,001 – 1,500 euros 16.5%; 1,501 – 2,000 euros 4.6%; more than 2,001 euros 2.3%), monthly household income (up to 1,000 euros 17.7%; 1,001 – 2,000 euros 49.6%; 2,001 - 3,000 euros; 23.7%; 3,001 – 4,000 euros 4.8%; more than 4,001 euros 4.1%).

The collected data were processed by using Microsoft Excel and evaluated in the statistical programs IBM SPSS and to achieve a deeper analysis of research objectives, the following hypotheses were formulated:

- There is a dependence between poultry meat and meat products consumption and selected demographic characteristics

- There is a difference in the assessment of the factors determining poultry meat and meat products consumption

The established hypotheses were tested using statistical test Chi square test of contingency, as well as categorical principal component analysis (CATPCA).

RESULTS AND DISCUSSION

The trend in poultry meat production was accompanied by an average annual decrease of 1.2% ($k' = 0.988$) and the current production of this type of meat is at the level of 80 thousand tons, which represents a decrease of 15.1% compared to the first year of the analyzed period (Fig. 1). In the production of poultry, the Slovak Republic accounts for 0.5% of the total production of the European Union and the production of poultry meat per capita in Slovakia is approximately 13 kg. We described the trend of poultry meat production in Slovakia using a cubic function with the following parameters:

$$q_t = 108.47 - 13.953 * t + 1.2934 * t^2 - 0.0137 * t^3 \quad R^2 = 0.881$$

The development of meat and meat products production is significantly influenced by several factors, which are also expected in the future direction of poultry meat and meat products production. Based on the information obtained from poultry producers and processors in Slovakia, we state that the key factors determining poultry meat production are price aspects, factors related to the support of poultry meat production and meat products, the most important of which are financial support and subsidy policy, sales problems, as well as restrictions on international trade and compliance with relatively strict legislation. Based on the chosen cubic function, it is possible to assume a relatively favorable development in the production of poultry meat with a view to the future. Production should increase slightly over the next three years, which could be mainly due to increased demand for fresh poultry meat, which Slovak consumers may tend to prefer due to the existence of beef-related food scandals or concerns about swine disease.

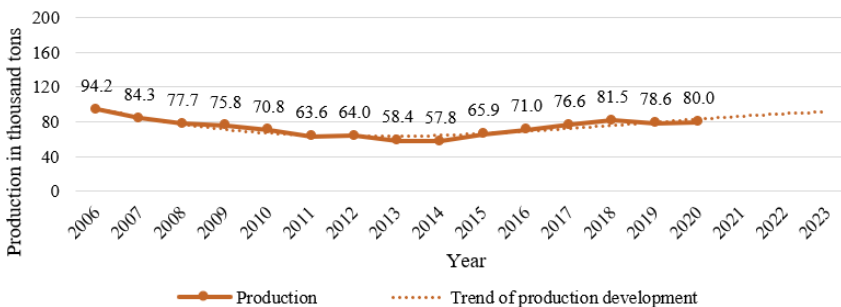


Fig. 1. Poultry meat and meat products production in Slovakia in 2006-2020
 Source: own processing

In the analysis of the market of poultry meat and meat products, it is necessary to point out the development of consumption. The development of poultry meat consumption in the first and last year of the observed period is at approximately the same level. Consumption of poultry meat and meat products was accompanied by slight fluctuations in the form of growth and decline. For the whole analyzed period, the average growth coefficient k' reached the value of 1.017 and it is possible to state a stagnant and relatively stable development of poultry meat consumption. In 2014 and 2015, the consumption of poultry meat did not reach the level of the recommended consumption doses and lagged behind by approximately 5%. However, a growing trend in poultry meat consumption has been recorded again since 2016, reaching a level of 28.1 kg in 2020, which represents an increase of almost 4.5% compared to the previous year (Fig. 2). Until 2018, the Slovak Republic was included among the EU countries with relatively low consumption of poultry meat, but gradually until 2019 we are approaching the EU-28 average with the current level of consumption (24.7 kg). We described the development of poultry meat consumption using a polynomial function of the 2nd degree (quadratic function) with the following parameters:

$$q_t = 26.186 - 2.6972 * t + 0.185 * t^2 \quad R^2 = 0.7484$$

Based on the quadratic function, it is possible to assume the consumption of poultry meat and meat products in the future. Poultry consumption should increase and reach the level of 30-35 kg per capita in the Slovak Republic in the coming years. If the consumption of poultry meat and meat products in quantities of more than 35 kg per person per year, the recommended dose of consumption of this type of meat will be exceeded by more than 130%. In connection with the given assumption resulting from the chosen cubic function, it is necessary to focus on the factors influencing the higher consumption of poultry meat with a view to the future. Consumption can be influenced by favorable price relations, the purchasing power of the population, or new nutritional trends and lifestyles of consumers. The consumption of this type of meat is also significantly affected by the fact that this type of meat is a substitute product, especially for beef and pork, which are characterized by higher prices compared to poultry meat. Consumption of poultry meat can also be significantly determined by the offer of poultry products and price relations between individual types of meat [11], [12].

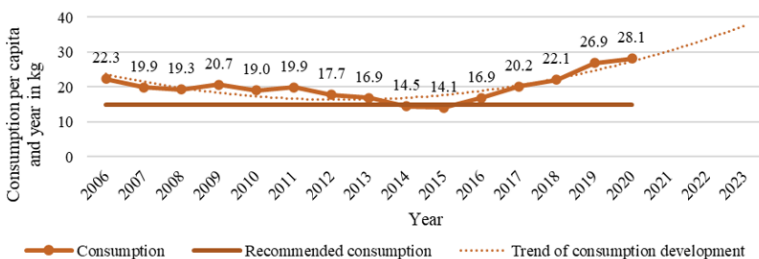


Fig. 2. Poultry meat and meat products consumption in Slovakia in 2006-2020

Source: own processing

Consumption of poultry meat and meat products was also evaluated by Slovak consumers. The results of the consumer survey showed that only 3.8% of consumers do not consume poultry meat and meat products. These respondents were excluded from answering other questions. The survey aimed at Slovak poultry consumers was also focused on identifying the amount of consumed poultry meat. This was achieved based on detailed recalculations of portions of poultry meat and meat products. Consumers determined the average quantities consumed per week in portions, which were then converted to kilograms per year. Based on the results, it can be stated that the poultry consumption is excessive and 82.4% of consumers consume more than the interval of recommended doses (more than 16.5 kg per year). On the other hand, it should be emphasized that 6.8% of consumers consume an adequate amount of poultry meat in terms of recommended doses, which represents the consumption of 13.5 to 16.5 kg per year. The next finding was that 10.8% of consumers do not reach the recommended interval of poultry meat consumption.

In connection with poultry consumption, we also found the dependences between the amount of consumption and selected demographic characteristics of respondents. Based on the results of the applied Chi square test, it can be stated that the amount of consumption of poultry was identified differently from the aspect of gender. Poultry meat and meat products are more consumed by women compared to men. This may be because men prefer red meat, and women prefer poultry due to its easy digestibility and reasonable price. Differences in the consumption of poultry meat were also found in the case of dietary preferences and habits. Consumers whose diet is based on animal products tend to consume more poultry meat compared to consumers who prefer other food groups to eat. An interesting finding was the fact that differences in the amount of poultry consumption were not identified in the case of other demographic characteristics, which implies that the consumption of poultry meat in Slovakia is preferred and does not depend on age, income, economic status, or place of residence. The popularity of poultry meat among consumers has been confirmed by other studies [13].

Table 1. Results of Chi-square test to test dependences between poultry meat and meat products consumption and demographic characteristics

Factor	Chi-square	p-value
Gender	10,126	0,006
Age	11,324	0,184
Place of residence	0,743	0,946
Monthly income	6,042	0,643
Education	7,711	0,103
Economic status	29,738	0,582
Dietary preference	23,790	0,002

Source: own processing

The average annual consumption of poultry meat and meat products is 31.77 kg per respondent involved in the questionnaire survey and a weekly consumption is at the level of approximately 0.61 kg per consumer. The weekly consumption of the average Slovak consumer consists of 370 g of poultry meat, 100 g of poultry sausages, 80 g of poultry ham, 60 g of canned poultry, or another poultry product. In connection with the consumption of poultry meat, it is necessary to evaluate the main reasons for its consumption. The results of the consumer survey showed that Slovak consumers consume poultry mainly due to rational diet (32.3%), taste (27.5%) and habit (20.1%).

The aim of the survey was also to identify determinants influencing the selection of a specific poultry product consumed. For this reason, consumers rated 25 selected factors on a scale of 1 to 10, with 1 representing the insignificance of the factor and 10 representing the high importance in the purchase and consumption. The results showed that the quality and freshness of poultry meat, the proportion of meat in the products, the appearance and smell of poultry meat, as well as the country of origin of poultry are the most important aspects for Slovak poultry consumers. Our results are confirmed by other studies and freshness and quality are the most important aspects for consumers [14]. For a deeper analysis of the factors determining consumer behavior, we also identified hidden relationships between the examined factors. Based on the achieved results and the application of the categorical analysis of the main components (CAPTCA), three latent components were created, which can confirm our assumption about the existence of differences in the evaluation of factors by Slovak consumers (Table 2). The first latent component consists of factors such as freshness, quality, price, appearance, smell, meat content, country of origin, manufacturer, shelf life, previous experience, health aspect, or information on the product packaging. These factors can be considered as the main ones that consumers notice when buying and subsequently consuming poultry meat, and therefore the given factor is named as "key factor". The second latent component includes the content of saturated fatty acids, salts, nitrates, water, proteins, emulsifiers, or energy data. These factors are linked to the composition of the product and the nutritional aspect, and therefore the component has been named "composition factor". The last component contains factors such as the promotion, the size and appearance of the packaging, the speed of preparation and the information that it is meat and meat products produced under organic farming conditions. These aspects are complementary for Slovak consumers and are often associated with marketing activities to support the sale of poultry meat and products, so the component is named as "consumption support factor".

Table 2. Factor loadings from Categorical Principal Component Analysis (CATPCA)

Factor	1.Component	2.Component	3.Component
freshness of the product	0,903	0,206	0,095
quality	0,831	0,240	-0,012
product fragrance	0,798	0,254	0,187
proportion of meat	0,778	0,384	-0,005
product appearance	0,760	0,202	0,199
country of origin	0,752	0,317	0,194
durability	0,717	0,217	0,328
previous experience	0,708	0,131	0,311
product price	0,678	0,077	0,270
manufacturer	0,672	0,335	0,273
health aspect	0,596	0,417	0,355
product information on the packaging	0,530	0,339	0,501
saturated fatty acid content	0,172	0,836	0,250
salt content	0,215	0,818	0,237
nitrate content	0,151	0,797	0,181
water content	0,338	0,763	0,117
protein content	0,283	0,751	0,141
fat content	0,276	0,750	0,260
energy value	0,212	0,747	0,316
emulsifiers	0,387	0,727	0,105
product promotion	0,114	0,219	0,841
the appearance of the packaging	0,217	0,149	0,831
package size	0,322	0,151	0,720
preparation speed	0,153	0,259	0,682
ecological aspect (organic food)	0,170	0,451	0,598

Source: own processing

CONCLUSION

The market of poultry meat and meat products has recently developed dynamically in Slovakia under the influence of various determinants, such as pandemic situation related to COVID-19, the environmental aspect, sustainability, health benefits resulting from poultry consumption or a change in eating habits. The aim of the paper was to point out the Slovak poultry market with an emphasis on production and consumption, as well as the behavior of Slovak consumers. This was identified based on secondary data, and we can state the relatively stable poultry meat production, but also its lack, as poultry consumption is constantly increasing. At present, it is possible to produce 13 kg of poultry meat per capita, while consumption is up to 28 kg. We found that

increasing poultry consumption is expected and can be justified by favorable prices, quick preparation, easy digestibility, or the absence of food scandals. By conducting a consumer survey, we conclude that the average Slovak consumer involved in the survey weekly consumes 610 grams of poultry meat and products. We also identified three latent components affecting the poultry consumption, namely the key factor, the composition factor, and the consumption support factor. With a view to the future, we assume that Slovak consumers will continue to consume poultry, but they should focus not only on the quantity but also on the quality of consumed poultry with emphasis on the country of origin and support of Slovak producers. Due to health recommendations, rationalization in diet, sustainability and environmental aspects, annual consumption of 15 kg per capita is desirable.

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PROSPECTS FOR THE DEVELOPMENT OF THE INNOVATIVE MARKET OF CHEMICAL TECHNOLOGIES IN RUSSIA

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ABSTRACT

The transition of Russia to sustainable economic growth is impossible without stimulating the use of the achievements of science and education, high technologies, promoting innovative activity as an essential premise for the development of social production and subjects of economic relations. For the state, the promotion of innovation is a priority in the economic policy sector, since it is the level of scientific and technological development that largely determines the long-term strategic advantages of the country, and the prospects for the development of the state largely dependent on the level of innovation development.

For a long time, the Ministry of Economic Development of the Russian Federation has been implementing the Strategy for Innovative Development of the Russian Federation. It includes 20 key steps and is developed based on the provisions of the concept of long-term development of the Russian Federation. The main results should have been, firstly, an increase in spending on science and innovation, and secondly, an increase in the share of industrial enterprises that introduce innovations in production. It was assumed that their share will increase by 4-5 times by 2020, compared with 2010 year. Not everything has been achieved, and there is a lot to strive for.

This study is devoted to the driver of scientific and technological progress - the chemical complex of Russia. The chemical complex plays a significant role in the implementation of the most important socio-economic programs of the country.

The study is devoted to the consideration of the most important prospects and key alternatives for the development of the chemical industry related to different

areas of innovation. Conclusions will be made on key technologies and products that can change the position of the chemical industry in the global market.

Keywords: *innovation, competitiveness, technology transfer, clusters chemical industry*

INTRODUCTION

One of the most urgent problems of the Russian economy is increasing the competitiveness of industry through its technological re-equipment and the rise of science-based production sectors that create high added value. Therefore, there is an urgent need for enterprises to gain access to advanced technologies. [1]

A prerequisite for the successful implementation of this task is the creation of appropriate innovation infrastructure. We are talking about the creation of specialized research centers and innovative firms that would ensure the transformation of promising new scientific ideas into product and technological innovations, a new legislative framework for innovative entrepreneurship and guarantee the protection of intellectual property rights, scientific technoparks and business incubators, venture capital funds and the necessary tax incentives for them, the stock market of small implementation firms - startups and other infrastructure elements that have proven themselves in the practice of industrialization.

As early as in the 80's of the last century, important laws were adopted in the USA to regulate cooperation in the field of innovation. These include the Stevenson-Wydler Act aimed to enhance the participation of federal laboratories in the processes of scientific and technological cooperation with industry through sharing information about their scientific results, the Small Business Innovation Research Act, which initiated a special program allocation by federal agencies from the state budget for R&D of at least 1.25% for research and development by small businesses, and only the lower limit of allocation was regulated, and the upper limit was not limited.

Mechanisms of technology transfer to small businesses were supported by the Small Business Technology Transfer Act. In the late 80's additional regulations - Federal Technology Transfer Act - on technology transfer and National Competitiveness Act - on national competitiveness were adopted. These laws provided legal guarantees to industrial enterprises for the use of an intellectual property and gave the right to the practical application of inventions.

A Consortium of Federal Science Laboratories was formed to assist small firms. In the 1990s, the National Technology Transfer Network was formed, consisting of a national headquarters and six regional centers around the country. Overall leadership was provided by NASA - the National Space Exploration Agency designed to increase the economic impact of ongoing, large-scale space

projects. A significant number of their own programs are implemented by such federal agencies as the National Science Foundation, the National Space Exploration Agency and the Department of Defense, as well as state authorities and major universities. [5]

One of the characteristic features of the innovation implementation system in the UK established in 1990s is the Consortium of industrial companies, educational institutions and research laboratories for collaborative research at the pre-competitive stages of R&D. Technology brokers, who act as intermediaries between buyers and sellers of new technological developments, played an important role in the technology transfer process. The largest structure here is the British Technology Group. The main area of its activity is to promote the transfer of new promising ideas and developments from universities and various public sector research institutions to industry through the sale of licenses. BTG carries out examination of scientists' proposals' economic importance, finances the most perspective innovation projects, carries out patents of English inventions abroad and protects foreign intellectual property in Great Britain.

The practice of transferring new developments made as part of DOD programs to the industry is interesting. These are handled by a special company, Defence Technology Enterprises, created through the efforts of the Ministry of Defence and a Consortium of venture capital investors and technology brokers. Techmart hosts annual meetings of buyers and sellers of new technologies for companies involved in technology transfer processes.

In Germany, the Fraunhofer Society, which includes research institutes, plays a leading organizational role. Their activities are funded by subsidies from the federal government and revenues from contract research. The main task of the society is to promote the introduction of new technologies into industry and to carry out research of national importance, e.g. in the field of environmental protection and energy conservation. The government provides small firms with up to 40% of the full cost of R&D.

The system of obtaining and using new knowledge between the state, large industrial companies and small innovative firms of the private sector, and higher educational institutions that has been established in developed countries deserves much attention. It is necessary to create innovative infrastructure. [4], [5]

METHODOLOGY

There are new realities in the field of innovation in Russia as well. Let us look at the example of projects for the chemical industry development. The chemical complex plays a significant role in the implementation of the most important social and economic programs of the country. The Russian Government has approved the development plan until 2030, which provides for the development of eight district inter-regional petrochemical and pharmaceutical

clusters in the country. At the first stage, it is planned to create six clusters - the West Siberian, Volga, Caspian, Northwestern, East Siberian and Far Eastern. The creation of favorable spatial, logistical, legislative and investment conditions in the country facilitated the emergence of new chemical industries.

At present, Russia has several dozens of multidisciplinary industrial parks, on the sites of which chemical enterprises are present. These are mostly enterprises for the production of plastic products and/or rubber and rubber products, representing small or medium-sized businesses. Polymer raw materials are supplied to such enterprises both from local suppliers and from geographically distant ones (from other regions of the country or from abroad).

Actually, there are relatively few chemical parks (both operating and projected) that develop long supply chains (from raw materials to chemical and petrochemical products with high added value) in the country. They include: Tambov Industrial Park, Oka-Polymer Industrial Park, Togliattisintez Industrial Park, Tagil Chemical Industrial Park, Technopolis Khimgrad, NIKOCHEM Industrial Park and, with a certain degree of convention, Kamskie Polyany Industrial Park. Also. Grouping of chemical and petrochemical industries on the principle of value-added chain lengthening is carried out on the territory of SEZ Alabuga. The Taman Industrial Park project (Temryuk) provides for relatively short value-added chains at its initial stages, but plays a major role in strengthening our country's position in the global mineral fertilizer and ammonia market through the creation of a modern transport and logistics infrastructure. At present, the highest concentration of chemical and petrochemical industries is in the Volga (41%), Central (29%), Northwestern (10%) and Siberian (9%) federal districts.

In terms of the prospective form of the chemical industry organization, the emphasis will be on stimulating its cluster development, including in the contours of the emerging petrochemical clusters (Volga, Western Siberia, Eastern Siberia, Far Eastern, Northwestern and Caspian clusters), but will not be limited to them. Clusters are a group of interconnected organizations concentrated in a certain territory - suppliers of products, infrastructure, research institutes, universities and other organizations that strengthen the competitive advantages of individual companies and the cluster as a whole. The main distinguishing feature of a cluster is its innovative orientation. Developed countries that have applied this strategy were able to provide GDP growth from 75% to 90%. [3]

The Volga Federal District (41.0%) dominates in the regional structure of chemical complex production. In addition, a significant concentration of chemical and petrochemical production occurs in another four federal districts - Central (20.0%), Northwestern (14.0%), Siberian (12.0%) and Southern (8.0%) districts. The structure of the regional distribution of research centers, institutes and organizations differs slightly from the production one: the largest number of large

and medium research organizations, and institutions engaged in R&D in chemistry and chemical technology are located in the Central Federal District.

The positive effect of cluster creation is confirmed by the following statistical data:

- total revenue of cluster member enterprises from the sale of non-resource products, for example, in the pharmaceuticals and biotechnology industry, in 2011 amounted to 45.5 billion rubles, and in 2016 already 156.6 billion rubles. The increase amounted to 244%.
- the volume of private investment in the development of production, development and promotion of new products in these sectors was RUR 27.2 billion in 2009-2011, and reached RUR 99.8 billion in 2012-2016. The increase in the average annual volume amounted to 220%.

The structure of funding sources for the implementation of innovative territorial clusters development programs is interesting:

- from the federal budget - RUR 47077 mln.;
- from regional and local budgets - RUR 26385 mln.;
- from extrabudgetary sources 75151 mln.;
- total funding amounted to RUR 148613 mln. [2]

RESULTS

Analyzing the key projects of national importance implemented or planned to be launched by 2030 in the chemical industry, it should be noted that most of them are implemented as part of the Action Plan on import substitution in the chemical industry and are aimed at complete or partial abandonment of import purchases of a number of important chemical products.

In general, all the listed projects can be classified according to the novelty and quality of the technologies offered, as follows:

- radical technologies lead to the creation or formation of entirely new markets;
- "disruptive" technologies enable the creation of a new product or technology with a unique architecture and value proposition structure;
- large supporting technologies imply a transition to more efficient technologies, but within the company's traditional market;
- small supporting technologies improve the product as part of incremental development and within one or more defined markets. [6], [8]

In the forecast period, up to 2030 in the chemical complex the implementation of both projects with radical technologies and with "disruptive" and supporting technologies is carried out. At the same time, each of them has more and less significant positive socio-economic consequences.

In general, the analysis of key projects of national importance clearly shows both the tendency to improve existing technologies within certain markets and the development of promising radical technologies, the products of which will solve the problem of import substitution in the domestic market of a number of chemical products, but also to win a place in the world market for new domestically developed products.

Currently, the production of superabsorbent based on acrylic polymers at OOO Gazpromneftekhim Salavat. This project refers to radical technologies. The new production of superabsorbent (40 thousand tons per year) is introduced in order to 100% import substitution. The project is also aimed at diversification of acrylic acid processing direction in the conditions of butyl acrylate market surplus. It is planned to launch the production facilities by 2023.

An example of implementation of breakthrough technologies is a creation of production of ozone-safe refrigerants and mixtures on their basis in "GaloPolymer Kirovo-Chepetsk OOO"(LLC). It is planned to produce refrigerants on the basis of domestic vinyl chloride, which will lead to the reduction of production costs and expansion of the sales market.

One of the directions in innovative activity of the mineral fertilizer industry is the creation of production of special compositions with a full set of macro- and microelements for greenhouse facilities and, first of all, for hydroponic greenhouses. Also in perspective, there will be an acute issue of creation of new productions for processing of large volumes of methanol and ammonia in the most deficient products (acetic acid, melamine, and carbamide resins, paraform etc.). [8]

The main area of innovative activity in the paint and coating industry is the development and implementation of protective coatings, coatings with special properties, as well as multifunctional coatings. The spheres of application of the materials in demand are shipbuilding, pipeline construction, automotive industry and defense industry. Also in the future materials with a wide range of performance properties with multifunctional orientation will become widespread [7].

In the production of plastic products, technologies have been developed and will be introduced to produce products with specific properties to be used both in mechanical engineering, defense industry and automotive industry, as well as in the food industry (innovative packaging) and in the production of medical and hygienic products. The technological production of articles made of Raflon

material (modified polytetrafluoroethylene) for use in various engineering industries and production of breathing polyethylene film for food packaging, as well as production of hygiene items (diapers, feminine pads, etc.). The production of a smart sleeves, which will make it possible to repair pipelines without digging out and replacing pipes, which will significantly reduce costs and accelerate the repair of pipes in the housing and utilities sector and increase their service life, will be of crucial importance. [8]

CONCLUSION

Thus, the creation of innovative products at the enterprises of the chemical complex, mainly, will be carried out in the period of 2020-2025 according to the "Technological breakthrough" scenario. At the same time, it is necessary to note the great dependence of these productions on imported technologies. The key technologies necessary for the production of these products are at the level of design and technological work, prototypes and certification have been obtained for certain types. [8] The innovative breakthrough in the transformation of the chemical complex in basic chemical science requires the introduction of digital methods of data collection and processing and conducting experiments, primarily Big data technology and sophisticated mathematical modeling of the processes being studied.

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THE IMPACT OF THE SERVICE PROCESS QUALITY ON THE CONSUMER'S BEHAVIOR AND PURCHASING DECISIONS

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ABSTRACT

The purpose of the article is to present the impact and the role of sales personnel and the pursued quality strategy in the customer service process on the customer's behaviour and processes of making purchase decisions. The identified dependencies may exert a significant impact on activities undertaken with respect to the formation of future customer relations and their nature, with special attention given to the context of the service process quality and sale personnel who carries out such process.

The article is a concept study based on the results of a literature search query, experiences deriving from cooperation with the sector of small and medium-sized enterprises and the author's own studies on the management of relations with customer capital in the sector of small and medium-sized enterprises.

The original feature of the article are recommendations pertaining to the feasible scenario of operation and the proposed model of management with respect to sale personnel and service process quality, enhancing the creation of values for customers via efficient marketing strategies implemented in the area of customer servicing.

Keywords: *service process quality, loyalty, consumer behaviour*

INTRODUCTION

When discussing the efficient operation of companies in the current market dimension, namely extensive, complex, varied and changing, the customer capital is the most important element in building a company's real market value. It is the group of all, current and past, customers who established a relationship with the company and these who may in the future be interested in its offer. Companies are constantly looking for an answer to the question about the expectations of customers in relation to the cooperation with the company and their needs in reference to the offered products. Proper examination of customer needs and keeping up with their changes allows for adjusting to the market requirements and offers a possibility to fight with the competitors.

The customer's role in shaping a company's market value was initiated by the era of 2.0 marketing, which popularised the idea of focusing on the client and his/ her expectations. The subsequent stage of marketing development, so-called 3.0, also known as value marketing, was a perfect fit for the concept of corporate social responsibility, which met the customer's expectations in order to satisfy spiritual needs, apart from material needs [8], [6].

The concept of intellectual capital management was developing in parallel to the evolution of marketing; it forms a basis for the modern approach to consumer behaviour and understanding the role of customer capital in the process of shaping a company's market value. It mobilised the entrepreneurs to think about the factors that exert actual impact on the customer's decision making processes, including its current and potential value, which may potentially be accomplished. The concept of customer capital management is anchored in the intellectual capital management theory in the reference literature [1], [5].

Consumer behaviour is a consistent set of reactions related to making choices with respect to satisfying individual needs in specific social, cultural and economic conditions [4]. Consumer behaviour comprises these activities that are stimulated by the experience of needs.

The article's purpose is the identification of dependencies between customer behaviour and the practised strategy of quality activities in the area of customer service and contacts. The undertaken research problem focuses on the hypothesis that, H: the quality of the service process and the sale personnel may exert a significant impact on the customer's decision-making processes. The identified dependencies allowed to develop an original scenario of conduct improving the service process quality, improving the shape and the nature of relations with customers.

QUALITY REQUIREMENTS FOR THE CONSUMER SERVICE PROCESS

In practice, the concept of quality is most often defined as features of a product or service that depend on its' capacity to satisfy specific needs [9]. In a clearly technical context, quality means a product or a service free from deficiencies. Mohammad & Alhamadani reviewed the concept of service quality, calling it a strategic core in the processes of building a competitive position [11]. Quality should always be analysed from various perspectives: philosophical, sociological, humanistic, legal, technical, technological or economic.

Quality is received subjectively, depending on the adopted stances and context in which it is analysed. Such an approach to quality results from ongoing improvement of quality processes and including them in the new intangible dimension that was offered by the intellectual capital management concept [5].

Global, intense competition combined with the evolution of product creation and production processes have resulted in the fact that the quantity and variety of offers on markets have never been so extensive before. The entrepreneurs became aware that the similarity of products and their characteristics for the client requires them to build a competitive advantage by increasing quality in other areas. An overview of factors that constitute the causes of an increase in quality requirements in the context of external and internal conditions influencing a company are presented in table 1.

Table 1. *Causes of increase in quality requirements*

Growth of customer expectations	Economic education Change in servicing standards Subjective quality context Evolution of socio-cultural needs Low price of goods Full information about the product
Trends in economy	Increasing complexity Increasing exploitation efficiency Free flow of capital and goods Counteracting waste and overproduction Shorter time of innovation introduction
Legal regulations	Safety provisions Environmental protection provisions Standards/ guidelines Principles of corporate social responsibility Sustainable development concept Globalisation of innovative processes
Key company objectives	Modern products High quality and reliability High degree of product acceptance on the market High profitability Risk limitation Good company reputation System approach to management Elimination of redundant costs
Competitors' capital	Technological race Growing pressure from the competitors' capital Changes in market structure Globalisation of marketing processes Shortened life-cycles of products and services.

Source: prepared on the basis of [7], [15]

An increase in customers' expectations, as one of the key factors that drive the progressive trend in the area of quality requirements, results from the fact that for the customers, quality is primarily the fulfillment of various groups of needs. They both refer to the typical use: comfort, reliability, compatibility, the

possibility of extending functionalities, possibilities of repair, maintenance, guarantee, etc.; as well as needs related to the brand image: aesthetics characteristic for the brand (colour, logo, packaging), market message, recognisability and prestige. The proper mode of customer acquisition is a systematic building of the customer's loyalty through enhancement of customer service processes, as they form an important source of the competitive advantage.

Sale Personnel, as an instrument of the marketing mix and an inseparable element of every organisation, is a significant factor influencing the company's image in the customer's eyes. A modern customer often feels lost at the developed market of goods and services. However, one can count on the fact that such a customer will remember professional personnel, with whom he/ she was in contact and who exerted a significant impact on the image created in the customer's awareness, thereby attaching the customer to the brand. The effects of work of sale personnel are relatively easy to assess via measurement of such values as: profit per employee, number of new customers, number of regular customers, customer ranking, fluctuations in sale value, number and value of orders, customer capital rotation, number of satisfied customers, number of returning customers.

LOYALTY AS EFFECT OF SATISFACTION WITH SERVICE PROCESS QUALITY AND CONTACT WITH SALE PERSONNEL

The customer's positive emotions are the key factor creating the customer's market behaviour. Satisfaction is a kind of physical condition that results from the experience of choosing and using a given product, service or brand. The level of accomplished satisfaction is different in various customers on account of the subjective nature of this feeling [14], whereas its assessment is aimed at determining the customers' reaction to the presented offer and quality of service in the course of making a transaction and in post-sale contacts. The concept of satisfaction is inseparably linked to the concept of loyalty [2], [11], [12]/ Loyalty is often understood interchangeably with such concepts as: satisfaction, habit, commitment, preferences and other [10]. It is necessary to view it in a long-term perspective as overall feelings and experiences, which influence the customer, resulting from various contacts with the product or the company undertaken by him/ her and which, in a significant mode, impact the customer's purchase activities in the future and make him/ her attached to the brand [12], [13].

On the opposite side, there is the customer's dissatisfaction, which stops the customer on the way to reaching the level of loyalty expected by the brand. As a further consequence, dissatisfaction may be the cause of negative changes in the customer-brand relationship, leading to behaviour resulting in the adoption of a stance of anti-ambassador of the brand and initiation of buzz marketing to build a bad opinion about the brand [3]. Lack of activity on the part of a dissatisfied customer testifies to the loss of such customer as a result of failure to meet the customer's expectations and lack of loyalty. Lack of satisfaction on the part of

customer capital may result from various reasons, related directly to the product and its' features, or located in other areas of the marketing mix.

The objectives of buyers are always different from the objectives of supply entities. If the cause of dissatisfaction was the product price, it is necessary to launch mechanisms aiming at its' renewed determination for the purpose of acceptance by customers. The inefficient organisation of distribution processes and sale place may result in lack of comfort of purchase on the part of the customer. Unconvincing and unattractive promotion creates negative feelings and associations. The material certificate should fulfil the necessity of appreciation and affiliation and prestige of possession related to the power of the brand. Personnel, having direct contact with the customer, via the implemented processes, exerts a significant impact on customer satisfaction and even minor incompetence may be the cause of negative reception of the entire brand. Frequently, it is only and exclusively the relationship established with a member of the sales personnel that conditions renewed purchase of goods or services and the competence of servicing personnel testifies to the quality of the offer for the customer, encouraging the customer to accept it and, in consequence, building consumer trust and loyalty towards the brand.

SCENARIO OF CONDUCT IMPROVING THE SERVICE PROCESS QUALITY

High quality of the service process carried out by competent sale personnel with which the customer met, and which exerted a significant impact on the image created in the customer's awareness, makes the customer attached to the brand and shapes the expected purchase behaviour. The key role in the process of creating experiences with the brand is played by every employee having any interaction with the customers. Wherever there is a human factor, there is also uncertainty whether the employee is sufficiently committed to pursuing the company's objectives, as every employee may well undermine or even damage a positive opinion about the brand. Simultaneously, even if the remaining instruments of the marketing mix fail - the employee's commitment may be fundamental in the process of mitigating conflict situations and customer retention, resulting in the fact that in spite of everything, the customer will still remain in the group of current customers. It is obvious that it requires a commitment of both regular employees and managerial personnel. In effect of identified recommendations supporting the service process quality management, a scenario of conduct improving the service process quality was suggested (Table 2).

Table 2. *Scenario of conduct improving the service process quality*

<p>Customer capital diagnosis</p>	<p>Every company should be familiar with its customers and their preferences; however, it is a good idea to put the knowledge characterising the relationship between the customer and the brand in order: times when they are most active, the type of support that they expect, the problems that they notify most often, the average servicing time, the costs of servicing, etc. at this stage, it is necessary to get into the customer's shoes and learn the customer's view about the ideal course of servicing when concluding a transaction, but also in the post-sale period. Knowledge about behaviour and functioning of customers allows for offering tailored solutions, which will be positively received on the market, favourably influencing the level of satisfaction derived from contact with the brand. The more such positive experiences, the greater the loyalty translating to competitive advantage.</p>
<p>Analysis of hitherto course of the service process</p>	<p>Consist of identification of critical points, causing greatest problems for the employee and the ones that are badly-received by the customer. At this stage, constructive criticism of the weak sides of the service process and an empathic approach to the customer are of key importance. It is necessary to answer the following question: are all of the customer's expectations fulfilled in the course of the service process? It is a good idea to observe the course of servicing, send a mystery customer, talk to the employees and customers. Collected observations, information, and remarks will offer a basis for identifying real needs and expectations of customers, which will result in better deployment of resources - in places where they actually bring the expected profit.</p>
<p>Description of the ideal climate of cooperation</p>	<p>Preparation of a description of the ideal climate of cooperation is not an easy task, but worth attention and commitment. It is also worth analysing the brand identity once again and creating a climate of cooperation fully compliant with it. On the level of teams and the entire company, it is necessary to talk about the objectives, vision of the future, market opinions, expected directions of development and challenges. In this manner, joint commitment allows for designing an improved concept of customer service. The key aspect is to promote this concept in the internal environment of the organisation, so that all employees</p>

	are aware of which image objectives the company is pursuing.
Experience based scenario of the customer service process	Preparation of scenarios for the course of the customer service process taking into account hitherto experience, both positive and negative. Here, the key role is played by the personnel that is responsible for it. Every employee should propose, in the form of a mind map, how he/ she would like to carry out the service process and what support is needed at specific stages. From the individual level, it is then possible to work out scenarios of conduct accepted by all employees. At this stage, assessment indicators to measure the growth of customer value may be proposed. Here, experiences derived from such methods as the Intangible Assets Monitor, the Skandia Navigator or the Balanced Scorecard, forming a part of the concept of intellectual capital management, may be used.
Popularisation of the improved concept of customer service	Popularisation of the improved concept among sales personnel and other employees, locating their role and significance in the process of company value management by creating the value of customer capital. Sale workshops, individual training sessions with a personal coach, creation of master-apprentice teams: all of this should focus on employee support to accomplish the best results in relations with customers
Implementation	The implementation process of an improved customer service concept, analysis of accomplishment of intended objectives on the basis of the constructed assessment indicators. Eventually, in line with the assumptions of Deming model, acting in compliance with the classic scheme of continuous improvement, aimed at constant enhancement and development.

Implementation of the scenario of conduct will be a significant factor supporting the creation of the relationship. Positive changes in consumer behaviour that are possible to accomplish will be conducive to cost rationalisation on account of the fact that the costs of service drop over time, as the partners, already know the principles of cooperation and promotion are not intensely used. It is also possible to expect an increase in revenues, given the fact that the higher the customer retention indicators and the higher the regular customers have climbed the loyalty ladder, the more attached they become to the brand and the purchase portfolio is extended. Development of customer capital accomplished thanks to the high quality of service process results in the fact that the customers, current and future, become positive brand ambassadors, recommending, via buzz marketing, the brand on the market and contribute to the building of the brand's good opinion.

CONCLUSIONS

The purpose of the article was to present the impact and the role of sales personnel and the quality of service process on the customer's behaviour, processes of purchase decisions and building long-term market relations.

A company that efficiently prepares and implements a high level of service process quality, receives a higher and more stable acceptance of its offer from the customers, reflected in benefits resulting from relationship marketing. Author's studies focusing on customer capital management and experiences resulting from hitherto cooperation with companies were the basis for developing an original scenario of conduct improving the service process quality, improving the shape and the nature of relations with customers. The discussion on the research hypothesis has become an inspiration for preparing a scenario of improved conduct via efficient support of the sales personnel and the development of pro-quality conduct procedures.

The major benefit is cost optimisation. Costs of procuring new customers are always high, due to the fact that a new customer requires intense and efficient promotion strategy, direct marketing and time to build commitment. This carries substantial risk, due to the fact that a customer encounters numerous offers on a dynamic market. The costs of procuring a new customer include, do not guarantee that such 'accidental' customer will turn into a regular customer, thence the necessity of focusing on building a relationship with customers with the use of efficient marketing communication before, during and after purchase.

Another key benefit is the expected increase in revenues. The higher the customer retention indicators, the more positive the revenue forecast, due to the attachment to the brand, which extends their purchase portfolio, because the developed trust also starts to encompass other product lines. The sensitivity of regular customers to higher prices is also different; the argument of a low price ceases to be significant in comparison to the trust to the brand and service quality.

Another benefit is definitely a decrease in operating costs because the costs of service drop as partners are familiar with the principles of cooperation and the intense promotion strategy is no longer used.

The last benefit identified in the course of work on the scenario improving the management of sale personnel and quality of service process is a systematic development of customer capital: the customers, current, and past, become positive ambassadors of the brand, recommending the brand on the market via buzz marketing and contribute to building the brand's good opinion.

The presented scenario of improved conduct is a tool to support managers of sale personnel, responsible for the management of the customer capital structure and growth of its' value.

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THE MYTH OF CSR ON THE EXAMPLE OF DOVE CAMPAIGN

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ABSTRACT

This article discusses the concept of corporate social responsibility (CSR) in the particular case of a controversial Dove campaign for Real Beauty (CFRB) and its role in the production and consumption of contemporary popular meanings of empowerment, social change, and female beauty in global consumer culture. Because in some instances such corporate strategies appear well received, we move beyond cynical dismissal to analyze corporate discourse to identify its transformative possibilities and contradictions. The analysis replaces the oversimplifying approaches to the ethics of CSR with a communicative perspective that highlights the need for a contextual examination of the ethical dilemmas that arise from CSR practices.

In this article, I engage with this CSR campaign, using critical discourse analysis (CDA) to uncover its mechanisms and ideological functioning. CDA of the print, television, and new media texts reveals a certain juxtaposition between liberation and oppression of CFRB. The analysis shows how Dove was able to transform an ordinary commodity, skin cleansing products, into a consumer activist brand through which consumers could take part in solving self-esteem and social problems.

My analysis of CFRB shows the ways that CSR often operates to co-opt the criticism by embracing it, consolidating brand loyalty and corporate profits, and defuse struggles around consumption. By doing so, CSR forms a complex strategy to legitimize particular brands and commodities, so it can be seen as the ideological force of contemporary consumer capitalism.

***Keywords:** Corporate Social Responsibility, discourse analysis, Dove campaign*

INTRODUCTION

Corporate social responsibility (CSR) and cause-related marketing are becoming one of the fastest developing forms of marketing. Companies boast less frequently about their expansion and profits than even a decade ago. Both communication and management strategies are headed in the direction of "soft elements", the organisation's culture and exposing its involvement. CSR is defined as a direct link between the sale of products or services of an enterprise and commitment to a specific social purpose [1]. In this way, companies are

distinguishing their offer from the competition, which is important in mature, homogenous markets.

There are, however, many doubts as to the ethics of these actions and, paradoxically, the social consequences, which, as it turns out, are not necessarily linked to social good or responsibility. I am inclined to separate the sphere of aid from economic activities. First of all, referring to deontological ethics (e.g. Kantianism), it should be stressed that CSR actions are motivated first of all by the enterprise's own benefit, and, as it were, afterwards some good is produced (help for the needy). Such an action is different from an action that was undertaken out of a sense of duty and concern for others, and at the same time the perpetrator of the action achieved some benefit (e.g. increased sales of its products). Only the latter act deserves moral praise, while the former one at most does not deserve a moral reprimand.

More radical criticism should be directed at the marginalisation and instrumental treatment of persons in need, as well as at commercialisation of aid. If an entrepreneur introduces a CSR mechanism, mostly aimed at increasing sales, leaving the concern about satisfying the needs of beneficiaries in the background, it may turn out that the form and addressees of aid will not be selected because of the existing social needs, but because of business objectives. Such behaviour may lead to some specific kind of exclusion among the excluded, i.e. to a situation in which people in need who belong to selected categories will never be able to count on adequate support. An entrepreneur, for example, knowing that people are more willing to help children, will more often direct his charity initiatives to them than to e.g. seniors or homeless people. Moreover, aid provided through a market mechanism, i.e. within processes over which the beneficiary may not exercise any control, or even participate in the forms of support imposed on him, only deepens the feeling of dependence on others and leads to undermining individual autonomy.

Another argument (cited after Michael Jay Polonsky et al.) undermines the social dimension of CSR in general. Giving new meanings (e.g. helping Africans) to old products, i.e. promoting them as so-called ethical products, leads, firstly, to increasing the (already exceptionally abundant) volume and diversity of products competing for consumers' favour. What is more, it poses a threat of a specific displacement effect, which consists in reducing the involvement of corporations in minimising environmental costs (in improving their own production systems, product distribution, waste utilisation) in favour of involvement in CSR initiatives [2].

Polonsky et al. also point to other potentially socially harmful effects of introducing CSR, i.e. overestimation of corporate generosity that leads, for instance, to a reduction in the volume of aid provided by other donors (both private donors and the state), shifting the scope of NGOs' activities to match corporate expectations, which results in a reduction of aid to beneficiaries,

threatening NGOs' image, increasing consumer scepticism and leading to their reduced support, limiting the way NGOs operate by requiring them to purchase goods from the company they cooperate with as part of CSR, reducing the total volume of funds provided by companies for social purposes (the most efficient tools for providing aid from the corporate point of view do not have to bring in the biggest funds for the needy), as well as developing a 'consumer mentality' in society [2].

While market-mediated assistance may provide an opportunity for consumers to develop empathy and sensitivity to the harm of others, helping by purchasing products is morally questionable. It is nothing but the perpetuation of the consumer attitude, according to which helping others makes sense only if it is done with the benefit for the consumer himself. Moreover, it is difficult to believe that a consumer or producer, by indulging in all his inclinations, such as pleasure, convenience and self-interest, deserves moral praise, even if he also contributes to the welfare of others. Rather, the moral value of the subject of an action is linked to his ability to resist these inclinations, to his effort to resist them and to his actions motivated by the good of others. Moreover, using the market to help the poor does not necessarily make consumers more sensitive to the problems of people in need of help; on the contrary, it can weaken this sensitivity. Consumers thus gain a kind of moral alibi, an exemption from further concern and commitment to the needy, since they have already purchased an "ethical product". They gain peace of mind from their decision to choose this brand over another.

Therefore, one may ask: is it not better to help the needy without the mediation of the market and stimulation of additional consumption? If someone wants to support the needy, they do not have to buy any goods for this purpose. Supporters of CSR could appeal here to the utilitarian evaluation of actions, arguing that we are morally justified in choosing the least evil of the available courses of action. Even if the best option would be to support the needy without using the market mechanism, when this seems unlikely, it is better to agree to CSR already generating some costs, than to stop aid activities altogether. In turn, critics of CSR would remind us of Gresham-Copernicus' law, according to which agreeing to the lesser of two evils in given circumstances leads to a kind of negative selection, consisting in lowering moral standards that we are willing to accept. Instead of trying to change people's attitudes from caring only about their own consumer needs to caring about the needs of others, the proponent of the argument presented here tries to use the consumerist attitude to help those in need at least a little. Doing so tends to increase the number of self-interested consumers and companies rather than people who want to relieve the suffering of others.

Supporters of CSR are unanimous in explaining that it should be based on business, customers and non-profit organisations acting together in a partnership based on a "win-win" scenario. Obviously, I am not questioning the fact that an entrepreneur, an NGO, or a consumer can take actions that benefit them and are morally good at the same time. However, the doubts presented here are meant to

counterbalance the arguments of the apologetic discourse on CSR dominating the literature.

For example, Wayne Visser points out that CSRs are a complete failure in addressing real problems associated with sustainable business practices [3]. In turn, Craig Smith and Halina Ward point out that social responsibility issues are often closed off in the "corporate ghetto" and do not affect the fundamental course of business [4]. CSR has not managed, even to a small extent, to curb the negative impact of economic growth and economic activity on social problems. Juxtaposing the indicators with the numerous examples given in the literature of the gradual improvement that CSR is supposed to lead to, it turns out that, if anything, it should only be measured on some micro scale.

The philanthropic generosity of businessmen undoubtedly has a long history. But when it became clear, for instance, that climate change was a serious challenge to sustainability and the fossil fuel industry, all the major oil companies formed the Global Climate Coalition Group to challenge the science of climate change and delay the implementation of international policy solutions to combat it. At the same time, the same business organisations kept on publishing statements about their commitment to pro-social actions.

In marketing practice, social goals are sometimes treated quite cynically, which is exemplified by the widely described phenomena of greenwashing and leanwashing. For instance, supermarkets support schools, establish trade unions, and at the same time, using their market advantage, pay exceptionally low prices to suppliers for their goods and extend payment terms. And it would be difficult to take an unambiguously negative view of such actions, because after all they are in line with the market logic. However, this is where the state and its "minimal interventionism" should come in, i.e. statutory regulations counteracting such practices. The most important in the whole market process are therefore the values, standards and laws that are binding in the society in which the company operates. It is they that should oblige the company to pro-social involvement and following through, and not only the pragmatic decisions of managers who write such postulates into communication strategy documents widely promoted in the media, as in the case of the Dove campaign.

THE CASE OF CSR IN THE DOVE BRAND CAMPAIGN

In 2003, over 70 years since the launch of the Dove soap, the brand communication is still based on the same declaration of willingness to help women *discover the power of true beauty*, to support them in building self-confidence, self-awareness and acceptance. Messages about democratizing female images, breaking stereotypes, caring for clients are combined with commercial recommendations that *every skin is beautiful, you just need to moisturize it properly* (All quotes are from the official campaign website: <http://www.dove.com/pl>). Three promises are made to women regarding

promotional communication (*Dove Real Beauty Pledge*): (1) Presenting "real" women, never models; (2) Showing women "as they really are"; (3) Helping girls to "love their bodies" and develop self-esteem. Over a period of about 10 years, the Dove Self-Esteem Project has seen over 20 million young people take part in assertiveness empowerment classes, making it one of the most extensive CRM programs in the world. This raises the question of what factors, besides its large reach, have contributed to its effectiveness. A few of the most important ones can be pointed out:

Consistency in implementation of the communication strategy and diversity and creativity of its forms and tools

Numerous ads of the campaign, which has been running for 17 years, show how important it is to think in terms of synergy and integrated communication. Transmedia communication promoting social meanings of the brand took place through social media, interactive videos, applications, the company's portal, and traditional media: TV ads, billboards, public relations (discussions about the campaign on TV and radio; campaign publications, and cooperation with experts). Apart from classic TV spots, advertising films were created and posted on the Internet, tested for readiness to be broadcast online. Questions were placed on traditional campaign billboards to encourage online voting, which was possible after visiting a website designed for this purpose. The potential of online tools was used to the full, as exemplified by the discussion of thousands of women about the "Dove Evolution" spot on the campaign website, which was later taken up by journalists in newspapers and on TV programmes. Similar viral activities included the "Dove True Colors" ad, aired during the Super Bowl broadcast, or the "Real Beauty Sketches" campaign, considered the best viral ad of all time. Equally well developed was the PR base in the form of research reports intended to substantiate the implemented actions. The company also cooperated with many well-known organisations, building a broad coalition for its undertakings.

The social engineering of social engagement and authenticity

In the era of advertising oversaturation, resistance to invasive advertising, the consumer should feel that the brand provides him with "real" meanings, authentic values, even against the interests of their sponsors. The brand should make it possible to experience a common, social world, and most importantly, away from corporations – seemingly disinterestedly. Such "authenticity" can be created by placing the brand in communities, subcultures as an integrating factor for that group, or by conveying certain "life truths", always out of concern for the good of the consumer. The goals of the brand are starting to head beyond the material sphere, the sphere of profits. They are supposed to show a better life, embody human interests, passions and challenges, point to goals that have not been attainable thus far. Only such a deeply emotional core can build brand awareness.

Consequently, it is important to find a way to make the brand relevant, indispensable and authentic for each and every relationship with it. Contact with it is supposed to create the feeling that the external world is common, real, intersubjective and, above all, authentic. The brand enters this world as if completely independent of marketing efforts. It is "authentic", and thus disinterested, perceived as created and popularized by consumers themselves, by "ordinary" people. This is exactly how the Dove campaign has been implemented for years. In social media discussions initiated by the company, girls share their stories, experiences, provide each other with advice and support (behavioural modelling techniques). Teachers use "educational materials" provided by the company. Such a *curriculum* of positive conversation encourages other people to get involved in the action, creating the impression of sincere, authentic, "bottom-up" discourse within the framework of brand communication.

In-depth analysis of target groups

Emotional messages were precisely adjusted to the needs of a girlish personality that is being shaped right now – and these messages made references to the need of acceptance, value, and recognition, as well as problems with satisfying them. The campaign's creators took the conclusions of numerous studies as their starting point.

Lucia Marques Stenzel et al. have shown that the way one's own body is perceived determines the type of relations young people have with other members of their social group [5]. Similar conclusions were reached by Linda Hatch, indicating that girls objectify their own bodies, treating them as objects whose proper appearance could bring them significant benefits [6]. Philip Myers and Frank Biocca, on the other hand, found that viewing up to 30 minutes of media coverage a day negatively influences women's opinions of their own appearance (*self-schemas*), which in turn clearly translates into constant attempts to achieve the ideal promoted by the media [7, p.108]. Such conclusions, concerning the pressure connected with a certain appearance or the low level of acceptance of one's own body among teenagers, were the basis of campaign assumptions about "real beauty".

Until now, Dove was seen as a brand offering products for older people. Without this reorientation of the target group, it was in danger of slowly disappearing from the market along with their aging female consumers. This does not mean, however, that Dove has abandoned its targeting of this group, as it has included it in the message of the "Pro-Age" campaign with its "diversity of beauty".

DECONSTRUCTING THE PROMOTIONAL DISCOURSE OF DOVE BRAND

In my attempt at a critical analysis of discourse, I am inclined to see it in Jacques Derrida's terms as a "second reading," consisting in tracking down the excluded interpretation that forms a certain hidden current of the text [8]. Equally important are the assumptions of Roland Barthes or Michel Foucault, according to which questions about the functioning of certain meanings are intertwined with questions about their relations with the social and institutional environment, which influences the production of utterances in a given time and place. I will show that the meanings of discourse in the campaign conducted for the Dove brand do not refer to the contestation of the *status quo*; on the contrary, they strongly reinforce this *status quo* – as they stem from the *laissez-faire* concept of individualism with its demands about the free shaping of identity within the framework set by the market.

Real beauty?

A woman's identity was reduced to contextualized physicality, meaning that judging herself takes place only from the perspective of an outside observer. The campaign billboards, which encouraged viewers to vote online about the appearance of the women featured on them, in a way gave recipients permission to act as judges of their appearance. Women can only be beautiful when others perceive them as such (here, when they vote), which destroys the psychological principle of self-acceptance of one's own body. Besides, only women were judged, which in turn may suggest that men are in a sense privileged, they do not have to be subjected to such judgments or simply do not have problems with their appearance.

Billboards usually showed a face or a half-silhouette. Women in dynamic poses, facing the lens, were supposed to evoke in the viewer a specific impression of openness, satisfaction (with themselves or with Dove cosmetics?). They are subject to Bourdieu's "principle of display", being a body for someone else, or existing just for the gaze.

Beauty is diverse, but it must manifest itself in female body. In this way, the campaign deepens the stereotypical perception of women, narrowed down to their physical appearance and its exaggerated role in human life. The female carnality in this context becomes objectified, an object that is constantly evaluated and put on display. The integrity of carnality and inner experience - so emphasized by psychologists - must be thus disturbed. The media images promoting a brand detach one from the other in order to include the product in the construction of the self-image - only the product makes this integration possible. The 'beauty - woman' relation is mediated by the 'woman - commodity - beauty' trio. Thus, the link which the consumers have direct contact with is not the beauty they are supposed to experience, but the cosmetic. What is "significant" and what is

"signified" here?, a semiologist would ask. The Dove brand appeals to authentic and diverse female beauty, or, if this association could be ingrained in the minds of consumers, beauty would be as authentic and diverse as the Dove brand. The product would become the signifier, and it is probably this exchange of the "signifier" and the "signified" that the creators of this campaign have in mind. Although the campaign encourages building self-acceptance, it does not point to personal relationships but to products as the means to achieve it. By the same token, it is an example of "commodity fetishism," which concerns the deceptive view that material objects bring long-term satisfaction.

The body in this promotional discourse cannot be natural at all; it cannot be fully accepted, it must be improved – i.e. moisturized, nurtured, protected from improper odour, renewed, etc. In this discourse, beauty becomes an unconditional imperative. It ceases to be something natural, a result of nature's efforts or a complement to moral qualities. It becomes a fundamental and indispensable quality – the only asset of a woman. Why don't the authors of the campaign encourage women to take actions that would allow them to expose their intelligence, wit, sensitivity or ethical attitudes?

The campaign has been hailed as "a great revolution in the perception of a female body". However, the field of influence (corporeality) was not abandoned here, but only found a rather perverse way to hide the persuasive presence of the commercial message. In an attempt to (effectively) differentiate itself from the competition, Dove's campaign messages are no different from the ideology reinforced by other cosmetic companies. Perhaps the campaign draws attention to slightly different standards of "beauty," but it does not have the effect of alleviating some women's obsession with their own appearance; on the contrary, it continues to make the body the main tool for shaping self-esteem.

Varied beauty?

The creators of Dove brand communication wanted to depart from the canon presented by the media, but reproduced it instead. Women are exposed, and their bodies are evaluated. The need to change stereotypes was declared, and so "non-models" were employed in the campaign. Unlike in other commercial discourses, beauty was to be diverse. The "non-models", however, have certain features in common: each of them has a pretty face, white even teeth, smooth skin (even though with moles), shiny, thick, well-groomed hair. It turned out that the casting criteria were narrowed down as the search proceeded. The women were supposed to have shapely figures, nice legs, arms and faces; their bodies could not have any tattoos or scars. Thus, those who did not meet certain requirements were crossed off the list of "real women". What is more, a computer graphic designer, who worked on the campaign, admitted that he made numerous corrections to the photos promoting "real beauty".

The notion of beauty in this discourse turns out to be restrictive. It clearly marks the border between better and worse images of women. In the "Real Beauty Sketches" campaign, the sketches that were created on the basis of the portrayed women's own descriptions and had definitely more e.g. wrinkles, dark circles under their eyes, were unanimously considered "worse" and "uglier" than the ones created on the basis of descriptions made by outsiders. What then, if a person actually looks like the portrait made on the basis of their own (inferior) description? Should she be considered "uglier" and "less attractive"? Besides, when women judged their two different portraits in terms of which one resembled them more, they used terms such as "she looks younger", "she is slimmer" – all this promotes the notion of "beauty" associated with youth or just with a slim figure. This undermines the sense of the main campaign messages.

The "Dove vote ads" encouraged viewers to take part in voting on the appearance of women depicted on billboards. Each time they were given a choice of two features, for instance, with the older model these were: "wrinkled" or "gorgeous", and for the one with full curves: "fat" or "fit". The choice was limited to two options only – from these two, one had to be selected, thus excluding the other. Consequently, if the option of a gorgeous woman was selected, it was simultaneously admitted that she could not have any wrinkles; if the feature "suitable" was indicated, it was immediately excluded that she could be "fat". Advertising clearly itemised the features that beauty should not be associated with: old age (grey hair, wrinkles), obesity. A socially acceptable and unacceptable image was created, the world was presented in two dimensions only, and women had to be placed there. So where is this declared promotion of the diversity of female beauty?

Social action?

The campaign, although not directly encouraging people to buy Dove products, with its *pull* communication approach cutting off overt persuasion, was an example of an aggressive marketing strategy. It attacked the competition and positioned its brand as a "liberator", an ally of women in their fight against the pressure of the cosmetics industry. Pointing out the social harmfulness of the competitor's messages led to gaining wide sympathy for one's own undertakings, popularized as "different" and ethical because implemented for the benefit of women. This sounded rather paradoxical, especially when mothers were urged to talk to their daughters "before the cosmetics companies do." When read literally, it was a call not to believe the Dove brand communication, either.

The campaign was not so much about "broadening the definition of beauty", but more about the target group. Communication about the brand's social involvement was addressed to young girls, often worried about their physicality, as well as those whose age and figure somehow excluded them from the group of women who have a chance to meet the contemporary requirements. The proper message of this campaign was thus: "If you are neither slim nor young or you

don't feel as beautiful as you'd like to – buy a Dove product." The beauty pattern presented by the creators of this discourse gave women more options than size S. Models were chosen whose bodies were perceived as within reach in order to make it easier for women to identify with them.

The strategy proved to be extremely effective. The Dove brand perception research showed that the brand is considered trustworthy, "friendly", "sincere" and its advertisements reflect the "real" performance of the products [9]. CSR has brought the Dove brand back to prominence in the cosmetic products market. Only one-fifth of the value of budgets allocated for such purposes was spent on launching and promoting the lotion, generating a 2.3 percent market share in six months and achieving a 24 percent increase in sales during the campaign period [10].

CONCLUSION

The campaign fitted well into the postmodern chaos with its mixing goals, values and meanings in order to make social perception more credible in terms of the pro-social character and "authentic" involvement of the corporation in advancing women's interests. By multiplying messages about the importance of women's appearance in their lives, they exploited girlish immaturity and female insecurity. Appealing to theses that sound like life truths, weakened consumers' alertness to the contradictory, often paradoxical meanings of this campaign. Under the slogans of a necessity to create a community opposing the sexist imagery of naked and skinny women, skin-"renewing" cosmetics were sold successfully, thanks to which a woman would gain the acceptance of others, even if she is slightly overweight. By positioning the brand as a "tool" of resistance to contemporary "beauty standards" beyond your reach, no real support was offered in Dove's promotional communication. The help that focussed on 'beauty' (again) could not alleviate women's anxieties; on the contrary, by making the body the main tool for building self-esteem, it could only intensify them.

Declarations of responsibility, formulated in well-sounding documents, prepared by management, will be difficult to enforce at lower levels of the organisation, if they are not based on new competencies, skills and do not provide for the development of principles to enforce this responsibility. The most important challenge for CSR, therefore, is to bring it into the mainstream of management, at all levels, i.e. to include it in the development of strategy, in the instruments of implementation, in the measurement of results and in the selection of key directions of development. Effective CSR must be integrated with organisational systems, processes and structures (*hardware*), as well as corporate culture (*software*).

On the other hand, the majority of corporate charity initiatives seem like socially responsible marketing campaigns – easy to refer to and not related to other aspects of the company's activity. Relations between companies and the

community, based on paternalistic philanthropy, PR or marketing approach, should be replaced by partnership strategies based on the involvement of all stakeholders and investing in progressive markets. It is also a "soft steering" of the state, minimal interventionism, but with a strong involvement of business and consumers in sustainable development.

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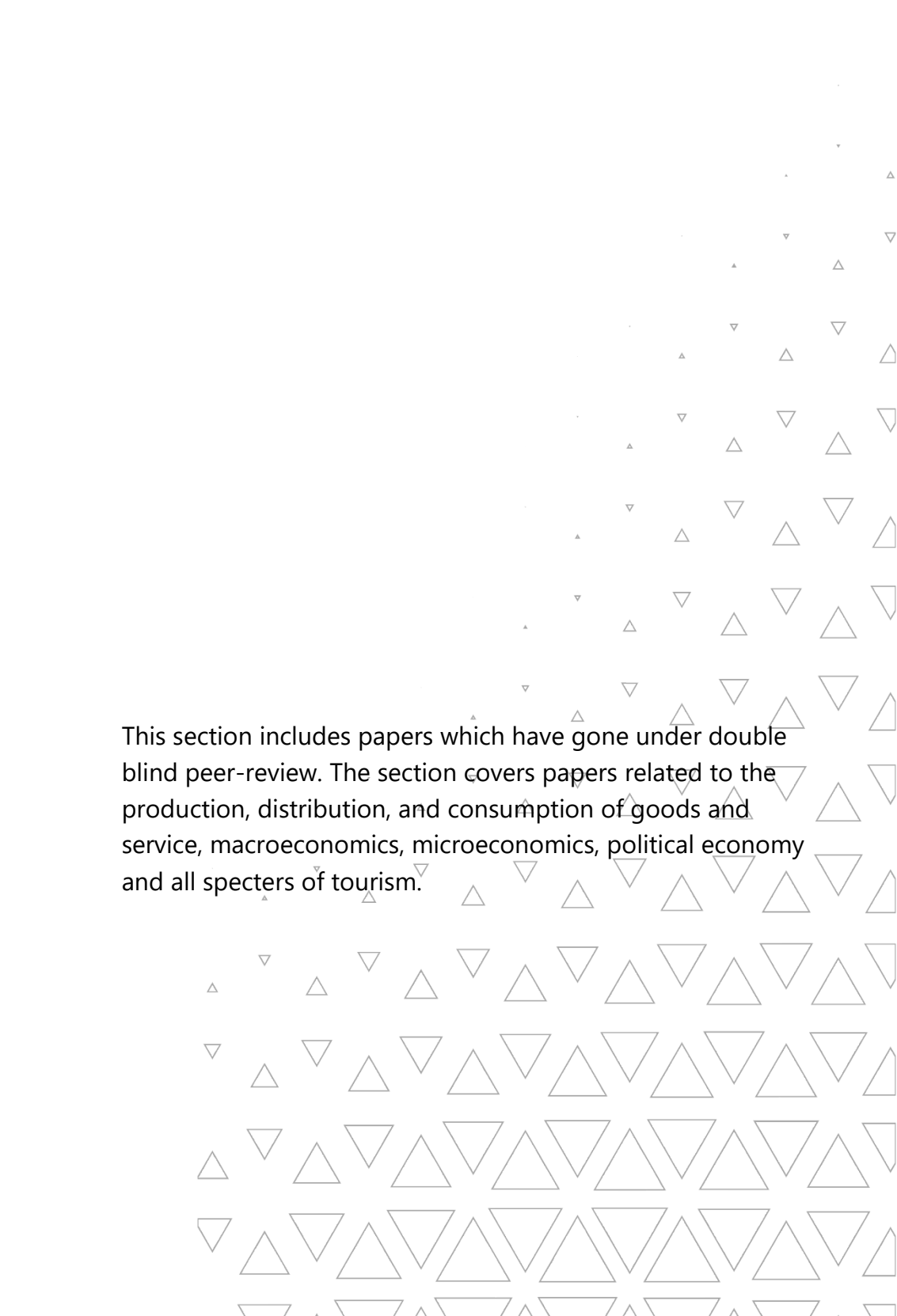
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Section

ECONOMICS AND TOURISM



This section includes papers which have gone under double blind peer-review. The section covers papers related to the production, distribution, and consumption of goods and service, macroeconomics, microeconomics, political economy and all specters of tourism.

ECONOMIC (POLICY) UNCERTAINTY IN BRAZIL BEFORE AND DURING THE COVID-19 CRISIS

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ABSTRACT

There is a growing interest among economists and policymakers in examining economic (policy) uncertainty and its effects on the (overall) economy. This study examines the economic (policy) uncertainty in Brazil, the most populated country in Latin America, before and during the Covid-19 crisis, which has severely affected the Brazilian economy and society. Brazil was the first country in Latin America to report a confirmed case of Covid-19. This study finds that the Covid-19 crisis has contributed to an increase in economic (policy) uncertainty in Brazil. However, the increase was (more or less) short-lived. Data show that economic uncertainty in Brazil was at its peak in April 2020 and that economic policy uncertainty in Brazil was at its peak in March 2020.

***Keywords:** Brazil, Covid-19 crisis, Covid-19 recession, economic uncertainty, economic policy uncertainty, Latin America*

INTRODUCTION

There is a growing interest among economists and policymakers in examining economic (policy) uncertainty and its effects on the (overall) economy. Many economists and policymakers believe that the economic (policy) uncertainty at the beginning of the Great Recession contributed to a slower economic recovery from the economic crisis.

The Covid-19 crisis, a health and economic crisis, which began in (the first quarter of) 2020, has contributed to an increase in uncertainty in general and in economic (policy) uncertainty in particular, see [1]. This paper examines the economic (policy) uncertainty in Brazil, which is the most populated country in Latin America followed by Mexico and Colombia. Research shows that Brazil has been severely affected by the Covid-19 pandemic, see [2]. According to the World Health Organisation [3], there have been 17.412.766 confirmed cases of Covid-19 with 487.401 deaths in Brazil from 3 January 2020 to 15 June 2021. The novelty of this study is that it examines the economic (policy) uncertainty in Brazil before and during the Covid-19 crisis (the Great Lockdown). Rodrigues de Andrade et al. [4] found that anger, fear and uncertainty were widespread in the Brazilian Twittersphere at the beginning of the Covid-19 crisis.

This study contributes to the growing body of literature on economic (policy) uncertainty in Latin America in general and in Brazil in particular. da Costa Filho [5] and Ferreira et al. [6] found that economic uncertainty in Brazil has negative effects on the Brazilian economy. The rest of this paper is divided into five sections: LITERATURE REVIEW (i.e., section 2), MATERIALS AND METHODS (i.e., section 3), RESEARCH (i.e., section 4), DISCUSSION (i.e., section 5) and CONCLUSION (i.e., section 6). Section 2 reviews the literature on the economic (policy) uncertainty in Brazil in general and on the effects of economic (policy) uncertainty on the Brazilian economy in particular. Section 3 gives the materials and methods of this study. Section 4 gives the result of this study. Section 5 discusses the results of this study. Section 6 concludes this study.

LITERATURE REVIEW

In recent years, Brazil has been facing many problems such as corruption and crime. In 2014, it was hit by a big corruption scandal involving executive officers of *Petróleo Brasileiro S.A.*, a state-owned Brazilian energy company. Events such as **Operation Car Wash** (*Operação Lava Jato*), **the impeachment of Dilma Vana Rousseff**, the 36th president of Brazil, and **the imprisonment of Luiz Inácio Lula da Silva**, the 35th President of Brazil, have contributed to an increase in uncertainty in Brazil in general and in economic (policy) uncertainty in Brazil in particular, see [7].

There is a growing body of literature on the economic (policy) uncertainty in Brazil and its effects of economic (policy) uncertainty on the Brazilian economy, see [6]. Research shows that economic uncertainty has negative effects on the (overall) economy, see [8]. da Costa Filho [5], who used alternative measures of economic uncertainty for Brazil, found that a positive economic uncertainty shock in Brazil leads to a decrease in its economic activity. Ferreira et al. [6] also found that a positive economic uncertainty shock in Brazil leads to a decrease in its economic activity.

There is a growing debate among economists and policymakers over whether economic policy uncertainty leads to a decrease in economic activity. Kumar et al. [9] found that a positive economic policy uncertainty shock in Brazil has no statistically significant effects on its economy. They also found that a positive economic policy uncertainty shock in Europe, the United Kingdom or the United States has no statistically significant effects on the Brazilian economy. Contrary to Kumar et al. [9], Coronado et al. [10] found that a positive economic policy uncertainty shock in the United States leads to a depreciation of the Brazilian real. Montes and Nogueira [11] found that economic policy uncertainty has negative effects on business confidence and investment in Brazil.

MATERIALS AND METHODS

In this study, I examine the economic (policy) uncertainty in Brazil before and during the Covid-19 crisis (i.e., from January 2000 to April 2021), using the **Economic Uncertainty Indicator for Brazil**, developed by Ferreira et al. [6], and the **Economic Policy Uncertainty Index for Brazil**, developed by Baker et al. [7] (see Table 1). Data on both measures are available at <https://www.policyuncertainty.com/>. The time series for the Economic Uncertainty Indicator for Brazil starts from January 2000 and the time series for the Economic Policy Uncertainty Index for Brazil starts from January 1991. The data used for this study were statistically analysed with STATA software.

Table 1. Description of the Economic Uncertainty Indicator for Brazil and the Economic Policy Uncertainty Index for Brazil

Measure	Description
Economic Uncertainty Indicator	The Economic Uncertainty Indicator for Brazil is comprised of the Media Uncertainty Indicator and the Forecast Disagreement Uncertainty Indicator. The Media Uncertainty Indicator is based on the number of newspaper articles in six major Brazilian newspapers, namely Correio Braziliense, Folha de Sao Paulo, O Estado de S. Paul, O Globo, Valor Econômico and Zero Hora, containing the terms ' <i>economia</i> ' and ' <i>crise</i> ', ' <i>incerteza</i> ' or ' <i>instabilidade</i> '.
Economic Policy Uncertainty Index	The Economic Policy Uncertainty Index for Brazil is based on the number of newspaper articles in Folha de Sao Paulo containing the terms ' <i>incerteza</i> ' or ' <i>incerto</i> ', ' <i>economia</i> ' or ' <i>econômico</i> ' and ' <i>alvorada</i> ', ' <i>banco central</i> ', ' <i>câmara dos deputados</i> ', ' <i>congresso</i> ', ' <i>déficit</i> ', ' <i>imposto</i> ', ' <i>legislação</i> ', ' <i>lei</i> ', ' <i>orçamento</i> ', ' <i>planalto</i> ', ' <i>regulação</i> ', ' <i>senado</i> ' or ' <i>tarifa</i> '.

RESEARCH

There is a growing body of evidence that the Covid-19 crisis has contributed to an increase in economic (policy) uncertainty in Latin America in general and in Brazil in particular. According to the Instituto Brasileiro de Economia (IBE), or more precisely, the Comitê de Datação de Ciclos Econômicos (CODACE) [12], the Covid-19 recession in Brazil began in the first quarter of 2020.

The rest of this section is divided into two subsections. The first one deals with **economic uncertainty**, i.e., uncertainty about the (state of the) economy, in Brazil before and during the Covid-19 crisis and the second one deals with **economic policy uncertainty**, i.e., uncertainty about economic policy, in Brazil before and during the Covid-19 crisis. Figure 1 shows relations between the economy, policy and uncertainty. In the Venn diagram, the intersection between the circles is marked 'economic policy uncertainty'.

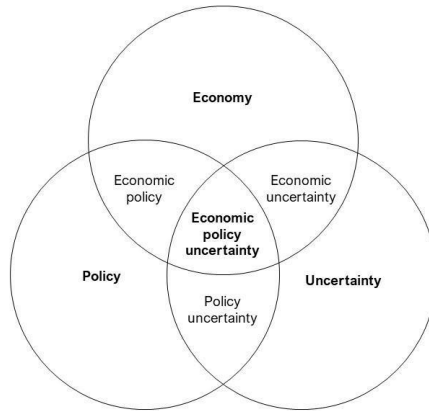


Fig. 1. *The relations between the economy, policy and uncertainty*

Table 2 shows descriptive statistics for study variables and Table 3 shows correlations for study variables.

Table 2. *Descriptive statistics for study variables*

Variable	<i>n</i>	<i>M</i>	<i>SD</i>	<i>Min</i>	<i>Max</i>
Business Confidence Index	136	53.8	8.4	34.5	68.3
Economic Uncertainty Indicator	256	105.2	17.3	83.6	210.5
Economic Policy Uncertainty Index	256	157.8	92.6	22.3	677.0

Table 3. *Correlations for study variables*

Variable	1	2	3
1. Business Confidence Index	1		
2. Economic Uncertainty Indicator	-.26*	1	
3. Economic Policy Uncertainty Index	-.37*	.51*	1

* $p < .05$.

As you can see from Table 3, business confidence in Brazil is negatively correlated with economic uncertainty in Brazil, ($r(134)=-.26, p<.05$), and economic policy uncertainty in Brazil, ($r(134)=-.37, p<.05$). You can also see that economic uncertainty in Brazil is positively correlated with economic policy uncertainty in Brazil, ($r(254)=.51, p<.05$), which is in line with my expectations.

Economic uncertainty in Brazil before and during the Covid-19 crisis

In this subsection, I examine the economic uncertainty in Brazil before and during the Covid-19 crisis, using the Business Confidence Index (Índice de Confiança do Empresário Industrial) for Brazil, calculated and used by the Confederação Nacional da Indústria (CNI), and the Economic Uncertainty Index for Brazil, calculated and used by IBE. In 2020, real GDP growth in Brazil was -4.1% , which was higher than in Latin America (-7.2%) [13].

Figure 2 shows business confidence in Brazil from January 2010 to April 2021.

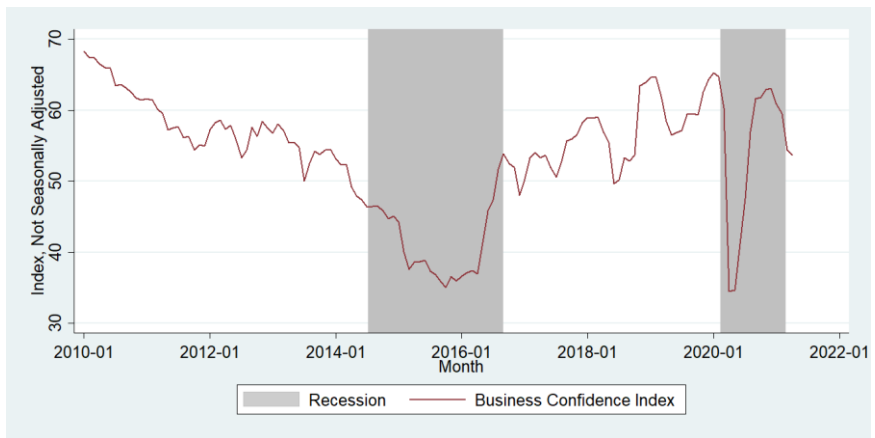


Fig. 2. Business confidence in Brazil from January 2010 to April 2021

Source: [12].

As you can see from Figure 2, business confidence in Brazil rapidly decreased at the beginning of the Covid-19 recession in the first half of 2020. By April 2020, business confidence in Brazil was at its bottom in recent memory. From January to April 2020, the Business Confidence Index for Brazil decreased from 65.3 to 34.5 ($-47,2\%$). During the previous recession, the Business Confidence Index for Brazil bottomed out at 35.1.

Figure 3 shows economic uncertainty in Brazil from January 2000 to April 2021.

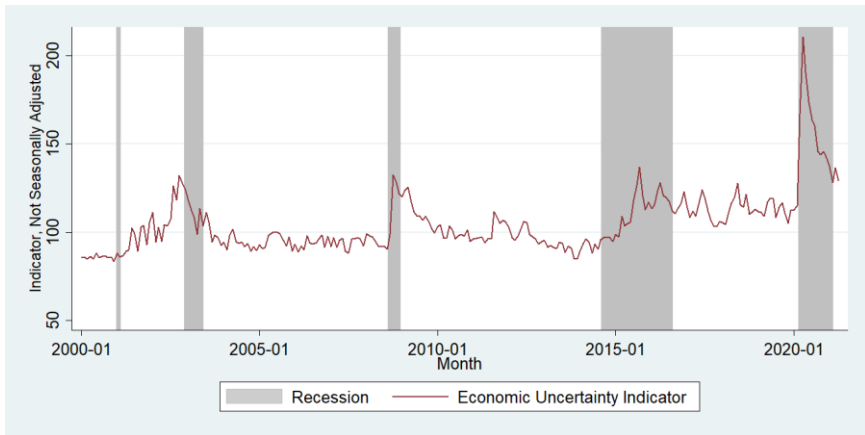


Fig. 3. *Economic uncertainty in Brazil from January 2000 to April 2021*

Source: [7], <https://www.policyuncertainty.com/>.

As you can see from Figure 3, economic uncertainty in Brazil rapidly increased at the beginning of the Covid-19 recession. By April 2020, economic uncertainty in Brazil was at its peak in recent memory. From January to April 2020, Economic Uncertainty Indicator for Brazil increased from 112.9 to 210.5 (+84.4%). There have been four major peaks in economic uncertainty in Brazil in its recent history: the first one in October 2002 (i.e., during the 2002 Brazilian presidential election, which was won by Luiz Inácio Lula da Silva, a left-wing candidate), the second one in October 2008 (i.e., during the Great Recession), the third one in September 2015 (i.e., during the Great Brazilian Recession) and the last one in April 2020 (as I mentioned earlier).

Economic policy uncertainty in Brazil before and during the Covid-19 crisis

In this subsection, I examine the economic policy uncertainty in Brazil before and during the Covid-19 crisis, using the Economic Policy Uncertainty Index for Brazil.

Figure 4 shows economic policy uncertainty in Brazil from January 2000 to April 2021.

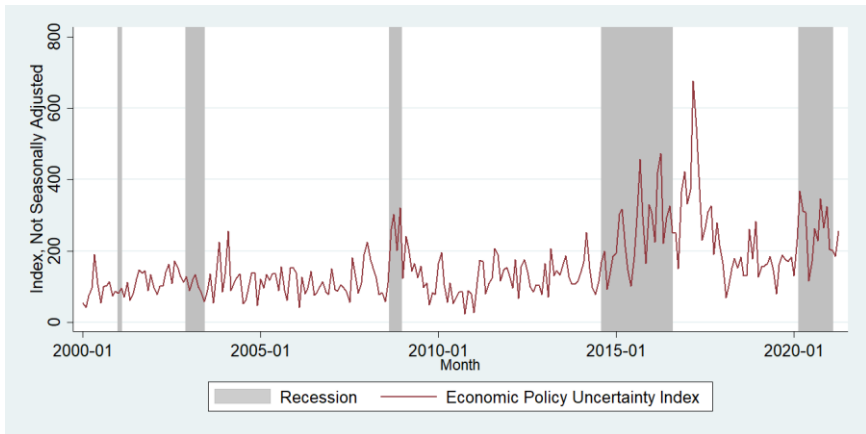


Fig. 4. Economic policy uncertainty in Brazil from January 2000 to April 2021

Source: [6], <https://www.policyuncertainty.com/>

As you can see from Figure 4, economic policy uncertainty in Brazil rapidly increased at the beginning of the Covid-19 recession. By March 2020, economic policy uncertainty in Brazil was at its peak during the Covid-19 crisis. From January to March 2020, Economic Policy Uncertainty Index for Brazil increased from 130.7 to 368.9 (182.2%). Before the Covid-19 recession, economic policy uncertainty in Brazil was highest in March 2017, when the **Operation Weak Flesh** (*Operação Carne Fraca*) began.

DISCUSSION

Brazil has been severely affected by the Covid-19 recession, while still recovering from the previous recession, which lasted from April 2014 to December 2016 (33 months) or from the second quarter of 2014 to the fourth quarter of 2016 (11 quarters) [12]. Data on economic (policy) uncertainty shows that the Covid-19 crisis has contributed to an increase in economic (policy) uncertainty in Brazil. As you can see from Figure 2, economic uncertainty in Brazil was at its worst in recent memory. Many economists believe that **Jair Messias Bolsonaro**, the 38th president of Brazil, has contributed to an increase in (overall) uncertainty in Brazil during the Covid-19 crisis. Among other things, he has downplayed the risk of infection with SARS-CoV-2.

CONCLUSION

This study shows that the Great Lockdown has been a contributing factor in increasing economic (policy) uncertainty in Brazil. The Covid-19 pandemic has been a demand and supplies shock that has severely affected the Brazilian

economy and society. It turned out that Brazil, like other countries in Latin America, was not prepared for a pandemic. On 25 February 2020, São Paulo Municipal Health Department (*Secretaria Municipal de Saúde de São Paulo*) reported the first confirmed case of Covid-19 in Brazil and in Latin America. Later, Brazil became a hotbed of infections with SARS-CoV-2 in the region.

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GEOPOLITICAL RELATIONS WITH OIL AT THE TIME OF COVID-19: WITHOUT OIL THERE IS NO PRESENT, WITHOUT GREEN ENERGY THERE IS NO FUTURE

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ABSTRACT

Oil drives the entire world economy, and it is entirely a geostrategy issue. The strong development of the economy over the past few decades has provided a global stage for those countries that have a stable political establishment while managing enormous amounts of oil. Now, year after year, it is becoming increasingly clear that the importance of oil and gas is falling away, and it is those energy sources that bring about a reduction in the half-life that comes into the scene. Oil and gas are non-renewable energy sources and as such are naturally limited, therefore their reserve will become economically unprofitable in the future, and exploitation will reach its natural end. The aim of this research paper is divided into two structures: the first thesis concerns giving a fresh insight into the state of the oil market from the beginning of the pandemic to the present day. The issue of geopolitical relations between Riyadh and Moscow is to be addressed here and how much of a negative consequence the price war has left on their fiscal calculations, although geopolitical friction has deepened the shock further into financial markets. Thus, the fiscal calculation of both countries suffered revenue shocks, but it also prompted an even deeper decline in stock indexes and temporary stagflation of the global economy. The second thesis refers to a brief review of the analysis of the long-term future of non-renewable and renewable energy sources. The future of cleaner forms of energy is imperative, but also a challenging task, as this means shifting the entire structure of national economies to green and renewable. The focus is on giving insight into why this is a necessity, but also why there could be a dangerous precedent and negative cash flows in some structures of the economy. Currently, and any future planning and fulfillment of climate guidelines, must not lead to an increase in energy poverty and consequently a decrease in living standards, because in all geopolitical games the line is always drawn between rich and poor countries, that is, advanced economies and developing economies. Therefore, the long-term and global leaders in green and renewable energy sources will be those countries that successfully implement public interests in these projects, because only in this way can the goal be met – shifting a certain structure of the economy to cleaner sources while satisfying social utility and increasing employment.

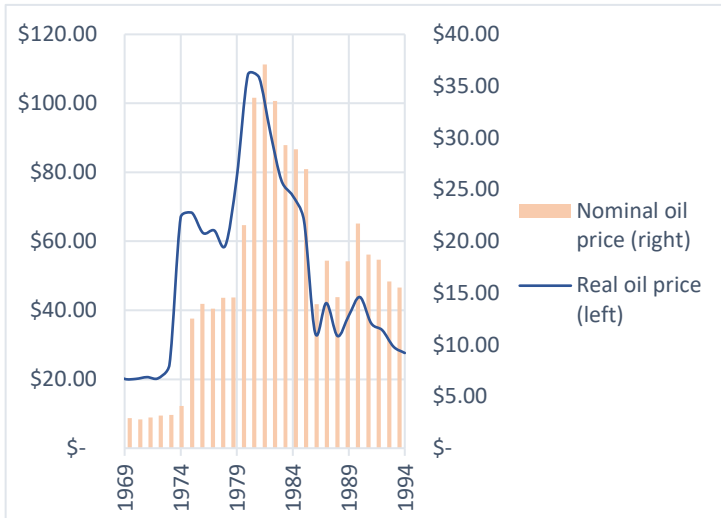
Keywords: *geopolitical relations, global economy, green energy, oil*

INTRODUCTION

Oil - black gold, as they always call it. Its impact on world economies and interest associations are so great that it also starts wars for the supremacy of oil fields and wells. When asked if oil, due to its influence and dependence on it of the whole world, has a future, the answer could vary from person to person who deals with geopolitics in more detail. In general, it certainly is, at least another twenty years but for someone certainly more. The green transition is the future, the world is rapidly changing and evolving and turning to more and more renewable energy sources. This is not an easy task for every country and oil as oil at least in the first years of a stronger shift to green it will have an important function, this is unquestionable. The green transition is not a simple issue, and another issue could be withdrawn here, rightly so, which is how real and effective it is to shift the world out of the depletion of the earth's lifeline – oil to renewable energy sources, cleaner air and environmental protection. The fact is that precisely because of this cleaner environment, which today and in the future is a necessity and a name of practicality, every today's and future strategic and business planning of companies will depend on the structural segmentation of energy products, both oil and all future ones, because it has become an extremely environmental issue and will become with this influence and increasing.

THE IMPACT OF THE VIRUS ON THE OIL MARKET

The price of oil depends on supply and demand, but this issue is much broader. What the price will be today, and what tomorrow, depends on the economic picture of the oil powers, oligopolies, which ultimately negotiate barrel quotas and fuel prices. Who would be at the forefront of the oil market? Primarily the International Cartel OPEC, the USA and Russia. The supply and demand for oil itself has been mostly influenced, at least as has historically proven, by oil shocks produced through various geopolitical unrest in states and relations. In the context of oil, one always refers to the price and production capacity. The question arises; who does the cheaper oil price suit? This benefit cannot cover all parties in the game. A cheaper price corresponds to countries that are less developed. The final buyer of this oil or the economy can consume more oil at lower tariff prices. If you look back 30 years, the real price of oil is in constant decline. The exception is only parts of the period in 2008 when the barrel reached its historic level of \$150. Prices are constantly falling due to strong and hectic technological developments, but while logic would be made that this is always only and exclusively good for the oil importer country, the reality is that this is not so. The negative effects of this can be linked to production costs that are far higher, such as oil refining in the Middle East than in the US, for example. Any spending hit to the oil-exporting country also means future planning to reduce the delivery of a barrel of oil, lay off workers, reduce capacity facilities through exploitation and the like.

Fig. 1. Oil price in oil shocks

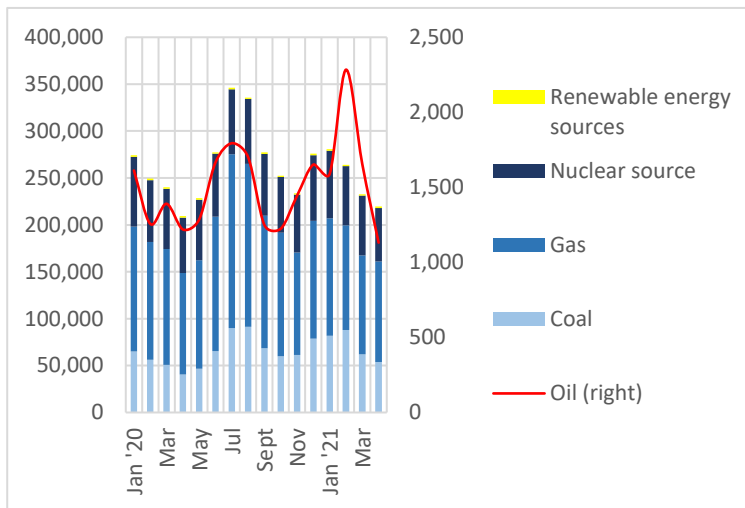
Source: authoring

From the beginning of the story, only this shift from oil to renewable energy sources was mentioned, fifteen years from now. Today, there are preliminary studies conducted by the Americans, reflecting on the impact of the national finances of all countries that are both exporters and importers of oil, in order from the US to Venezuela, Russia and Arab countries. The fact is that the world covers about 40% of all energy requirements with oil, or even one US that meets these needs and even more than 40%. Analyses have shown that this shift to green energy by the next twenty years could cost the oil industry \$13 trillion [1]. This would surely be the biggest blow to the government finances of those countries that are the most and imported or export dependent on oil, as this loss would go all the way up to 40, 60 or even 80% on their balance sheets. COVID-19 has also brought something good for the world, at least temporarily, which is reduced emissions into the atmosphere. A significantly comparable difference was when compared in the first months of 2020 where it was reduced by more than 6%. This happiness, although it was temporary, because with the gradual opening of the global economy in the later quarters of 2020 and emissions in the atmosphere relatively returned to the old paths, it showed another side of the story, stronger, which is that the global-political lobby is slowly understanding and accepting the consequences of global warming precisely because of the same gases. In recent years, renewable energy sources have been coming to the scene and at the big gate as a new source of global energy, and increasingly this baton is going out of hand to oil and gas.

As artificial intelligence, fintech and the new generation of the internet are the future of the IT sector, so are renewable energy sources, electric cars are the

future of the green transition, and the green transition is simply imperative today. The price of oil, in almost all of 2020, had daily extremely volatile fluctuations, precisely because of the strong geopolitical friction between Riyadh and Moscow but also when the spread of the virus was sampled. If the situation is analyzed more deeply, then one can understand how the entire structure of the global economy today, of course at least even currently, including the issue of the price of oil and its supply and demand, rests on the scale of how evident it is and in what period that the curve of the newly infected begins to fall progressively. Unless the situation changes in the coming months and starts to stabilize, the world could very well experience an oil crisis for the second time in two years in terms of supply strength and demand, and then of course pressure on the price and state budgets.

Fig. 2. Electricity by sectors (in millions kW/h)



Source: authoring

RUSSIAN – SAUDI PRICE WAR

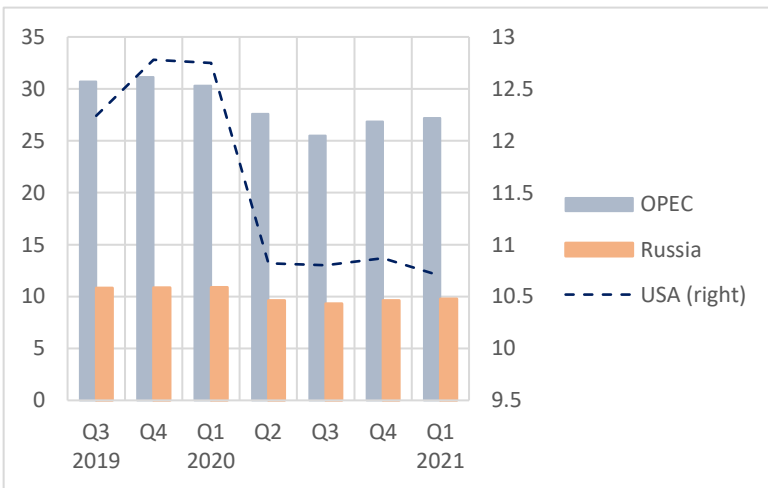
With the arrival, then, of the global financial crisis of 2008, the price of a barrel of crude oil also jumped. The historic jump that occurred at the time moved in June and July 2008 when a barrel broke the psychological limit of \$150, and by the end of that year the barrel had fallen all the way to \$35. The movement of the oil price itself is extremely volatile, and it is volatile because it is simply an exhaustive natural resource, such as gold, and at this age the world is at the maximum of world production. In late 2008, and early 2009, when the price of a barrel collapsed to \$35, it was largely due to speculation that the recession ahead at the time would dry up oil demand, in the narrow sense the need for energy. Such a drop in prices also paid all attention to the significant stagflation of the global economy that the crisis brought with it. With the offer of oil is the same as

with the offer of money – its price will rise/fall depending on whether production itself decreases or increases and when stocks, primarily in the US financial market, fall because then investors direct their escape towards gold or oil to distance themselves from volatility.

Since 2014, the price of oil has been held at \$50-55 a barrel, but here comes another question; what kind of price can be expected in the long run, is it considered the fact that the maximum oil depletion capacity is already being exploited globally? The previous year brought another crisis, and therefore another oil shock, who knows which one in a row. The COVID-19 pandemic has revealed all the sluggishness and "*games behind the veil*" in the oil market between OPEC, Russia, and Saudi Arabia. Due to the global impact on economies around the world brought with it by the virus pandemic, oil exporting countries OPEC+ met in early March and bilaterally agreed to reduce oil production capacity in the second quarter of 2020 by about 1.6 million barrels per day.

The decision was taken and accepted by all countries except Russia, marking the end of an informal partnership with OPEC with its rejection of the request.

Fig. 3. Oil production (in millions of barrels per day)



Source: authoring

Russia's decision formally marked the beginning of a Russian-Saudi price war as Saudi Arabia said it would turn its course on the decision by increasing oil exports, and as a contrasting correlation it was a drastic drop in oil prices on world markets. At the very beginning of the first quarter of 2020, the price of WTI and Brent oil was around \$55 and \$63 a barrel, respectively, only to see the price of WTI oil fall to \$16 at the start of the second quarter and Riyadh's decision, and the price of Brent to \$23 a barrel. Although such political decisions are always a double-edged sword, the point is that Saudi Arabia's reserves and production

capacity are far higher than with Russia and then it can be met, relatively briefly, with an oil price of \$24 or \$32, but in that case at that price it would then have to sell more oil to cover its fiscal point. On the other hand, Russia does not want and cannot afford it. What the economic vocabulary interprets and is particularly pronounced within the framework of the oil market, is the "*breakeven price*" – the minimum price for a barrel of oil at which it must be sold to primarily cover the fiscal deficit in the balances of payments of states. Russia has its own minimum fiscal point, and it currently stands at \$46 a barrel, while Saudi Arabia has its own and it is \$76 a barrel [2] and it is clear why it is said that such decisions are always a double-edged sword because both countries are budgetary suffering damage. The 30% drop in oil prices on world markets due to the Russian-Saudi war, but also because of the global demand caused by the virus, are certainly one of the reasons why world stock markets have sunk like this.

It is safe to say here that the decline in stock indexes due to oil is not noticeable, but natural, looking precisely through the fact that the decline in global oil demand is caused by the natural movement of the global economic flow due to the virus, but consequently also by the price war between Riyadh and Moscow. Future Crown Prince Mohammed bin Salman is preparing to implement major projects that would gradually reduce its dependence on oil [3] in the coming years, given that over 50% of Saudi Arabia's GDP is oil and gas, and the movement of oil prices on world markets, in the large period of 2020 and 2021 and the merits of the virus pandemic, and encourage these projects to start implementing as soon as possible.

Despite the oil market recovering and currently the price of oil moving to an average of \$70 a barrel, in a price war that lasted a full month between Saudi Arabia and Russia, placing more barrels of oil on the market in spite of Russia for Saudi Arabia was a challenge, as it must cover its placing of more barrels of oil on the market than somewhere, and covers it precisely from his reserves. Oil reserves are far higher than with Russia, precisely because all Arab countries are far more dependent on oil and much of the balance of payments is based on oil exports. On the other hand, Russia is not so much dependent on oil as on gas and gas is its area of geopolitic dominance, but it is quite clear that oil has enough influence on Moscow's fiscal calculation that it cannot be satisfied with any price. A few months ago, it was signaled from Moscow that Russia could survive the next decade with a price tag of \$25 or \$30 a barrel but whoever is engaged in geopolitics and especially oil relations knows that this story does not hold water. With such a price, no Saudi Arabia can survive with its entire oil reserve, including the US, which is the largest producer and consumer and "*economic addict*" to price, and especially then Russia.

Fig. 4. Oil price (left), world supply and demand (right, in millions barrels per day)



Source: authoring

OIL, GREEN ENERGY – WHAT IS THE LONG-TERM FUTURE?

Will oil have its place in future – yes. Certainly not as much in volume as it does today, but it will. Especially in the first years of the shift of the entire economic structure to "green". Is it realistic to expect the dominant energy structure to be renewables by the planned 2050? And yes and no. That if you take all the facts that the global-political lobby has realized that there is nothing good from the current rapid increase in global warming, and global warming is a reality, then strong interest decisions by the largest multinationals to switch to renewables. No, if you take the fact that for the last thirty- or forty-years things have not changed significantly in structure, in the context of how much the world still depends on oil, coal and gas as an energy source.

About 25 percent of the total structure of carbon dioxide emissions is on transportation. As a problem, the already present production of electric vehicles could arise here. In the last few months, interest decisions have been made by multinational companies, those related to the automotive industry, that in the next ten to fifteen years the complete automotive structure as it is known to the world will be thrown out. These are all expected decisions in relation to state plans and programmes to reduce global power. Such decisions and already immediate increases in the production quotas of electric vehicles could cause a longer-term problem in terms of supply and demand. Thus, it could be lightly that supply greatly exceeds demand, which would ultimately lead to negative cash flows of companies, a reduced liquidity structure and the potentially diffuse bankruptcy of such companies. All this is a game on behaviour – Governments want to achieve their zero carbon targets, and on the other hand hope that consumer habits will change [4]. Thus, in the long term this poses a risk, largely, but it also presents an opportunity – the mass production of electric cars, hybrid, electric charging

stations, batteries for such purposes, will make the price more affordable, and on the other hand the increase in the price of oil itself will accelerate this transformation into renewable energy sources, forced through the laws of supply and demand.

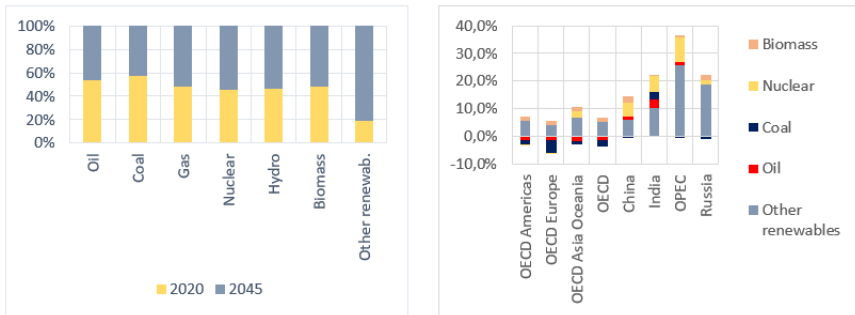
Table 1. *View on internal decisions at some car companies*

Car manufacturer	Production target	Target year
VW Group	30% of total global sales of electric vehicles	2030
GM	100% of global sales to be zero-emission vehicles	2035
Kia	Electric vehicles to account for 40% of global sales	2030
Ford	100% of European vehicle sales to be battery electric	2030
Honda	2/3 of global vehicle sales to be electric	2030
Volvo	100% of new vehicle sales to be fully electric	2030
PSA Group	100% of vehicles to be electric	2025

Source: authoring via Rystad Energy

Switching to clean energy sources will be a challenge for the overall structure of the global economy, but especially for those countries that are budgetary living off oil. In the first place, this primarily refers to the Middle Eastern countries whose oil exploitation costs are higher than in the US, for example, as well as some South American countries. If the rest of the world is going to move expansively into investments to change its economic structure, and it will because it must, then all those countries that are oil-rich reserves have a big problem, because their reserves are becoming relatively unusable. Explained, all future oil sales will have a significant impact on the fiscal calculation of all countries that depend on it and whose bulk of national GDP is oil exports. For this reason, it is said that this will be a challenge for everyone, but especially for oil-dependent countries, as there could be significant economic difficulties and social turmoil.

It is now impossible to think that one Saudi Aramco, with \$230 billion in revenue, would go bankrupt, but it would be felt significantly on the fiscal calculations of oil, and consequently employment and liquidity, but also in the overall picture of Saudi Arabia. Such a situation could lightly cause catastrophic consequences, from renewed waves of migration from just such oil-based environments and its exports to the loss of national recognition.

Fig. 5. World energy demand by fuel type, 2020. – 2045.

Source: authoring according projections via OPEC

From the beginning of the story, estimates were mentioned of how much the world would lose revenue from the transition to renewables in the next twenty years - \$13 trillion. Structural losses will go from 40% to 80% on the balance sheets of those countries that are imported and export-dependent on oil, the only question is how dependent they are. Countries such as the US, Nigeria or Azerbaijan could suffer losses of up to 40%, Azerbaijan's fiscal calculation is clear on oil, but its main revenue structure is still gas. On the other hand, in order of all the middle eastern countries that are strong oil players, they will have losses of 60 to 80% on their balance sheets - Iraq, Saudi Arabia, Kuwait. The key is diversification. Such states, the sooner they start implementing infrastructure projects other than oil or gas, will have faster and easier adjustment to renewables. This would primarily involve educating the legislature and then implementing projects. For many decades, oil has been a geopolitical issue, synonymous with the struggle for leadership on the world stage. Today, this story comes to renewables faster and faster. China is the current global leader of renewable generation and consumption and is making every effort to establish itself as such in the distant future.

REVIEW OF THE GOALS SET AND THE RESULTS OF THE RESEARCH

The aim of this research paper was to offer fresh insight into the state of geopolitical relations regarding oil in the beginning of the pandemic, as well as to explore the potential reasons why renewables are imperative and future, but also why oil will have its place in that future.

The price war with oil between Russia and Saudi Arabia has referred us to two conclusions; the first conclusion is that their decisions not only greatly damaged their own budgets, but also deepened the negative gap in the effect of the virus on the global economy. Thus, they created a temporary and short-term effect of inflation while the depth of temporary and short-term stagflation of the

economy, which ultimately affected the increased financing of the global economy. The second conclusion showed that the Middle Eastern states are in long-term danger if they do not start investing and implementing projects related to the reduction of oil dependency, here it is not one part of macroeconomic indicators, but the overall macroeconomic picture, because 60 or 80% of GDP covered by oil means that it is related to both purchasing power, and the price of exports and consequently the employment picture. Such oil-rich countries will have to start adapting their future operations as soon as possible to be as resilient as possible to future market volatility, through diversification. Their biggest problem in the structure of the economy, going back decades, are the obstacles that hinder them in the implementation of innovation and the progress of personal and corporate entrepreneurship. That is why they will have to go into reforms of such national economies that have hidden unproductiveness and waste of public money all these years, to be able to talk about the successful development of green energy

A review of the set thesis regarding oil and renewable sources has shown that in some segments of the business there are already more significant risks, since such risks must be incorporated into the future planned implementation of projects and business planning. Whether shifting the global economy to "green" due to the reduction of half-life is imperative and the future - is, will oil have its place in twenty years from now - will. To be clear, this is not just about good intentions to slow down and/or reduce the impact of global warming, it is also a new world order. In terms of the exploitation and production of renewable energy sources, China is the current global leader. A country that has lost over 6% of its GDP since 2012 to implement green projects as successfully as possible. The same country can also make projections today that by 2030 a fifth of China's electrical needs will be from non-fossil sources. The market for cleaner energy sources is growing and becoming more accessible to the wider population, thanks precisely to stronger global demand for it. Who are the future leaders of the renewables market? Those countries that have started implementing their projects and investments – currently China, India, Russia, Norway, Sweden, Denmark, USA.

CONCLUSION

The impact of the virus has not only brought an in-depth gap of negative consequences for the global economy but has shown how a world with exhaust semiconic into the atmosphere is congested. The lockdown of the global economy has also brought cleaner air in those countries that have the biggest problem with it – China, India. Reduction of exhaust gases into the atmosphere by more than 6%. So, without oil, there may be no present, but without cleaner energy sources, there is no future. Oil once again showed the current driver of economic progress and how strong it will play in twenty years, especially in future years of a strong green transition. The current global leaders in cleaner energy sources are rightly there, their long-standing plans and project implementations are serious, not only

to shift their economy to the green, but also to maintain their geopolitical position of leadership in the long run.

The biggest long-term problem of this could be those countries that are currently, and throughout their modern history, dependent on oil sources as the main revenue structure, but also geopolitical influence. For such countries, all the Middle Eastern countries are talked about here, this will be the biggest challenge because when oil covers national GDP with 60% and more then it is not easy to transfer all its business to another energy source, which means increased long-term expenditures for such implementation but also the regulation of legal guidelines itself. The geopolitical battle for oil is over, the battle for green energy begins.

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MARITIME CRUISES AS AN INTEGRAL PART OF THE DESTINATION TOURIST PRODUCT. MANAGEMENT STRATEGY

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ABSTRACT

Nautical tourism is a growing sector that records excellent tourist results even in this uncertain time of the pandemic covid 19. According to the statistical data, an increasing number of people use the tourist offer of nautical tourism and cruising. Modern tourists need more than just accommodation and food. They are looking for a more sophisticated tourist offer and they find it in destinations that offer a diverse touristic product. Sea voyages or cruises record constant growth and resource development. With a nautical charter, the focus on the peak season is slightly smaller than is the case with the overall tourist traffic, while at the same time the share of pre-season and post-season is higher. In this way, the negative consequences of the seasonality of tourism are mitigated. Today in the time of the pandemic, this is an ideal type of vacation because it is less massive, with limited capacities and fluctuations.

Keywords: *Nautical tourism, sea voyages, cruises, strategy, pandemic covid 19*

INTRODUCTION

Tourism is an ever-growing branch of the economy with all its forms and orientations. It connects and develops various types of other activities and brings great benefits to the dominant population in the region with tourist capacities. Modern tourists want more than only accommodation and food to meet their needs and are increasingly looking for a more sophisticated tourist offer. One of the media that has attracted people since ancient times is the sea. Man began to use water areas for entertainment and various tourist activities only one hundred and fifty years ago. Such interest has triggered various other activities related to the entertainment industry, namely tourist travel and nautical tourism and other activities related to water surfaces and staying on them. Nautical tourism is a specific form of modern tourist movement and one of the most common forms of tourist recreation. This form of tourism is attracting huge attention all over the world and is therefore considered one of the important segments in tourism in general. Nautical tourism is a dynamic tourist phenomenon that is increasingly important for the economy and tourism due to its socio-economic effects. In the

last twenty years, nautical tourism has been developing strongly as one of the modern forms of tourist recreation. As a science, especially technical science, developed, conditions were created for the development of nautical tourism which is becoming a new social phenomenon that is achieving increasing development rates at the global level [1]. From the very beginning, nautical tourism was a privilege of rich individuals, but with the increase of purchasing power and the standard of living this type of tourism becomes available to the middle class. Nautical and maritime tourism is considered a subsector of the tourism sector and the so-called blue economy. The blue economy presents great opportunities for economic development. A new concept is proposed that integrates the subsector of the blue economy and the blue growth strategy, under the name of "blue tourism", with the sea as the protagonist and all those tourist activities of leisure and recreation developed in this environment [2]. Emphasis should be placed on the development of the maritime cruise segment, which is developing strongly throughout the world. Users of nautical tourism are characterized by a desire for continuous travel and visits to various locations. Modern nautical tourism is increasingly taking the form of mass migrations, especially with sea cruises. The phenomenon of tourists leaving on large navigable units (cruisers) to spend an active vacation is developing more and more. Nautical tourism has developed over time into the most developed part of tourism, recording steady growth and development even during the pandemic covid 19 and it is projected to continue growing in the future because vacations are semi-individual or in contact with a small number of people. Modern nautical tourism is increasingly becoming a sociological economic reality.

THE CONCEPT AND MEANING OF NAUTICAL TOURISM AND SEA CRUISES

Nautical tourism is a specific type of tourism. The term nautical comes from the Greek word "naus" that means vessel and the skill of navigation which is today referred to as navigation. "Yacht" is a word of Dutch origin which means a smaller vessel used for entertainment purposes. The port of nautical tourism, the marina is a key carrier of development and a basic infrastructural object in the system of nautical tourism in a certain area. It is also a complex system that must be rationally designed in terms of investment, construction and functionality for the optimal valorization of space. Nautical tourism also requires the use of various services, such as berth rental, boat rental, skipper services, reception, storage and maintenance of vessels at sea or at berth, supply services for vessels or staff on vessels. Nautical tourism is a part of maritime tourism which, on the one hand, represents the totality of permanent, frequent or occasional socio-sociological phenomena and movements of tourists at sea or on riverbanks, lakes, canals in own, rented or foreign tourist vessels that takes place in tourist ports. On the other, it represents maritime-nautical-shipbuilding facilities of supra and infrastructure, all for the purpose of entertainment, rest, sports, passive and active recreation, relaxation, ambience, satisfaction, health, cultural and other motives of tourist and other motives that are not profit-driven [3]. Cruise tourism is a part of nautical

tourism oriented towards large international or intercontinental trips. Cruisers are large navigable units that transport several thousand tourists at once. The trips last ten or more days with a tour of several cities. The most important subject in nautical tourism is the tourist himself who uses all the benefits of nautical tourism. Nautical tourists differ from other tourists in their motivation, which is related to staying on the water or the sea. The most important object of nautical tourism is the vessel and building complexes for the reception or maintenance of the vessel. The nautical tourism market is part of the tourism market. The very process of creating or using a nautical service takes place simultaneously and the product or service itself is offered where there are adequate natural or social resources. The basis of nautical tourism offer is divided into three types: attractive in which natural and social factors are important for further development, communicative is needed when deciding to build a port for nautical tourism and receptive where the needs of tourists and the capacity of vessels are determined [4].

MARITIME CRUISES AS PART OF THE DESTINATION TOURIST OFFER

The concept of sea cruises elaborates four important issues closely related to tourism, namely: transport of users, accommodation of users, presentation of important sights and engagement of important tour operators. Prior to the pandemic covid 19 cruise ship sector was one of the fastest growing segments in the global tourism industry. With an estimated annual value of more than \$ USD150 billion, the cruise industry had been forecast to reach a record level of 32 million passengers in 2020 [5]. Table 1 shows the most important data on maritime cruises in the world.

Table 1. Data on sea cruises

	Budget cruise	Mass cruise	Premium cruise	Special cruise	Luxury cruise
Share %	5	59	30	4	2
Cruise duration	Varies	3-7 days	7-14 days	7+ days	7+ days
Vessel types	Older, smaller	New, big and mega	New, medium and big	Small	Small and medium
Maritime cruise companies	My Travel, Thomson, Royal Olympia	Carnival, Royal Caribbean, NCL, Princess, Costa, Royal Olimpia, Ocean Village, Aida, Island Cruise, Arosa	Celebrity, Holland America, Cunard	A6K, Swan Hellenic, Cliopers, Clipper, Lindblad Explorer, Orient Cruise	Cristal, Silversea, Seaborn, Radisson 7 Seas, Seadream Yacht, Cunard
Average price per day (USD)	80-125	100-150	150-300	200-900	300-2000
Lower price -----Higher price					

Source: [6]

Table 2. contains the comparison of tourist arrivals and cruise passengers with their perspective growth rates.

Table 2. International arrivals and the number of cruise passengers in the world, 1980-2017

Year	Tourist arrivals in mil.	Annual growth rate (%)	Cruise passengers In mil.	Annual growth rate (%)
1980 – 1985	285,9 – 327,2	2,3	1,8 – 2,8	7,7
1986 – 1990	338,9 – 458,2	6,2	3,3 – 4,5	6,4
1991 – 1995	463,9 – 565,5	4	4,92 – 5,67	2,9
1996 – 2000	596,5 – 681,3	2,7	6,5 – 9,72	8,5
2001 – 2005	680,3 – 802,0	3,3	9,92 – 14,47	7,8
2006 – 2010	846,0 – 952,0	3	15,11 – 18,8	5,6
2011 – 2017	983,0 – 1326,0	5,1	20,6 – 26,75	4,5
1980 – 2017	285,9 – 1326,0	4,9	1,8 – 26,75	7,5

Source: [7]

The special importance of sea voyages in the tourist offer of a particular destination has positive social benefits on the economic effects of the destination. Vessels that bring visitors to a tourist destination contribute to the total income in that destination. In addition, new jobs are being created in which the local population can be employed, either in direct or indirect jobs performed in service activities related to the reception, supply or dispatch of tourists. The activity of sea voyages is significantly different from the usual tourism and its activities. Sea cruises develop special needs for their users because the arrival of tourist passengers with large vessels in a particular tourist destination requires the need for various types of service activities such as guides, souvenir and local specialties sellers, bus drivers, etc. There are social changes in tourist destination. The arrival of a large number of visitors to a particular tourist destination requires the engagement of a larger number of police forces in order to secure visitors and their property. Sea cruises to remote destinations where there are lower levels of hygiene than those tourists are used to often lead to illness caused by local diseases to which tourists are not accustomed to. Because of that, large tourist vessels are equipped with various sanitary measures and special attention is paid to sanitary insulation. It is common for tourist vessels to be inspected by health authorities when entering a tourist destination.

The arrival of a larger number of passengers in the destination significantly affects the culture and language of the local population. Other important issues arise in visa regime issues for countries with which no appropriate arrangements have been made. From a social point of view, there is a problem of too many

passengers compared to the local population which, in many cases negatively affects the satisfaction of passengers with the local destination because there is resistance to tourists from the local population. This is especially noticeable in closed local environments where an excessive ratio of the local population and incoming travelers disrupts their usual life habits. Many visitors express a desire to buy real estate in tourist destinations which enormously raises real estate prices in which the local population cannot participate. As a result of such relations, there is a strong emigration of the local population [8]. Related to this, the Doxey index of irritation of the local population towards tourists coming from sea voyages can be used. Local resistance to passengers is realized in several phases [9]:

- euphoria
- apathy
- discomfort
- antagonism, when there are open conflicts between the local population and passengers.

The resistance of the local population towards cruise ships in some segments is acceptable if the uncontrolled arrival in a certain tourist destination is taken into account, because it can happen that in one day about 13,000 passengers disembark from a ship to a relatively small city, which causes crowds. The consequences of such events can be severe from a security point of view, as traffic in the city and the supply chains are disrupted. According to research, a cruise ship spends five to six hours in port while passengers spend most of their time wandering around the destination. This strong pressure from cruise passengers negatively affects stationary guests in the city who intended to come to the city so that they could see and enjoy the destination's sights in peace. Venice, where this issue has been resolved quite effectively, can be mentioned as a good example on how to deal with traffic and congestion problems caused by cruise ships. Passenger behavior is solved by using a tourist code of conduct which determines that all passengers from large passenger vessels should be provided with a map and instructions of all the attractions when leaving tourist vessels in order to divide large groups of visitors into smaller groups and move passengers on the right side of the roads in the direction of traffic flow to avoid congestion and to regulate traffic more easily [10].

The behavior of visitors is regulated on the biggest attractions, so that lying on the site, consumption of food and drinks, leaving waste, manner of dressing and the like are not allowed. Fines have also been imposed for these offenses. From the social point of view, there is a question of the impact that the sea cruises have on culture, economy, but also on the environment. This impact is especially important because it significantly affects the inhabitants of a particular tourist area. The unplanned impact can adversely affect the local environment if the local government does not have a development strategy that plans for the arrival of tourist's vessels and correlates with other forms of tourism within the destination.

ECONOMIC BENEFITS OF MARITIME CRUISES

The operation and development of sea cruises can be characterized through large initial capital investments and the procurement of a suitable vessel, human resources, port facilities, and equipment for docking, supply and servicing of tourist's vessels. It is also important to mention other positive impacts that this type of tourism has on the destination. Analyzing the impact of tourism and sea cruises on the local economy has a long tradition. The emergence of this activity can be seen around 1933, when an Ogilvy study (one of the first tourism analysts) described the movements of tourists, consumption of domestic tourists abroad and consumption of foreign tourists in a tourist destination. Tourism, and cruise tourism in particular, is often used as a mechanism to develop a country's economy or tourist region. The cruise ship sector is one of the fastest-growing segments in the global tourism industry with an estimated value of more than \$ 150 billion [11].

Sea cruises significantly depend on various factors such as:

- the level of the seasonality of tourism, which significantly affects the level of tourist investments as well as various jobs related to tourism. Such jobs are usually precarious and underpaid
- the demand for sea cruises and the associated visits of tourists from vessels may depend on and are difficult to influence because of various political, weather or environmental influences
- price adjustment and revenues are not as pronounced as they are within stationary tourism, and it is less sensitive to changes in product prices and passenger income.

If we compare the seasonal distribution of total tourist traffic at the national level with the seasonal distribution of nautical charter, it is clear that in the nautical charter the focus on the peak season (July and August) is slightly less than in the case of overall traffic. At the same time, the share of pre-season and post-season is higher than is the case with total turnover. In this way, the negative consequences of the seasonality of tourism are mitigated. In addition to various advantages related to sea cruises, various negative connotations appear in practice, such as [12]:

- economic inflation and growth of real estate prices in the observed destination
- the import of various goods from abroad for the needs of vessels and sea cruises has increased
- significantly limited return on investment due to the seasonality of sea cruises
- creation of additional administrative and business costs to the destination authorities
- reduction of revenues from sea cruises caused by the local economy

- potential economic dependence on sea cruise tourism is created and interest in other industries is reduced.

If we analyze the impact of sea travel on the economic system of an individual tourist destination, it can be noticed that the tourist destination has direct, indirect and indicated revenues. Direct revenues are generated by various sellers of services and goods offered directly to vessels participating in maritime cruises, passengers and vessel crews. Revenues from vessels themselves are related to port costs, fees and other charges, water, fuel, maintenance and other services. The passengers themselves take part in the transport on the coast, taxi services, buy souvenirs, jewelry, use excursions, food and drinks. Indirect revenues are related to the consumption of various goods and services of local businesses, such as the activities of tour operators, agencies, suppliers and the like. Examples are travel agencies that rent various devices for the needs of passengers, fuel and the provision of various services to vessels or passengers. Indicated revenues depend on the establishment of certain connections between the realization of direct and indirect revenues. All revenues or effects of maritime cruises to the economy of the tourist destination can be analyzed according to various economic data and their impact on local GDP, employment, wage levels, labor force or according to various statistical factors. Costs arising from vessels, passengers and crew directly affect employment and earnings in the tourism sector that provides this type of goods or services. If we consider the average consumption of passengers and crew of sea voyages in a particular tourist destination, it affects the income of a particular tourist destination and the employment and earnings of employees. In particular, the sales of quantities of other business activities will significantly depend on the structure of sales of services and goods and their competitiveness towards other destinations. The main goal of such action is to reduce the import of various foreign goods and services used for the needs of vessels on sea voyages, especially in those within the domestic tourist destination.

The aim within each tourist destination is to increase the local population, especially in the sector of production of various goods and services. In practice, the opposite happens and more employees are hired in direct businesses. In the world, the USA is an exemption, with about 30% more employees in indirect businesses. Such measurement is performed using a multiplier of employment, which indicates the strength of a particular part of the economy. Thus, a multiplier of 2.3 was achieved in the USA, while in other countries such as the Caribbean it is slightly lower, around 2.0. According to the performed analyses, the income of the entire destination is 18.41% higher than the costs of passengers of that destination [12]. That way, if travelers spend \$ 600,000 in a particular destination then the total revenue in the destination capital would be \$ 710,000 which would be a direct effect of \$ 110,500. The increase in income in the destination is transformed into the number of new jobs with an index that is specific to each country. For example, for Europe, the index is 13.5 new jobs per 1,000,000 € in revenue [13].

Globally, pre-pandemic data confirms that the cruise industry plays an important role in the creation of jobs and economic opportunities for millions of people around the world. It creates 1,116,000 jobs and is responsible for \$ 154.5 billion of total economic output. Although, between mid-March and September 2020, it is estimated that the suspension of cruise operations has resulted in a loss of more than 500,000 jobs and \$ 77 billion of total economic activity it is still an important generator of jobs and prosperity worldwide (State of the Cruise industry outlook, 2021) [14]. According to the above, it can be concluded that the impact of sea cruises on the economic system of a particular tourist destination is of great importance.

CONCLUSION

The aim of this scientific research is to consider the effects of nautical tourism today in unstable times caused by the pandemic covid 19. Sea voyages or cruises record the constant growth and development of resources. What is clear is that it is necessary to determine the development guidelines that are strategically determined in this growing branch of tourism and to consider the factors that would improve its further operation. There are determinants in the development strategies of a certain tourist destination, but it is necessary to classify them more structurally for the application and use of sea cruises. The development of the local economy can be further analyzed in addition to sea cruises that create direct and indirect jobs in a particular tourist destination. Every domestic nautical destination should be competitive with other destinations because there are more and more of them in the region. The most important destination products that crucially affect the demand for sea cruises should be the focus on the development of domestic tourism because they give an answer as to why users visit certain tourist destinations.

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OCEANIA IN THE TRAVEL REPORTAGE (TRAVEL WRITING) OF BRITISH WOMEN PIONEERS OF TOURISM IN THE 19TH CENTURY.

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ABSTRACT

The phenomenon of British women travelers - the forerunners of modern tourism - deserves attention because of the motives of their travels, the directions of their journeys and the permanent mark they left behind, creating the genre of women's travel reportage - women's travel writing. What prompted British women to travel more often than other women? Barbara Hodgson answers this self-asked question as follows. The inhabitants of the United Kingdom of both sexes were eager wanderers and colonizers. Women travelers have left behind descriptions of their journeys in the form of travel reports, which are a source of geographical knowledge about Oceania, among other places and touristic conditions. They are also a testimony to the mentality of 19th century British women. The author uses the historical method and critical reading of this texts of culture.

Keywords: British women of 19th century, womens' travel writing, Oceania

INTRODUCTION

In 1894 Marie Dronsart attributed the travelling mania of British women to the adventurous spirit that took hold of all Islanders. Inherent in these journeys of British women was women's travel literature, which was crucial to understanding their attitudes towards other, distant places, a kind of 'orbis exterior' of their own world, towards the opposite sex, other women and different cultures. They also conveyed a picture of political events, modes of travel and characteristics of societies in other countries. As a rule, they drew attention to different aspects of life in other countries and cultures than male traveler observers, which in turn filled a gap in their reportage. Female travelers influenced thousands of readers with their work and contributed to the development of tourism [12].

METHODOLOGY

The paper uses the methodology of the humanities, history (biographical method) and political anthropology (emic anthropology), and semiotic analysis of travel writing as a cultural text.

British women travelers found it easier than others to travel, as the expanding British Empire covered the farthest corners of the world and so they could count

on the support and assistance of the British administration during their expeditions. There were also those women who travelled as if on business, accompanying their husbands sent to perform administrative duties. There were also those who sought in the warm southern countries a climatic cure for illnesses for which the cold and damp climate of the British Isles was deadly. Among the latter was Anna Leonowens (1831 - 1915), who went to Singapore with her sick husband to prolong his life there. After her death, she gave lessons to support herself and her two children. In 1862 she was offered the opportunity to teach the children of the King of Siam, and later also his wife and mistress. She described her experiences at the court of this ruler in her work *The English Governess at the Siamese Court*. She described her first impressions of Siam as follows:

Here were the strange floating city, with its stranger people on all the open porches, quays, and jetties; the innumerable rafts and boats, canoes and gondolas, junks, and ships; the pall of black smoke from the steamer, the burly roar of the engine, and the murmur and the jar; the bewildering cries of men, women, and children, the shouting of the Chinamen, and the barking of the dogs,—yet no one seemed troubled but me. I knew it was wisest to hide my fears. It was the old story. How many of our sisters, how many of our daughters, how many of our hearts' darlings, are thus, without friend or guide or guard or asylum, turning into untried paths with untold stories of trouble and pain! [

Her six-year stay at the court of the King of Siam provided her with material for a book about the 'raucous East', which was the basis for Anna Landon's novel 'Anna and the King of Siam' and two films.

Isabella Bird (1831-1904), on the other hand, went to Oceania because of ill health in 1872. On her way from Australia to the United States, she stopped in Hawaii (Sandwich Islands) and remained there for six months. Bird was captivated by the wild and flourishing land, which she explored on horseback staying with hospitable Hawaiians. She visited missionaries, taking a keen interest in the Church's charitable work. On her return she published a travel book, *The Hawaiian Archipelago. Six Months among the Palm Groves, Coral Reefs and Volcanoes of Sandwich Islands*, the title of which was in a way a description of the land it concerned. The island of Hilo was described as follows:

Hilo is unique. It has a humid climate, and since it enjoys long volcanic upheaval, the plant life has mingled with the weathered lava. The rich soil, the rain, the periods of respite from unbearable heat and the sun stimulate nature to an exceptional effort: the luxuriant abundance of plant life does not leave a scrap of free space, except for the golden strip of the seaside, and the place where the water no longer reaches is marked by the green of the calyces. The forests are so dense that the existence of the island is easier to guess than to see its outline.[3].

Hawaiians, on the other hand, residents of Hilo saw it that way:

Hordes of Hilo natives swarmed on deck, and it became a Babel of a/o/ias, kisses, hand-shakings, and reiterated welcomes. The glee singers threw their beautiful garlands of roses and ohias over the foreign passengers, and music, flowers, good-will and kindness made us welcome to these enchanted shores.[3].

On her second trip six years later she spent six weeks in Malaysia, which she wanted to explore. The result of this trip was the book *The Golden Charonese and the Way Thither* [2], in which she described Malaya at that time, the interior of the country, the rice culture, the patience and kindness of the inhabitants and their culture and folklore, including music, the beauty of the landscape, the richness of the fauna and flora. She also had the opportunity to dine in the unusual company of monkeys, which she described as "pleasant company at dinner".

However, both she and the next traveler Emily Innes (1843-1927) in her book on *Malaysia The Chersonese with the Gilding Off* [13] included information about the lurking dangers of the inhabitants of this country acting in gangs attacking the British colonizers.

The British traveller who was truly fascinated by Oceania was undoubtedly Marianne North, whose two voyages to this region of the world left a significant mark in the form of the permanent gallery of botanical paintings established at Kew Gardens North Gallery. This was the first permanent exhibition of a woman's paintings in the United Kingdom. North visited Australia and Oceania in 1879 and 1880. The purpose of her travels was to paint and collect rare plants. Thanks to her connections and money, she used the services of the transport company Cobbe and Co. which prided itself on organising trips for women travelling unaccompanied by men. In Borneo, Sarawak, she discovered the largest known pitcher plant, *Nepenthes northiana*. It remained one of five plants named after the painter. The others are: *Northeaseyhellana* - a tree in the Seychelles, *Crinum northianum amaryllis*, *Arecanorthiana* palm, and *Kniphofianorthiana tritomiagroniana*. She left two-volume work: *Recollections of a happy life, being the autobiography of Marianne North* [15].

Constance Gordon Cumming (1837-1924) similarly to Emily Innes rotated in the circles of the British colonial administration, the Governor of Fiji. She was there on three occasions not only describing each of them with great talent, but also painting pictures depicting the island. These were the reports *At Home in Fiji* [8], *A Lady's Cruise in a French Man-of-War* [9] and *Fire Fountains of the Kingdom of Hawaii, its Volcanoes and the History of its Mission* [10]. These journeys also left a collection of paintings illustrating these books.

Thaiti and Samoa were either incorporated into the British Empire or remained within its sphere of influence, and were the destination of expeditions

by two other British women travelers whose experiences served to expand their knowledge of this area of the world. Samoa was then a bridgehead of British economic interests and missionary-religious interests, free from the corruption of forced conversion of the local population.

Marie Fraser, an English actress and writer, and Beatrice Grimshaw (1870-1953), an Irish traveler and writer, described this region of the world, its people, but more importantly the British colonialists who created a specific image of the imperial Britain. Marie Fraser travelled with her mother in 1892 to the island of Samoa, where she settled for what is now known as a 'working holiday', a break in the process of her writing. While in Samoa, she met the famous Scottish writer Robert Louis Stevenson, who lived there with his family, wife Fanny and children. Interestingly, the references of the two ladies do not mention this meeting. The result of this meeting and visit to Samoa was a travel report by Marie Fraser entitled *In Stevenson's Samoa*. This book was written in a very dramatic tone, showing the author's acting inclinations. She wrote: "my friend and I were the only women on board a small German ship travelling the distance from the heads of Sydney harbour across the vastness of the Pacific", it being known that this "friend" was her own mother. In 1892, while Stevenson was living there, Samoa was under British administration, Fraser noted the manifestations on the part of the British administration, which offered the women board, lodging and companionship and helped to rent a house for a few months and servants. This in turn scared Marie to make observations about the customs of the local indigenous population, which she compared with the attitude of the British as colonisers. To the customs of the former they had to gradually get used. This is how she wrote about their specific etiquette:

The following morning, when it was still barely light, we were awakened by the sounds of sundry coughs from the verandah. We paid no attention to them, and were composing ourselves for another nap, when the sounds were repeated with such violence that it appeared to be our absolute duty to hasten to the relief of the sufferers. On opening the door we found Mafulu and Gipau beaming upon us, and not a sign of coughs or colds in creation. It was merely their delicate method of announcing it was time to be up and about. So in future, whenever threatenings of bronchitis came from the verandah, we knew it was the hour for early coffee [7].

Fraser portrayed the Samoans as lazy individuals, however, her characterisation was based on the stereotype of local workers in the colonies, as her predecessors describing the 'others' in the British Empire had described them as such, in order to promote the ideal of superiority of British civilisation. She wrote of the colonial Britons themselves as dominated by the idea of "Home" wherever they found themselves:

Our guest was devoted to England, and longed to see it again, though he was bound to confess that the climate would probably kill him. Theoretically, the idea of Home is charming, but in reality it means something very different to those who have passed long years under Southern skies. [7].

Beatrice Grimshaw is the second of the female travelers whose description of Oceania is preserved in the pages of "National Geographic". She was born in Ireland in 1871 and after graduating from high school she became a widely read writer and editor of many publications that appeared in Ireland in the 1890s. At the beginning of the new century she planned a series of travels. In 1907 she undertook a voyage to the South Pacific, visiting a number of islands before settling in Papua, New Guinea, where she lived until 1930, when she returned to Australia. She was an advocate of tropical colonisation. While still living in Dublin, she promoted emigration to that part of the world and organised tours of other travelers. During her life she published thirty-seven books, including travel reports, novels and short story collections. She also supported National Geographic with her texts. Her first book *In the Strange South Seas*. Grimshaw noted the lack of useful information for future colonists about this region of the world. Therefore, usefulness was her explanation for writing her book, which she aimed primarily at a male audience rather than for the entertainment of a female reader. She wrote: *So, to The Man Who Could Not Go, I address this book to the elderly, white-waistcoated city magnate, grave autocrat of his clerkly kingdom.*[11]. At the same time, she believed that a white man who went to Oceania would become lazy and worthless because, as she described it:

There was a Government official perhaps it was two, or three, or sixty Government officials who came to Papeete very full of energy and ability, and very much determined to work wonders in the sleepy little colony. . . . He, or they, is, or are, never to be seen awake before three in the afternoon, and his clerks have to type the signatures to his letters, because he will not trouble to write his name ; and their people think they died years and years ago, because they have never carried out their intention of telling some one to find some one else to send a message to say they are alive [11].

Grimshaw also focused on historical contact between native peoples and Europeans, advocating the British colonization of the Pacific. Both Marie Fraser and Beatrice Grimshaw wrote their accounts with the intention of publication, but their audiences varied. Fraser wrote for those travelers who were to travel to Samoa individually, including women travelers. Grimshaw, on the other hand, was writing for prospective Pacific Island colonists, so she included information about cannibalism and violence among the tribes there that was not mentioned by other travelers to the area.

Despite the difficulties of travelling to the farthest reaches of the British Empire, Oceania was the destination of adventurous women like Lady Annie Brassey (1839-1887), whose eternal burial place was in this region. This mother of five children, wife of the Parliamentarian Thomas Brassey, was the author of five very popular and beautifully illustrated travel books. In the periods between Parliamentary sessions they would go on a voyage on their own yacht Sunbeam, to the Arctic, the Caribbean, South America and Polynesia with a crew of about 40. Her travel books *A Voyage in the Sunbeam* [4], describing a voyage around the world in 1876-1877 was translated into five foreign languages, and *Sunshine and Storm in the East* [5]. In the *Trades, the Tropics, and the Roaring Forties* [6] described the South Pacific and became guides for travelers in this region of the world. Despite not being in the best of health, she set out on her last voyage in 1886 press the Mediterranean, the Red Sea to Aden, Bombay, Ceylon, Rangoon, Singapore, Borneo, Sarawak, Macassar, Western Australia and then again to the Indian Ocean. Lady Annie's sea funeral took place on 14 September 1887.

CONCLUSION

What all these travel reports have in common is the desire to present Oceania in the Western civilized world. Regardless of whether they were addressed to women or men, they all had in common the female point of view on the indigenous people, their lifestyle and its consequences for Europeans. They showed the beauty of Oceania, its location, the difficulties and dangers for the average European, but also the benefits of being able to exploit these areas. They became guides to the sources of satisfying the need for travel, both for the male and female part of society, as well as possible changes in lifestyle and daily habits. They were therefore all characterized by an openness to 'otherness' and difference from what was familiar.

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POLISH CONSUMERS' ATTITUDES TOWARDS ONLINE GROCERY SHOPPING

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ABSTRACT

The primary focus of this study was to explore the attitudes of consumers in Poland towards online grocery shopping, and the impact of the COVID-19 pandemic on the e-grocery market. A direct survey was conducted on a sample of 800 respondents from across Poland in the first quarter of 2020. A questionnaire was used as a research tool. As revealed by data analysis, in 2020 more than a half (60%) of consumers in Poland shopped for groceries in online stores run by brick-and-mortar grocery chains. The respondents usually shopped for groceries several times a month, preferably choosing products with a long shelf life, and home delivery options, each time spending around PLN 201-300. Convenience was found to be the key driver that encouraged consumers to shop for groceries online, and concerns about the quality of products purchased online was the major disincentive. Moreover, the coronavirus pandemic, and the resulting health concerns, were shown to have the least effect on the willingness of respondents to shop for groceries online, or the frequency of online grocery shopping. From a practical point of view, this research can be used to create marketing strategies for enterprises operating in the food retail industry, as well as to expand knowledge about the dynamically developing e-grocery market in Poland.

Keywords: COVID-19, online grocery shopping, food behavior, Polish consumers; food behavior

INTRODUCTION

The rapidly growing e-commerce fuels changes in the consumers' shopping behaviors [3], [5]. In addition, the COVID-19 pandemic that has had a global impact last year has accelerated these processes on many levels. According to Euromonitor International data, the e-grocery industry grew by an average of 15-20% year on year [10].

A literature review revealed that consumers' attitudes towards online grocery shopping have been studied by researchers from various countries [1],[2],[3],[4],[6],[8], [9],[12],[13]. The research conducted so far has focused on online consumer shopping habits, mainly on the conditions that encourage consumers to embrace online shopping [4], the factors that drive consumers to shop for groceries online [2], [7], [9], [12], Sheng et al., 2020;), product categories intentionally avoided in online grocery shopping [6], as well as the customer profile of online food grocers [3]. The e-grocery market in Poland reported the

fastest ever growth in 2020. The surge in grocers of 112% [14] in 2020 compared to 2019 was the highest in the e-commerce industry, and was attributed to the restrictions imposed to contain the spread of the COVID-19 pandemic.

As a result, the current research on consumer attitudes towards e-grocery fills the research gap in this area. The primary focus of this study was to explore the attitudes of consumers in Poland towards online grocery shopping, and the impact of the COVID-19 pandemic on the e-grocery market. The author decided to address several research questions: What is the profile of e-consumers in online grocers? What food do they buy, how much do they usually spend, and where do they shop? What are the incentives and disincentives to shop for groceries online? What forms of delivery are most often preferred? Has the COVID-19 pandemic increased the frequency of online grocery shopping?

Several research hypotheses have been proposed: H1: Online grocery shopping is hypothesized to be preferred by young women with higher education and at least a good financial standing; H2: Convenience, time savings and a wide choice of products are hypothesized to be the main incentives that encourage consumers to shop for groceries online; H3: Concerns about the quality of products shopped online and an extra delivery fee are hypothesized to be the main disincentives that discourage consumers from online grocery shopping; H4: Home delivery by courier and pickup from a parcel locker are hypothesized to be the most common forms of delivery; H5: It is hypothesized that Poles shop online for food products with a long shelf life and no more often than once a month; H6: It is hypothesized that Poles most often shop on auction portals, such as Allegro; H7: The restrictions introduced and the health concerns are hypothesized to be the main reasons for the increased interest in online grocery shopping in 2020.

The results of this research can help marketers and retailers define their marketing strategies and broaden their knowledge about the emerging e-grocery market.

This paper is divided into two sections. The first section presents the current research concerning the online grocery market. The next section discusses the research methodology used. Next, the research findings are presented and discussed. The paper closes with key conclusions, study limitations and recommendations on further research.

LITERATURE REVIEW

There is ample scientific literature discussing online grocery shopping [1], [2], [3], [4], [6], [8], [9], [12], [13].

According to A. Stolecka-Makowska [13], about 28% and 16% of Internet users, respectively, shopped for groceries online at least once or regularly in 2017 in Poland. 27% of e-consumers were planning to buy food online in the future.

K. Jach and A. Miniewicz [6] conducted a pilot study to determine the specific patterns of consumer behavior when shopping for groceries online. This study focused on the dominant shopping styles, determinants of consumer choices, and product categories that are deliberately avoided in e-shopping. A survey of 30 Polish e-consumers revealed that most of the respondents shopped for groceries online once a week and tended to avoid certain products, such as fish, cold cuts and meat. Special discounts were found to be the main factor driving customer buying decisions.

Driediger and V. Bhatiasevi [4] demonstrated that consumers who perceive online grocery shopping as easy to use find it useful, quickly embrace online grocery shopping and use it more often. Moreover, the individual's environment, i.e. family, friends and acquaintances, was demonstrated to have a significant impact on the perceived usefulness of online grocery shopping.

In a study by de Magalhães [2], the satisfaction with how the order was processed, including the delivery fees, was ranked among the key determinants of the decision to buy food online. Interestingly, short delivery times were not considered the top priority for those who regularly shopped for groceries online.

Pauzi et al. [9] distinguished five main factors influencing the willingness of consumers to shop for groceries online. These include social influences, favorable conditions, hedonistic motivations, perceived risk and trust. Social influences are defined as an individual's adaptation to the environment (parents, peers, idols), as well as the influence of social media on the individual's behavior. Favorable conditions are defined as the degree to which new technological solutions are embraced by an individual. Hedonic motivations are defined as benefits such as pleasure, and the perceived risk is extremely important to online buyers, especially when buyers lack any information about the online shop they intend to use for the first time. Moreover, the perceived risk is subjective, and varies among individuals, as each person has their own thoughts and experiences. Confidence and trust are generally considered essential in online transactions due to the different types of risk consumers face throughout the shopping process. Without trust, the online transactions cannot take place.

Sreeram et al. [12] demonstrated that the comprehensiveness of online shopping, mainly in terms of the wide choice of products offered by e-grocers, is a very important factor that affects the willingness to shop for groceries online. The importance of entertainment aspects and economic value as the key variables that shape buyer satisfaction and consumer loyalty was also highlighted.

Based on a logit model and a sample of 34,488 respondents from Italy, Dominici et al. [3] created a profile of a typical customer of online grocery stores. An average e-consumer was a young, well-educated woman, living in a small family, with an income that was reported as "very good" or "good". The incentives to shop for groceries online included such lifestyle-related factors as

working hours, obesity, health problems and regular sports activities. Distance to brick-and-mortar stores and car ownership were not found to have any predictive value in terms of preferences for online shopping. These findings can help marketers and retailers define their marketing strategies and broaden their knowledge about the emerging e-grocery market.

The main contribution of this study is to fill the research gap identified in the literature on the attitudes of consumers in Poland towards online grocery shopping during the Covid-19 pandemic and to determine its impact on the development of this market sector. A relatively large research sample and its diversity are the added values of the research.

RESEARCH METHODOLOGY

The main objective of the study was to examine the influence of COVID-19 on Polish consumers' attitudes towards online grocery shopping.

The data were collected through direct surveys using quantitative methods. That approach was chosen based on its frequent use in studies with similar topics [1],[8]. The survey included a sample of 800 adult Poles, participants in the Opinion Research Internet panel. This condition was necessary due to the chosen sampling method. The sample was representative in terms of age and gender, based on the structure of the Polish population by age and gender (as of 30 June 2020). In order to establish weights that would allow for the parameters representative of the population of users of the Internet research panel, the percentage of people using Internet users by age and gender. The conversion factors were then used to adjust the population by multiplying the number of individuals in a given age group or gender by the corresponding conversion factor. The research was conducted in 2021 throughout Poland.

The measuring tool was a questionnaire. It was prepared on the basis of a literature review. It consisted of a short introduction, instructions for the respondents, sixteen relevant questions, and five background-data questions.

The direct surveys included 409 women (51.1%) and 391 men (48.9%). Those aged 18-34 accounted for about 36.5% of the respondents, those aged 35-54 – for 42.4%, and people over 55 – 21.2% of the respondents. There were also other adopted characteristics of the research sample: place of residence, income situation and education. The detailed characteristics of consumers participating in the survey are presented in Table 1.

Structure indices and correlations were used to analyze the data.

Table 1. Characteristics of consumers participating in the survey (n=800)

Characteristics of respondents	Respondents	
	Number	%
Gender		
Female	409	51.1%
Male	391	48.9%
Age		
18–24	101	12.6%
25–34	191	23.9%
35–44	205	25.6%
45–54	134	16.8%
55–64	107	13.4%
65 years and above	62	7.8%
Education		
Elementary	8	1.0%
Lower secondary	11	1.4%
Vocational	79	9.9%
Secondary	376	47.0%
Higher	326	40.8%
Income situation		
Very bad	12	1.6%
Bad	34	4.3%
Average	367	45.9%
Okay	330	41.3%
Very good	56	7.0%
Place of residence		
City	634	79.3%
Village	166	20.8%

Source: own elaboration based on primary research results.

RESULTS

In 2020, over 60% of consumers shopped for groceries on the Internet (Fig. 1). This group mainly consisted of women, people aged 25-34, with higher education, and a positive self-perception of their financial standing.

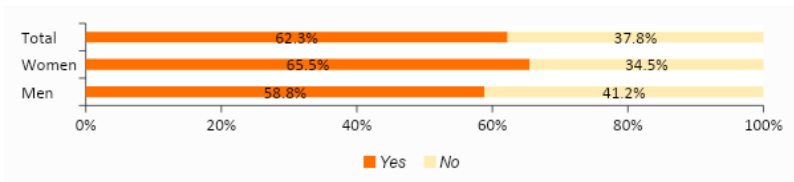


Fig. 1. Consumers attitudes towards online grocery shopping.

Source: Own study based on direct surveys.

The respondents declared that they most often shopped online for groceries several times a month (28.3%), and among the most commonly selected products were coffee and tea (69.1%), dry products, e.g. flour, pasta, oats, and also sweets (60.8%), drinks (54.8%), spices and canned food (53.6%) (Fig. 2).

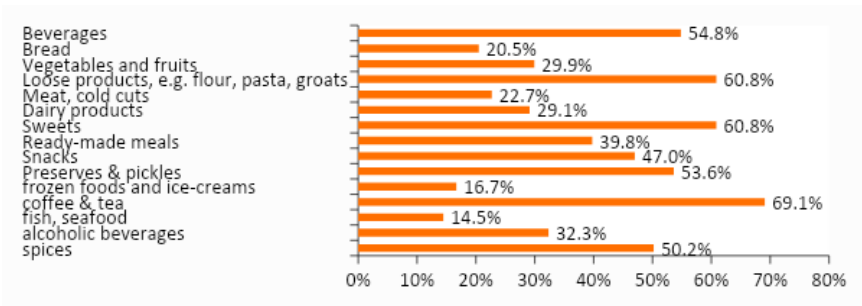


Fig. 2. Food products bought on the Internet by consumers in Poland

Source: Own study based on direct surveys.

Research has shown that 42.2% of consumers spend between PLN 101-200 each time they shop for groceries online, 23.3% spend PLN 201-300, one fifth of respondents spend PLN 100, and only every tenth respondent spends over PLN 300 (Fig. 3).

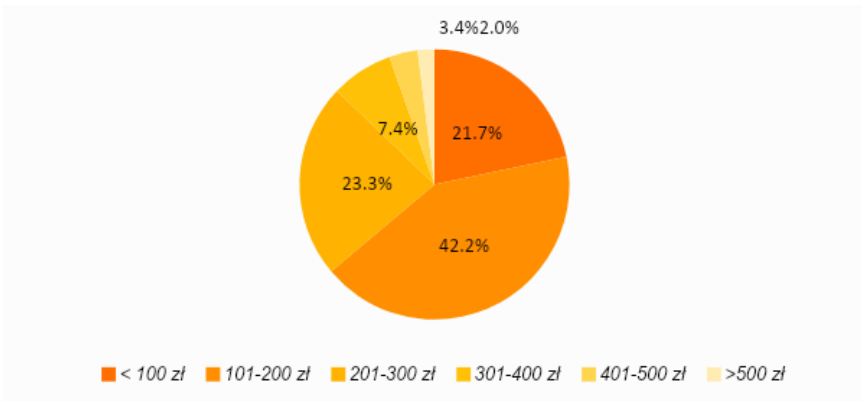


Fig. 3. The amount consumers usually spend with each order when shopping for groceries online.

Source: Own study based on direct surveys.

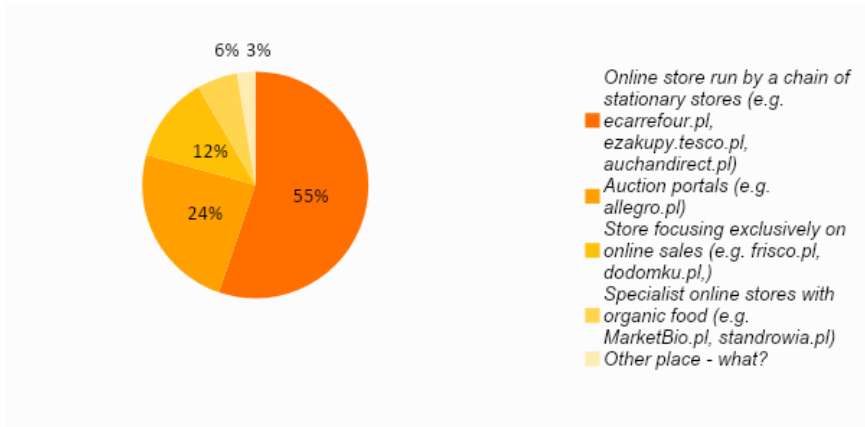


Fig. 4. Places where consumers in Poland buy food online

Source: Own study based on direct surveys.

The most common places to buy food online were online stores run by brick-and-mortar grocery chains (brick-and-click retailers, such as ecarrefour, auchandirect.pl) (55.2% of responses). Almost a quarter of all respondents shopped for groceries on auction portals (e.g. allegro.pl), 12.2% – in stores operating solely online, and 5.8% – in specialty e-retailers offering organic food. 2.5% of the respondents indicated other places, e.g. Empik, or a local store offering home delivery (Fig. 4).

Table 2. Factors incentivizing consumers to shop for groceries online in 2020 (%)

	Irrelevant	Not very important	Hard to say	Important	Very important
Coronavirus pandemic and the resulting health concerns	13.9	20.9	12	34.7	18.5
Convenience	2.8	10	12.2	49.0	25.9
Wide choice of products	4.8	11.8	17.1	41	25.3
Time savings	4.4	10.4	11.6	42.2	31.3
Cheaper products	7.2	17.1	23.7	33.5	18.5
Delivery fee	6.4	21.7	23.3	33.1	15.5
Free choice of delivery method	6.4	11.8	16.9	47.8	17.1
Delivery time	4.8	16.5	17.9	43.4	17.5
Access to unique products	8.4	11.6	19.9	37.1	22.9
Ability to correct the order	10.2	16.3	21.1	37.6	14.9
Ability to shop 24/7	6	8.4	11.8	41.8	31.9
Loyalty programs	12.4	22.9	17.3	35.7	11.6
Ability to track the order	9.4	20.3	13.3	37.3	19.7

Source: Own study based on direct surveys.

The respondents were asked to rate various factors related to online shopping to compare their relevance. A uniform system of preferences was created (Table 2). Convenience was shown to be the key factor that prompted respondents to shop for groceries online in 2020. As much as 74.9% of respondents considered convenience to be highly important. 73.7% of respondents opted for the ability to shop 24/7. 73.4% of respondents decided that time savings also incentivized them to buy food online. The following factors were also ranked high: wide choice of products (66.3%), free choice of delivery method (64.9%), delivery time (60.9%), access to unique products (60%), traceability of the order (57%), coronavirus pandemic and the resulting health concerns (53.2%), ability to correct the order (52.5%), cheaper product prices (52%), delivery fee (48.6%), and loyalty programs (47.3%). The coronavirus pandemic and the resulting health concerns proved to be the least important factor that affected the respondents' decision to buy food online. Every 11th respondent declared that the pandemic did not really influence their choice to shop for groceries online. Respondents considered loyalty programs (12.4%) and the ability to correct the order (10.2%) irrelevant.

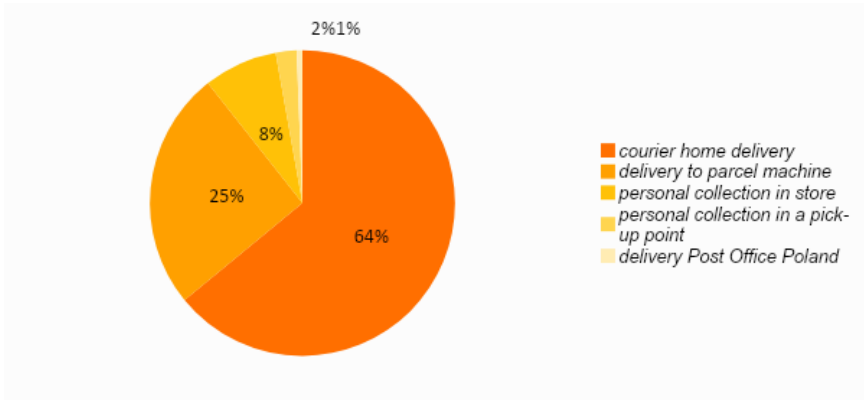


Fig. 5. The most popular forms of food delivery in e-shopping

Source: Own study based on direct surveys.

Respondents most often chose home delivery by courier (64.1%) and pick up from a parcel locker (25.3%). 39 respondents preferred in-store pickup, and 2.2% preferred to pick up their groceries at a pickup point. The smallest number of respondents opted for Poczta Polska delivery services (0.6% of responses).

Table 3. Factors that disincentivize consumers from online delivery shopping (%)

Rating 1 – no disincentivizing effect, and 5 – very strong disincentivizing effect	1	2	3	4	5
Inability to physically check the product – quality concerns	4.6	6.6	20.2	25.2	43.4
Long delivery time	7.6	7.9	29.8	32.5	22.2
Concerns about the security of the transaction	17.5	17.5	31.8	18.9	14.2
Difficulties with using new technologies to place the order	43.7	14.6	23.2	13.2	6.3
No online grocery shopping options in my area	19.9	11.9	29.8	15.2	23.2
Too high delivery fees or free shipping thresholds	7.9	8.6	25.2	30.5	27.8
Concern about the quality of logistics services, e.g. product defrosting, food damage	3.3	6.6	26.2	34.4	29.5
Concerns for health and safety related to COVID-19	26.2	14.9	25.8	16.9	16.2

Source: Own study based on direct surveys.

The respondents were asked to rate on a scale of 1-5 (1 – no disincentivizing effect, 5 - very strong disincentivizing effect) the factors that discourage them from buying food online. Not being able to check the product physically was ranked as the key disincentive related to the quality concerns. Almost 70% of respondents assigned a score of 4 or 5 to this factor. Concerns about the quality of logistics services (e.g. product defrosting, food damage) was another important

disincentive pointed out by nearly 64% of respondents. Respondents also felt discouraged from online grocery shopping by excessively high delivery fee or free shipping thresholds (58.3%). No less important was the long delivery time (54.7%), as well as the inability to buy food online in the local area (38.4%). About a third of respondents felt concerned about the security of the transaction, as well as health and safety concerns related to the COVID-19 pandemic.

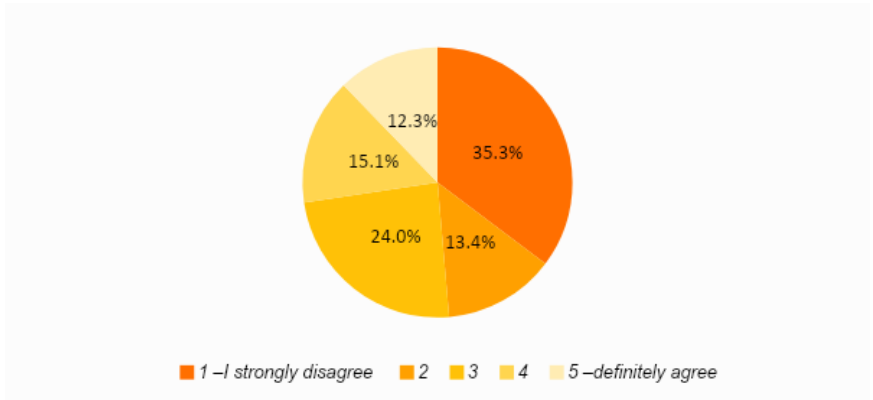


Fig. 6. Respondents' attitude to the impact of the coronavirus pandemic on the frequency of online grocery shopping.

Source: Own study based on direct surveys.

27.4% of respondents admitted that the COVID-19 pandemic prompted them to shop for groceries online more often. However, almost half of the respondents did not agree with this statement.

DISCUSSION

According to the Shopper report “New world of e-commerce”, the e-grocery market in Poland reported the fastest ever growth in 2020 [14]. Based on a study conducted in the first quarter of 2021, more than half (60%) of the consumers in Poland shopped for groceries online in 2020, which marks a sharp increase compared to data from earlier research [13]. This group included mainly women, people aged 25-34, with higher education, and a positive self-perception of their financial standing, as reflected in a study by A. Dominici et al. [3] concerning Italy. These findings conflict with those of M. Grzywińska-Rapca & M. Grzybowska-Brzezińska (2016) concerning consumers in Poland, which showed that men shop for groceries online much more often than women. This study confirmed the first research hypothesis to be true.

Consumers were shown to shop for groceries online usually several times a month, mainly for products with a long shelf life, such as coffee, tea, or dry products, which confirms the fifth working hypothesis. These findings conflict

with the results of studies conducted in Poland by M. Grzywińska-Rapca & M. Grzybowska-Brzezińska (2016), in which e-consumers declared they only shopped for groceries online a few times a year. This means that the frequency of online grocery shopping among Poles has increased significantly over the period of 4 years.

In terms of the type of groceries purchased, the findings of this study are consistent with that of K. Jach and A. Miniewicz [6]. According to a study by Etumnu & Widmar conducted in 2020 in the US [5], which has the largest (in terms of revenues) food market in the world [5], consumers most often purchased snacks and sweets, vegetables, dairy and milk, fruit and spices in the 'recent week' segment. The top-of-the-list categories in the 'never' segment are baby foods and infant formulas (69%), alcoholic beverages (51%), and mixed meals and water. Contrary to the results of research conducted in Poland, American e-consumers appear to buy both fresh and processed foods online. For example, respondents who had previously shopped for groceries online often bought milk and dairy products (50%), vegetables (51%), and fruit (48%) in the recent month. These differences may be attributed to the limited confidence of consumers in Poland in the quality of groceries shopped online compared to Western countries, as evidenced in the results of this study.

This study has also helped identify the incentives and disincentives to online grocery shopping as perceived by consumers. Convenience, the ability to shop 24/7 and time savings were found to be the key factors that encouraged respondents to shop for groceries online in 2020. The findings partly confirmed the second working hypothesis (in terms of convenience and time savings); albeit important for two-thirds of respondents, a wide choice of products proved to be less relevant than the ability to shop 24/7. This study is consistent with the findings of Sreeram et al. [12], M. Grzywińska-Rapca and M. Grzybowska-Brzezińska (2016), who highlighted the comprehensiveness of online food shopping as the most important factor inherently associated with convenience, time savings, and a wide choice of products. These findings conflict with a study by K. Jach and A. Miniewicz [6], who found that special discounts resulting in lower product prices were the main incentive for online grocery shopping. Accordingly, it can be concluded that price is no longer the most important factor determining the food habits of consumers in Poland, which was also confirmed by K. Jach and A. Miniewicz [6].

Moreover, the coronavirus pandemic and the resulting health concerns were shown to have the least effect on the willingness of respondents to shop for groceries online, or the frequency of online grocery shopping. Therefore, the seventh hypothesis has been rejected.

The strongest disincentives to buy food online are the inability to physically check the product, which is associated with product quality concerns, the concern about the quality of logistics services, and the excessive high delivery fees or free

shipping thresholds. Based on these findings, the third working hypothesis can be confirmed to be true. These findings are consistent with the results of J. Gębski et al. [7], it can therefore be assumed that consumers in Poland are still not fully confident about online grocery shopping.

Home delivery by courier and pickup from a parcel locker are the most popular delivery options, which confirms the fourth working hypothesis and is consistent with other studies [11].

The most common place to buy food online was an online store run by brick-and-mortar grocery chains (brick-and-click retailers), which contradicts the sixth working hypothesis. In a study by the Chamber of Electronic Economy (2018), auction portals, e.g. Allegro, were the most popular place for online grocery shopping. These conflicting findings can be attributed to the rapid increase in the number of delicatessen and grocery supermarkets that introduced online shopping options in 2020 [15], promoted by restrictions related to the COVID-19 pandemic.

CONCLUSION

The primary focus of this study was to explore the attitudes of consumers in Poland towards online grocery shopping and the impact of the COVID-19 pandemic on the e-grocery market.

Our findings shed light on several issues. Firstly, it was demonstrated that an increasing number of Poles welcome online grocery shopping. Moreover, the profile of a typical e-grocer customer in Poland was described. The study showed that over half (60%) of consumers in Poland shopped for groceries online in 2020. This group included mainly women, people aged 25-34, with higher education, and a positive self-perception of their financial status.

Secondly, the frequency of online grocery shopping and the most and least frequently chosen products were determined. Consumers were shown to shop for groceries online usually several times a month, mainly for products with a long shelf life. These findings suggest that Poles are still not fully comfortable with buying fresh grocery products online.

This study has also helped identify the incentives and disincentives to online grocery shopping as perceived by consumers in Poland. Convenience, the ability to shop 24/7 and time savings were found to be the key factors that encouraged respondents to shop for groceries online in 2020. Moreover, the coronavirus pandemic and the resulting health concerns were shown to have the least effect on the willingness of respondents to shop for groceries online, or the frequency of online grocery shopping. The strongest disincentives to buy food online are the inability to physically check the product, which is associated with product quality concerns, the concern about the quality of logistics services, and the excessive high delivery fees or free shipping thresholds.

We also identified the delivery options most often preferred by e-consumers. These include home delivery by courier and pickup from a parcel locker. This may point to a growing demand for refrigerated lockers and the very important role of logistics operators on the e-grocery market.

The study also showed where consumers most often shop for groceries online. The most common place to buy food online was an online store run by brick-and-mortar grocery chains (brick-and-click retailers), which is clearly related to the rapid development of this market sector during the coronavirus pandemic.

The results of this study have some limitations. Firstly, the study was non-exhaustive, and therefore the extent to which these results can be generalized to the entire population may be limited. Secondly, the survey method has some disadvantages, such as superficiality and the inability to look in more depth at the subject. Time constraints are the third limitation of this study. The study was conducted during the COVID-19 pandemic, therefore the question arises whether consumers' behavior are likely to change after the pandemic.

From a practical point of view, these results will be very interesting for all economic entities operating in the e-grocery sector in Poland. The study can be used to create marketing strategies for enterprises in the e-grocery market.

Future research should focus on the typology of consumers in the e-grocery market and their behavior patterns after the COVID-19 pandemic.

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THE BRANDCASTING ON THE EXAMPLE OF ADVERTORIALS

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ABSTRACT

This article discusses the concept of brandcasting in the particular case of a controversial advertorial (ADL) - paid messages in the media sponsored by organized interests to create and sustain a favorable environment to pursue their respective goals. An advertorial is an advertisement masquerading as a journalistic article, blurring the dividing line between editorial content and advertorials.

Based on the content analysis technique of 284 advertorials of *Newsweek*, *Polityka* and *Time*, the most widely circulated and read weekly newsmagazine in Poland and the United States of America, the author documents the placement of ADL: proportions of commercial and non-commercial content, detailed typologies, brand positioning, sponsor disclosures, the degree of similarity with journalistic texts and corporate and non-corporate interests.

The newspaper advertorial borrows, or just steals editorial credibility from the newspaper and pollutes reliable information. There, of course, might be a place for such kind of advertisements, but they should be more thoroughly distinguished from editorial content than is currently the case. As shown in the article, media do not place sponsor disclosures prominently.

Keywords: *brandcasting, advertorial, content analysis*

INTRODUCTION

Brandcasting is an emerging, unprecedented process in a media environment where the pull strategy prevails. It is based on commercial hybrid content that engages consumers by means of relevance, entertainment, and information. Commercial hybrid content includes native advertising, content marketing, brand journalism, sponsored content, advertorial (ADL) and many other terms coined to describe similar practices in the fields of advertising, digital marketing, PRs, entertainment, and infotainment. More than 60% of the surveyed American adults say sponsored content hurts the credibility of media outlets. Other studies showed that it was challenging for readers to recognize the persuasive nature of such advertisements [3]. There are many legitimate concerns about the blending of design and content of advertorials with content pages.

An advertorial (advertisement and editorial) is defined as paid message in the press sponsored by organized interests to create and sustain a favorable environment to pursue their respective goals [4]. It is an advertisement masquerading as a journalistic article, blurring the dividing line between editorial content and promotion. ADL looks congruent with the design, length, content, domain, and other general aspects of press content from an editorial point of view. This way ADL is perceived as primarily informative.

Therefore, a deeper and more comprehensive understanding of advertorials is needed to digest and deconstruct this controversial promotional tool. The purpose of the article is to present a proposed outline of the advertorial study; moving the theory towards a framework that enables the conceptualisation of this type of communication. This orienteering map will allow each case to be placed in its proper location, to be described, and at the same time will allow the overlaying of new forms of advertising that are bound to appear in the media sphere. The structure of the map is determined by a set of questions that will be applied to test the proposed native advertising study outline:

1. How often is native advertising published in a particular title? (one can ask more broadly about the proportion of editorial and commercial content, including native advertising)
2. What are the types of native advertising (here referred to one of its types, namely advertorials)?
3. What organisations are most likely to reach out to native advertising – i.e. what organisations are the sponsors?
4. What content is the most frequently covered in native advertising?
5. What formal characteristics are conducive to making advertorials similar to the content of the advertisement (questions about size, ways of marking or lack thereof, similarity of typographic elements of the layout, layout, appearance and aesthetics of texts, arrangement of textual and illustrative materials on the page, etc.)?

The study consisted of collecting, coding and analysing advertorials that appeared in the national edition of *Newsweek* and *Polityka*, as well as the American *Time* in 2020-2021.

For the purposes of this analysis, I have chosen texts from the *Polityka*, *Newsweek* and *Time* weekly magazines, the most widely circulated and read weekly newsmagazine in 2020/2021. So the criterion for the selection of these press titles was the ranking of readership of opinion weeklies. In December 2020, *Polityka* was ranked first with an average circulation of 101,000 copies. Sales of *Newsweek* was at the level of 91,000 copies [1]. *Time* has the biggest circulation

among the American weeklies at the level of over 370,000 copies [2]. The purchase of the *Time* weekly by Marc Benioff was another event in a series of high-profile acquisitions of the printed press by billionaires from the high-tech sector. In 2013, Jeff Bezos, founder and chief executive of Amazon, bought the *Washington Post* daily, while in 2017 Laurene Powell Jobs, the widow of Steve Jobs, acquired a majority share in *The Atlantic* magazine. All of these new owners have declared that they would not interfere in day-to-day editorial matters.

To accomplish this goal, this study conducted a content analysis of 284 advertorials of *Newsweek* (102), *Polityka* (35) and *Time* (147) (a categorisation key was used). It included categories relating to the above questions. Features on ADLs were extracted by reading their contents. In the case of *Polityka*, 34 issues (out of 52 that appeared during the year) were marked, in *Newsweek* – 28 issues (out of 51), in *Time* – also 28 (out of 26 issues). All advertorials present in these (bi)weeklies were analysed – their entire discourse field relating to promotional content.

RESULTS

Proportion of editorial and commercial content

Commercial content included promotional content in which:

1. The content is clearly marked as "advertisement", "promotion" or "sponsored article". Their form also indicates the advertising nature of the message (different colours, font, exposed product, slogans, logo, incentives to buy):

- the name and photo of the product, the brand, the name/logo of the service provider and/or
- the price, the address of the shop and/or
- the description of the product is positively described without any criticism.

2. Advertorials, one of the types of native advertising defined as paid media press coverage expressing the specific interests of an organisation so that stakeholders or the wider social environment would support the realisation of those interests. Its form resembles (or is identical to) the adjacent editorial articles. These are promotional contents that are not marked as the advertising, or in a way not clearly indicating the advertising character, i.e. "partner presentation", "partner content", but their contents indicated the advertising character through:

- statements made by "expert" representatives of a particular organisation,
- the lack of polemical character of the text, clearly favouring the discourse, the position presented by the above-mentioned experts,

- advertising adjacent to the article - advertorial, the content of which refers to the scope of activity of the company advertised next to it.

3. Launch native advertising - looks like regular content; its form resembles the journalist's recommendation (of the products). In contrast to advertorials, it refers to a product launch, a planned and coordinated effort to debut a new product to the market and make that product generally visible, recognizable and available for purchase (links to an online store provided). Five-seven products are placed on one page and promoted (not marked as "advertisement") as "best new products", "technological gadgets", "top trending products", etc.

On the other hand, non-commercial content includes articles, columns, reports (e.g. world news), and other texts unrelated to the subject of the advertisement placed next to it.

Table 1. Summary of the analysed material – proportion of editorial and commercial content

Weeklies title	Number of issues analysed (in pages*)	Editorial (non-commercial) content (%)	Traditional advertising (%)	Advertisements adjacent to advertorials (%)	Advertorials supported by traditional advertising (%)	Single advertorials (%)	Launch native advertising (%)
Polityka	34 (3922)	83.3	15	0.2	0.3	0.6	0.6
Newsweek	32 (3297)	77.8	17	1.3	1.4	1.7	0.8
Time	32 (3132)	82.8	11.1	0.3	0.4	4.3	1.1
		Editorial content	Commercial content				
Average number		81.3	18.7				
			Traditional advertising	Native advertising			
Average number			14.4	4.3			

*Quantity of material is measured by unit of page, not e.g. cm² due to the similar format of all titles

Source: own source

One set of questions relates to the frequency of advertorial placement. Table 1 presents the data regarding the number of editorial content (column 3) versus commercial content (columns 4,5,6,7,8), as well as the total number of advertorials (column 6,7).

The average was 81% non-commercial to 18,7% commercial content (including 4,3% of native advertisement).

Types of advertorials

The main categories are defined as image&advice-based and lobbying/defensive advertorials.

Image&advice-based advertorials are messages designed to gain favourable public opinion. Four types can be identified:

- advertorials building recognition of the organisation indicating its scope of activity, name/ logo.
- associative/ideological advertorials that fit into currently discussed issues, socially important values,
- socially engaged advertorials, which inform the public about the "good", "necessary", "appropriate" activities of a specific organisation,
- how-to advertorials containing advice or information designed to help readers make decisions and take action regarding, for instance, home renovation, types of insurance, environmental protection, choosing the right diet, etc.

Lobbying&defensive stories are paid media stories designed to get some support for an organisation's position on controversial issues; advertorials recruiting, agitating for support to build the agenda, support the organisation's position by joining in the action (e.g. joining a campaign) and/or encourage participation in this political/social initiative,

These types were coded as present/absent in the material, with the following results:

Table 2. *The number of image&advice versus lobbying&defensive advertorials*

Press title	Image&advice ADL(%)	Lobbying&defensive ADL (%)	Sponsors (%)
Newsweek	93.8	6.2	85
Polityka	75	25	72
Time	86	14	104

Source: own source

The most common type of advertorials in *Newsweek*, *Politics* and *Time* are image&advice ADLs. There are much less lobbying&defensive advertorials what suggests the predominance of public relations strategies, at the expense of issue position espousal.

While the significant number of sponsors/purchasers of advertorials indicates a plurality of the sources, a small proportion represents organised group interests. The ratio of image &advice to lobbying&defensive advertorials is 85% to 15%.

Types of organisations

As many as 261 unique organisations (sponsors) were identified. Each was assigned a number and classified into one of five categories:

1. Corporations, or other businesses, promoting their products or services.
2. Other business organisations – economic associations, branch organisations, unions of entrepreneurs, employers as well as trade unions.
3. Public interest groups, non-governmental organisations, public benefit organisations: foundations, NGOs, religious associations, civic organisations representing the interests of specific social groups, transmitting the postulates of their members to decision-making centres, influencing the authorities, public opinion and thus influencing political decisions.
4. Public institutions – institutions of culture, education and science, social assistance, public administration, uniformed services.
5. Government institutions – ministries, ombudsmen, agencies of the European Union, the United Nations, protection offices e.g. for competition and consumers, etc.

Table 3. *Types of sponsors*

Title	Corporations, or other businesses (%)	Other Economic (%)	All Cause (%)	Institution (%)	Government (%)	Total
Newsweek	87,3	2,3	2,3	4,7	3,4	85
Polityka	53,8	7,5	6,2	25,7	6,8	72
Time	62,1	13,5	17,6	3,5	3,3	104

Source: own source

The question was about the types of interests presented in advertorials, the proportion of corporate/business, social, political interests. Business interests, especially corporate interests, have a privileged position in terms of the representation of their interests in the press titles analysed. "Other economic organisations" and non-economic interest groups are more often represented in *Time* than in the Polish weeklies. Public interest groups represent 17.6% in *Time* and only 2.3% in the Polish edition of *Newsweek*. In the second category, especially in *Time*, trade associations dominate (11.2%), followed (and only in *Time*) by health organisations (1.6%). Public institutions, a broad category including universities and cultural institutions, accounted for only 3.5% of advertorials in *Time*. On the other hand, *Polityka* noted their significant share at 25.7%.

Governmental institutions, especially European Union agencies (in *Polityka* and *Newsweek*), and ministerial institutions (as research project partners) accounted for slightly over three percent (*Time*, *Newsweek*) and nearly 7% of advertorials in *Polityka*. Thus, the representation of public use organisations in the press discourse of the analysed titles is small. This may result from the limited financial resources of such organisations, as well as low effectiveness of relations built with journalists who do not address the issues and problems they deal with.

Definition of formal features of advertorials and ways of their disclosure

It is assumed that broadcasters of native advertising try to hide persuasive intentions and aim to make the content and forms similar to the surrounding journalistic messages. Consequently, such a message does not focus on the sponsor and/or the brand. Information about them will not be placed in the headline or in the main body of the feature. Therefore, examining whether and where the sponsor/brand is mentioned in the text of the native advertisement may enable us to answer the question of whether and to what extent brand casting communication strategies are used.

Table 5. *Placement of sponsor and brand/product/service/sponsor information*

1. Disclosure the sponsor and/or its brand/product present in the message as an advertisement	<i>Newsweek</i> (%) n=102	<i>Polityka</i> (%) n=35	<i>Time</i> (%) n=147
Q1. The presence of the promoted brand/product/company/ sponsor was clear in the article. The message was positive about the brand/product/service/company. The message was not marked as an advertisement or a sponsored feature	68	67	53
Q1. The brand/product/company/sponsor was not clearly indicated in the text of the feature. However, readers may have the impression that an attempt was made to influence the attitudes, opinions of the recipient.	26	19	32
Q1. The article talked about consumers/shopping, but there were several different brands/products/companies not always (only) positively reviewed. It seemed that the message was not trying to influence the attitudes or opinions of the readers. There was no attempt to sell a particular product/service.	6	14	15
2. Transparency of sponsor/broadcaster/message provider			
2.1. It was not clear who paid/was the sender/sponsor/creator of this feature. One might <u>get the impression</u> that the journalist was a creator.	96	92	85

Source: own source

The next question is: In which part in the text of the native advertisement was the sponsor/ brand/product/service information placed?

This category refers to the mention of the sponsor/ brand/product/service directly in the article. We can then identify four indicators regarding where this information was placed:

1. Prominence: the sponsor’s name is mentioned in the headline, the first or the second paragraph; this category also includes cases where the sponsor information also appears later in the text;

2. The brand as the main object: at the centre of the message. Communication is completely focused on the brand and its product.

3. Secondary position: the sponsor’s name is placed somewhere in the feature other than the headline, first or second paragraph;

Brand in the background – put at the top or bottom of the page, on the right or left, in the corner.

4. Brand adjacent to the journalistic article, clearly linked to it by its subject matter or form (the same colour formatting, font, graphic elements, etc.).

5. Brand/sponsor does not appear explicitly: other references (statement made by a company representative). Absent brand: it does not appear in the text, but the feature indicates a way/suggests getting more information about it.

Table 6. Brand/sponsor positioning

Indicators of brand/sponsor positioning	<i>Newsweek</i> (%) n=102	<i>Polityka</i> (%) n=35	<i>Time</i> (%) n=147
Prominence: the brand/sponsor in the centre	5	4	1
Secondary position	11	5	7
Brand adjacent to a journalistic article	21	15	11
Brand/sponsor does not appear explicitly	63	76	81

Source: own source

Ways of representing the brand (logo/product) were different. The brand slogan was integrated/connected with the title of the article or corporate colour formatting/visual identification were shown. The issues mentioned in the article the most often were interspersed with brand/product information as a statement made by a company representative.

Types of references to the journalistic text - similarities and differences

The size of the text/message was similar to the standard size of journalistic texts. The most popular in *Newsweek* and *Polityka* were several-page advertorials (2-3 pages). They accounted for over 60% of advertorials in *Newsweek* and almost 50% in *Polityka*. The advertorials occupying less than one page (or half of a page) were almost non-existent there. In *Time*, most advertorials were full-page (60%), followed by multipage ads (25%). The third in line were the ads longer than half a page, but smaller than a full page (15%), and ads of less than half a page were the least frequent (6.3%). Considering the high prices of advertising in these weeklies, especially in the *Time* magazine, this shows the financial status of the sponsors. More than three quarters of advertorials did not share page space with any other content. Apparently, organised interest groups are convinced that it is important to reach the readers of the most popular weeklies; they are ready to pay PLN 115,000 (*Polityka*), PLN 126,000 (*Newsweek*), or over USD 230,000 (*Time*) per page for the opportunity to present their position.

The layout of the text, i.e. column width, amount of light, use of graphic elements, appearance of the title and leads, distribution of photographs, infographics – the layout of the weeklies were almost identical (42% texts published in *Time*, 33% in *Newsweek*, and 31% in *Polityka*) or similar (no author's signature, slightly different font for the title and subtitle or for the whole text).

CONCLUSION

A distinctly higher degree of native character in *Time* magazine than in Polish weeklies – the form of texts is more similar to editorial material. If a sponsor appears (usually a corporate entity), it is mentioned as a party involved in solving a problem. Logos and corporate identities are much less prominent. The sponsor is presented more as a partner in communication, an active interlocutor rather than (as in Polish weeklies) as the only interlocutor, an expert who openly mentions their own services in the context of the discussed issue. Native advertising is a form only just being developed in the Polish media, while in the United States it is a mature form of advertising, which tends to conceal its commercial interests completely. In the Polish media, such forms are still treated as quite controversial practices, hence "certain elements" indicating the "other" character of this type of messages are preserved.

The newspaper advertorial borrows, or just steals editorial credibility from the newspaper and pollutes reliable information. There, of course, might be a place for such kind of advertisements, but they should be more thoroughly distinguished from editorial content than is currently the case. As shown in the article, media do not place sponsor disclosures prominently.

According to disbelief, distrust, and suspicion are likely to be activated only when consumers are aware of the persuasion attempt of the persuasion agent [5] as would be the case with a required disclosure. When either the attempt or the role of the agent is not evident, consumers are left to process concealed marketing efforts without the defense mechanisms. They will not be as likely to discredit the message or the source what is the aim of AVL. Purchase decisions may be based, in part on the perceived credibility of the message and source. Policy-makers should consider requiring disclosure when brand mentioned in editorials is sponsored or paid.

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THE IMPACT OF ECONOMIC POLICY UNCERTAINTY ON INDUSTRIAL PRODUCTION IN THE UNITED STATES: PRE-PANDEMIC EVIDENCE

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ABSTRACT

Although the Covid-19 pandemic (the Great Lockdown), which began in March 2020, is not over yet (mainly due to new SARS-CoV-2 variants, such as Delta), there is already a growing body of evidence that suggests that the Covid-19 pandemic has contributed to an increase in economic policy uncertainty in the United States and the rest of the world. In this paper, I examine the impact of economic policy uncertainty on industrial production in the United States before the Covid-19 pandemic. Using vector autoregression, I found that industrial production in the United States responds negatively to a positive economic policy uncertainty shock in the United States. This suggests that US economic policymakers need to prevent economic policy uncertainty in the United States.

***Keywords:** Covid-19, economic policy, industrial production, uncertainty, United States, vector autoregression, VAR model*

INTRODUCTION

Although the Covid-19 pandemic (the Great Lockdown), which began in March 2020, is not over yet, there is already a growing body of evidence that suggests that the Covid-19 pandemic has contributed to an increase in economic policy uncertainty in the United States and the rest of the world [1]. The Covid-19 pandemic was a supply and demand shock for the United States and the rest of the world [2]. The US and other companies had to adjust to the Covid-19 shock. Many of them put investment and employment on hold, which made the situation worse. This led to the need for economic policy action in the United States and the rest of the world.

Economic policy uncertainty in the United States and the rest of the world was at its highest at the start of the Covid-19 pandemic [3], [4]. There is a growing body of evidence that suggests that economic policy uncertainty has a negative impact on the economy [5]. This study examines the impact of economic policy uncertainty on industrial production in the United States before the Covid-19 pandemic. There is a growing body of literature on the impact of economic policy uncertainty on industrial production in the United States before the Covid-19 pandemic.

The rest of this paper is divided into five sections: LITERATURE REVIEW (i.e., section 2), MATERIALS AND METHODS (i.e., section 3), RESULTS (i.e., section 4), DISCUSSION (i.e., section 5) and CONCLUSION (i.e., section 6). In Section 2, I review the literature on the impact of economic policy uncertainty on industrial production in the United States before the Covid-19 pandemic. In Section 3, I present the materials and methods used in this research. In Section 4, I present the results of this research. In Section 5, I discuss the results of this research, and in Section 6, I conclude this paper.

LITERATURE REVIEW

This section focuses on the growing body of literature on the impact of economic policy uncertainty on industrial production in the United States before the Covid-19 pandemic. After the Great Recession, which lasted from January 2008 to June 2009 in the United States [6], there was a need among policymakers and researchers to monitor economic policy uncertainty in the United States. Some researchers and policymakers believe that economic policy uncertainty contributed to the slow recovery of the US economy from the Great Recession [7].

In the literature, we find different economic policy uncertainty indices. Baker et al. [7] developed economic policy uncertainty indices for twelve countries (Canada, China, France, Germany, India, Italy, Japan, Russia, South Korea, Spain, the United Kingdom and the United States). The website <https://www.policyuncertainty.com/> lists economic policy uncertainty indices for 27 countries (Australia, Belgium, Brazil, Canada, Chile, China, Colombia, Croatia, Denmark, France, Germany, Greece, Hong Kong, India, Ireland, Italy, Japan, Mexico, the Netherlands, Pakistan, Russia, Singapore, South Korea, Spain, Sweden, the United Kingdom and the United States). In this paper, I use the Economic Policy Uncertainty Index for the United States.

Baker et al. [7] found that a positive economic policy uncertainty shock has a negative impact on industrial production in the United States, which is consistent with the findings of Colombo [8]. In her paper, she found that a positive economic policy uncertainty shock in the United States has a negative impact on industrial production in the euro area and in the United States. Caggiano et al. [9] found that the negative impact of a positive economic policy uncertainty shock on industrial production in the United States is larger in bust times than in boom times. Caggiano et al. [10] found that a positive economic policy uncertainty shock in the United States has a negative impact on industrial production in Canada in bust times. They also found that the negative impact of a positive economic policy uncertainty shock in the United States on industrial production in the United Kingdom is larger in bust times than in boom times.

MATERIALS AND METHODS

In this paper, I use a vector autoregressive model to examine the impact of economic policy uncertainty on industrial production in the United States before the Covid-19 pandemic. In doing so, I use monthly data from January 1985 to February 2020. Figure 1 shows economic policy uncertainty in the United States during this period. As you can see from the figure, economic policy uncertainty in the United States was highest after the Great Recession.

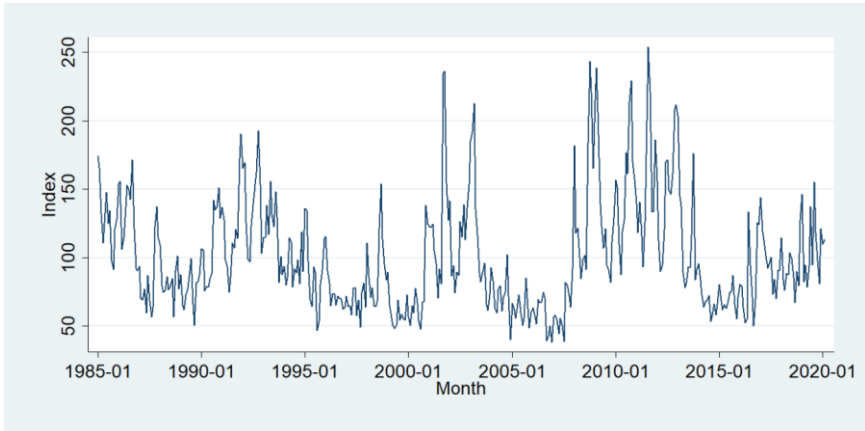


Fig. 1. *Economic policy uncertainty in the United States from January 1985 to February 2020 [7], <https://www.policyuncertainty.com/>*

Figure 2 shows the frequency distribution histogram of the economic policy uncertainty index for the United States from January 1985 to February 2020. As you can see from the figure, the index was mostly lower than 100.

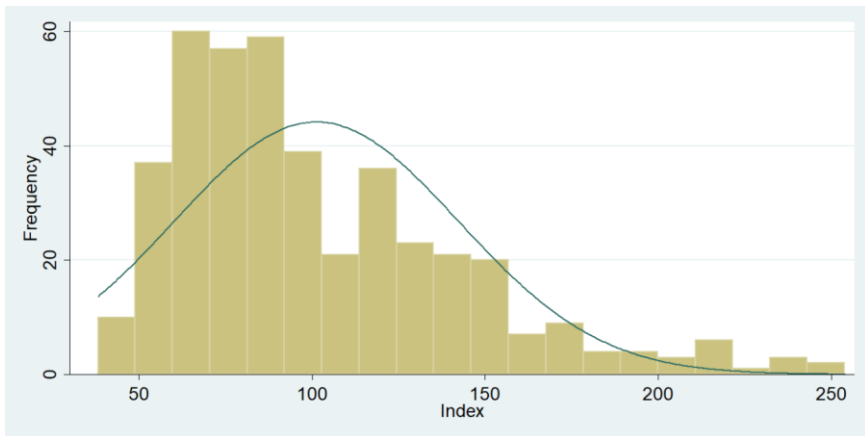


Fig. 2. Frequency distribution of the economic policy uncertainty index for the United States from January 1985 to February 2020 [7, <https://www.policyuncertainty.com/>, author's calculations]

In this paper, I use data on the effective federal funds rate, the employment rate (for the United States), the economic policy uncertainty index (for the United States), the industrial production index (for the United States) and the NASDAQ Composite Index. I obtained data on the study variables from the Federal Reserve Bank of St. Louis. See Table 1 for a (short) description of the study variables.

Table 1. Description of study variables

Variable	Description	Source
Effective federal funds rate	Effective federal funds rate , percent, monthly, not seasonally adjusted	Federal Reserve Bank of St. Louis
Employment rate	Employment rate: aged 25-54: all persons for the United States , percent, monthly, seasonally adjusted	Federal Reserve Bank of St. Louis
Economic policy uncertainty index	Economic policy uncertainty index for the United States , index, monthly, not seasonally adjusted	Federal Reserve Bank of St. Louis
Industrial production index	Industrial production: total index, index 2012=100 , monthly, seasonally adjusted	Federal Reserve Bank of St. Louis
NASDAQ Composite Index	NASDAQ Composite Index , index 5 February 1971=100, monthly, not seasonally adjusted	Federal Reserve Bank of St. Louis

Source: Author's calculations.

The VAR model includes the effective federal funds rate at time t , denoted by FFR_t , the natural logarithm of the employment rate at time t , denoted by ER_t , the economic policy uncertainty index (for the United States) at time t , denoted by EPU_t , the natural logarithm of the industrial production index (for the United States) at time t , denoted by IP_t , and the natural logarithm of the NASDAQ composite index at time t , denoted by $NASDAQ_t$. Table 2 shows descriptive statistics for the study variables. Like Baker et al. [7], I use the Cholesky decomposition.

Table 2. Descriptive statistics for study variables

Variable	n	M	SD	Min	Max	Kurtosis	Skewness
FFR_t	422	3.56	2.78	.07	9.85	1.86	.26
ER_t	422	4.37	.02	4.31	4.41	2.52	-.57
EPU_t	422	101.23	41.10	38.21	253.92	4.19	1.15
IP_t	422	4.44	.21	4.03	4.71	1.91	-.64
$NASDAQ_t$	422	7.39	.94	5.56	9.15	2.05	-.23

Source: Author's calculations.

The Akaike's Information Criterion (AIC) and the (Akaike's) Final Prediction Error (FPE) criterion suggest that a VAR model with four (autoregressive) lags has the best fit, whereas the Hannan and Quinn's Information Criterion (HQIC) and the Schwarz's Bayesian Information Criterion (SBIC) suggest that a VAR model with two lags has the best fit (see Table 3).

Table 3. Selection-order criteria

Selection-order criteria								
Sample: 1985m9 - 2020m2				Number of obs = 414				
lag	LL	LR	df	p	FPE	AIC	HQIC	SBIC
0	-1741.59				.003177	8.43764	8.45687	8.48626
1	2418.3	8319.8	25	0.000	6.7e-12	-11.5377	-11.4223	-11.246
2	2533.07	229.54	25	0.000	4.4e-12	-11.9714	-11.7599*	-11.4365*
3	2561.12	56.09	25	0.000	4.3e-12	-11.9861	-11.6784	-11.2081
4	2595.61	68.975*	25	0.000	4.1e-12*	-12.0319*	-11.6281	-11.0109
5	2609.37	27.537	25	0.330	4.3e-12	-11.9777	-11.4777	-10.7135
6	2627.81	36.876	25	0.059	4.5e-12	-11.9459	-11.3499	-10.4387
7	2642.24	28.864	25	0.270	4.7e-12	-11.8949	-11.2027	-10.1445
8	2658.35	32.207	25	0.152	4.9e-12	-11.8519	-11.0635	-9.85843

Endogenous: epu lognasdaq ffr loger logip
Exogenous: _cons

Based on the AIC and the FPE criterion, I decided to select a VAR model with four lags. It is given by five equations:

$$EPU_t = \beta_{10} + \beta_{11}EPU_{t-1} + \beta_{12}EPU_{t-2} + \beta_{13}EPU_{t-3} + \beta_{14}EPU_{t-4} + \gamma_{11}FFR_{t-1} + \gamma_{12}FFR_{t-2} + \gamma_{13}FFR_{t-3} + \gamma_{14}FFR_{t-4} + \delta_{11}ER_{t-1} + \delta_{12}ER_{t-2} + \delta_{13}ER_{t-3} + \delta_{14}ER_{t-4} + \varepsilon_{11}IP_{t-1} + \varepsilon_{12}IP_{t-2} + \varepsilon_{13}IP_{t-3} + \varepsilon_{14}IP_{t-4} + \theta_{11}NASDAQ_{t-1} + \theta_{12}NASDAQ_{t-2} + \theta_{13}NASDAQ_{t-3} + \theta_{14}NASDAQ_{t-4} + u_{1t},$$

$$NASDAQ_t = \beta_{20} + \beta_{21}EPU_{t-1} + \beta_{22}EPU_{t-2} + \beta_{23}EPU_{t-3} + \beta_{24}EPU_{t-4} + \gamma_{21}FFR_{t-1} + \gamma_{22}FFR_{t-2} + \gamma_{23}FFR_{t-3} + \gamma_{24}FFR_{t-4} + \delta_{21}ER_{t-1} + \delta_{22}ER_{t-2} + \delta_{23}ER_{t-3} + \delta_{24}ER_{t-4} + \varepsilon_{21}IP_{t-1} + \varepsilon_{22}IP_{t-2} + \varepsilon_{23}IP_{t-3} + \varepsilon_{24}IP_{t-4} + \theta_{21}NASDAQ_{t-1} + \theta_{22}NASDAQ_{t-2} + \theta_{23}NASDAQ_{t-3} + \theta_{24}NASDAQ_{t-4} + u_{2t},$$

$$FFR_t = \beta_{30} + \beta_{31}EPU_{t-1} + \beta_{32}EPU_{t-2} + \beta_{33}EPU_{t-3} + \beta_{34}EPU_{t-4} + \gamma_{31}FFR_{t-1} + \gamma_{32}FFR_{t-2} + \gamma_{33}FFR_{t-3} + \gamma_{34}FFR_{t-4} + \delta_{31}ER_{t-1} + \delta_{32}ER_{t-2} + \delta_{33}ER_{t-3} + \delta_{34}ER_{t-4} + \varepsilon_{31}IP_{t-1} + \varepsilon_{32}IP_{t-2} + \varepsilon_{33}IP_{t-3} + \varepsilon_{34}IP_{t-4} + \theta_{31}NASDAQ_{t-1} + \theta_{32}NASDAQ_{t-2} + \theta_{33}NASDAQ_{t-3} + \theta_{34}NASDAQ_{t-4} + u_{3t},$$

$$ER_t = \beta_{40} + \beta_{41}EPU_{t-1} + \beta_{42}EPU_{t-2} + \beta_{43}EPU_{t-3} + \beta_{44}EPU_{t-4} + \gamma_{41}FFR_{t-1} + \gamma_{42}FFR_{t-2} + \gamma_{43}FFR_{t-3} + \gamma_{44}FFR_{t-4} + \delta_{41}ER_{t-1} + \delta_{42}ER_{t-2} + \delta_{43}ER_{t-3} + \delta_{44}ER_{t-4} + \varepsilon_{41}IP_{t-1} + \varepsilon_{42}IP_{t-2} + \varepsilon_{43}IP_{t-3} + \varepsilon_{44}IP_{t-4} + \theta_{41}NASDAQ_{t-1} + \theta_{42}NASDAQ_{t-2} + \theta_{43}NASDAQ_{t-3} + \theta_{44}NASDAQ_{t-4} + u_{4t}, t = 5, \dots, 422.$$

$$IP_t = \beta_{50} + \beta_{51}EPU_{t-1} + \beta_{52}EPU_{t-2} + \beta_{53}EPU_{t-3} + \beta_{54}EPU_{t-4} + \gamma_{51}FFR_{t-1} + \gamma_{52}FFR_{t-2} + \gamma_{53}FFR_{t-3} + \gamma_{54}FFR_{t-4} + \delta_{51}ER_{t-1} + \delta_{52}ER_{t-2} + \delta_{53}ER_{t-3} + \delta_{54}ER_{t-4} + \varepsilon_{51}IP_{t-1} + \varepsilon_{52}IP_{t-2} + \varepsilon_{53}IP_{t-3} + \varepsilon_{54}IP_{t-4} + \theta_{51}NASDAQ_{t-1} + \theta_{52}NASDAQ_{t-2} + \theta_{53}NASDAQ_{t-3} + \theta_{54}NASDAQ_{t-4} + u_{5t}, t = 5, \dots, 422.$$

RESULTS

Since the Great Recession, there has been growing interest among policymakers and researchers in examining the impact of economic policy uncertainty on industrial production (in the United States and the rest of the world). The Covid-19 recession, which lasted from March to April 2020 in the United States [6], has intensified this interest. In this paper, I focus on the period before the Covid-19 outbreak in China (in December 2019).

Figure 3 shows the dynamic (linear) responses of the study variables to a one-standard deviation shock to the EPU.

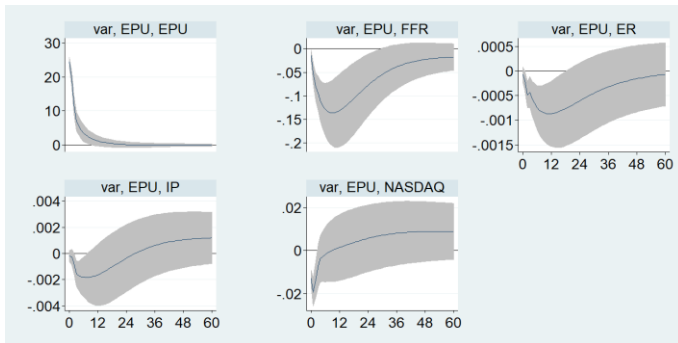


Fig. 3. Dynamic (linear) responses of the study variables to a one standard shock to the EPU

Note: The confidence level is 90%.

Source: Author's calculations.

As you can see from Figure 3, a one-standard deviation shock to the EPU leads to a decrease in the effective federal funds rate (for the United States), the employment rate (for the United States), the industrial production index (for the United States) and the NASDAQ Composite Index, which is consistent with the literature. A one-standard deviation shock to the EPU also leads to an increase in the economic policy uncertainty Index (for the United States).

Table 4 shows the eigenvalue stability condition.

Table 4. Eigenvalue stability condition

Eigenvalue stability condition

Eigenvalue	Modulus
.9968138	.996814
.9858465 + .00899349i	.985888
.9858465 - .00899349i	.985888
.9195536 + .05509513i	.921203
.9195536 - .05509513i	.921203
.70864	.70864
.6137795	.61378
-.3513223 + .4863578i	.599976
-.3513223 - .4863578i	.599976
.3623437 + .3066042i	.474657
.3623437 - .3066042i	.474657
.02952759 + .4542512i	.45521
.02952759 - .4542512i	.45521
-.1356939 + .4016064i	.423911
-.1356939 - .4016064i	.423911
-.4165383	.416538
-.3765135	.376514
.1905507 + .3052336i	.359829
.1905507 - .3052336i	.359829
-.3136453	.313645

All the eigenvalues lie inside the unit circle
 VAR satisfies stability condition.

Source: Author's calculations.

As you can see from Table 4, the VAR model is stable, which means that it gives reliable results.

DISCUSSION

This paper confirms (previous evidence which suggests) that industrial production in the United States responds negatively to a positive economic policy uncertainty shock in the United States. According to Baker et al. [7], a positive economic policy uncertainty shock in the United States leads to a decrease in industrial production in the United States, which is consistent with the results of this paper.

CONCLUSION

This paper adds to the growing body of literature on the impact of economic policy uncertainty on industrial production. In this paper, I have shown that industrial production in the United States responds negatively to a positive economic policy uncertainty shock in the United States. This suggests that US

economic policymakers need to prevent economic policy uncertainty in the United States.

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UNCERTAINTY IN SLOVENIA AND THE UNITED STATES BEFORE AND DURING THE COVID-19 CRISIS

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ABSTRACT

Over the past year and a half, as long as the Covid-19 pandemic has lasted, uncertainty has become the new normal. In just a few months, the Covid-19 pandemic has changed the way we live, work, travel and socialise. Due to the Covid-19 pandemic, there is a lot of interest among policymakers and researchers in studying uncertainty and its impact on the economy. In this paper, I study the uncertainty in Slovenia and the United States before and during the Covid-19 crisis, which hit both countries hard. I find that uncertainty in Slovenia and the United States peaked in early 2020, when SARS-CoV-2, the virus that causes Covid-19, began to spread outside of China. During this time, companies and households had to adapt to the new situation.

Keywords: Covid-19, economic policy, uncertainty, Slovenia, United States

INTRODUCTION

The Covid-19 crisis, triggered by the Covid-19 outbreak in China in December 2019, is without precedent. In just a few months, the Covid-19 pandemic has changed the way we live, work, travel and socialise. There is also evidence that the Covid-19 pandemic has increased uncertainty [1]. According to Lexico.com, uncertainty can be defined as the state of being uncertain [2]. Research shows that uncertainty increased in Slovenia and the United States during the first wave of SARS-CoV-2 infection. During this period, many companies temporarily stopped employment and investments [1], [3].

In this paper, I study the uncertainty in Slovenia and the United States before and during the Covid-19 crisis. Research shows that the Covid-19 pandemic was a demand and supply shock [3]. During the first wave of SARS-CoV-2 infection, pessimism about the future increased among companies and households in Slovenia and the United States, which were hit hard by the Covid-19 pandemic and related lockdowns, as reported by the media.

The rest of this paper is divided into five sections: LITERATURE REVIEW (i.e., section 2), MATERIALS AND METHODS (i.e., section 3), RESULTS (i.e., section 4), DISCUSSION (i.e., section 5) and CONCLUSION (i.e., section 6). In Section 2, I briefly review the literature on uncertainty and its impact on the economy (before and during the Covid-19 crisis). In Section 3, I present the

materials and methods used in this study. In Section 4, I present the results of this study. In Section 5, I discuss the results of this study and in Section 6, I conclude this study.

LITERATURE REVIEW

There is a lot of literature on uncertainty and its impact on the economy. The fact is that we live, work, travel and socialise in uncertain times. As reported earlier in this paper, the Covid-19 pandemic hit Slovenia and the United States hard. Due to social distancing and stay-at-home measures, many companies and households in Slovenia and the United States have had to adapt to the new situation. For example, it has become common for many workers in Slovenia and the United States to work from home using a computer and telephone.

Research shows that uncertainty has a negative impact on the economy [4, 5]. Altig et al. [1] studied economic uncertainty and its impact on industrial production in the United States before and during the Covid-19 pandemic. They found that economic uncertainty has a negative impact on industrial production, which is consistent with previous findings. Baker et al. [6] studied economic uncertainty and its impact on real GDP growth in the United States during the Covid-19 pandemic. They found that economic uncertainty has a negative impact on real GDP growth. Atkeson [7] studied the impact of the Covid-19 pandemic on the economy in the United States. He found that the Covid-19 pandemic has a negative impact on the economy. Barrero et al. [3] studied the impact of the Covid-19 pandemic on the labour market in the United States. They found that the Covid-19 pandemic caused a redistribution of labour.

MATERIALS AND METHODS

Due to the Covid-19 pandemic, there is a lot of interest among policymakers and researchers in studying uncertainty and its impact on the economy. In this paper, I compare the uncertainty in Slovenia and the United States before and during the Covid-19 crisis, using newspaper-based indices of uncertainty for Slovenia and the United States, which are available online.

After the Great Recession, which began in the United States in December 2007 and ended in June 2009 [8], there was a need among policymakers and researchers to monitor uncertainty in the United States and around the world. To this end, Ahir et al. [9] developed the **World Uncertainty Index** (WUI) for 143 countries, including Slovenia and the United States (see Figure 1). After the Covid-19 outbreak in China, Ahir et al. also developed the **World Pandemic Uncertainty Index** (WPUI) for 143 countries. In this paper, I use the WUI and WPUI for Slovenia and the United States to study uncertainty and pandemic uncertainty in Slovenia and the United States from the first quarter of 2000 to the second quarter of 2021.



Fig. 1. Countries for which there is a WUI and a WPUI [9, <https://mapchart.net/>]

In the second part of Section 4, I also use the **Economic Policy Uncertainty Index** (EPU) for the United States, developed by Baker et al. [6].

RESULTS

Uncertainty and economic policy

After the Covid-19 outbreak, uncertainty, measured by the WUI, peaked in Slovenia in the first quarter of 2020 and in the United States in the last quarter of 2019, as you can see in Figure 2. Before that, uncertainty peaked in Slovenia in the second quarter of 2014 due to the resignation of Prime Minister Alenka Bratovšek and the dissolution of Parliament and in the United States in the last quarter of 2012 due to the presidential election.

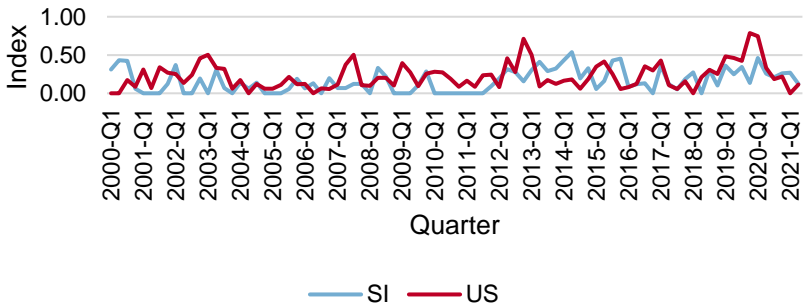


Fig. 2. Uncertainty in Slovenia and the United States from 2000-Q1 to 2021-Q2 [9, <https://worlduncertaintyindex.com/>]

As a result of the Covid-19 outbreak, pandemic uncertainty, measured by the WPUI, has increased in Slovenia and the United States, as you can see in Figure 3. In 2020, pandemic uncertainty peaked in Slovenia in the second quarter and in the United States in the first quarter.

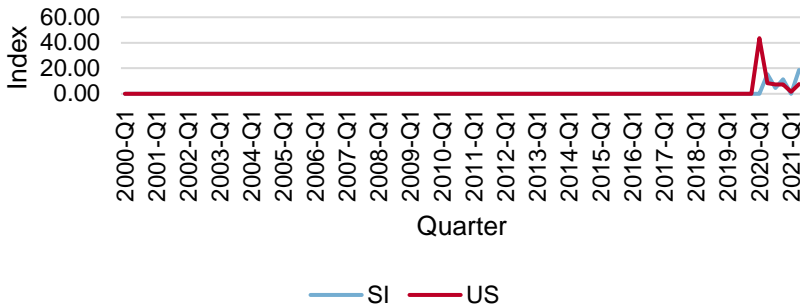


Fig. 3. *Pandemic uncertainty in Slovenia and the United States from 2000-Q1 to 2021-Q2 [9, <https://worlduncertaintyindex.com/>]*

The Covid-19 crisis has been a challenge for policymakers in Slovenia and the United States. In the rest of this section, I focus mainly on the United States, which has been hit hard by the Covid-19 pandemic and recession [1, 8]. To date, i.e., 1 October 2021, in the United States, there have been 44,314,424 confirmed Covid-19 cases with 716,847 deaths [<https://www.worldometers.info/coronavirus/country/us/>].

The Covid-19 pandemic has pushed the US economy into a recession. After the confirmation of the first case of coronavirus infection in the United States in January 2020, economic policy uncertainty in the United States, measured by the EPUI for the United States, peaked in April 2020, as you can see in Figure 4. To fight Covid-19 recession, expansionary economic policies have been adopted in the United States.

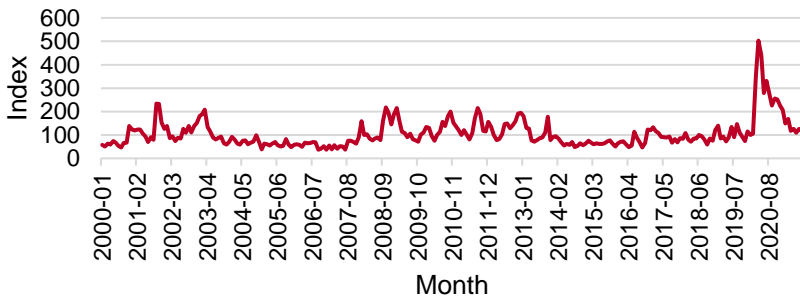


Fig. 4. *Economic policy uncertainty in the United States from 2000-01 to 2021-08 [6, <https://www.policyuncertainty.com/>]*

At the beginning of the Covid-19 crisis, there was a need among policymakers to take policy action. As you can see in Figure 5, fiscal policy uncertainty in the United States, measured by the **Fiscal Policy Uncertainty Index for the United States**, peaked in May 2020 and monetary policy uncertainty in the United States, measured by the **Monetary Policy Uncertainty Index for the United States**, peaked two months earlier.

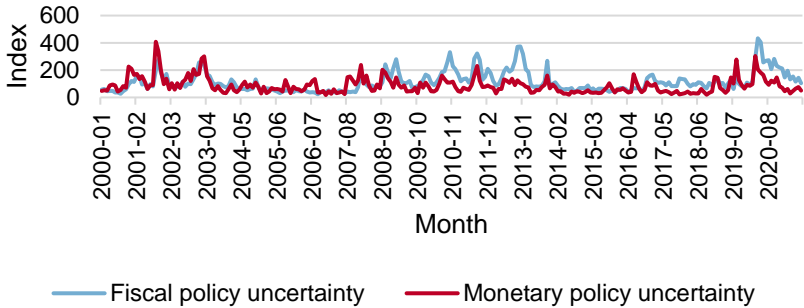
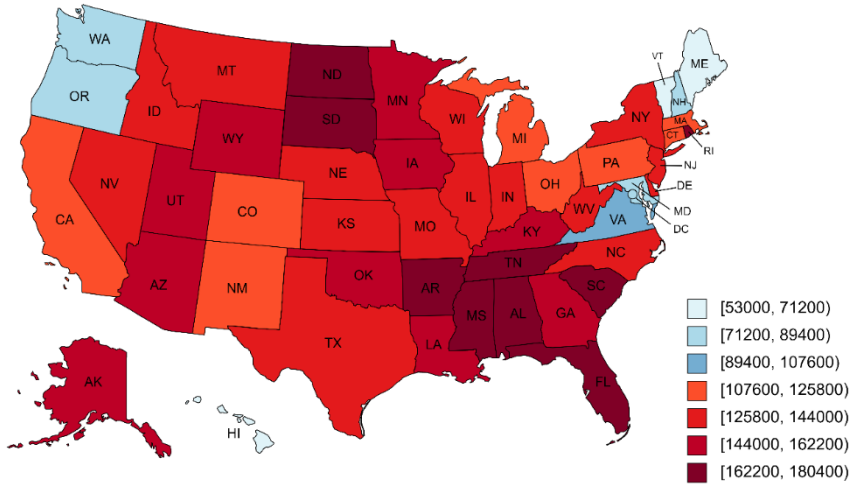


Fig. 5. Fiscal and monetary policy uncertainty in the United States from 2000-01 to 2021-08 [6, <https://www.policyuncertainty.com/>]

The Covid-19 pandemic and related lockdowns have put pressure on the supply chains of manufacturing companies in Slovenia, the United States and around the world. Recently, many manufacturers have faced shortages of components for the production of manufactured goods, such as (micro)chips. Some experts in the field believe that the shortage of (micro)chips will ease in the second half of 2022. Many manufacturers have admitted that they will not meet their sales targets for this year (and next). There is evidence that the Covid-19 shock has caused disruptions in the supply chains of aircraft and car manufacturers, etc., increasing their uncertainty. In October 2021, the media, e.g., CNN, reported that a pandemic-related traffic gridlock at the Port of Los Angeles had further disrupted the supply chains of companies in the United States.

Uncertainty and healthcare policy

The Covid-19 crisis has also been a challenge for healthcare professionals in Slovenia and the United States. In both of them, many healthcare institutions opened so-called Covid-19 units. Due to the Covid-19 pandemic, healthcare costs in Slovenia and the United States have increased, which is especially true for the latter. In the United States, many people have become infected with SARS-CoV-2. Figure 6 shows the total number of confirmed Covid-19 cases per million population as of 1 October 2021 by state. As you can see, Alabama, Arkansas, Florida, Mississippi, North Dakota, Rhode Island, South Carolina, South Dakota and Tennessee have the unenviable reputation of being the hardest-hit by SARS-CoV-2, with more than 162,200 confirmed Covid-19 cases per million population as of 1 October 2021.



Credited with mapchart.net

Fig. 6. The total number of confirmed Covid-19 cases per million population as of 1 October 2021 by state [<https://www.worldometers.info/coronavirus/country/us/>, <https://mapchart.net/>]

Notes: Alabama = AL, Alaska = AK, Arizona = AZ, Arkansas = AR, California = CA, Colorado = CO, Connecticut = CT, Delaware = DE, District of Columbia = DC, Florida = FL, Georgia = GA, Hawaii = HI, Idaho = ID, Illinois = IL, Indiana = IN, Iowa = IA, Kansas = KS, Kentucky = KY, Louisiana = LA, Maine = ME, Maryland = MD, Massachusetts = MA, Michigan = MI, Minnesota = MN, Mississippi = MS, Missouri = MO, Montana = MT, Nebraska = NE, Nevada = NV, New Hampshire = NH, New Jersey = NJ, New Mexico = NM, New York = NY, North Carolina = NC, North Dakota = ND, Ohio = OH, Oklahoma = OK, Oregon = OR, Pennsylvania = PA, Rhode Island = RI, South Carolina = SC, South Dakota = SD, Tennessee = TN, Texas = TX, Utah = UT, Vermont = VT, Virginia = VA, Washington = WA, West Virginia = WV, Wisconsin = WI, Wyoming = WY.

Due to the Covid-19 pandemic, healthcare policy in Slovenia and the United States has become the focus of media attention. Figure 7 shows healthcare policy uncertainty in the United States from January 2000 to August 2021. As you can see in Figure 6, healthcare policy uncertainty in the United States peaked in April 2020.

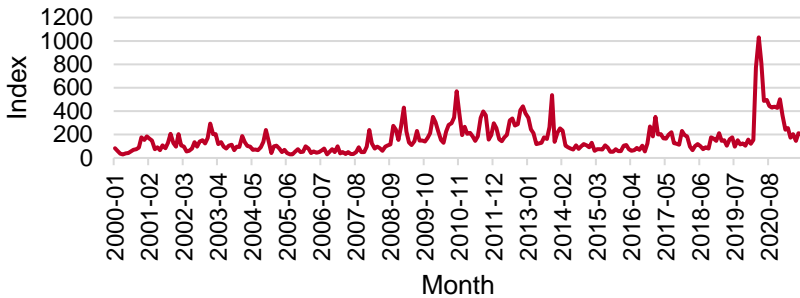


Fig. 7. Healthcare policy uncertainty in the United States from 2000-01 to 2021-08 [6, <https://www.policyuncertainty.com/>]

DISCUSSION

The results show that the Covid-19 outbreak in China in December 2019 contributed to an increase in (pandemic) uncertainty in Slovenia and the United States in early 2020. Indeed, uncertainty was highest in both countries at the beginning of the (pandemic) crisis, when Covid-19 vaccines were not yet available.

The Covid-19 shock caused disruptions in the supply chains of manufacturers and retailers. Recently, many grocery shops in the United States have reported shortages of food (and other groceries). Some experts in the field believe that this crisis is unprecedented in recent history.

CONCLUSION

In this paper, I find that the Covid-19 pandemic has caused a great deal of uncertainty in Slovenia and the United States over the past year and a half. In that time, we have changed the way we live, work, travel and socialise. In Slovenia, for example, many of us have worked from home. Recently, there has been a lot of discussion in Slovenia and the United States about the side effects of the Covid-19 vaccines. Although healthcare professionals believe that vaccination against Covid-19 can be a useful preventive measure, many people in both countries still do not want to get vaccinated.

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WILL COVID-19 CONTRIBUTE TO AN INCREASE IN COCOONING IN THE NUTRITIONAL BEHAVIOUR OF POLES?

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ABSTRACT

The social, economic and technological changes that have occurred in the last decade have substantially altered consumers' eating behaviour. The objective of this study was to identify and describe cocooning as a new phenomenon in the food choices of Polish consumers and the factors that shape it, with particular stress on the possible impact of the COVID-19 pandemic on this trend. For this purpose, primary and secondary tests were carried out. The primary studies examine the level of cocooning in consumer' food choices, while secondary data analysis focuses on finding a relation between this phenomenon and the COVID-19 pandemic. The direct research was conducted by means of the survey method on a sample of 660 Poles in 2018. The survey carried out among Poles has shown that cocooning is rather poorly noticeable in the eating behaviour of consumers. This trend is observable predominantly in the behaviour of young people who are rather highly educated city residents; however, this depends on the type of activity related to cocooning. On the basis of secondary research, it has been shown that anxiety and a disturbed sense of public and social security are one of the most important factors that may affect the development of cocooning in consumer behaviour. The COVID-19 pandemic that hit the world in 2020 has evoked this kind of feeling in many consumers, which has been aggravated by the restrictions imposed by the state. Owing to the restrictions, social isolation increased and Poles have transferred many activities home, thus forming new habits, which may have a strong impact on their consumption behaviour in the longer term, even after the pandemic comes to an end. It is worth noting that the increase in the level of cocooning directly contributes to the growth of the e-commerce market, which poses new challenges especially for the logistics industry.

Keywords: cocooning, new trends, consumer nutritional behaviour, COVID-19

INTRODUCTION

The social, economic and technological changes that have occurred in the last decade have substantially altered consumers' eating behaviour (Sheth, 2021), and influence on developing new trends in their behaviour, such as servitization [17], rationalization [5], ethnocentrism [4], as well as cocooning. Sweeping changes in consumer behaviour mobilise economists to methodically monitor new

phenomena occurring on the Polish food market, because this allows them to track the trajectory of the development of food and catering industry companies, as well as societies themselves.

Cocooning is studied by both Polish and foreign researchers within various frameworks, such as cocooning in behaviour of consumers or factors influencing on faster development cocooning [10]. Based on the results of the literature review the general manifestation of cocooning in consumers' nutritional behaviour using direct surveys have not been the subject of a scientific study in the last decade. There is also a lack of work discussing the likely impact of the COVID-19 pandemic.

Therefore, in order to get a holistic view of the problem author decided to find the answer for the question does the phenomenon of cocooning in consumers' nutritional behavior is clearly visible in Poland? Which socio-demographic characteristics have the greatest influence on the presence of this phenomenon in consumer behavior? Could a coronavirus pandemic affect its development in Poland?

The main objective of this research was to identify and characterise cocooning as a new phenomenon in the nutritional behaviour of Polish consumers and to study the factors shaping it, with special emphasis on the possible impact of the COVID-19 pandemic on its development. To look into the problem, we drew information from the latest scientific articles, reports, summaries and Internet sources on the subject of consumer behaviour, nutrition, new trends and the pandemic. The knowledge was broadened through direct research conducted as a survey on a sample of 660 Polish people in 2018.

The paper is divided into the following sections. The first part presents the phenomenon of cocooning in theory. The second is dedicated to methodology and data collection, while the third presents the empirical results and discussion. The conclusion provides a summary, and indicates applications of the work, limitations and further research directions.

LITERATURE REVIEW

Today's consumers spend more time at home than they did a few years ago, they spend more money on take-out than on eating out, watch movies on online platforms instead of going to the cinema, and make a larger share of their purchases online. These consumers have turned into "cocooners," who have supplanted going outside with staying at home and limit their visits to market spaces. Therefore, a new trend in consumer behaviour is being observed: cocooning. This term was proposed in the 1980s by Faith Popcorn, who predicted the emergence of a fad for a retreat from the world by insulating oneself in one's own locality [8]. Cz. Bywalec (2007) defines cocooning as the process of consumption shifting from outside the home, i.e. from public institutions to one's

home. The home mentioned in the definition is not only understood as a building, but, first of all, as a focal point of family and social life, where you can relax and satisfy the needs that were once satisfied outside its territory. In the literature on the subject, cocooning is often allied with the privatisation of consumption, defined as the process of commercialisation, i.e. the transformation of public consumption into private consumption. These phenomena can be regarded as interrelated, because the key characteristic of cocooning is a retreat of consumers into privacy, which is associated with a preference for private consumption [1]. The cocoonisation of society generates hidden consumption, which takes place at home, outside norms and regulations, in an atmosphere of individual privacy and in the group of one's loved ones.

Nowadays, cocooning can be broken down into three different types. The first one is celebrating home life that is, transferring all everyday activities to the home, which becomes the centre of human life open only to the family members, who are participating in the escape from the chaos and everyday life. This type is associated with cocooning in consumers' nutritional behaviour [7]. Cocooning is manifested by buying food online very often, ordering meals delivered to the door or choosing to cook at home rather than visiting restaurants. It is proved that Polish consumers do not allocate as much money as western countries on foodservices in their total annual expenditures [11]. However, the demand for home-delivery food provided by catering and facilities and restaurants is more and more popular [16]. Also, it should be noted, that the coronavirus pandemic has a significant impact on the development this kind of food services in Poland [3].

The second type is "wandering cocooning" most often observed among young people who isolate themselves from the outside world with the use of iPods, tablets, smartphones or mobile phones. Another salient feature of wandering cocooning is also shopping with headphones on and the use of luxury cars with Internet access, GPS, in which you can feel comfortable and avoid confrontation with the surroundings. The third type is called armoured cocooning, which manifests itself in cautious use of the Internet, installing alarm systems and monitoring cameras, or searching for flats in guarded neighbourhoods [7],[8].

Cocooning is often discussed in the literature. Very often researchers look for factors which impact on developing this trend. Some scholars have investigated the motives of consumers to shop without entering public spaces. It has been observed that consumers stay at home and limit their visits to the shops because of a recession or other situation that may have affected their finances and prompted them to save money. Other issues pertinent to this matter include growing social anxiety or a shattered sense of public and social safety. These situations force consumers to look for simple pleasures that they can enjoy at home, and although they may voice frustration about it, they notice that they derive pleasure from these new activities and gradually get used to the new way of spending their free time (Manning, 2005).

Moreover, it was found that cocooning may be an example of a reaction to the need for territorialism and delineation of boundaries, distinctive of the *Homo sapiens* species, as well as an effect of the ideology of individualism [8]. Consumers are looking for ways to stand out from others, e.g. with their possessions. Increasingly, they are turning their own apartments into entertainment centres; equip them with modern audio-visual equipment with access to VOD platforms, computer networks or even gyms, saunas and swimming pools. What's more, they participate in culture by listening to Internet radio or visiting virtual museums. Houses and flats are beginning to replace institutions such as the philharmonic hall, the theatre, the cinema, and even places of collective leisure. Products that have so far been popular in restaurants or cinemas are starting to appear at home (e.g. sushi sets or beer in KEG barrels).

It has been shown that what contributes to the development of cocooning is late marriages, a smaller number of large families, as well as faster maturation and children and adolescents entering adulthood earlier. As a consequence, material goods that used to be family property and were used conjointly become personal goods.

Also, shorter working and different methods of work, and thus more free time, are chief factors in the emergence of cocooning. Remote access to the Internet enables teleworking, as well as shopping or taking care of private matters in the virtual space, without the need to leave your own home [10].

RESEARCH METHODOLOGY

The survey using quantitative methods covered consumers who decided autonomously about their own diet (over 18 years of age). The research was conducted in 2018 throughout Poland.

The choice of the research method, the selection of the sample, as well as the method of analysis of the collected information was determined based on the goals and scope of the survey. Two research techniques were used: an Internet survey and a drop-and-collect survey.

As the questionnaire-based study is non-exhaustive research, the selection of subjects for the sample was of great importance. The study used a purposeful-quota sample selection, with the quotas set in relation to the age and gender criteria.

The measuring tool in the primary research was a questionnaire, which consisted of an introduction, instructions for respondents, ten main questions and five background-data questions. Before the primary researches were realized, the pilot study was conducted on 50 respondents. The questions were dichotomous and closed-ended accompanied by tables and scales. The main objective of the study was to identify new trends in the nutritional behaviours of Poles and the

factors that affect these trends. Among the trends distinguished are greening, globalisation, servicisation, ethnocentrism, rationalisation and cocooning, on which this article focuses. In order to investigate the degree of occurrence of selected new trends in the nutritional behaviour of Poles, the variables were operationalised. Table 1 shows how the phenomenon of cocooning was measured.

Table 1. Operationalisation and measurement of variables

The studied phenomenon	Scale position (questions)*	Cronbach's alpha for the scale
Cocooning	Buying food online	Alpha = 0.163 ***
	Ordering meals delivered to the door, such as those offered by pizzerias and other catering companies	
	Choosing to cook a sophisticated dish at home rather than going to a restaurant	

* *The questions used intensity scales from 1 to 5, and the ends of these scales were described differently, depending on the question asked*

*** *The result is not very reliable; analysis of answers to individual questions*

Source: Author's study

When creating measurement scales describing consumer behaviour, factor analysis (principal components method) and the Cronbach's alpha coefficient were employed as a measure of the reliability of the scales. When verifying the hypotheses on the relationship between the behaviour of consumers and their characteristics, linear regression models (when dependent variables were measured on summary scales) or ordered logit models were used (when responses to individual questions were scrutinised). Descriptive statistics and structure indicators for individual questions and summary scales were also calculated. Moreover, the standard Student's t-test using heteroscedasticity consistent standard errors of the estimated coefficients was used to test the significance of the regression model parameters. It should be noted that the results of testing the significance of the regression model parameters should be treated with some caution because it is not possible to guarantee the independence of the responses given by the respondents in the online survey.

However, the used method made it possible to find the answer for the question does the phenomenon of cocooning in consumers' nutritional behavior is clearly visible in Poland and which socio-demographic characteristics have the greatest influence on the presence of this phenomenon in consumer behavior. It should be noted that the answer for the research question associated with the impact of COVID-19 was sought based on secondary research, because of the lack of data on this topic, and these considerations should be treated with great caution.

A total of 660 people participated in the study, including 393 women (59.5%) and 267 men (40.5%). People aged 18-34 accounted for approximately 42% of the respondents, people aged 35-54 – for 28%, and over 55 – for 31%. The structure of the sample in terms of age and sex resulted from the selection of the quota, which reflected the population structure in Poland as of 31 December 2016. Among the other characteristics of the research sample, the following were distinguished: education, income situation and place of residence. Almost half of the respondents had secondary education (49.5%), more than one-third had vocational education (35.3%), and every seventh person had higher education. Only 2.3% of the respondents declared having primary or lower secondary education.

Table 2. Characteristics of consumers participating in the research (n = 660)

Characteristics of the respondents	Respondents	
	number	%
Sex		
Woman	393	59.50%
Man	267	40.50%
Age		
18-24	103	15.6%
25-34	166	25.2%
35-44	102	15.5%
45-54	84	12.7%
55-59	50	7.6%
60-64	50	7.6%
65 and over	105	15.9%
Education		
Primary	6	0.9%
Junior high school	9	1.4%
Vocational	233	35.3%
High school	327	49.5%
Higher	85	12.9%
Income situation		
Very poor	13	2.0%
Poor	8	1.2%
Average	104	15.8%
Good	235	35.6%
Very good	300	45.5%
Place of residence		
City	407	61.7%
Countryside	253	38.3%

Source: Author’s data based on primary research

It should be admitted that the presented characteristics of the sample do not guarantee its full representativeness. Hence, taking into account the use of non-random sample selection, the generalisation of results using standard statistical inference tools should be approached with great caution. Nevertheless, even on such an imperfect sample, attempts can be made to formulate conclusions about the phenomena under study.

Research conducted in 2018 showed that cocooning is rather negligible among Poles: the average was 1.94 and the median was 1.67 (tab. 3).

Table 3. *Descriptive statistics for new trends in Poles' nutritional behaviour**

Phenomenon	Mean	Median	Standard deviation
Cocooning	1.94	1.67	0.92

* *The questions used intensity scales from 1 to 5, and the ends of these scales were described differently depending on the question asked*

Source: Author's data based on primary research

Three questions in the questionnaire were used principally to examine the degree of cocooning in Poland. The first one was concerned the frequency of food purchases over the Internet by the respondents, the second - ordering takeout meals with home delivery, and the third - choosing cooked dishes at home rather than visiting a restaurant.

Analysing the incidence of buying food online, studies have revealed that people who follow the principle "you are what you eat" and claim that they have healthy eating habits do it more often. It has also been shown that price is not the most essential factor for them when choosing food. The research also proved that people over 60 years of age buy food online much less often than people aged 18-24. Also, people with primary education show a lower level of cocooning in this respect than people with vocational education. Moreover, these are people who live in the city more often than in the countryside and assess their financial situation as poor (Tab. 4).

The research findings have demonstrated that home delivery dishes are ordered much less frequently by people aged over 35 than by people aged 18-24. It has also been shown that people with secondary and higher education evidently order takeaway dishes more often than consumers with vocational education. Another correlation that was noticed was that people who assess their diet as healthy order meals delivered to their homes much less frequently. However, no statistical significance was found regarding the impact of gender, income situation and place of residence on the frequency of ordering take-out food.

Preparing a complex dish at home rather than visiting a restaurant is an answer less often chosen by people over 65, and more selected by people aged 18-24. Statistical analysis has also revealed that people with primary education do

this much less frequently than consumers with vocational education. It is worth noting that on average the respondents who declared that they care about the quality of their meals and that they expand their nutritional knowledge gave higher answers to the question if they would choose to prepare a sophisticated dish at home rather than visit a restaurant (Table 4, Fig. 1).

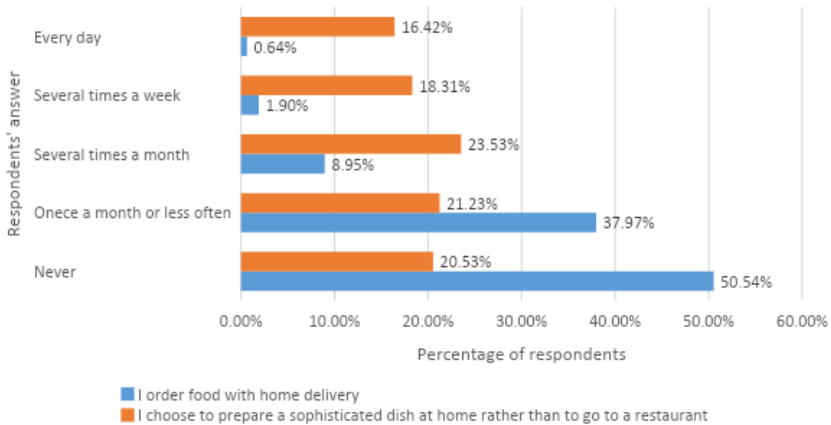


Fig. 1. *The frequency of ordering meals with home delivery and the frequency of preparing sophisticated meals at home by Poles*

Source: Author’s data based on primary research

On the basis of detailed analyses, it can be concluded that cocooning occurs mainly among young, better educated people who prefer healthy eating, and in terms of purchasing food, more often among city dwellers and people who assess their income situation as poor.

Table 4. Estimation results of ordered logit models for questions about cocooning

	Buying food online		Ordering dishes with home delivery		Choosing to cook a sophisticated dish at home rather than going to a restaurant	
	b	std(b)	b	std(b)	b	std(b)
According to the “you are what you eat” principle, do you pay attention to what food products you choose? _Yes	1.762	0.673***	0.392 ⁻	0.295	0.432	0.258*
What does packaging mean for you when choosing a food product?	0.001	0.124	0.068 ⁻	0.092	0.030	0.074
What does price mean for you when choosing a food product?	-0.312	0.138**	0.025	0.147	0.026	0.103
What is the significance of the company when choosing a food product?	-0.129	0.134	0.041	0.099	0.071 ⁻	0.085
What is the importance of quality for you when choosing a food product?	-0.111	0.228	0.245 ⁻	0.176	0.554	0.137***
What is the importance of caloric content for you when choosing a food product?	0.153	0.141	0.030	0.116	0.142	0.088
What is the significance of composition when choosing a food product?	0.376	0.234	0.038	0.131	0.008	0.113
Do you think you are eating healthy? Yes	0.728	0.329**	0.543 ⁻	0.218**	0.063 ⁻	0.199
Do you use any diet (e.g. vegetable and fruit)?	0.288	0.309	0.096	0.244	0.056 ⁻	0.187
Do you expand your knowledge of proper nutrition?	-0.331	0.339	0.293 ⁻	0.269	0.355	0.206*

Do you use dietary supplements advertised in the media?	0.102	0.304	0.358	0.269	- 0.298	0.203
sex_female	-0.311	0.270	- 0.297	0.214	- 0.106	0.168
age_25_34	0.580	0.451	- 0.253	0.261	- 0.161	0.221
age_35_44	0.025	0.501	- 0.797	0.291***	- 0.324	0.244
age_45_54	0.071	0.502	- 0.834	0.346**	- 0.216	0.269
age_55_59	-0.917	0.683	- 1.921	0.432***	- 0.196	0.356
age_60_64	-1.541	0.803*	- 1.829	0.403***	- 0.501	0.355
age_65_and_above	-3.737	1.143***	- 4.258	0.596***	- 0.729	0.314**
primary education	- 12.370	1.324***	- 0.713	1.955	- 1.564	0.920*
junior high school education	2.564	2.106	0.318	0.900	0.382	0.706
secondary education	-0.255	0.614	0.876	0.339***	- 0.262	0.297
higher education	-0.105	0.648	0.673	0.364*	- 0.197	0.295
very poor income situation	1.195	0.872	0.333	1.646	- 0.277	0.736
bad income situation	2.228	0.955**	1.527	2.299	0.874	1.247
good income situation	-0.500	0.311	0.155	0.204	0.150	0.197
very good income situation	-0.549	0.406	0.155	0.374	0.268	0.260
place of residence city	0.539	0.317*	0.237	0.209	0.184	0.173
R ²	0.157		0.180		0.051	
N	637		637		637	

The estimates of the regression coefficients are summarised in columns b; column std(b) contains the mean errors of parameter estimation calculated using a formula resistant to heteroscedasticity of the random term; statistically significant estimates are marked with asterisks:

* p<0.1; ** p<0.05; *** p<0.01

Source: Author's data based on primary research

DISCUSSION

The conducted survey showed that cocooning is very faintly visible in the nutritional behaviour of Polish consumers. It occurs in the majority of Poles preferring to prepare a sophisticated dish at home rather than to visit a restaurant,

in Poles occasional ordering meals with home delivery and making food purchases via the Internet, which in Poland is still rather uncommon, but is increasing every year (Neska et al. 2015; Gheribi, 2016; Włodarczyk, 2016; [11], Straczuk 2016; Kolanowski et al., 2020). This trend is noticeable mainly in the behaviour of young people, rather highly educated, city residents, however, this depends on the type of activity related to cocooning.

Research by other authors has shown that the development of cocooning among consumers may be influenced by many factors, however unquestionably, in 2020 the most vital factor affecting almost every area of human life has been the COVID-19 coronavirus pandemic. Scientists agree that the pandemic could have long-term consequences for consumers. COVID-19 has not only disrupted people's daily routine, but it also has already had psychological effects. Social isolation, growing anxiety and insecurity can lead to severe psychological and psychiatric disorders [2]. UNICEF (2020a; 2020b) and WHO (2020) has issued warnings against spending too much time in front of TV, computers and social media due to limited physical activity, rising obesity rates among children, and easy access to unscientific news and information on COVID-19, which spreads fear and paranoia [14], [15]. The pandemic has also forced a change in consumer behaviour. Due to the introduced restrictions, all activities of people were concentrated in their immediate surroundings, such as a house or apartment. Consumers were more actively looking for single-family houses with a garden or allotment gardens. Many new work and learning systems have been created, such as remote learning and work, online conference meetings, trade fairs and training workshops. Moreover, it has been shown that as early as two weeks after the introduction of restrictions on leaving the house, consumers admitted to changing their buying habits [6].

In the view of this article, data on online food purchases and online food ordering are of particular interest. The latest edition of the report *Global State of the Consumer Tracker (2020)* shows that almost 40% of Poles are ready to do grocery shopping online and pick it up in the store. Moreover, more than a quarter of Poles choose to order a home meal online. It has been shown that 40 percent of Poles order food with delivery at least once a week. Meals with home delivery are ordered mainly by people up to 34 years old: nearly half of them order food at least once a week. Every fourth person over 50 orders dishes from a restaurant at least once a week [9]. According to Tpay (2020) data, the average value of the e-cart in the grocery shopping category increased from PLN 105 in the first quarter of this year to PLN 226 during the lockdown. The upward trend of the e-cart continued, reaching PLN 239 during the holiday season. The food industry during the pandemic saw a significant rise in the number of online transactions, by as much as 128%. Trading value also went up by 276% [13]. This trend continues after the lockdown, with a 125% surge in the number of transactions and a 284% rise in the value of transactions compared to the beginning of the year [12]. It can therefore be assumed that changes in consumer behaviour, initiated by

maintaining a safe social distance, have transformed into convenient, everyday shopping performed without leaving home.

However, one may wonder if, after the COVID-19 pandemic is over, consumers will gradually return to their old habits or maintain their new ones? The increased volume of online purchases during the pandemic has not been the result of a natural market transformation, but rather of a forced change. This may be indicated by the fact that less than a third of consumers who have switched from traditional online purchasing channels are satisfied with them. Despite this moderate satisfaction, one can expect an increase in the dynamics of online sales growth, as the vast majority of consumers who positively evaluate digital shopping channels declare that even after the end of the COVID-19 pandemic, they will not stop using them (KPMG, 2020).

CONCLUSION

The main objective of this research was to identify and characterise cocooning as a new phenomenon in the nutritional behaviour of Polish consumers and the factors shaping it, with particular emphasis on the possible impact of the COVID-19 pandemic on its development.

A survey conducted in 2018 among Poles has shown that cocooning is poorly visible in the nutritional behaviour of consumers. This trend is perceptible mainly in the behaviour of young people, rather highly educated, city residents, however, this depends on the type of activity related to cocooning.

On the basis of secondary research, it was shown that anxiety and a disturbed sense of public and social security are one of the most important factors that may affect the development of cocooning in consumer behaviour. The COVID-19 pandemic that hit the world in 2020 has evoked this kind of feeling in many consumers, which has been aggravated by the restrictions imposed by the state. The introduced restrictions have led to Poles suffering from social isolation and transferring all activities home, as well as shaping new habits, which may have a significant impact on their consumption behaviour in a longer run, even after the pandemic comes to an end. Therefore, in further research, attention should be paid to the current level of cocooning in the behaviour of Poles after returning to the normal functioning of society. It is also worth bearing in mind that the home-centre also leads to the education of the consumer-entrepreneur (the so-called prosumer), for whom consumption and work are no longer hermetically separated from each other, and leisure sometimes becomes prosumption instead of consumption, which may also be the subject of further analysis.

The study also has a practical angle and outcomes. It has been shown that in times of a pandemic, consumers more often buy online platforms with movies or games, order take-out food, buy household appliances and fitness equipment, using primarily e-commerce. For many consumers, these behaviours may not

change after the epidemic, which will continue to affect the rapid growth of the e-commerce sector, driving the emergence of innovative solutions used by the logistics industry.

There are some limitations of the results of this study. Firstly, the results cannot be generalized to the entire population, because research was non-exhaustive. Secondly, the questionnaire method has some drawbacks, e.g. there is a limited possibility of deepening the subject. Thirdly, the survey was conducted in 2018, and due to the coronavirus pandemic from 2020, consumers' food choices related to cocooning may have changed. Although, this research can be treated as a baseline for future studies conducted after the pandemic times.

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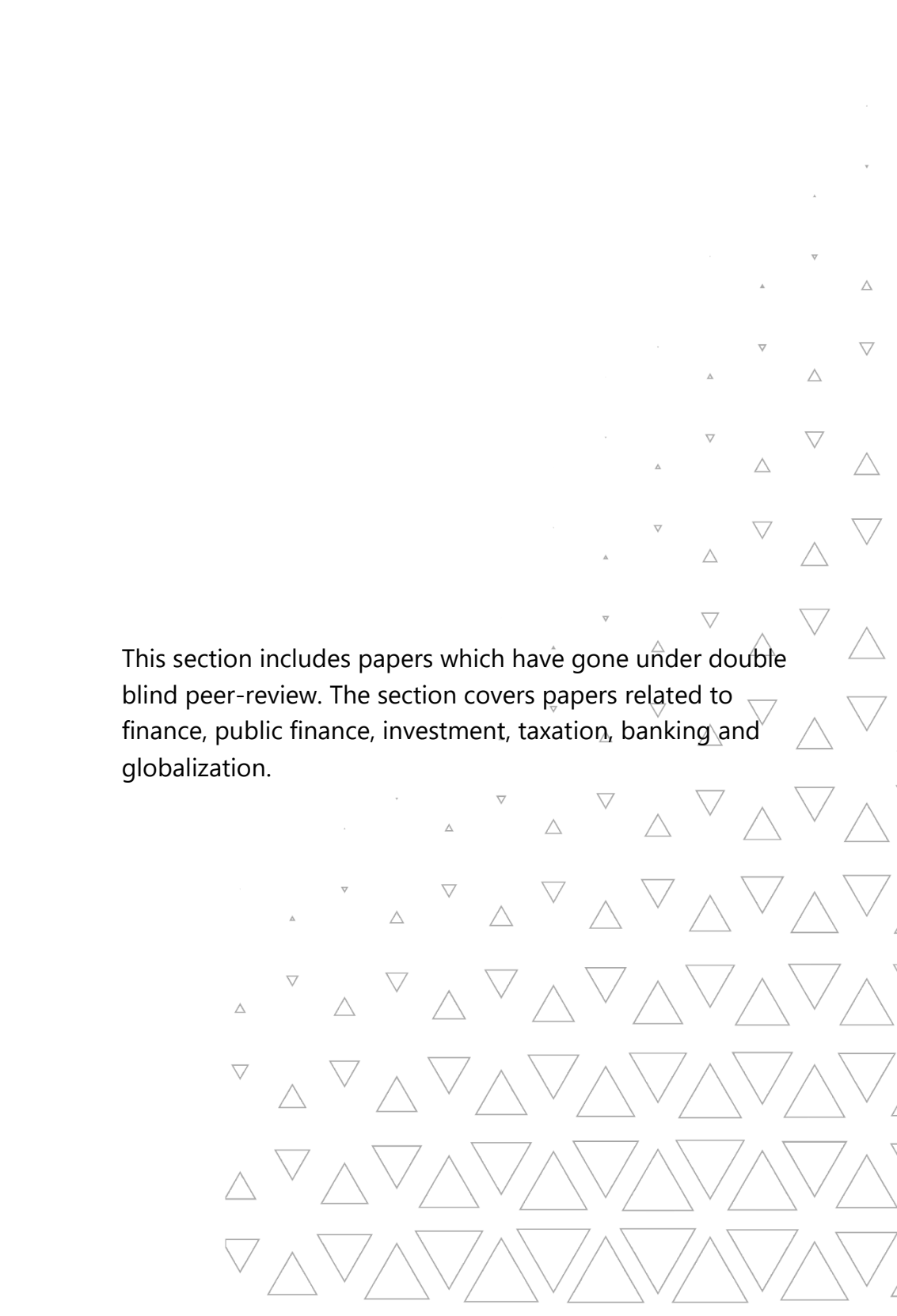
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Section

FINANCE



This section includes papers which have gone under double blind peer-review. The section covers papers related to finance, public finance, investment, taxation, banking and globalization.

ACCOUNTING IN THE XVI CENTURY FROM THE VIEWPOINT OF ETHICS AND SUSTANABILITY: AN ESTONIAN CASE STUDY

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ABSTRACT

This case study is based on two accounting books that belonged to merchant Matheus Spielmann, which are preserved in the Tallinn City Archives and date from 1568-1570. Ever since Luca Pacioli's famous 1494 textbook on accounting (the so-called *Summa de arithmetica, geometria, proportioni et proportionalita*), ethics has served as one of the foundations of accounting [1]. Business ethics and sustainability are related, in some ways characterizing corporate social responsibility. For example, Garriga and Melé claim that the theory of sustainable development belongs to the ethical theories of corporate social responsibility, concentrating on ethical values and responsibility [2].

The aim of this paper was to determine how Spielmann's accounting books reflect ethics and sustainability. In order to assess sustainability, Talcott Parsons's paradigm about the continuity of social systems was applied. According to Parsons [3], a harmony or balance must exist between the main functions of social systems: adaptation to the environment (A), goals attainment (G), social integration (I), and latent pattern maintenance or latency of values (L). In her doctoral thesis, Roostalu proved that Parsons's AGIL paradigm describes a general system of sustainability and it is applicable when preparing four-dimensional sustainability models [4]. In this paper, a four-dimensional content model was also prepared, and qualitative content analysis was used.

The results of the case study show that Spielmann's accounting books are quite transparent and include several sustainability indicators. Moreover, it appears that the dimensions of the sustainability model are in harmony with each other, which indicates strong sustainability orientation in these accounting books dating from the Middle Ages.

Keywords: *accounting, AGIL paradigm, corporate social responsibility, Matheus Spielmann, sustainability model*

INTRODUCTION

In the Middle Age, the terms "strategic corporate social responsibility" and even "corporate social responsibility" were unknown; however, this does not

mean that such principles and activities did not exist. For example, ethics, being one of the indicators of these principles, has a much longer history.

In the present day, strategic corporate social responsibility is “a business strategy that is integrated with the core business objectives and core competencies of the firm and, from the outset, is designed to create business value and positive social change, and is embedded in day-to-day business culture and operations” [5]. McElhaney asserts that companies view corporate social responsibility as a part of their values and as an opportunity for creating strategies for sustainable development (Ibid). Values also play an important role in the AGIL paradigm created by Parsons. The AGIL paradigm, as a general model of sustainability, is presented in the next part of the article. In the following part, an overview of the case study is provided and in the final part of the article, the results and conclusions are discussed.

THEORETICAL BACKGROUND AND METHODOLOGY OF THE STUDY

Talcott Parsons was one of the developers of structural functionalism. In his framework of functional analysis, the concept of “society” – which was for his society as a whole, or the various institutions, such as the family within society – is replaced by that of the “social system” [6].

In order to survive and continue, each social system must have four characteristics [7]:

- (1) A: adaptation to the environment (to maintain resources);
- (2) G: goal attainment (to establish priorities of actions);
- (3) I: integration (to coordinate and maintain the stability of internal relationships);
- (4) L: latent pattern maintenance or latency (to preserve the core values of the system).

These functional needs can be remembered by the acronym AGIL, which forms Parsons’s AGIL paradigm or the AGIL scheme [8].

The above-mentioned functions are assigned to the four subsystems of the social system: A to the economic sphere; G to the policy sphere; I to the social sphere; and L to the cultural sphere [3], [7].

Subsystems, as designated by the acronym AGIL, are hierarchically arranged in the order of decreasing access to information and increasing use of energy [8]. It is here that Parsons uses the term “cybernetic hierarchy”, in which adaptation (A) holds the highest position (Ibid). In achieving continuity, and vice versa, latency (L) plays a crucial role because values motivate the members of any social system to voluntarily act in the manner that is expected of them by their social

system [7], [9]. At the same time, the balanced performance and co-operation of all four subsystems are required (Ibid). As the subsystems of a social system also constitute social systems, they must all possess the four imperatives, and indeed Parsons draws a very important conclusion that the AGIL paradigm also applies to the subsystems of each social system [10]. Among other things, this means that, for instance, values play an important role not only in the area of culture but also in the economy, politics and social affairs [9].

If a system is composed of subsystems mutually influencing each other, it constitutes a complex system. Thus, the AGIL scheme is a complex system, which Parsons himself has also stated, considering a complex approach at researching social phenomena to be inevitable [11].

Roostalu [4] compared Parsons's AGIL scheme with the four principles of sustainability defined by Waas, et al. [12] and concluded that these two complex systems are isomorphic, which means that their coinciding is absolute or ideal (see Figure 1). Namely, Waas et al. defined the essence of sustainability through the four main principles of sustainability [12]:

- (1) the normativity principle, because sustainable development always contains value-based social and normative choices;
- (2) the equity principle, which refers to the future trends of sustainability, meaning equity both between and within generations, but also geographical equity, i.e. a balance between local and global liability, and procedural equity or engagement of stakeholders in decision-making;
- (3) the integration principle, which arises from the requirement for a holistic and systemic approach;
- (4) the dynamism principle, which means adaptation to the changing environment, as sustainability cannot be viewed as a fixed status of harmony.

Waas et al. emphasize that these four main principles of sustainability are all equally important and should be viewed as being mutually connected and not in isolation. Thus, the main principles of sustainability also constitute a complex system [4]

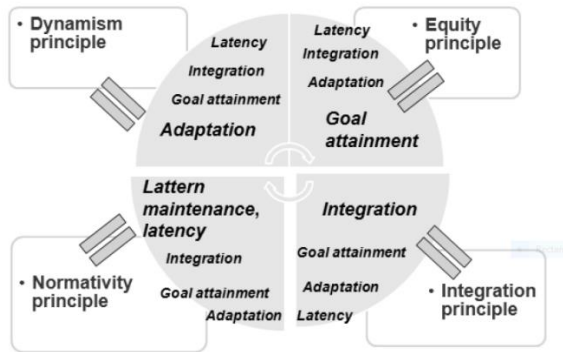


Fig. 1. Parsons’s AGIL scheme as a general model of sustainability. Created by the author.

As the AGIL scheme is a system with four components, it enables models to be created with four dimensions, i.e. four-field models. By their nature, accounting rules belong among the elements of integrity (I) i.e. integration [4], [11]. The content analysis of Spielmann’s accounting books indicates how adaptation, i.e. the economic field; goals, i.e. the field of politics; and values, i.e. the field of culture as subsystems are represented in these books, in addition to integration, i.e. the social field. As direct evidence of corporate social responsibility (including ethics) and sustainability are rarely found in the accounting books, the main emphasis of this work is on interpretation or qualitative content analysis.

CASE STUDY

It should first be noted at the outset that the language used in Matheus Spielmann’s accounting books differs from the Low German language prevailing in Livonia at the time. Spielmann used a peculiar mixed language, which was difficult to follow and which was dominated by an Upper German language with Dutch influences. Therefore, in her study, the author relies on the Estonian and German monograph of researcher Ivar Leimus, which was completed based on the accounting books, analysing the facts published there through the prism of the AGIL scheme [13].

We start with accounting or integration (I) as the main field, which also includes the components L, G and A (see Figure 1).

The basis of modern accounting, i.e. the principle of double-entry, was laid more than five centuries ago. This principle is also reflected in Matheus Spielmann’s accounting books, where one page always contains a debit, i.e. one’s own liabilities, and the other page shows a credit, or the obligations of one’s

partners, forming a whole [13]. In addition, there is room for continuation of entries, i.e. continuity over time in transactions with the other party was ensured.

Spielmann's profit calculation was not limited to finding the difference between the purchase and sale prices of the goods, but he also deducted transport and other costs from sales revenue. For example, in 1569, squirrel skins were bought for 988 marks and sold for 1300 marks, which makes an initial profit of 31.6%, but after deducting travel and transport costs, the profit is 21.5% (Ibid). In the case of goatskins, the cost of packing, transport, excise, and storage was deducted in 1570 (Ibid).

Spielmann's accounts were highly detailed, including a breakdown by item as well as by destination or business line (Ibid). While the distinction between items corresponding to the teaching of accounting at the time, destination-based accounting was not taught anywhere and could be considered innovative (Ibid). Thus, Spielmann has developed accounting as a certain norm, or integration (I) in the sense of Parsons, under which the phenomena presented here fall (see Table 1).

Regarding values or the cultural space (L). Merchant Spielmann's accounts demonstrate adherence to ethical values (see Table 1). In particular, the accounting books are characterized by transparency, one of the manifestations of which is the already mentioned level of detail (this is known to be a complex system – see Figure 1). In addition, the use of numerical quantities in addition to the monetary value of the goods refers to transparency. For example, wine was measured in aams and fabric in ells [13]. As Spielmann operated in different countries, the accounting books contain different financial and quantitative indicators (Ibid).

The second value is honesty because Spielmann paid the excise duties and other taxes required. For example, 1.7% of the cost of leather for transporting Russian goatskins from Tallinn to Pärnu was subject to an excise duty (Ibid). When selling goods in Russia, a brokerage fee had to be paid, the amount of which was negotiated (Ibid). Duty of 1% of the value of the goods was imposed on the transport of freight to Stockholm. As Livonia was under several different powers at that time, in order to move from one region to another (for example, from Tallinn to Riga), Spielmann had to obtain so-called permits or passports, including for the goods being transported (Ibid).

Thirdly, with regard to values, it must be emphasized that Spielmann considered himself to be a resident of Tallinn, although his nationality and origin are unknown. On 9 July 1569, Matheus Spielmann declared the Danish-Lübeck fleet that attacked Tallinn Bay to be his enemy, incurring the loss of elk skins (Ibid) loaded on a Köningsberg ship. The death of Matheus Spielmann in 1571 was deemed worthy of note by the City Secretary for Tallinn. His cause of death was most likely the plague (Ibid).

Table 1. Content Model

A. Adaptation to economic conditions	G. Objective: to promote transit trade	I. Accounting development	L. Adherence to values
1. One's own buying and selling organization	1. Serving as a mediator between East and West	1. Integrated accounting: by both sales items and destinations	1. Accounting transparency: expressing quantities in both monetary and quantitative indicators.
2. His own fleet of ships	2. Development of international relations	2. Profit calculation: calculation of transport and other expenses and their deduction from sales revenue	2. Integrity: applying for licenses and paying taxes
3. A wide range of goods	3. Being profitable	3. Historical continuity: adding new transactions to existing ones	3. Considering himself to be a resident of Tallinn

Source: Own source

In the following, we consider the presence of merchant Spielmann's goals (G) in his accounting books. Namely, Spielmann's specific goal was to develop transit trade, i.e. to mediate Western and Eastern goods (see Table 1). In his business activities, a clear distinction can be made between the directions of Königsberg and Tallinn [13]. Spielmann imported olives, lemons, raisins and wines (Ibid) to Königsberg from Antwerp. Products from the eastern market were imported to Antwerp from Königsberg: rye, wheat, hemp, and elk hides; cinnamon, salt, wine, and hops were sent to Tallinn; woollen fabric and amber were sent to Narva, different types of furs were sent to Riga; felt and flax were sent to Moscow; and wine and glass were sent to Novgorod.

For the purposes of transit trade, Spielmann established a number of links abroad. For example, his business partner was Georg Kramer, with whom Spielmann formed a partnership and together visited Russia to trade [13]. The netting between them was called Conto Corrent, i.e. a current account (Ibid). Spielmann also had a contractual relationship with Zacharias Riedt, the Mayor of Posen, whose fabrics he resold (Ibid).

In order to successfully achieve his goals, Spielmann certainly had to be profitable. We discussed his profit accounting under accounting development (I).

Lastly, we look at Spielmann's economic adaptation (A), which also played an important role in achieving his goals. In order to engage in transit trade,

Spielmann needed an international buying and selling organization. He employed a number of merchants, the most important of whom were Michel Hetzel, who was more active abroad, and Hans Soer, whose workplace was mainly in his homeland – in Tallinn, Pärnu, Narva, and Riga [13].

With the help of Hetzel, Spielmann acquired a small fleet of ships, while Soer bought a horse from Haapsalu for freight transport (Ibid).

An indicator of economic adaptation is also the wide range of goods bought and sold by Spielmann, which was discussed previously. Thus, Spielmann had an excellent overview of demand, which can be interpreted as taking into account the interests of stakeholders.

In total, there were 12 manifestations of sustainability within the content model – three for each dimension (see Table 1). Thus, the dimensions of the model are balanced. It also means that Matheus Spielmann was an ethical and socially responsible trader.

CONCLUSION

In this paper, two accounting books that belonged to the merchant Matheus Spielmann, and which date from 1568-1570, were under investigation. The research question was how these books reflect ethics and sustainability. For the analysis, the author compiled a four-dimensional content model based on Parsons's AGIL paradigm or AGIL scheme.

The findings of the case study confirm that the accounting books from the time period were quite transparent, including several indicators of ethics and other phenomena of sustainability. As all four dimensions of the sustainability model were in harmony, it can be concluded that the Spielmann's accounting books have a strong sustainability orientation.

This research adopted a qualitative methodology. Each research strategy has its advantages and limitations. The advantage of the chosen research strategy is that it allows for a deeper investigation. According to Feagin et al. a case study is an ideal methodology when a holistic, in-depth investigation is needed [14]. Yin claims that a case study should be chosen if “how” and “why” questions are asked [15]. The limitation of this research strategy is connected with content model making. Namely, as content analysis always includes some subjective moments there is no absolute truth for creating such models.

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FINANCIAL DISTRESS PREDICTION FOR MANUFACTURING AND COMMERCIAL COMPANIES

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ABSTRACT

A large number of studies on bankruptcy prediction are published every year. The topic of SME failure prediction has evolved over the past decades into a relevant research area that has grown exponentially across many disciplines, including finance and management, for obvious reasons. This has been motivated by the massive toll on SMEs caused by the global crisis of 2007-2009, the recent COVID-19 crisis and the resulting need to update indicators of SME failure. Many authors during the last fifty years have examined several possibilities to predict business failure. They have studied bankruptcy prediction models under different perspectives but still could not indicate the most reliable model. This paper focuses on the Czech economy, specifically at small and medium-sized enterprises (SMEs).

This article aims to find if there exist different factors that could predict bankruptcy for manufacturing and commercial companies. Considering the research objective, the following hypotheses were set: H1: Indicators used in the financial distress model for manufacturing companies differ from commercial companies.; H2: Applying a model based on different segmentation criteria improves the reliability of bankruptcy prediction.

It is the ongoing research about the value of several popular bankruptcy models that are often applied, namely the Altman Z-score, the Ohlson O-score, the Zmijewski's model, the Taffler's model, and the IN05 model. The logistic regression has been used to investigate around 1800 companies, of which 308 failed during 2010 – 2017.

Reached results confirm both hypotheses and some suggestions arise from it. When we develop a bankruptcy model, it is necessary to sort companies according to different criteria. It also confirms findings of the last years literature review the closer the similarity of businesses, the greater accuracy of bankruptcy models. Further, it is required to exploit common used financial indicators with a combination of modified indicators to assess the probability of bankruptcy precisely.

Keywords: *bankruptcy prediction, financial distress, SME, financial indicator, logistic regression*

INTRODUCTION

Predicting bankruptcy and quantifying credit risk is the subject of interest of many studies, scientific articles, and publications. Academics and practitioners have focused their research on improving the performance of existing bankruptcy models, and they are still developing new models and methods to precisely predict business failure. The abundance of bankruptcy prediction models gives rise to the idea that these models are not in compliance with the market's changing business conditions and do not meet the increasing complexity of business tasks.

This article aims to find if there exist different factors that could predict bankruptcy for manufacturing and commercial companies. Considering the research objective, the following hypotheses were set: H1: Indicators used in the financial distress model for manufacturing companies differ from commercial companies.; H2: Applying a model based on different segmentation criteria improves the reliability of bankruptcy prediction.

This paper focuses on SMEs because they are reasonably considered the most crucial economic segment in many countries. For OECD members, the percentage of SMEs out of the total number of firms is higher than 97%. Thanks to their simple structure, they can respond quickly to changing economic conditions and meet local customers' needs, sometimes growing into large and powerful corporations or failing within a short time of the firm's inception.

THEORETICAL FRAMEWORK

After performing the scientific literature analysis, it was identified that various scientists who have studied bankruptcy prediction models under different perspectives still could not indicate the most reliable model as a brief preview of the history can observe it.

Many authors during the last fifty years have examined several possibilities to predict default or business failure. The seminal works in this field were Beaver in 1967 and Altman in 1968. The researcher William Beaver was the first to apply several ratios, which could discriminate between failed and non-failed companies five years before the bankruptcy. Altman improved Beaver's method and assessed the complete financial profile of firms. Altman examines 22 potentially helpful financial ratios and selects five that provide, when combined, the best overall prediction of corporate bankruptcy. He is the first to develop a multiple discriminate analysis (MDA) prediction model with a 95.0% accuracy rate; he is considered the pioneer of insolvency predictors. Altman's model has been applied successfully in many studies worldwide concerning the subjects of capital structure and strategic management, investment decisions, asset and credit risk estimation and financial failure of publicly traded companies [1].

For many years after that, MDA was the prevalent method applied to the default prediction models. Many authors used it; for example, very often cited in the research literature is the Taffler model developed in Great Britain in 1977 [2]. Inka Neumaierova and Ivan Neumaier have developed another MDA model in 1995, known as IN95. This model was constructed especially for the Czech market and was updated in the following years. [3].

Considering these MDAs' problems, Ohlson [4], for the first time, applied the conditional logit model to the default prediction's study. The practical benefits of logit methodology are that they do not require the restrictive assumptions of MDA and allow working with disproportional samples. After Ohlson, most of the academic literature used logit models to predict default. Next, a very often cited model, which uses conditional probability, is a model by Mark E. Zmijewski [5]. He was the pioneer in applying probit analysis to predict default but, until now, logit analysis has given better results in this field. A probit approach is the same as the logit approach; the difference is only the distribution of random variables.

Nowadays, a prevalent topic is creating a model for a specific country or industry and selecting an appropriate method for creating the model and its comparison with other methods, whether traditional or artificial intelligence methods.

The relating theme for the prediction of bankruptcy for a particular country or a particular industry, the authors aim to prove that a model developed for a given macroeconomic environment or a given industry of a specific country has better predictive power than a universal model, which has been proven in many studies. Each country has its specificities, different economic environment, and different stages of economic development, which must be taken into account when developing a model. Research on country-specific bankruptcy prediction or comparison of bankruptcy models of different countries has been published by, for example, [6], [7], [8]. These studies have shown that it is most appropriate to construct a bankruptcy model for a given country or a group of countries with similar characteristics or neighbouring countries.

It is also necessary to consider the affiliation to the specific industry in which the firms under study are located. As with country specifics, industries have specificities such as seasonality, different asset and liability structures on the balance sheet, and different activity costs. Therefore these facts must also be taken into account. Studies dealing with industry-specific bankruptcy models in order to build the most accurate model predicting the possibility of bankruptcy within a given industry have been published, e.g. [9], [10], [11].

Another common feature of this research stream is the prediction models constructed for a given country and specifically for a particular segment - the SME segment, or separately for micro-enterprises, small enterprises, and medium-sized

enterprises. According to research by [12], [13], models constructed for a specific enterprise segment increase the accuracy of bankruptcy prediction.

Thus, the result of this stream of research is that models built specifically for a given industry, a given country or a given segment exhibit higher predictive power than so-called universal models.

Comparisons of the predictive power of traditional bankruptcy prediction methods and so-called modern methods, or artificial intelligence methods, are among the most frequent publications on the topic of bankruptcy prediction. As has been already mentioned, there are many studies published on bankruptcy prediction, so only a few examples and results of this research stream will be presented. Many authors only compare the predictive ability of selected methods to prove that a particular selected method has a higher predictive ability than another. Traditional methods, i.e. discriminant analysis and logistic regression, are often compared with artificial intelligence (AI) methods. Most authors try to prove that AI methods have better predictive power than traditional methods. The criticism of traditional models is addressed in studies such as [14].

Overall, no method was significantly better than the other selected methods concerning the defined criteria. The study guides selecting the most appropriate method to best suit the current situation, the size of the data and the outputs expected by the modeller. [14]

METHODOLOGY AND DATA

The dataset consists of 1800 SMEs that survived in 2010 – 2017, out of which 308 companies failed in this period. This data was exclusively gained from a bank database by a random selection of SMEs that survived and all SMEs that failed.

The database was split into two groups – manufacturing companies and commercial companies.

Table 1. Database sorting

Size	Healthy	Bankrupt	Total
Manufacturing companies	646	115	761
Commercial companies	856	193	1049
Total dataset	1502	308	1810

Source: own processing

Sixteen financial indicators were used see Table 2. The variables were taken from the models used in Altman’s Z-score, Ohlson’s O-score, Zmijewski’s model, Taffler’s model, and the IN05 model as their prediction power was compared in the previous research. They measure most of all leverage and profitability. Most of these indicators are not often used in financial analysis; they have been used in known bankruptcy models, which we have examined in our previous research.

Table 2. List of financial indicators

Coding		Formula
Leverage	C/DEBT	capital/liabilities
	ST DEBT/A	short-term liabilities/total assets
	A/DEBT	total assets/liabilities
	DEBT/C	liabilities/capital
	DEBT/A	liabilities/total assets
	C/LT A	capital/long-term assets
Liquidity	LT SOURCES/A	capital + reserves + long-term liabilities/long-term assets
	WC/A	working capital/total assets
	CURR.A/ DEBT	current assets/liabilities
	ST DEBT /CURR.A	short-term liabilities/current assets
	CURR.A/ST DEBT	current assets/short-term liabilities
	Profitability	RET.EARN/A
EBT/ST DEBT		EBT/short-term liabilities
EBIT/INT. COST		EBIT/interest cost
EAT/A		EAT/total assets
Activity	SALES/A	sales/total assets

Source: own processing

MODEL SPECIFICATIONS

Logistic regression is the appropriate regression analysis to conduct when the dependent variable is dichotomous (binary). Like all regression analyses, logistic regression is a predictive analysis. Logistic regression is used to describe data and explain the relationship between one dependent binary variable and one or more nominal, ordinal, interval or ratio-level independent variables. The dependent variable should be dichotomous (e.g. in our case, bankrupt or non-bankrupt companies). There should be no outliers in the data, no high correlations (multicollinearity) among the predictors. [15] suggest that as long correlation coefficients among independent variables are less than 0.90, the assumption is met. The variables with correlations of more than 0,60 were removed. Mathematically, logistic regression estimates a multiple linear regression function, in our case defined as:

$$p = \frac{\exp(\alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \dots + \beta_n X_n)}{1 + \exp(\alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \dots + \beta_n X_n)} \quad (1)$$

$$p = \frac{[\exp]^{(\alpha + \beta_1 C/DEBT + \beta_2 ST DEBT/A + \beta_3 A/DEBT + \beta_4 DEBT/C + \beta_5 DEBT/A + \beta_6 C/LT A + \beta_7 LT SOURCES/A + \beta_8 WC/A + \beta_9 CURR.A/DEBT + \beta_{10} ST DEBT/CURR.A + \beta_{11} CURR.A/ST DEBT + \beta_{12} RET.EARN/A + \beta_{13} EBT/ST DEBT + \beta_{14} EBIT/INT.COST + \beta_{15} EAT/A + \beta_{16} SALES/A)}}{[1 + \exp]^{(\alpha + \beta_1 C/DEBT + \beta_2 ST DEBT/A + \beta_3 A/DEBT + \beta_4 DEBT/C + \beta_5 DEBT/A + \beta_6 C/LT A + \beta_7 LT SOURCES/A + \beta_8 WC/A + \beta_9 CURR.A/DEBT + \beta_{10} ST DEBT/CURR.A + \beta_{11} CURR.A/ST DEBT + \beta_{12} RET.EARN/A + \beta_{13} EBT/ST DEBT + \beta_{14} EBIT/INT.COST + \beta_{15} EAT/A + \beta_{16} SALES/A)}} \quad (2)$$

RESULTS AND DISCUSSION

Each group – manufacturing, commercial companies and all the datasets were tested separately. The results are mentioned in Tables 3. Variables mentioned in Table 2 entered into logistic regression with the below-mentioned result.

Table 3. Variables predicting the bankruptcy of manufacturing companies, commercial companies and the whole dataset

Coding	Manufacturing companies	Commercial companies	Whole dataset
Constant	-1,767	-3,801***	-1,859**
C/DEBT	-1,783	-,852	-,729
ST DEBT/A	,754	-,766	-,272
A/DEBT	1,234	,066	,175
DEBT/C	,000	,000	,000
DEBT/A	,007	,037***	,017**
C/LT A	,123	,023	,026
LT SOURCES/A	-,040	-,013	,026
WC/A	-,314	-,208	-1,207
CURR.A/ DEBT	,173	1,142***	,599**
ST DEBT /CURR.A	-,269	,009	-,309
CURR.A/ST DEBT	-,115	-,467*	-,090
RET.EARN/A	-3,034***	-,736	-1,898***
EBT/ST DEBT	-,164	,730**	,056
EBIT/INT. COST	-,001	,000	-,001
EAT/A	-6,328***	-2,706	-,309**
SALES/A	-,079	,043***	,041***
Predictability	81%	79,9%	78,2%

Note: ***, **, * mean 1%, 5% and 10% level of significance.

Source: own processing

The comprehensive comparison shows that when we segment the dataset, each segment shows a different result. The comparison of all models shows the five most important indicators used very often when analysed a company’s

financial situation. They are indebtedness like indicator DEBT/A, liquidity modification like indicator CURR.A/DEBT used in Taffler's model, ROA like indicator EAT/A, minor ROA modification like indicator RET.EARN/A is used in Altman's model and assets turnover like indicator SALES/A. We can see that the result of the overall model is a mix of models broken down by sector of activity. The model for manufacturing companies shows that it is necessary to pay attention to profit indicators. In contrast, the model for commercial companies shows that it is necessary to pay attention to debt indicators and sales turnover.

Finally, we can say that this result confirms both hypotheses. H1 - indicators used in the financial distress model for manufacturing companies differ from commercial companies. This result can be seen in table 3. Hypothesis H2 says that applying a model based on different segmentation criteria improves the reliability of bankruptcy prediction. The predictability of the models confirmed it through the ROC curve.

CONCLUSION

This study analysed if there are various factors to predict bankruptcy for different characteristics of Czech SME's. The financial data for the years from 2010 to 2017 were investigated. The whole dataset was divided into two groups – manufacturing and commercial companies. The analyses were done separately for each group and for the whole dataset to capture different characteristics of companies. The variables used in Altman's Z-score, Ohlson's O-score, Zmijewski's model, Taffler's model, and the IN05 model were used as their prediction power was compared in my previous research.

It was found that when we segment the dataset, each segment shows a different result. The model for manufacturing companies shows that it is necessary to pay attention to profit indicators. In contrast, the model for commercial companies shows that it is necessary to pay attention to debt indicators and sales turnover. The comparison of all models shows the five most important indicators used very often when analysed a company's financial situation. They are indebtedness like indicator DEBT/A, liquidity modification like indicator CURR.A/DEBT used in Taffler's model, ROA like indicator EAT/A, slight ROA modification like indicator RET.EARN/A is used in Altman's model and assets turnover like indicator SALES/A.

These findings confirm both hypotheses – H1 and H2 and some suggestions arise from it. When we develop a bankruptcy model, it is necessary to sort companies according to different criteria. It also confirms last year's literature review; the closer the similarity of businesses, the greater accuracy of bankruptcy models. Further, it is required to exploit common used financial indicators with a combination of modified indicators to precisely assess the probability of bankruptcy.

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GLOBAL VALUE CHAINS AS A COMMON DENOMINATOR OF ENTREPRENEURSHIP IN THE “POST-PANDEMIC” WORLD.

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ABSTRACT

There are already numerous opinions and forecasts about what the world economy will look like in the nearest future, in the wake of a post-pandemic period. The global world is facing now a social and economic crisis, never experienced before, the COVID-19 pandemic became a very significant trigger changing the way the world production was conducted in the previous era. In these conditions, large and small businesses are trying to cooperate with each other within the Global Value chains framework, to survive. As the main drivers of global production and financial systems, large corporations had to improve, but it is still difficult to say how long it will take. On the other side, after the pandemic recession, it is becoming more and more obvious that SME sector has increased its impact not only within the national economies, but also in a global scale. A huge amount of financial and institutional support is being provided to the SME sector by the governments, which eventually will lead to an improvement in the International Capital Reproduction System. However, there is still a gap in existing connections within the global value chains, which makes a big challenge for this integration process to be achieved. Although many aspects of globalization are now clearly understood, still there is scarce information on the transforming relations between large companies and their partners - smaller firms and the ways the formers integrate into the Global Value Chains. This study aims to define the evolution of the role of SMEs in the global value chains, identify and assess the factors that contribute to the integration of SMEs into global value chains and explore the impact of GVC onto their institutional framework.

Keywords: GVC, SME, COVID 19, post-pandemic economy, integration, production

INTRODUCTION

Papers Globalization of markets and production has exponential growth and reached an unprecedented extent within the last 20 years [1]. This process was followed by the production of goods and services increasingly fragmented across countries and enterprises [1]. While large multinational companies (MNCs) are successfully leading this process, small and medium-sized enterprises (SMEs) are confronted by the diverse challenges and opportunities related to the new

production context, while being included in it [2]. Integration of SMEs into GVC supposes their adjustment to the existing in the chain "Rules of Game", which in its term leads to some crucial changes in their institutional environment [3]. Although many aspects of globalization are now clearly understood, still there is scarce information on the transforming relations between large companies and their partners - smaller firms and the ways the formers integrate into the Global Value Chains. This study aims to define the evolution of the role of SMEs in the global value chains and explore the impact of GVC onto their institutional framework.

In the modern globalized world, there are many countries with different levels of economic development. However, due to the worldwide globalization and integration, they all are involved in many joint international production processes, including participation in Global Value Chains [1]. We all know the iPhone case - the telephone itself has been produced and assembled in many countries, all around the world. Of course, it does make a sense from a point of view of rational resource distribution. Another question is, how this process could be provided, if the countries-GVC participants have totally different legislation, business culture, customs system, in one word - different institutional environment. In this case, Global Value Chains could be considered as a force, leading to the unification of entrepreneurship across the countries [11]. There is proof that GVC has a positive impact on the economies of countries involved [5] however there are still many gaps in understanding this process. This paper will help to understand the process of how GVC affect entrepreneurship and institutional environment of the countries involved.

THEORETICAL FRAMEWORK

The term "Value Chains" was introduced by Hopkins and Wallerstein in the second half of the 1970s with the development of the World System Theory [3]. It was influenced by an explanation of the macro-historical dynamics of capitalism and its contradictory core-periphery structure, which plays an important role in understanding the operation of networks in this contradictory system [4]. Since the 1990s, the concept of the global commodity chain (GCC) was first introduced by Gereffi, and the issue is very relevant today, especially in exploring the scope and methodological aspects [9]. Since 2000, there has been a rapid development of globalization and this has led to the GVC concept of the global value chain replacing the GCC concept of the global commodity chain.

Global value chain could be explained as the full range of activities such as the product design, production process, marketing, distribution, realization and support to the final consumer, that processes are divided among multiple firms and workers across geographic spaces to bring a product from its conception to its end use and beyond [5]. In fact, this definition is kind of large scale extension of with Adam Smith theory of labor division, but Adam Smith's example is about how the production of a pin was divided into a number of specific operations

inside a factory, and each operation was each performed by a dedicated worker. However, In GVCs, the operations are spread across national borders and territories, and the products made are much more complex way than a pin. In other words, **Global value chains** (GVCs) refer to international production sharing, a process in which production has been broken into tasks and activities carried out in different countries.

There are four basic types of GVCs [7], [8]:

(I) International supply markets, where transactions are made based on relationships between buyers and sellers across borders, requiring minimal coordination and cooperation (e.g., commodity markets);

(II) Producer-driven networks, where the lead firm plays a central role in exercising control over the international network of subsidiaries, affiliates, and suppliers;

(III) Buyer-driven networks, where large retailers, marketers, and brand manufacturers source from the decentralized network of suppliers across borders;

(IV) Integrated firms, where hierarchical governance systems are implemented throughout the international networks, and produce all major goods and products in-house, characterized by vertical integration and strong managerial control.

Why Global Value Chains are important for SMEs? Global Value Chains allow small and medium-sized enterprises (SMEs) to get involved into the global economy. While some governments have already formulated industrial policies and aimed to promote some certain sectors of the economy, they are still less supportive to SMEs, particularly in enhancing the role of SMEs in the global economy (UNCTAD, 2010). However, there is growing awareness of the SMEs contribution to economic growth via income, employment and exports size. Some international organizations such as the United Nations Conference on Trade and Development (UNCTAD), the Organization for Economic Cooperation and Development (OECD) and the United Nations Industrial Development Organization (UNIDO) have already made several researches and held expert meetings and ministerial conferences to highlight SME contributions into the local and global economies, and show the ways how governments can support and strengthen SME supply capacities in their countries.

The rapid development of Global Value Chains has very important implications for two aspects of the SME sector [7], [8]. First one is that GVCs enable SMEs to be suppliers of parts and components or basic services, mostly on a subcontracting basis, to lead firms [6]. When entering into such kind supplier relationships with the lead firm, SMEs can specialize in a limited number of activities and production outputs within the framework of given GVCs, while

accessing large regional and global markets. In this regard, GVC-participating SMES must be able to meet an increasing number of required standards, certifications and conformity requirements, since strong competition on the markets is forcing down the prices but driving up the requirements for production for participating firms [7], [8]. Second, as SMEs become a part of a GVC, they gain skills of conducting business internationally. This knowledge allows such firms to improve their technologies and organize production better. At the same time, GVCs have much more demanding environment, requiring SMEs to improve not only their production methods but also their management practices [6]. If we refer to other most common challenges SMEs face during the integration into GVC we will discover these ones:

Opportunities for SME's - The recent studies are supporting the argument that Small and Medium Enterprises benefit from participation in global value chains [6]. A new organization of international production through outsourcing and the development of global value chains, has a large effect on small and medium-sized enterprises-suppliers. New niches for products and services emerge continuously from the division of production, where small companies are able to position themselves, using their flexibility and their ability to move fast due to the small size. There is several key benefits SMEs gain from inclusion into GVC. First of all, GVS enhance SME internationalization and growth - companies that integrate into GVC are able to access global markets at lower costs, due to their contractor intermediation. That gives SME the ability to expand and gain stability. Another key benefit is that SME are getting more and more acquainted with outsourcing and off-shoring practices, when it helps them to gain competitiveness from an optimal resource location. Upstream and Downstream cooperation with partners within the GVC is another key benefit for SMEs. It leads to the technology transfer, information flow and new opportunities unknown. Besides, when included into GVC. SMEs have to keep up with new technologies and innovation, as a minimum requirement to participate in selected global value chain.

GVC bringing Institutional changes - Global Entrepreneurship Monitor (GEM) researchers and analysts point out that differences in economic growth rates can be explained by different rates of entrepreneurship [12]. In this sense, the creation of new businesses can contribute to countries' economic performance, as entrepreneurial activity innovates, creates and enhances competition [10], [11]. Our research, however, allows us to add another thesis that *entrepreneurship provides an opportunity to strengthen the sustainability and enter in the system of world economic relations via GVC.*

METHODOLOGY AND DATA

José Ernesto Amorós, a professor at the United Nations University, used a methodology to measure entrepreneurship development as influenced by the quality of institutions. In this methodology, he investigated the impact on GDP,

indicators of entrepreneurship development as well as the impact of the performance of public institutions for developing countries.

In our study, we have used this approach to develop our methodology to investigate the inclusion of countries in the global reproduction process (GVC). This methodology is based on an institutional analysis of entrepreneurship development for a selected group of countries hypothetically participating in the GVC. The GEM (Global Entrepreneurship Monitor) dataset, which is a set of indicators that allows us to analyze the state of entrepreneurship in 115 countries of the world, were used to analyze entrepreneurial activity. In the developed methodology, 4 dependent variables characterizing entrepreneurial structures and their behavioral aspects (TEA, EBO, EEA and Innov) were used in the econometric models from the GEM indicator dataset.

Data Sources

Global Entrepreneurship Monitor (GEM) - global survey-based research on entrepreneurship and entrepreneurial ecosystems worldwide. It is the only global research source that collects data on entrepreneurship directly from individual entrepreneurs.

The International Property Rights Index (IPRI) is the publication of Property Rights Alliance, which scores the underlining institutions of a strong property rights regime: physical property rights, intellectual property rights and the legal and political environment. It is the world's only index totally dedicated to the intellectual and physical property rights measurement for 129 countries.

World Governance Indicators (WGI) includes aggregate and individual governance indicators for over 200 countries and territories over the period 1996–2019, for six dimensions of governance: Voice and Accountability, Political Stability and Absence of Violence, Government Effectiveness, Regulatory Quality, Rule of Law, Control of Corruption.

OECD Trade in Value Added (TiVA) database provides better insights into global production networks and supply chains, than it is possible with current trade statistics. This dataset consider the value added by each country in the production of goods and services that are consumed worldwide. TiVA indicators are designed to better inform policymakers by providing new insights into the commercial relations between nations. The indicators are expressed in USD millions at current prices.

Data type: Panel data

1. Dependent variables: Entrepreneurial indicators from GEM (stat. average)
2. Independent variables: Institutional Indicators from GEM (stat. average)
3. Independent variables: Institutional Indicators from IPRI (stat. average)
4. Independent variables: Institutional Indicators from WGI (stat. average)
5. Resulting variables: VAGE - TIVA from OECD (stat. average)

Table 1. Key indicators of entrepreneurial activity (2014-2019, on average).

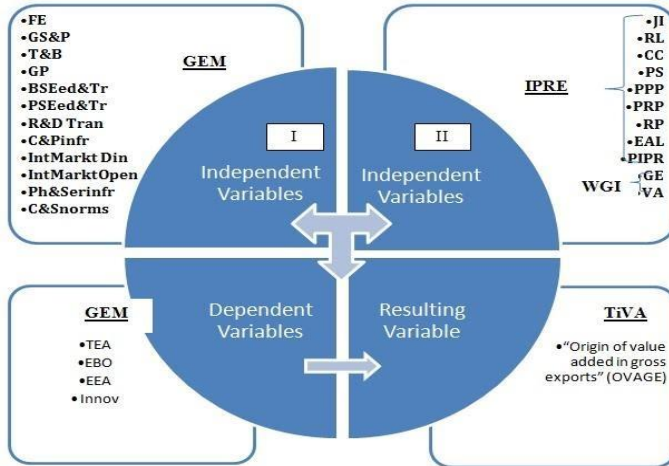
Countries	(TEA)	(EBO)	(EEA)	(Innov)
Germany	5,61	6,4475	5,56	26,32333
Italy	3,9175	5,56	2,0975	26,46333
Latvia	14,59	10,04667	4,42	28,905
Lithuania	10,425	7,6875	5,6325	25,095
Estonia	17,77	9,585	7,71	32,35
Poland	7,535	10,6525	2,9875	17,31667
Czechz	7,606667	5,29	3,81	30,13
Hungary	8,7175	6,785	2,885	19,545
Bulgaria	4,846667	7	0,6	15,26
Romania	10,3825	6,0825	4,525	24,6975
Slovakia	11,675	6,64	3,0675	25,7
Slovenia	7,26	7,1875	5,8925	30,99333
Georgia	7,9	7,94	0,435	20,84
Kazakhstan	10,735	2,405	2,39	21,57
Russia	7,05	5,096667	0,64	6,745
Turkey	15,19	9,025	3,38	30,8
India	11,565	7,425	0,9225	33,49333
China	9,8025	6,705	0,93	29,12333

Source: Global Entrepreneurship Monitor, 2014-2019

Figure 2 illustrates the algorithm of our methodology, where variables and how they are used in the models are shown. Thus, as shown in Figure 2, the indicators calculated by the Global Entrepreneurship Monitor, defining the conditions for entrepreneurship development, were taken as independent variables that influence the institutional development of entrepreneurship. In addition, independent variables describing the quality of public institutions were

also used, such as The IPRI (International Property Right Indicators), which characterizes the legal and policy environment, physical property rights and intellectual property rights, and the WGI (Worldwide Governance Indicators), which are aggregate and individual governance indicators calculated by the World Bank.

Fig. 2. Methodology and variables



Source: Author's illustration

The Origin of value added in gross exports (OVAGE), which was calculated by the OECD based on the definition of international trade value added, was chosen as the resulting variable (control variable).

The methodology developed was based on multiple regression models:

$$E_{it} = f(\text{IPRI}_{it}, \text{WGI}_{it}, X_{it})$$

Where: E - entrepreneurial dynamics: GEM - TEA, EBO, EEA and Innov; GEM - FE, GS&P, T&B, GP, BSEed&Tr, PSEed&Tr, R&D Tran, C&Pinfr, IntMarkt Din, IntMarktOpen, Ph&Serinfr, C&Snorms; IPRI - L&P, JI, RL, CC, PS, PPP, PRP, RP, EAL, PIPR, PIPP; WGI - GE, VA; (other indicators were excluded from the models due to their low impact) X - control variables: TiVA (VAGE) - the share of each country's value added in the partner country's exports, depending on the chain under study; i - country index, t - time period.

Models are estimated by combining a cross-section of countries with time-series data for each country for the period 2005-2015. Linear, logarithmic, inverse relationships, and quadratic specifications are tested using a general-to-specific modelling procedure to test the best statistical fit. Entrepreneurship and quality of

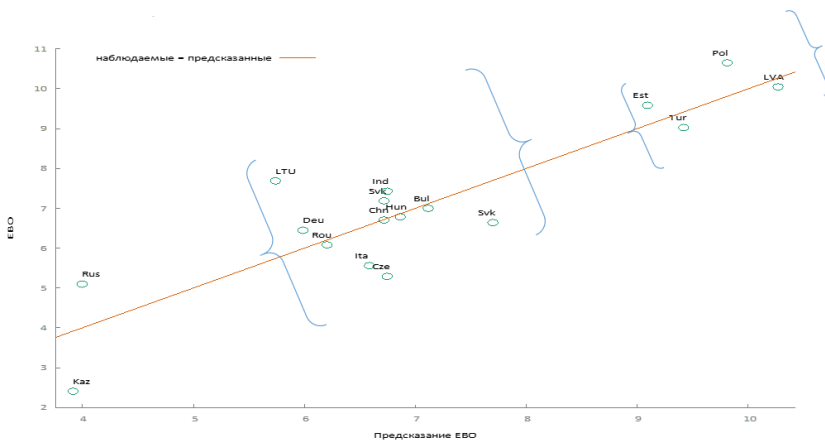
institutional variables are tested with averaged indicators using the linear multiple regression OLS model.

Thus, in implementing the model in the first stage, through the analysis of the correlation matrix, those independent variables that led to the emergence of multicollinearity were selected. Next, a multiple regression was constructed and those indicators that were not statistically significant, where acceptance of the null hypothesis is rejected due to the high threshold value of the regression coefficient, were excluded from the model. In this way, we were able to identify those indicators which had a direct impact on the dependent variables from the perspective of the selected group of countries. The resulting regression equations on the basis of the constructed models allowed us to provide some interpretations.

Data Analysis

Based on the obtained multiple regression equations, the following trends were identified using the country data presented above. Graph 3 shows the trend of the EBO indicator for the countries studied based on the mentioned above calculated indicators. As can be seen, the smallest deviation from the trend as well as the relative proximity in terms of the interpreted indicator corresponds to 10 countries, which gives us a picture of the similarity of the institutional framework for the established business in selected countries.

Fig. 3. EBO (x) Institutional variables (y).



An established business (Established Business Ownership Rate) EBO is influenced by 9 variables. Depending on the country group studied, variables such as "Financing", "Business education", availability of "Professional and commercial infrastructure", Dynamics and Openness of domestic market have a positive impact. At the same time, there is a negative correlation for such variables

as "Basic Elementary Business Education", "R&D Transfer", "Production and Service Infrastructure", and "Cultural and Social Norms" **Similar graphs were made for other entrepreneurial (independent) and institutional (dependent) indicators, and in all cases there were a correlation between them.*

DISCUSSION AND CONCLUSION

Whether we admit it or not, institutions have a great impact on entrepreneurship, many other sources and papers show us the relationship between institutions the fact, that they are closely related. World Bank's "Doing Business" report could be direct proof of this statement. It is therefore very important to better understand the role of institutions in the economy and to try to create an effective institutional framework for further and better economic performance. When it comes to a matter of institutional mismatch, there is a general consensus that low- and middle-income countries have relatively poor institutional quality compared to more developed countries. The existing specific conditions of institutional development in developing and developed countries enter into a certain mismatch found in the course of economic and political relations. In the process, developed countries are in a way 'forced to reorient' the institutions of developing countries towards their own institutional system, which has been forming for years [10, 11, 12]. This coercion is carried out under the disguised condition of inclusion in the GVCs and receiving a share of the value-added in the "tradable" products produced. At the same time, developed countries with an interest in increasing their value-added and controlling management function, and in order to retain power in the chain, have to adapt to the existing institutional conditions of developing countries. Thus, a kind of biased institutional system with its own "rules of the game" is emerging within the chain, created and quite viable, especially within the GVC. Of course, in GVC the monopoly advantage in management and in the distribution of added value belongs to TNCs, which form the entire technological, marketing and financial policy of the chain. At the same time, political and geo-economic relevance is shaped on the platforms of inter-state interactions, where economic feasibility is considered in conjunction with the political interests of states. This is where problems of consistency between the customs, tax and investment legal frameworks and the institution of ownership arise. Again, the formation of the GVC is formed on mutual interests and concessions, which is mainly reflected in the quality of the institutions of power. Institutions and their quality, the range of tasks performed reflect the level of socio-economic development of society, while in parallel there is a qualitative change in the reproduction process, which in turn will determine the nature of economic growth. Thus, processes influencing the regular development of society will influence the quality of reproduction processes, and entrepreneurship from this point of view is a reflection of the process of mutual influence of the development of society and reproduction of economy.

The fact that institutional quality has an important influence on the distribution of entrepreneurial activity in a given economy is emphasized by Baumol in 1990 [13]. Baumol's work is one of the first to argue that differences in entrepreneurship are the result of different institutional elements in different countries or regions. His contribution to the concept of productive, unproductive and destructive entrepreneurship links not only the rate (or level) of entrepreneurial activity to a particular context, but also links the distribution of entrepreneurial effort to institutional variables. Baumol's speculation clarifies that countries (or regions) with more developed institutions have more productive entrepreneurship and less unproductive (or disruptive) entrepreneurship. His starting point is an attractive egalitarian world in which entrepreneurial talent is evenly distributed among the population, but where such talent only contributes to economic growth because under certain institutional conditions it is used productively. When the incentive structure of the economy leads agents to unproductive (rent-seeking) activities, agents can be expected to follow suit.

To conclude, it is important to clarify that some of the arguments discussed here have been the subject of empirical studies, which tend to confirm that institutions (or, more precisely, the quality of institutions) have an important influence on economic outcomes. But only a few studies have questioned the relationship between institutional quality and entrepreneurship [12]. Thus, it should be reiterated that institutional quality is an element that should be present in any model and theory designed to explain entrepreneurship.

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IMPACT OF COVID-19 ON THE GLOBAL ECONOMY: IS FEAR OF AN INFLATION PANDEMIC JUSTIFIED?

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ABSTRACT

International economies are fragile and vulnerable to the various volatilities that occur, due to classic economic imbalances caused by financial meltdowns, inflated balloons, or other internal and external macroeconomic shocks, due to unforeseen phenomena in the form of the economic term "*black swan*". The first focus of the paper was placed on examining the real impact of the virus on key macroeconomic indicators of the global economy and what is the attitude of international politics when it comes to creating a crisis structure. The implementation of the policy seen since the beginning of the 2020 crisis has led to the strengthening of an economic doctrine that is mitigating and out of mind, which has again shown that the world of central banks is easy on the "*monetary trigger*". The second focus of the work is singled out as a subtheme, where the current situation with China's Evergrande is to be addressed and how much impact the ultimate negative outcome can leave on the current recovery of the world economy. For the past twenty or thirty years, China's economic picture has led it to the world's second strongest economy, thanks precisely to the strong implementation of China's development policy. But rightly the world wonders what the real growth of the Chinese economy is. Labour's third focus has been placed on the issue of inflation as a potentially long-term problem. The implementation of the agreed policy over the last year and a half is a realistic reflection of the current situation with inflation. It is crucial to process whether its sudden jump can be a long-term problem for the entire economic structure of the European and global economies. Whether inflation can be corrected in the long run through the law of supply and demand, as has always been shown so far, needs to be seen.

Keywords: *Chinese Evergrande, impact of the virus, inflation, macroeconomic indicators*

INTRODUCTION

The year 2020 was a turning point for the global economy. The virus pandemic wiped out the economic golden years within one quarter. COVID-19 is a classic phenomenon of the "*black swan*", an event that is unpredictable and that

certainly no one expected, at least not on this scale. An event that comes and goes once every hundred years.

But the appearance of such an event also served to expose a much darker thesis – when a crisis of world proportions occurs, there are no friendships and everyone manages as they know how, what politically, what economically and what humanly. For the first time in 80 years, the United States experienced its deepest economic downturn, Europe found itself facing strong lobbies tailored by its own vaccine interest group promotions, and China and Japan were the only two countries to expressly return from a "temporary recession" since its initial economic sinking. Who can read between the lines, then also knows where to find a valid answer to the question of whether a new world order is trying to be tailored. From the initial failure to find and the inability to provide the right and correct form of answers what kind of crisis this is and what consequences it will leave, to this day, the world has forcibly learned what it is like for economic policy to fight the devastation. The focus of this research paper is on discovering the consequences left for the global economy, from macroeconomic structures to financial markets, but also what lies ahead in the future with strong quantitative easing and inflation. It has long become clear that maintaining inflation stability is no longer a short-term imperative, as all monetary and fiscal strength is focused on keeping the economy complete. But with such necessary decisions, it will be investigated whether there is justified fear of the current "*rampage*" of inflation, how many general current inflationary pressures are justified in these situations, at least in part of the crisis as a crisis, and can the world cope with inflation over the indicative and presumed targets leading up to the pandemic in the long run?

THE IMPACT OF THE CRISIS ON THE GLOBAL ECONOMY

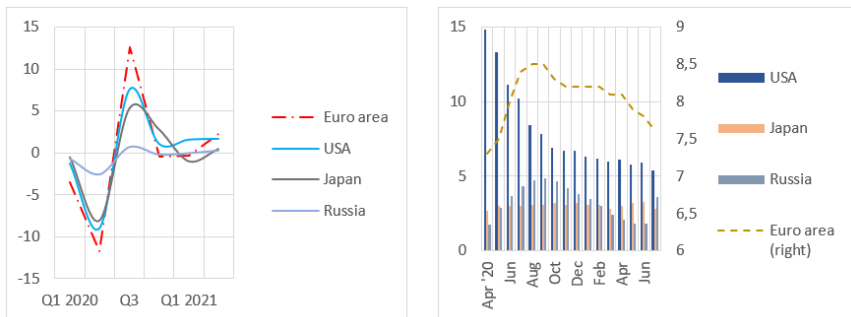
In the latest crisis felt by the world, a crisis of a health nature that occurs in this proportion certainly once a century, there has not only been an economic collapse, but other wounds such as political lack of empowerment and an apparent lack of leadership have surfaced there. COVID-19 is a macroeconomic shock that acted in the right aggregate supply. Due to exceptional circumstances, companies were no longer able to produce and ceased their normal course of operations. The price deflation that was present in the initial months of the crisis was as always, a reaction to the fall in oil prices and the fall in prices of those products that did not relate to food, but also the pressure to lower the quotas of a barrel of crude oil. In order to keep GDP sinking as low as possible, central banks around the world, primarily through the FED and ECB, began strong quantitative easing through lowering interest rates and placing loan arrangements precisely to stimulate investment and consumption growth, and consequently production itself. At the heart of the global financial crisis in 2012, the then head of the European Central Bank, and today's current Italian Prime Minister Mario Draghi, uttered three words that completely mirrored the fast-moving policies carried out by both the FED and the ECB with, still current, the coronavirus pandemic – "*Whatever it takes*". In 2012, in the booming crisis of European public debt, it was intended to

say that all monetary and fiscal "arsenals" would be used to preserve the euro and the eurozone, consequently by the ECB taking on the role of the last financial haven. All this was very much necessary for both the coronavirus and 2020, because a deep recession could not be stopped but everything could be done to alleviate it. The consequences affecting the European economy were reflected through several currents – a decrease in the growth of the Chinese economy in the first quarter, an increase in unemployment in Europe, a decrease in supply and demand, and a decrease in the liquidity of enterprises.

Central banks were adamant that the imperative to combat the overthrow of economies, through the consequences that the coronavirus has behind it, would be precisely the "blitzkrieg" of economic policies.

The impact of the crisis on macroeconomic indicators has been forceful, particularly reflected through some components of GDP, unemployment, and public debt. The deep negative movement of all macroeconomic indicators then surpassed the initial gap projections. Euro area GDP fell sharply by 12% in the second quarter, but what most strongly influenced such a sudden and profound decline not only in European, but also global, GDP is the very form of crisis. All the crises so far have been reflected in the framework of financial corrections and technological "boom", but the type of crisis brought about by COVID-19 has been artificially created. Thus, there have not been any temporary corrections in financial markets, either by deflating the real estate sector, or by correcting the technology sector. There was a forced shutdown of the economy here because it required a healthy temper. Therefore, all those components of GDP that should not have grown – they grew, and all those components of GDP that should not have fallen – fell. Personal consumption stagnated and fell sharply, government spending due to the financing needs of national economies grew rapidly, investments stagnated, and exports were deeply lower than imports. Thus, not only was the entire structure of GDP in the red, but the negative gap of the foreign trade balance deepened.

Fig. 1. Real GDP (%), left) and unemployment rate (%), right)



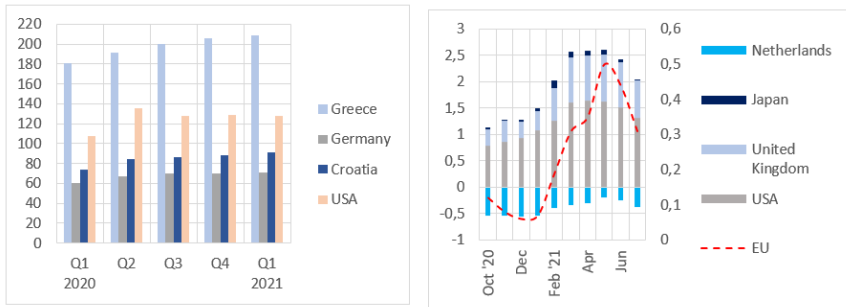
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The 2020 tourist season for the fringe countries of Europe, for which a strong share of GDP is the tourism sector, is historically the worst year. The global tourism sector was wiped out by more than \$1.3 trillion, up as much as 11 times from the 2008 global financial crisis [1]. The 2021 tourist season, which already surpassed all planned projections according to preliminary data, at least contained the problem of unemployment and budget for a while. Spain and Greece recorded an overall unemployment rate of less than 15% for the first time in two years, and Croatia surpassed its gold in 2019. But underneath this, the question arises: why are the financial results of one Greece and Spain so much weaker compared to one Croatia? Croatia has fully managed to take advantage of its situation with keeping the exponential number of growths of patients at the level.

At least if you watch the peak tourist season. Unfortunately, this is not the situation for Greece and Spain. Thus, although countries such as Greece and Spain have a significant part of GDP declining on tourism and tourist air transport, there is talk of about 20%, the biggest problem of gain through financially high-quality results is precisely the decline in the number of newly infected. We are of the opinion that the combined results, both financially and the results of the employment-unemployment ratio, will be worse for Greece and Spain at the end of the year, and consequently will be worse for both the export component itself and the entire structure of GDP. There is one strong gap in filling the state budget, and ultimately through employment itself, because the situation with the pandemic is not calming down in the countries and the question is how long it will be withdrawn. The tourism sector is one of the more challenging sectors of the whole of Europe, it is not just a question of Greece and Spain, given that the sector covers about 12%, and this is almost 40 million people in the EU.

The decline in US GDP in the second quarter of 2020 reached 32%, only to return by 33% in the next quarter [2]. The global economy is back in the shape of a "U." Such a deep decline in the U.S. economy was largely reflected by a sharp decline in personal consumption, an increase in unemployment at a level of more than 20 million Americans, a sharp drop in imports and exports, and a stagnation in private investment. But this situation has happened with the entire global economy, both from Europe itself to Japan and Russia. In all this, we have singled out the Chinese economy for a reason, because it is doubtful how official and accurate China's official data really is. China is a very rare country that has not only kept its economy level in the COVID-19 crisis but has been delivering positive results from the outset. Of course, the economic momentum that China's official government portrays is certainly not so great. The question arises of the reliability of official data? The problem with the Chinese economy over the past five years is that China's provinces are extremely indebted, to such an extent that they themselves do not provide reliable data waiting for the balloon to burst and the burden to shift to the central government. There are additional things like social and social inequality that were very much felt in the crisis, so we rightly wonder what China's real economic growth is.

Fig. 2. Public debt (% GDP, left) and 10-years government bond yields (% , right)



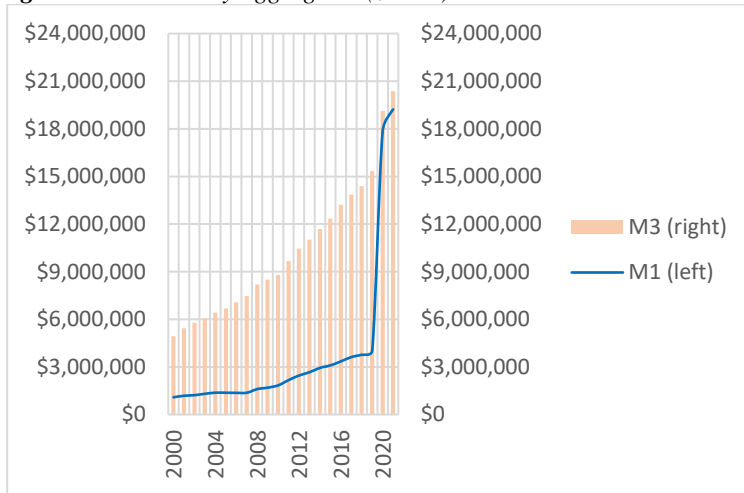
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The impact of the crisis was also adversely reflected in the burden of public debt repayment, yields on 10-year government bonds, as well as the final increase in monetary aggregates and money in circulation. The increase in public debt in these situations is expected and justified, especially if one considers the fact that part of the revenue structure has been lost and part of the expenditure has increased and will increase due to the financing needs of the global economy. The second quarter of 2020 was the most disastrous for the public finances of European countries. The next question that can be asked is: will the problem of public debt, after the pandemic, become a longer-term problem? This depends on how much the economic depth gap will still widen with the pandemic, but consequently in which direction the policy of the upper and lower limits of interest rates will move after the end of the pandemic itself. It is already obvious that there is not much to expect about this, because the period of cheap money is over and in the long run the period of low interest rates comes as the "new normal".

And what the famous Michael Burry was announcing – that's what happened. Inflationary pressures after strong monetary policy implementation are there, for some South American countries and hyperinflationary. With the impact of coronavirus on the economy, the economy has once again strengthened the mix branch of neoliberalism and post-Keynesianism – *modern monetary theory*. MMT operates through a policy that a country that has its own currency, such as the United States, Japan, Canada, Russia, and the United Kingdom, can never go bankrupt because it can always borrow in the currency it creates from nothing [3]. The FED itself has created 40% of all current dollars in circulation, and the ECB more than €2 trillion to repair the effects of the coronavirus. An important insight into the state of over-liquidity in the system shows the movement of key monetary aggregates, M1 and M3, through the US Fed. Ever since the last financial crisis, the FED, and the ECB itself, have tended to ease steadily quantitatively, which consequently leads to the global financial structure being too liquid. Such maintenance of long-term policy is not desirable, since any significant volatility

also causes a significant fluctuation in inflationary pressures, as is the current situation.

Fig. 3. FED monetary aggregates (\$ '000)



Source: authoring

On only two occasions, in two different terms of two different presidents, the U.S. Senate approved a plan to recover the economy to a total of \$5 trillion. Central and federal governments have not thought about another problem that could arise here - and it emerged during the deepest crisis, when 20 million Americans lost their jobs. Namely, the monetary stimulus that was intended from this printing of money, mostly ended up in the accounts of small and large investors, investment banks, where it was this majority of the money that ended up on U.S. exchanges – in order from stocks to ETFs and cryptocurrencies. It is a \$240 billion total amount of money paid to U.S. citizens in the form of a cash stimulus. This is a problem because the short- and medium-term consequence of this is that today the financial market is in a bubble.

The correction of the financial market has been present since 2020, among all other factors and pumping "helicopter" money into the system is one of the reasons why Tesla shares had their own correction of 35%, right down to the cream of the American *future* economy – Roku, Nvidia, Facebook, Apple, Microsoft (...). Thus, this should have been predicted as a problem because even the current reflection of the financial market in the third quarter of 2021 does not give a real picture of the situation. The global economy began to create its newly created added value only at the end of the first and beginning of the second quarter of 2021, until then it was a pure reflection of the synthetic recovery. In more concrete figures, according to some preliminary calculations of the author, this would look the following:

- two tranches of cash stimulus - \$1,200 and \$1,400
- 90 million - the figure of the American population that received the payment
- 13.5 - 42 million - number of people who have redirected their stimulants to the financial market
- \$110 - 170 billion - preliminary figure of total inflows to the U.S. stock market from this portion of cash assistance alone

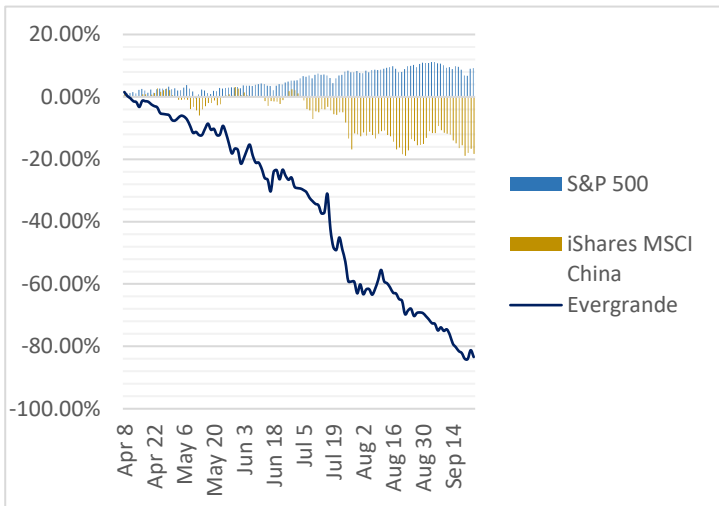
CHINA'S EVERGRANDE: IS THE WORLD IN FOR ANOTHER FINANCIAL CRISIS?

The situation with the Chinese economy and Chinese official data leads to another, ongoing, problem that is largely caused by the implementation of the company's internal policy in the wake of the crisis – the Chinese Evergrande. Synonymous is also named as the Croatian "*Agrokor*" or the American "*Lehman Brothers*" because the current extremely difficult financial situation with Evergrande is followed by the whole world. Evergrande is a Chinese real estate giant, the second largest in China and its financial problem could spill over into the rest of the global economy and financial market to some extent. Evergrande's problems began for two key reasons; the first reason is that Evergrande's growth was made possible, until last year, by China's uncontrolled development policy in the form of a real estate "*boom*". The second reason is that the central government in Beijing last year tightened the regulatory part of the operations and debts of such companies, therefore, even then, the first problems began to arise in paying suppliers and covering other operating costs, and today it has only become clear what the real indicators of illiquidity and insolvency of the company are.

The most important thing now is to see what proportion systemic risks could spill over into the rest of the global economy, should there be a shortening of the negative outcome. The current picture of the situation is as follows [4];

- \$305 billion is the total sum of debt
- \$7.4 billion - corporate bonds due in 2022
- 200,000 - number of employees
- 1.5 million unfinished buildings
- 85% - total share price drop

Fig. 4. S&P 500, iShares MSCI China ETF, Evergrande daily share price changes (%)



Source: authoring

By comparison, Croatia's general debt is about \$50 billion, so one European country is six times less indebted than Evergrande. There is no doubt in how much importance this company has for China's development economy, and what importance it has had over the past twenty years. A key question arises here; in the face of known all the risks to the Chinese economy, but also to the Chinese financial system, will Beijing step in to save it? I'm sure he will, for three key reasons. Namely, for China, Evergrande is what it was for the USA in 2008 – "*too big to fail*". The first key reason lies in the fact that the Chinese bought real estate from said company before they were built, deposits were paid and if the company goes bust it means not only a financial loss for citizens, but ultimately the loss of purchased real estate. Another reason is that the company owes too many financial and non-financial institutions, so the financial shock would be too great and would certainly not only affect the Chinese financial system, but spill over into the global one in part. The third reason is that the company cooperates with a very large number of companies from the construction sector, and the collapse of a company like Evergrande means a large financial loss of all the companies with which it cooperates, and consequently for most of them bankruptcy.

The financial turmoil brought about by the situation with the Chinese company certainly represents a demanding task before the regulatory authorities, but also in general before the central government, over the past few years.

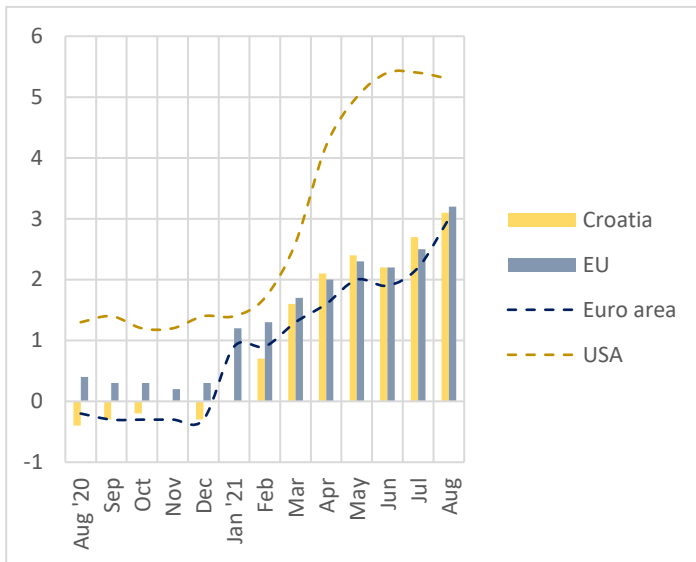
As early as last year, the Central Government of Beijing introduced increased monitoring on the overall debt structure of large investors in China, so it is

realistic to expect that it will itself engage in some form of rescue of the company. The next question that comes in; if for a year there has been strong monitoring on demanding investment projects and the overall debt structure of such investors, how could this have happened? The government in Beijing will surely go towards selling discount as soon as possible the assets Evergrande owns, and that the bankruptcy plan protects small investors, while everyone else, in the first tidal wave, will suffer losses. In particular, the emphasis here is on Evergrande corporate bondholders, whose maturity comes due in part as early as the end of September, as well as the \$7.4 billion next year. In the face of this situation, we say that some of the risk would spill over into the global economy, but one insignificant part. Even though the European economy itself is strongly linked to Chinese imports, the systemic risk is not great to significantly disrupt the European financial system. China's real estate sector is not significantly linked to foreign land, so long-term systemic risk is a burden China would bear on its own.

INFLATION - TEMPORARY MOMENTUM OR LONG-TERM PROBLEM?

The current level of inflation is "*raging*" in Europe and the rest of the world. The United States has recorded a rate of 5% in the last three months, the same situation is with European countries – Hungary, Lithuania, Estonia. If one takes the current factual situation, which is that the proliferation of inflation in the current gabarites is temporary in nature, then it can be said that the long-term forecasts that it should be kept to the predicted 2%, somewhat below/above that, and this could become a situation that comes under the "*new normal*". But what about short- and medium-term developments? Namely, the reflection of the current state of stronger inflationary pressures is also a reflection of the situation a year and a half ago. This is a consequence of the implementation of global politics, but this global policy was also necessary to contain the scale of the economic crisis. Fuel to the fire about "*high*" inflation is also added by people with their perception of significant price hikes.

Fig. 5. Inflation in previous months (%)



Source: authoring

This problem also persists when inflation increases slightly year-on-year by 0.2% or 0.3%, or for example when the Member States of the European Union start adopting the euro – it is always people's perception that prices will skyrocket. Clearly, the current rampage of inflation is not denied by anyone and is really reflected in people's purchasing power, and on the other hand, there is currently no real wage increase. As the global economy resets, the more and more we feel the imbalance of global supply and demand; oil, shipping, energy and raw material prices, real estate, and agricultural land prices. These are some of the reasons why this crisis is more like that of the 1970s than the one in 2008. The question arises; if they are central banks and whose primary task is to rein in prices, then where is one FED, what decisions can it make to contain further uncontrolled price spikes? In this situation, possibly through an increase in the reserve requirements rate towards banks, because this situation is extremely logical – money is abundant, the increase in citizens' savings is measured in millions in a short period of time, and therefore by increasing the reserve required rate, one part of the money can be withdrawn from circulation in order to partially regulate inflation. In addition, it remains relatively only to leave the reset of the global economy to return to its natural balance through supply and demand. With debt levels so high, at 125% of GDP [5], it is questionable whether the FED intends to maintain key interest rates at its current level, or whether it will go into raising them given the increase in inflation that is increasingly a problem for the recovery of the U.S. economy. The situation is a double-edged sword, because even if it went to bring down inflation through the monetary tools available to it,

it could bounce back, primarily in the form of credibility. The same situation is with the ECB's monetary approach.

The authors see this reflection of inflation through three currents. The first current is due to the strong quantitative easing carried out by central banks, which consequently draws with it another realistic conclusion; the age of cheap money is rapidly coming to an end. True, the central bank's strong expansionary policies have been implemented since the last financial crisis, the one in 2008. Already mentioned earlier, 40% of all current dollars in circulation were created in the second and third quarters of 2020, the European Central Bank "*created*" over €3 trillion in just one year, therefore, the expansionary policy in 2008 did not trigger as much stronger inflationary motion as it implemented such a policy today. This can also be presented through a simple equation of quantitative monetary theory ($MV=PQ$). What has been talked about before – in the long term, when there is a situation where the amount of money in circulation (M, it is M1) grows faster than the output of real GDP (Q), then such a situation can also cause increased inflationary movements. Thus, the amount of money put into the system, through the implementation of quantitative policy, grew significantly faster than the global economy was recovering. The global economy began to recover from the beginning of the second quarter of 2021, while everything previously was a synthetic recovery caused by just created money that had no cover in the newly created productive value of the global economy. This is clear and expected through moves by central banks in crises.

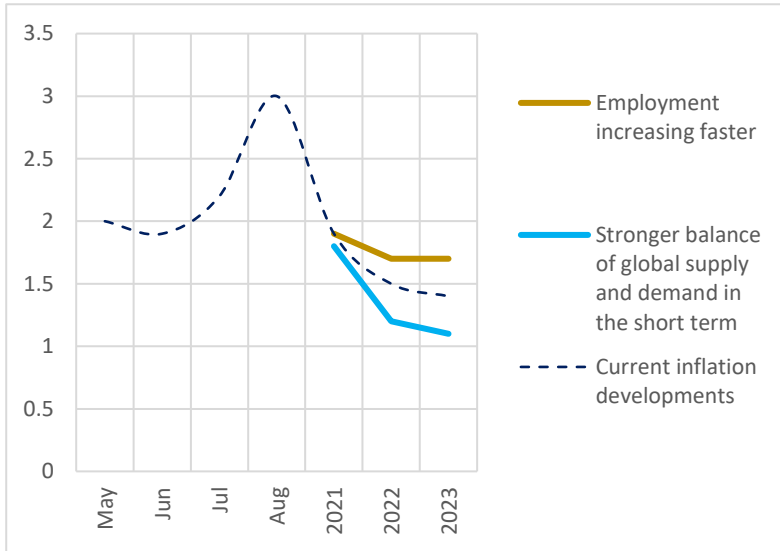
The second current is due to the current strong global demand for loans. Namely, one of the reasons for the real evolution of inflation is the very need for increased, or reduced, financing of all three sectors. When inflation occurs, when prices rise, then the need for credit financing also increases, which increases interest rates from which lenders benefit.

The third current of increased inflation is reflected in the recovery of the global economy. The most pronounced sectors with inflationary movements are the food and beverage, services and transport, energy, and raw materials sectors. Namely, the reset of the economy also means an increase in global demand. It will certainly be some time before energy and raw materials are balanced, as there is currently stronger demand for them than supply, especially if taken as a key fact that the biggest contribution to the rise in the annual inflation rate has also yielded a significant increase in oil prices in the market.

Someone could single out the import problem as the fourth current. This is especially pronounced in those countries whose economic strength is not so diffusive and large, so they plague the problem with stronger imports than exports. Developing economies, and the authors know this especially on the example of the home country of Croatia, do not have a large capacity of domestic production to cover demand, and then import most goods and services. On the example of Croatia, and economies like its own, the strongest component of exports is

tourism, about 20% of national GDP. The problem arises in the summer when the tourist season is and when due to strong demand, by a large influx of tourists, there is also a strong influx of imports of goods and services, but there is still stronger external demand than domestic supply. This is another factor that in these months has a profound effect on inflationary pressures and they are visible every summer, and in parallel there is no real increase in wages in order to mitigate this inflation on the purchasing power of domestic citizens. So, it's external inflation, imported, and it doesn't have a valid thesis on the current jump in inflation.

Fig. 6. Possible further developments scenarios (%)



Source: authoring according to projections via ECB

In the long run, while increased inflation will represent something the post-virus world will have to adapt to, it should be balanced at the projected +/- 2% year-on-year. When there is a strong development of global supply, prices can also be expected to fall again, i.e., balancing them on the envisaged frameworks. What could be singled out as a potential long-term problem after the virus is the stagflation of the economy. Now, it is not realistic to talk about stagflation but hypothetically we point out that forecasts around inflation and real GDP growth are to blame, and that high inflation is sustained in the long run and real GDP achieves measly growth rates.

Stagflation is a dangerous game from which central banks with their monetary policy do not know how to emerge victoriously and it is a more dangerous phenomenon than inflation. Here, countries could slip lightly into an economic depression. Indeed, the problem of stagflation would be reflected entirely through a high inflation rate that is not collapsing, a high unemployment rate and an unproductive national economy. The fringe countries of Europe, a

tourist country, will have a distinct problem at the end of the year with the unemployment rate, it is doubtful that inflation will normalize by the end of the year and what the real GDP growth will be, given that in such countries tourism accounts for a plume of GDP, on average about 18-23%.

REVIEW OF THE CONTRIBUTION TO RESEARCH

The aim of this research paper was to set a valid thesis that could be taken as discussions in the future. First, the current picture of the state of China's Evergrande shows once again that China is incapable of leading a new global order, for several reasons. The first reason is that one of the plumes of national GDP is the real estate sector, about 20-25%, which means that a negative outcome with Evergrande could seriously harm foreign capital in China as well as its development economy and confidence in the regulatory system. Another reason is that China's official data is opaque, and the question arises as to how much real growth the economy has been over the past 20 years. When one wants to take the baton of the new world order, such geostrategic politics is not pursued. The third reason is that, apart from Europe as its strong export partner, it is surrounded by the policies of "*party capitalism*". So, it may be a new era, but it remains an old way of thinking. The real estate sector, as a plume, is a synthetic driver of Chinese development, because if you go deeper into the story then it is understood that there is empty housing (estimates are at 90 million) more than one Germany or the UK has a population. The last reason is that the gap between rich and poor is constantly widening. The medical care system is far smaller than it is in Europe, for example, but it is also far more unequal. Someone from china's provincial backgrounds can hardly afford medical care, for example, in Shanghai, Beijing or Guangzhou.

Another conclusion regarding the Evergrande situation showed that the systemic risk it carries should not seriously harm the rest of the global economy. Namely, the Chinese development economy is quite limited within the framework of China itself, and with this, even capital does not necessarily go beyond it. Here, the only systemic risk could be posed to European banks under which the company has obligations in the form of loans received, but it should also be limited given that the latest regulatory "*rebalancing*" of the central government in Beijing limits the capital of foreign banks to projects of national importance to China.

The third objective was to establish whether there was justifiable fear behind the current inflation pressure? In the short term, yes, but not in the long run. From the three currents already mentioned, which result in stronger inflation, it shows that it has been expected in the overall situation for the previous year and a half. Pursuing stronger quantitative policies than those in 2008, the FED and ECB's decision to lower interest rates, strong demand for credit activities, the current strong and natural recovery of the global economy, from oil, energy, and commodity prices to higher global demand from the supply.

So, in the long run through well-implemented policies, inflation will stabilise, although it will be somewhat higher than the world is used to, its pressures will be limited and corrected. If the wrong policies are implemented, the world will no longer need to discuss the inflation problem, but potentially the problem of stagflation.

CONCLUSION

While one views the crisis as a bogeyman, it is a natural correcting of the economy for economists. For the virus that came at the end of 2019, there was no idea what proportions it would leave on the global economy and its components, although these proportions are already widely known. The sudden recovery of the global economy was primarily due to strong quantitative easing and although there was talk of a synthetic recovery at the time, now it is both natural and the world is no longer a problem with the impact of the crisis on economies, but what comes now after it, that is, what are the long-term consequences of this. This is not only a problem for national economies or expected inflation, but there is also a problem in geopolitical relations that have changed in the last two years, especially in the form of the Russian-Saudi price war, or in the scheduling of the European Union in the form of poorly tailored contracts for the purchase of vaccines, as well as its distribution. Wrong decisions made at the wrong time are very damaging to both relationships and the economy.

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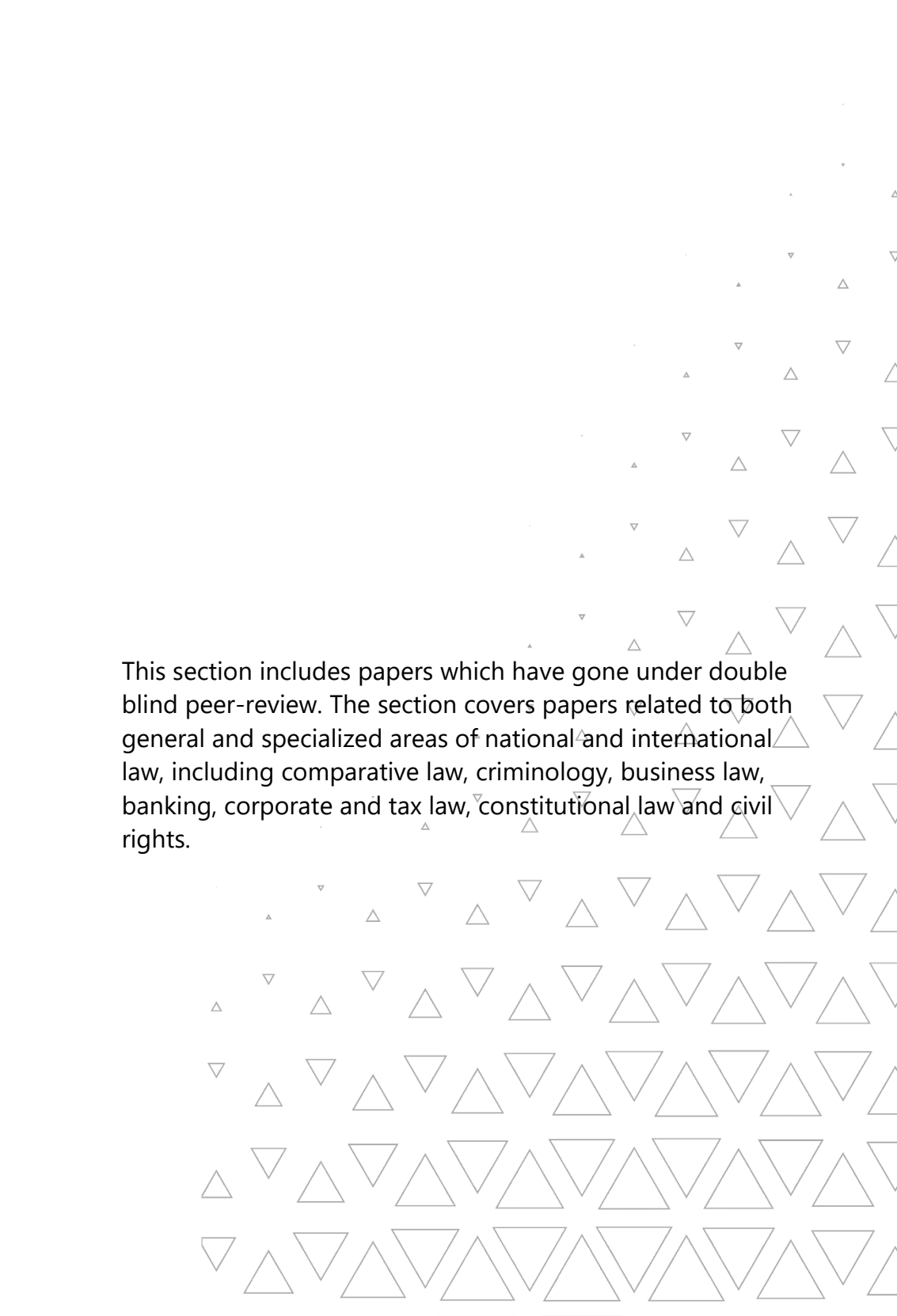
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Section

LAW



This section includes papers which have gone under double blind peer-review. The section covers papers related to both general and specialized areas of national and international law, including comparative law, criminology, business law, banking, corporate and tax law, constitutional law and civil rights.

A LOOK AT DOMESTIC AND GENDER-BASED VIOLENCE IN PORTUGAL: FROM LAW TO DISCOURSES

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ABSTRACT

Despite legislative advancements, domestic violence is still today a crime considered as "minor" by many, or often the actions that materialise it are not even recognised. The first steps in Portuguese legislation were taken by the Penal Code approved in 1982, which typified the crime of ill-treatment between spouses, and by the Law n. ° 61/91 of 13th of August, which guaranteed "adequate protection to women victims of violence". However, only in 2007, was the crime of Domestic Violence created, which shows, from 1982 until then, a long path of hesitations and slow social evolution concerning the consciousness of this crime's seriousness. Until 2007, the crime of spousal abuse was integrated in a broader criminal arrangement, characterised by the abuse of persons. In 2009, with the typification of the crime of Domestic Violence and with the publication of the legal regime applicable to the prevention, protection, and assistance of victims, denominated as Law of Domestic Violence, a more consolidated phase was inaugurated, in both legal treatment and social intervention. Despite these evolutions, Portugal continues to witness an attitude of "social and collective consent" to some forms of Domestic Violence, oftentimes disguised in the acceptance and normalisation of gender inequalities. We have seen news stories where judgements are presented, within the scope of Domestic Violence cases, where discriminatory ideas against women and excuses for the crime of Domestic Violence are manifested. This is proof that some of the representatives of justice (the judges) do not accept what has already been legally approved in the Portuguese legal system. Similarly, recent studies on the population's perception of domestic and gender-based violence show the abiding ideas and understandings of acceptance and normalisation of domestic and gender-based violence in Portuguese society. We intend to present the evolution of the typification of the crime of domestic violence in Portugal. Then, we intend to understand how this phenomenon has been perceived in Portuguese society. Therefore, we will be able to understand the continuities and ruptures between the legislative body and the social body in what concerns Domestic Violence and Violence against Women in Portugal.

Keywords: *domestic violence; violence against women; social perception of violence; judgments on domestic violence*

INTRODUCTION

In Portugal, the legal submission of women to the power of their husbands was present during the 20th century. The social and cultural perception of the woman was that of wife, mother, housewife, submissive and obedient to her father and then to her husband. The latter could use physical violence as a way to educate and punish, and until 1852, the husband's right to aggression against his wife was enshrined in Portuguese law. This situation is also visible in the Penal Code in force in 1886, in which an attenuating factor was established in case the husband committed murder against his adulterous wife. During the First Portuguese Republic (1910-1926), social and cultural changes were felt due to the republican secular stance, to the appearance of feminist movements, and to the First World War with its consequent change in women's role in factories and in society. With the end of the First Portuguese Republic and the establishment of the military dictatorship in 1926 and "Estado Novo" in 1933 (-1974), we witnessed a regression of women's rights: they lost equality in marriage and within the family; they became once again dependent on their fathers and husbands for a set of actions (e.g. travelling, opening a bank account, signing a work contract, etc.); education was again segregated according to gender; and they could no longer integrate some professions (e.g. diplomatic careers or judiciary). For 48 years, women lost their rights, being that their social status of submission and the absolute power of men over them have been established and reinforced [1].

With the Carnation Revolution of 25 April 1974, we witnessed a change in the social and legal status of women in Portugal. In 1974, the prohibitions related to women's participation in certain careers were removed, and, in the following year, the Concordat between the Portuguese State and the Holy See, which restricted women's rights to request divorce, was revoked. Finally, in 1976, the principle of equal rights between men and women was constitutionally consecrated and was, it is hoped, the legal and ideological basis for the legal changes that ensued.

It was necessary to wait until 1982, with the approval of the Portuguese Penal Code, for the crime of ill-treatment between spouses (I underline that only between spouses) to be typified. This crime was thrust in a broader framework: the ill-treatment of persons, and was a public crime.

Only in the 1990s (Law n. ° 61/91 of 13th August) we witnessed the "adequate protection of women victims of violence", namely in crimes of violence whose motivation was "the discriminatory attitude towards women" (Law n. ° 61/91 of 13th of August). Still in that decade, in 1995, the psychological (Decree-Law n.° 48/95 of 15th March) ill-treatment is now included as ill-treatment. Also on that date, there was a widening of the aggressor's concept, from being only the spouse to include those living in a similar condition to that of the spouse and, in 2000 (Law n. ° 7/2000 of 27th May), it was again extended to the parents of common first-degree descendants.

In 1995 (D-L n.º 48/95 of 15th March), the transition from a public to a semi-public crime was made. Three years later, in 1998 (Law n.º 65/98 of 2nd September), the Public Prosecution Service obtained the possibility to initiate the diligences and procedures when the victim's interest so requires, and provided that there is no opposition from the victim before the indictment.

Only in the beginning of this century, in 2000, this crime assumes again a public nature - Law n.º 7/2000 of 27th May - an important change that places this crime as a responsibility of each of us, as well as of society. The victory for the establishment of the crime as public, although consolidated in law, still has a long way to be internalized by society, in general, and by magistrates, in particular. In fact, in 2008, the then President of the Portuguese Bar Association defended in the Portuguese Parliament that the crime should no longer be public, as he considered that "women should be free to choose [whether to withdraw the complaint], as long as the consequences of violence are not irreversible", alleging that "There is a kind of impertinent feminism in these laws"(Botelho, 2008) [2]. This shows a lack of knowledge of this reality and an attempt to destroy and annul all the legislative progress made in recent years, based on the much-repeated saying in Portuguese society: "entre marido e mulher ninguém mete a colher" (it could be translated into English, as "No one should poke their nose into a husband-and-wife fight"). The importance of this crime being considered as public is reflected in the numbers presented by the APAV's 2020 Annual Report [3], in which in about 20% of the cases, references of the crime are made by the Criminal Police Bodies, and in about 14% by friends, acquaintances and/or neighbours.

Despite these advances and the growing visibility of the problem, only in 2007 the crime of domestic violence was created - Law n.º 59/2007 of 4th September. It was necessary to wait 25 years since 1982 for this crime to be typified, which reflects a slow process of evolution of the social and legal conscience of the gravity (and dimension) of the crime of violence. It was in the same year, 2007, when the 2nd national survey on domestic and gender-based violence was carried out, more than a decade after the first one. In 2009, the so-called Law of Domestic Violence (Law n.º 112/2009 of 16th September) appears, updated in 2020, which establishes the legal regime currently applicable for the prevention of domestic violence and for the protection and assistance of its victims.

DISCOURSES ON DOMESTIC VIOLENCE

Despite all the progress made in preventing and fighting gender-based violence and specifically domestic violence, the truth is that this problem, this crime, is far from being overcome. In 2020, according to the APAV's Annual Report [3], 14.854 crimes of domestic violence occurred. According to data collected in the media (from January 1 to November 15) by the Murdered Women Observatory of the Women's Alternative and Response Union, 30 women were

murdered, 16 of them in the context of intimate relationships (in current relationships – 9 women; past relationships – 6 women; or intended relationships – 1 woman) (OMA-UMAR, 2020) [4]. In more than half of the situations (63%), there was already previous violence and, in 40% of the cases, there was already a complaint, as well as death threats. When compared with the same period in 2019, the number of victims decreases (from 21 in 2019 to 16 in 2020). However, femicide attempts have increased from 24 to 43 (OMA-UMAR, 2020) [4]. According to the Homeland Security Report 2020, there were already 27,637 reports of domestic violence last year, within which 85% were directed at the spouse or equivalent. Most of the victims (75%) are women and 81.4% of those reported are men.

If on the one hand, the recent advances in policies and measures to protect the victims of domestic violence have been considerable, we know that old beliefs remain in society, blocking action and intervention in this field. The list of sexist, misogynistic judicial decisions, without any respect for the victim, is long and demonstrates the permanence of a culture of contempt for women.

31 years ago, in 1989, the Supreme Court of Justice considered that two tourists, kidnapped in Faro and raped by two men, were partly to blame for what happened. The four judges of the Supreme Court said in the Judgement: "the two offended women contributed a lot to the occurrence (...) a young girl, but grown woman who: a) Being a foreigner, does not hesitate to come to the road to ask for a lift from passers-by; b) It is impossible that they did not foresee the risk they were running" (Ruling of the Supreme Court of Justice).

In 2013, a judge of the Lisbon Court of Appeal, faced with a case of a woman's aggression with a punch on the nose and a bite on the hand while holding her newborn child in her arms, considered the case as not revealing "special censoriousness or perversity". In the ruling, it is read that: "it is clear that this conduct of the defendant, even taking into account that the assistant [the victim] was holding her child (then 9 days old) in her arms, is not sufficiently serious to state that, with it, the personal dignity of the applicant was degraded and, therefore, that her physical and emotional well-being was intolerably damaged" and that "the fact that, on several occasions, the defendant, in the course of discussions between them, called the assistant a "whore" adds little or nothing to the seriousness of that conduct. Thus, the decision of the appealed court to convert the incrimination into a crime of common assault and battery does not merit censure"(Ruling of the Lisbon Court of Appeal).

In the Porto Court of Appeal, in 2016, the judge uses bible passages to justify domestic violence and blames the victim for having committed adultery (which is not a crime in Portugal): "a woman who commits adultery is a false, hypocritical, dishonest, disloyal, futile, immoral person. In short, she lacks moral probity (...) it is not surprising that she resorts to deceit, to farce, to lies to hide her disloyalty and this may include the imputation of ill-treatment to her husband or partner (...)

This is the path of an adulterous woman" [5]. The aggressor "won" a suspended sentence.

In the Porto Court of Appeal, a female judge and a male judge, in 2017, when judging a case of domestic violence – a case that occurred in 2015, of a woman assaulted with a wooden club with nails – justified the acts by blaming the victim: "This case is far from having the gravity with which domestic violence cases are usually presented. On the other hand, the conduct of the accused [aggressor] occurs in a context of adultery by the assistant [victim]. Well, a woman's adultery is a very serious attack on the honour and dignity of men. There are societies in which adulterous women are stoned to death. In the Bible, we can read that the adulterous woman must be punished by death. It was not so long ago that the penal law (1886 Penal Code) punished with a penalty little more than symbolic the man who, finding his wife in adultery, killed her in the act (...) The woman's adultery is a conduct that society has always condemned and strongly condemns (and honest women are the first to stigmatize adulteresses), and therefore see with some understanding the violence exercised by the betrayed man, vexed and humiliated by his wife" (Ruling of the Oporto Court of Appeal).

In a domestic violence trial, which began in 2016 in the Lisbon Court of Appeal – a high-profile case, since the aggressor was a politician and the victim a well-known TV presenter – the judge used expressions from the beginning of the trial that showed what the penalty, or lack of it, for the aggressor would be: "I confess that I was looking at pictures of your wedding and everything looked wonderful"; "It seems that Professor Carrilho was a man, until the birth of Carlota [the couple's second daughter], and then became a monster"; "the human being doesn't change like that" [6].

At the end of 2018, a judge removed the electronic bracelet from an offender, who was sentenced by a First Instance Court to three years of suspended prison, during which time he was forbidden to approach the victim. The aggressor, husband of the victim, punched through her eardrum and it was proven that the situation of domestic violence was recurrent, even during the victim's pregnancy, as well as the threats against her and her child. The judge, in addition to removing the electronic bracelet, reduced to one year the time during which the aggressor could not approach the victim. The judge argues that there is an exaggeration that is harmful to men: "If, for a long time and until a few years ago, the victim of domestic violence felt that it was most likely that their complaint would come to nothing (...), the truth is that, in recent times, there have been increasing signs of a trend in the opposite direction, in which the most banal argument or disagreement between husband and wife is immediately considered domestic violence and the alleged aggressor (usually the husband) is demonised and no credit can be given to him" (Ruling of the Porto Court of Appeal).

Just 3 years ago, in 2018, the Porto Court of Appeal determined to maintain the suspended sentence for the two employees of a nightclub that sexually abused,

in 2016, a 26-year-old girl who was unconscious. According to the judges: "The guilt of the defendants [although in this seat, the guilt is no longer called to the case] lies in the median, at the end of a night with a lot of alcoholic drinks, an environment of mutual seduction, occasionality (not premeditation), in the practice of the facts. The illicitness is not high. There is no physical damage [or it is minor] nor violence [the abuse of unconsciousness is part of the type]" (Ruling of the Porto Court of Appeal).

In the same year, 2018, the First Instance Court of Viseu questioned that a modern and autonomous woman can be a victim of domestic violence and acquits the aggressor of two crimes of domestic violence, a crime of disturbance of private life, and a crime of insults, to convict him of a crime of prohibited weapon's possession. The decision was confirmed in 2019, after an appeal filed at the Coimbra Court of Appeal, with the same justification given by the judge of Viseu: "In the trial hearing she denoted to be a modern woman, aware of her rights, autonomous, non-submissive, employed and with her own salary, not dependent on her husband (...) Her strong and independent character was even confirmed by several witnesses. Therefore, we believe that it would be difficult for the assistant [victim] to accept so many acts of abuse by the accused, and for so long, without denouncing them and trying to eradicate them, if necessary, by withdrawing from him" [7].

Recently, a professor of criminal law went on trial for attacking his partner. During the trial, the judge addressed the aggressor as "Mr. Professor" and at the beginning of the trial she even addressed him to reassure him: "Your Excellency, Professor Doctor, you insist on calling me a feminist, but I am not". In a report in the Público newspaper, it is highlighted that: "At the end, the judge addresses 'Mr. professor', promising him that she will schedule a session exclusively to hear him. However, this session did not take place on the scheduled date. In a seven-page petition sent to the court, Filipe [the aggressor] dismisses his lawyers. He justifies: he was 'astonished at the content of the conclusion of the fact analysis' by the lawyer, namely having said that their relationship was 'toxic from both sides'. He refers to domestic violence 'as a crime against the Church of political feminism as a branch of cultural Marxism', speaks of gender 'Nazism', of the totalitarianism of the feminist states of the West, and ends with a list of declarations of 'death': 'Death to all political commissioners of the Supreme Judicial Council!' (...) 'Death to all feminists'" [8].

CONCLUSION

In a study prepared in 2016 by Conceição Gomes, Paula Fernando, Tiago Ribeiro, Ana Oliveira and Madalena Duarte [9], where 500 judicial decisions in cases of domestic violence are compared, it is concluded that there is a set of judgements that excuse the aggressor for factors such as the victim's adultery, making, as they say, "his [the aggressor's] guilt lighter" (p.232). Furthermore, they found that the facts' characterisation, on which the domestic violence is based,

are presented on the basis of "concepts and expressions such as 'disagreements' and 'family problems', taking the focus off the decision of the conduct's criminal nature and the damaged legal assets, and assuming that the aggressions that occurred are 'problems' to be 'solved' 'within' the conjugal life, making the victim co-responsible, familiarising the crime and removing its penal dignity and social censurability" (p.141) [9]. They remove, therefore, all social responsibility and all legitimacy of the crime as a public crime. Another issue these researchers pointed out is that the process is still so dependent on the victim's testimony and when she does not testify, "the system, because it centres its procedural strategy on her, feels 'frustrated'" (p.238) [9]. This act is perceived as an attitude of non-cooperation by the victim, which is mirrored in the outcome of judicial decisions. There is an incapacity of the system to understand the difficulty that the victim presents in testifying against the person who supports her or her children and with whom, many times, she still cohabits. In most situations the judicial response is only one part of a broader problem, so the victim's refusal to testify must be understood taking into account the social, economic, emotional, family and cultural factors that involve and characterise that victim.

The perception of the victim as a dependent and 'suffering' woman is another 'clash' between the realities of some victims and the decision-makers. Thus, victims who do not meet this requirement are disregarded, which is reflected in the decisions that are taken. From a symbolic point of view, the fact that coercion is often centred on suspended sentences without any other obligation or that, in many situations, coercion measures such as term of identity and residence, unaccompanied by any other measure, reflects a position in which the crime is considered as not very serious. This situation also occurs when this decision is accompanied by vague or impossible to implement and/or control injunctions, such as "apologies", "not to assault the victim anymore", "not to drink any more alcoholic beverages", "not to mistreat his wife in any way", etc. The sensation of lack of seriousness may leave the victim with a feeling of "abandonment" and lack of protection, which reduces the motivation to file a complaint. This misevaluation certainly has consequences for the aggressors' and the victims' attitudes and in the way society, in general, perceives this crime.

According to Boaventura de Sousa Santos, Maria Manuel Marques, João Pedroso and Pedro Ferreira (1996, pp.51-56) [10], the courts fulfil, in contemporary societies, several types of functions that go beyond the judicial field, namely instrumental, political and symbolic functions. The first, and most obvious, refers to their role in dispute resolution, in social control, in administration and in law creation. Their political function is related to their legitimacy as sovereign bodies and to the social control they are called upon to exercise. Finally, the symbolic function enables citizens to trust the functioning of institutions and the achievement of justice (p.55). The Councils that supervise the action of magistrates could have rescued this symbolic question, in the cases of the mentioned processes, through some punishment. Instead, what we verified was complete impunity and that it is often the media that ends up exposing these

cases and that exerts (symbolic) pressure on the sexist and disqualifying decisions of many magistrates.

One of the questions we should reflect on is whether these judicial decisions refer to an individual understanding of their authors or, on the contrary, whether they reflect a social and cultural perspective present in the country. If we take into account some studies in the area of domestic and dating violence, we may find this answer. In the National Study on Dating Violence in University Context [11], conducted between 2017 and 2020, the authors found that myths and stereotypes persist both about the causes associated with domestic violence and about the characteristics of the victims.

We still have a sexist justice system that places the burden of proof on the victim and that continues to misevaluate and excuse violence against women. We still have a law and a legal discourse (of judicial decisions) that move in opposite directions. This may be related to the legal and criminal system's limits, which is incapable of responding to the complexity of the phenomenon. Beliefs persist in Portuguese society, even among the youngest, that call into question the victims' rights and, particularly, women's rights. Many deny this problem as a strategy to avoid questioning the myth of the family as a safe place and a place of affections [12]. In addition, there are other myths about the women's role which favour these attitudes, namely "marriage is a lifelong commitment; in the nuclear family women should play the expressive role and men the instrumental role; in case of divorce women benefit from alimony provided by their ex-husbands" [13], among others.

Women victims of domestic violence need the law to be applied without prejudice, beliefs, myths. They also need (and demand) a society that does not judge them and that is structured on egalitarian principles and ideals.

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DISTANCE TEACHING OF LEGAL DISCIPLINES AT NON-LEGAL UNIVERSITIES. PANDEMIC COVID-19 ISSUES AND CHALLENGES FOR ACADEMICIANS

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ABSTRACT

The paper examines the specifics of teaching legal disciplines at public universities, emphasizing law education. The universities are not specialized in law education. Nevertheless, legal studies, especially public law, form a substantial part of their curricula. The pandemic brought a fundamental change of approach to university education of both parts students and academicians. The author presents the experience of two semesters of online legal teaching. The paper highlights the positives, including the possibility of interuniversity and cross-border education. The author points out the negatives of teaching in big groups, which disables the personal interaction and immediate modification of the subject matter according to the demands and needs of students. The author conducted a short survey about issues and challenges of online teaching among academicians. The author was interested in which methods they used online they would keep in the future contact teaching. The survey also examines how online teaching influenced academicians' private life. Based on its results and lessons from the pandemic university teaching, the paper concludes with practical proposals for online education of legal disciplines for non-lawyers.

***Keywords:** online legal Teaching, cross-border Teaching, survey, influence on private life*

INTRODUCTION

Legal education and understanding of fundamental principles of the rule of law form the basis of university education in general. Students of all universities get acquainted with the basics of law and ethics needed for their fields. Teaching law at these schools differs significantly from teaching at law faculties. Teachers must introduce students to the essence of public and private law in a much shorter period, without the unacceptable simplification of legal notions. The teacher must also significantly focus on the practical application of law in the field of studies. The SARS- COVID 19 pandemic interrupted personal contact with students and brought the need to modify the usual way of teaching until then.

The paper examines the challenges of complete distance teaching law based on the author's personal experience at two Czech universities. One of them is the Police Academy of the Czech Republic in Prague, and the other is the Institute of

Social Work at the University of Hradec Kralove. Legal education forms a substantial part of studies at both universities, as they prepare public officers and social workers.

The article highlights academicians' issues of adapting to the situation, which was unknown, unexpected, and uncertain, both in the work and private sphere. The paper examines the author's own experience and observations and the results of a survey among academic colleagues. This fact can lead to a subjective view of the studied phenomena. However, this does not automatically distort the results as the personality of the academician influences and forms the teaching. In addition, there has been no such challenge as the long-term closure of universities and total distance teaching.

Public health emergencies could affect the health, safety, and well-being of both individuals and communities. These effects may translate into a range of emotional reactions), unhealthy behaviours, and noncompliance with public health directives. [1]

Academicians also had to carry out their teaching duties and support students despite the uncertainty of their situation. They faced difficulties related to their health and their loved ones, the lack of material resources and profound knowledge of technologies. The need for teaching from a home office, copying with the new family situation as the home office of other family members and distance education of their children, together on all levels, underlined the possible psychosocial risks. These risks are closely related to work-related stress. Reduced social interaction, worsened work conditions, and concentration can cause physiological pain, cardiovascular problems, and a higher incidence of mental illness, such as depression and anxiety risk. [2]

Despite this fact, most of the surveys and evaluations, including support for persons affected, were focused on university students, not academicians, as no one expected, how long the universities' closure may last.

REMARKS ON LEGAL TEACHING FOR NON-LEGAL STUDENTS

Since the mid of the 20th-century, concerns about the adequacy of the professional equipment in the students' legal knowledge and its interconnection with the public interest form a significant issue of legal education meets the needs of society, as the economy with which it operates should be more efficient. [3] The emphasis on increasing the performance of the economy is one of the primary consequences of a pandemic. Most modern states got into a negative balance of public funds because they supported the economy from public resources. In the Czech Republic, the public administration chaotically intruded on civic and economic freedoms. The Supreme Administrative Court recently cancelled many regulations, prohibiting the free movement of inhabitants, ordering the retail and

school closure. Public officers with a university education were unable to prepare legal documents properly. Of course, not all authors were not lawyers by education. Despite this fact, the Czech Constitution Court, in its decisions, reiterates that the public administration should defend its choices and legal interests in cases that do not overstep boundaries of its usual activity. [4]

As mentioned earlier, the legal teacher should be an academician and researcher who needs a profound knowledge of the practice. The teacher must apply all theoretical notions in practice in the legal context and the field studied. At the same time, an academic usually workn in a law faculty a relevant branch of law, a teacher at the non-legal faculty needs to know the basics of the main studied field of students.

In the Czech Republic, students of social sciences, law and other humanities usually work during their studies. Many of them are part-time or distance students. It means that they have a regular job during their higher educational level. That is why the legal lessons must point out the interrelation of theory and practice. The teacher should highlight the mentioned relation when solving I during the lecture or seminar examples from students' work experience. Such an approach demands the knowledge of academics and students, but at the same time, it brings enrichment for all participants. According to the author's experience, students are very keen on such discussions, but predominantly during face-to-face education.

DIGITAL TEACHING EXPERIENCE

When teaching digitally, the academicians can use either synchronous or asynchronous methods. Synchronous teaching means that the teacher and students are together in real-time in a digital classroom. Educational institutions prefer to use MS Teams for seminars and workshops, Zoom conference services for extensive lectures and public exams. As the transition to distance digital teaching in many countries was rather unexpected and very quick, students had to start working with the syllabus, books, and pre-recorded lectures at their homes place. This approach forms asynchronous teaching. [5] The mentioned methods are not separated. In both types, students can contact teachers digitally, through chat sessions or by mail. The Charles University, Prague, Czech Republic, did not interrupt the educational activities for the tertiary sector. Streaming lectures and workshops proved to be much more appropriate for students in lifelong learning, as they could open the course anytime. The author perceives the combination of various methods and possibilities of distance teaching and communication-blended learning- as very good and facilitating the understanding of the subject. Such an approach is blended learning; "*Blended approaches use multiple methods to deliver learning by combining face-to-face interactions with online activities.*". [6]. Teaching in such a way means that teaching material, such as textbooks and articles, should be available digitally.

There were two main challenges and obstacles for teachers when moving to remote online teaching.

First, the teachers had to adapt to the fact that students disappeared in the digital world. Many students had no digital literacy. They faced difficulties with technologies and internet access. Students also had to comply with wholly changed family life and new job issues. Most students became passive participants who thought they were entitled to be educated without their effort. Discussions or exchanges of views during distance learning almost disappeared.

Second, the academicians had to process their new situation at home, family, and work. Many university teachers could not use the digital connection and the technologies for the daily grind; others needed to help their children with the daily distance education. Information on the problems academicians were required to comply with was practically unavailable.

SURVEY

The author conducted a short self-administrated questionnaire survey for gathering information about the impact of distance teaching from a sample of colleagues. Experienced academicians and teachers, assistant and associate professors, professors with more than 14 years of teaching experience responded. The academicians teach at non-legal universities, either law or social sciences and social work. One male and one female respondent come from Norway university, one female respondent works both at the Czech and Slovak universities. The author decided to examine gender views because one of the assumptions was that females' lives were more affected by new, unexpected working conditions.

The author used a contactless questionnaire, distributed per e-mail, with nine open questions. Twenty questionnaires were sent, twelve came back. The author surveyed between midMarch and the end of May 2021. The results reflect universities' closure for more than a year when the pandemic has been litter throughout Europe.

Assumptions:

- A. Academicians prefer contact teaching
- B. Academicians prefer contact exams
- C. Academicians prefer to teach and take exams from the home office
- D. Academicians will not use new methods when contact teaching is allowed
- E. Females' family and private life was more affected by new, unexpected working conditions

The survey questionnaire, Online teaching and exams, 20 sent, 12 returned

1. Education (multiple possible) - University

Law and legal science	Security legal studies	Social work	Social Sciences	
5	3	5	5	

2. Sex

Male	Female
8	4

3. Years of academic experience

14-30

4. From the point of view of an academician, please, specify

1) Advantages of online teaching
2) Disadvantages of online teaching
3) Advantages of online exams
4) Disadvantages of online exams
See comments

5. Which knowledge and methods from online teaching will you utilize when returning to contact teaching?

11 will use online teaching for credits and works; one refuses

6. Which knowledge and methods from online teaching will you utilize when returning to the contact examination?

11 will use online teaching for credits and written tests; one refuses completely, 11 prefer oral contact exams but can copy with online exams

7. Online teaching and exams took part from

When combining both, please give a percentage estimation

Home office	Work
3 - 100%, 7 - 80%,	1 - 100%, 7 - 20%
2 - 50%	2 - 50%

8. Online teaching affected my personal and family life

Yes	No
10	2

9. If the answer to question 8 was "Yes ", I would be pleased if you indicated how

3 - positive, 7- negative

Source: author

Comments on the Survey

The academicians preferred a home office. Two female respondents explicitly stated that they saved time and could better organize their family life. They evaluated this fact positively as a complete calming with a positive impact on their teaching. One male respondent taught from his office since his wife; one of the respondents stayed at home with two children on compulsory remote education. So the family had to look for the solution of not having enough quiet space. Female respondents also emphasized that staying in the home office protects them from infection.

One male respondent appreciated having more time for his family and sparring money, as the large family could not spend money on travelling and culture.

As for the negatives of remote teaching, academicians perceived the lack of personal communication with students. They underlined the reluctance of students to participate in education in larger groups and the flattening of emotions. Three teachers (1 male and two females) also emphasized blurring the boundaries between work and privacy, including interventions in leisure activities. One respondent explicitly stated that the need to prepare for teaching and testing reduced her rest time. Another academician said that if distance learning continued, he would consider changing jobs. In testing, they felt the impossibility of ensuring sufficient control to be negative; asking questions was more complicated due to connection and technology issues.

Positively, academicians perceive that they and the students have become acquainted with the possibilities of using various educational programs. They will use part of their knowledge mainly in storing individual works and in credits. A significant positive was the opportunity to involve academicians from other universities, including foreign ones, in teaching. One respondent explicitly stated that she considers distance learning suitable for the inclusion of disadvantaged students. Some of the respondents did not like the intrusion of their own or students' privacy. It is necessary to emphasize that even the university IT support

organized training on how to use teaching applications, they just showed the essential functions. The author participated in several of them, but no highlighted setting the neutral background settings in Microsoft Teams or Zoom. These were the most exploited teaching applications.

Most of the surveys and evaluations, including support for persons affected, were focused on university students, not academicians, as no one expected, how long the universities' closure may last. The closure in the Czech Republic was one of the longest not only in the EU but worldwide.

CONCLUSION

The beginning of the 21st century brought new challenges for education and educational institutions. Education at all levels remains at the centre of public attention. European welfare states cover its costs partly or entirely from the public funds. Modern educational systems enable creating virtual campuses and bringing various educational opportunities to individuals in their respective countries. [7] Cross-border teaching underlines the need for one common teaching language and sharing knowledge of different technologies. The pandemic speeded the demand to move from conventional face-to-face knowledge delivery to global marketized information sharing. The teacher and academician especially become more guides in educational activities than someone who exclusively decides what information students get. [The pandemic speeded up the debate among those who believe learning should be structured and directed by teachers and those who emphasize that students should take more activity and responsibility for their education. Until the pandemic, technologies had been used for extending the teacher-directed model. PowerPoint presentation, Moodle testing, and some web pages as a source of information were the highest technological support in many universities. The pandemic opened the world of video lectures, conferences and collaborative learning. New ways of teaching formed the major shift for both parties-students and academicians. [7]

The researchers and educators mainly concentrated on the needs and well-being of students, [8], though the academicians faced the changes and new types of workloads usually alone. The article highlights the academicians' needs and issues to comply with face during the pandemic online teaching.

Based on the self-administrated survey, the author examined common issues and challenges for social sciences teachers. The main risk of the survey was ethical because the author knows all participants personally and used to work with them. The author faced the same issues and challenges during online teaching. Therefore, the questions could be focused unilaterally to support the author's assumptions. [9]

On the other hand, the educational process includes the personality of a teacher, so they shared examined issues. Achieved results show that academicians

prefer contact teaching and personal exams or other forms of control. All respondents confirmed that students had become passive consumers of education. Gender did not play a role in views on the pros and cons of online teaching. Gender mattered when evaluating the private life of academicians. Females felt a more significant impact, both positive and negative. The academicians will exploit some new knowledge and teaching programs and face-to-face teaching; some plan continual remote control of repetitive and routine tasks. The author confirmed her assumptions, except for the rejection of new methods.

The main lesson resulting from the remote legal teaching for non-lawyers is that quality of education could be preserved just when the student's group are small and enable the discussion. Both academicians and students need to steadily improve their ability to work with new technologies and searching information on the web. This paper proves that quality scientific resources are available online. Universities have to prepare both parties to move to a new world of digital communication without losing the humanity and ethical dimension of education. In this, the human factor is irreplaceable. The way society values knowledge and education reflect its maturity and ability to overcome new disasters and crisis. Science and human potential to adapt and find solutions form the main factors for surviving and gaining quality of life. [10]

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ORGANIZED CRIME - MODERN GLOBAL THREAT

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ABSTRACT

The modern world is faced with new challenges, risks and threats to security that are increasingly unpredictable, asymmetrical and transnational in nature. Organized crime poses a global threat to the security and overall development of states and societies. The analysis is based on electronic sources and a review of domestic and foreign scientific literature.

In the preparation of the content of the paper, the author will apply the general scientific methods: the descriptive method and the normative method, and the Method of content analysis as a separate scientific method. In the paper, the author will define the term organized crime and define the types of organized crime. In the final part of the paper, the author will identify the detrimental effects of organized crime internally and externally.

The subject of research in this paper is organized crime and its threatening effects on national and international security.

The purpose of the research in this paper is to study organized crime as a global threat in the scientific literature with its particularities.

Keywords: *organized crime, threatening effects, prevention*

INTRODUCTION

The modern world is faced with new challenges, risks and threats to security that are increasingly unpredictable, asymmetrical and transnational in nature. Organized crime poses a global threat to the security and overall development of states and societies. Organized crime poses a global threat to the security and overall development of states and societies. Its development is conditioned by the "emergence of poor countries" and the socio-economic transition; the impoverishment of states and the weakening of social programs have led to the crime of society in transition countries, encompassing not only the broader social strata but also party and political structures, the judiciary and public administration bodies. [5]

MATERIAL AND METHODOLOGY

In the preparation of the content of the paper, the author will apply the general scientific methods: the descriptive method and the normative method, and the Method of content analysis as a separate scientific method.

THE TERM ORGANIZED CRIME

In the scientific literature, there are different definitions of the term organized crime.

According to some authors, such as: Mijalkovic, Sasa, Keserovic, Dragomir, Boskovic Mico organized crime is broadly defined through forms of criminal activity characterized by the existence of criminal organizations and organized access to the commission of crimes, with the aim of unlawful property gain. In a narrower sense, organized crime is defined through forms of organized criminal activity that establish links between the heads of criminal organizations and individuals within the structure of state government. [2] [11]

It is obvious that these are acts of various forms of criminal association. "An organized criminal association or criminal organization is the secret association of several persons who meet the necessary conditions laid down in written or unwritten rules governing the functioning of organizations and agreeing to strict compliance with those conditions, established by professional and as a rule the planned commission of crimes. The organization should be of a lasting nature, with the aim of continually gaining property or power, further creating a monopoly in a particular area (and therefore prone to destroying competition). The organization is based on hierarchical principles and with the strict discipline of its members, as a rule, and on the principles of specialization and division of work in criminal activity, but the organization is also involved in certain legal activities (within which specialization exists) and division of labor within its membership).

In principle, the organization is not ideological in nature, and practices a variety of violence, which it uses both in relation to the external environment and to members who have violated its rules (its own sanctioning system), and in particular strives for corruptive methods to directly or indirect influence on the part of state authorities to enable or facilitate their own action and to spread direct or indirect influence. [11]

It is a permanent criminal act, which is rationally committed to profit from illegal activities, and its permanent existence is maintained by the use of force, threats, monopoly control and / or corruption of public servants. Thus, the primary elements of organized crime are: the existence of permanent criminal organizations; rational criminal activity; gaining profits as the ultimate goal of criminal activity and the use of force or threats and resorting to corruption

for the accomplishment of goals and the maintenance of immunity from the exercise of rights. [1]

From a legal point of view, the section of the United Nations Convention in Palermo which defines an "organized crime group" as "a structured group of three or more persons who persist for a specified period of time and act specifically to commit one or more serious crimes which are within the mandate of this Convention for the purpose of obtaining, directly or indirectly, financial or another material benefit. With the global spread of organized crime, several countries have begun to develop a more strategic response to this challenge. National risk assessments examine the links between international criminal networks and their impact on the country under investigation. In other words, while the threat is transnational, the focus is on the country concerned. [8]

In the scientific literature, special attention is drawn to the definition of organized crime by Joseph Albin and Jeffrey, who writes that organized crime is: "A form of criminal activity within a social system consisting of a centralized or decentralized social network (or networks) of at least three actors involved in an ongoing criminal association in which the size, scope, leadership and structure of the network are generated for a specific purpose. This goal is superior to the opportunities arising from laws, regulations and social habits and can be pursued for financial gain and / or to gain some form of power to cause social change and / or social movement". [9]

Organized crime in its many different forms, is presented as a threat to political, economic and social development; it can cause violence and corruption, undermine the rule of law, good governance and democratic processes; can endanger economic growth and poverty reduction, and pose significant risks to public health and environmental sustainability. [7]

The FBI defines organized crime as any group with a formalized structure of conduct whose primary purpose is to make money through illegal activities. Such groups maintain their positions through the use of fear or threatening violence, corruption of public figures, bribery or extortion and generally speaking, to have a significant impact on people in their place, region or state as a whole. [4]

Kambovski in his book *Organized Crime*, defines organized crime as "the commission of crimes by criminal associations for the purpose of profiting and / or gaining power, by using violence, or by using a special status in society, by reducing risk by engaging in legal economic, political and other activities, as well as a pre-made prosecution system".

Defining the term organized crime today has a particularly important criminal-political function: setting a penal framework for a proportionate response to increasingly severe and more organized forms of crime by increasing the effectiveness of prevention, detection and prosecution measures.

In addition, the definition of organized crime facilitates the work of law enforcement institutions, giving clearer direction and tends to increase their work efficiency and contributes to reducing the loss of human and financial resources.

THE PHENOMENOLOGY OF MODERN ORGANIZED CRIME

There are numerous forms of organized crime. In principle, they can be divided into two groups:

[10] Crime related to the organization of criminal groups - association (which occurs in two forms: the organization of a criminal association for which the organizer is responsible and accession and action within the criminal association for which they are criminally responsible all members of the criminal association and Sum of crimes committed by members of the criminal association.

Article 394 of the Criminal Code of the Republic of North Macedonia defines the term criminal association. The term criminal association is a generic term for the joint commission of offenses by at least three persons: the organizer of that association and at least two other persons who have joined in the commission of the offenses. [3] In addition to associations, the Criminal Code of the State also includes other terms such as conspiracy, group, gang, network, service etc. Such criminal associations often aim to commit serious crimes, the profits of which are high. The consequences they cause are very big and dangerous both for individuals and for the state itself.

Modern organized crime has an international dimension and externally affects the security and stability of states.

It is obvious that it has evolved, so the threshold of the 21st century is characterized by: [10]

- Increasing destructiveness to the values and interests of individuals, communities, states and the international community;
- Networking of criminal groups at national borders - so-called criminal co-operation;
- “Raising” the activities of certain criminal groups or networks from national to supranational level - the so-called internationalization of criminal activities;
- Creation of transatlantic illegal organized markets crime, the so - called globalization of criminal markets and
- Establish a partnership between criminal groups and networks from one country with criminal groups and networks operating in the territory of other countries - the so-called internationalization of criminal cooperatives.

The emergence of new forms of crime, such as illegal trafficking in human beings, drugs or weapons, nuclear materials and waste, biogas agents, genetic materials, human tissues and organs, the emergence of high-tech crime, and so on. At the same time, some forms of security threat were restored, which were considered outdated, eradicated and long-forgotten, such as trafficking in human beings.

The types of contemporary organized crime are numerous, including: economic and corporate crime, drug trafficking, arms smuggling, human trafficking, migrant smuggling, "sex mafia" (prostitution, porn-mafia), auto-mafia, theft and smuggling of old and art objects, gambling mafia, urban and civic mafia, transplant mafia, baby-mafia, pharmacy mafia, funeral mafia, counterfeiting of money and securities, racketeering, robbery, a crime of war structures, bankruptcy mafia, customs mafia, cigarette mafia, oil mafia, current mafia, waste mafia and many more. [11]

The term mafia is used as a synonym for a certain type of organized crime. Organized crime is infiltrated in almost all spheres of social and state life.

Contemporary crime has different features than the former organized crime, whose primary motive was to make a profit.

The relation of organized crime with the political and economic elite, but also with the new centers of financial power (so-called tycoons), i.e. with certain forms of political, economic and environmental crime, is visible. Financial power and positions in the political, economic and local sectors are used for non-institutional, extracurricular, unethical, and other influences of the state, i.e. to take a position in the community that cannot be obtained through participation in regular democratic processes.

Legalization of illegal profits and the establishment and privatization of economic entities require the assistance of the state administration structure. It is about the representatives of the state authorities at all levels (from the government, ministries, police, courts, public prosecution, economic structures) that assist criminal groups in providing services and money. [10]

Their members are protected from state repression by avoiding prosecution, by acquitting acquittals, probation or minimum sentences and by reducing their prison sentences.

The most dangerous are the criminal cases of individuals, and even most members of the government (so-called state crime). High-crime decisions can protect and stimulate organized crime activity, making them "quasi-illegal" and immune from domestic law sanctions. [11]

That is why it is also clear that organized crime attempts to infiltrate the country's political system by funding campaigns of certain political currents, namely corruption or intimidation of the electorate and political factors. This transforms economic power into political, and uses the achieved political positions to increase economic power, while legalizing dirty money and "fertilizing" it. Of particular concern is the infiltration of organized crime in (international) NGOs and the misuse of their funds for illegal but also legal activities, primarily through various tenders.

It is also evident that organized crime carries out destructive psychological-propaganda activity through the media (radio, television, newspapers), which it establishes, finances and controls in various ways. This puts some pressure on public opinion, legislative, executive and judicial bodies, criminal network opponents, potential witnesses, and so on.

Some international criminal organizations have capital that is greater than the national gross income or the budget of many countries. It enables them to thwart the transition to democracy, restrict personal rights and freedoms, prevent the open market economy and the legal side of investment, restrict free elections and press freedom, and threaten the financial security of countries [13]

THEORY/CALCULATION

TERM PREVENTION OF CRIMINALITY

In the scientific literature when it comes to combating organized crime, many authors talk about the term prevention. Crime prevention means the use of all means and measures aimed at preventing the emergence of some forms of crime. [5]

There are different views of the authors regarding this term. Some crime prevention authors only understand those activities aimed at preventing crime that are undertaken by the public and the local community. Also, some authors believe that positive legislation is not the basis for crime prevention, but only the basis for preventive action by the public, authorities and the service. Other authors hold that criminal law is the basis of a preventive strategy.

In fact, "crime prevention" means the use of all measures and means to mobilize individuals, social groups, organizations and institutions aimed at preventing those which do not comply with criminal law and which in their nature are harmful individuals, social groups, or society". [14]

The purpose of prevention is to prevent the perpetration of criminal acts, so it is theoretically necessary to understand only the appearance of crime i.e. to penetrate its etiological and phenomenological aspects. On the other hand, the development of preventive strategies and their implementation depends on the

political movements in society and the political environment. In this regard, Mitric states that "the application of criminal law is based on the maxim" "nemo prudens punit quia peccatum est, sed ne peccetur", which in translation means that no one cleverly punishes for wrongdoing, but for wrongdoing. the future [12]

It is also important to look at relationship prevention and repression, because as criminal law emphasizes, repression is not an end in itself, it is always ultimately in the service of prevention.

Prevention as a basic form of crime prevention has been the subject of research by a large number of scientists and experts in various fields of science. The research mainly focuses on the theoretical determination of prevention, differentiation and classification of preventive measures and activities, delineation of subjects in the holders of preventive activities and analysis of the preventive role and function of those entities without the practical establishment of prevention programs. In fact, prevention is associated with a series of measures and activities that should prevent the occurrence of crime.

The European Crime Prevention Network (EUCPN), in 2001, gave the following definition of prevention as "measures that reduce or otherwise contribute to the quantitative and qualitative reduction of crime and the sense of insecurity among citizens, through direct deterrence" from criminal activities or through policies and interventions designed to reduce the potential for crime and the factors that make it a crime. This includes the work of the Government, the competent authorities, criminal law institutions, local authorities, associations of experts, the private, voluntary and civil sectors, scientists, the general public and the media".

In today's global environment, it is necessary for each nation-state to adopt a crime prevention strategy, which will stimulate expert and scientific public as well as state institutions, NGOs and the private security sector on future directions of action in the field of crime prevention the state.

The strategy aims to motivate and mobilize all legally obliged institutions, all governmental and non-governmental organizations, the citizens, especially the youth, to make efforts to organize crime prevention activities from local to national level.

The Strategy as a guiding principle should establish the convergence of the organizational, staffing, technical, financial, state and community efforts to increase the safety of citizens and in the exercise of the protection of citizens' property, as well as respect for human rights and freedoms.

Crime prevention is a set of measures, activities and actors that work together to achieve the goals set in this area. There are two levels in this action: [15]

Crime Prevention System - A set of general and specific measures and activities that guide the community at different levels of its organization and through different forms of work in the direction of crime prevention. The Crime Prevention System represents by legal acts a defined methodology and structure of connecting the participants in the process of preventive action.

An Act on the Establishment and Functioning of Working Bodies within the Public Administration Bodies and Organizational Units in the Ministry of the Interior should be adopted as carriers of activities in the Crime Prevention System and it is necessary to provide a unique approach in resolving the problems of the whole territory of the state.

In fact, it is necessary to adopt the Organized Crime Prevention Concept, which implies taking coordinated actions aimed at preventing incidents that are not in accordance with the law and which in essence harm the citizens, social groups or the community in the country whole.

The primary objective of prevention is to ensure the security of the state, the security of its citizens, the security of values, interests and resources, as well as respect for international norms that are integral to the national response to contemporary risks and threats. Prevention is the creation of such political, social and economic circumstances that remove the conditions for the creation and dissemination of contemporary risks and threats in all elements of their manifestation.

Prevention measures include the following: [6]

- recognizing and preventing forms of threat that may lead to threat or risk;
- Preventing abuse of civil society institutions and the non-profit sector for the purposes of terrorism, organized crime, etc.
- encouraging research, analysis, exchange of experience and best practice in the area where it is necessary to prevent the spread of extremist ideology and to increase understanding and tolerance in the country;
- development of human resources, devising new programs for education and training, creation of organizational and functional preconditions for the development of educational and professional work in this field;
- strengthening and developing all national capabilities for the prevention of modern risks and threats.

CONCLUSION

At the foreign policy level, organized crime can indirectly encourage disintegration. But it can also hinder or hinder the integration of states into certain international institutions and organizations. The consequences of organized crime on the security of states are identified with the consequences of political and economic pressure.

Internally, the effects of organized crime are extremely complex, and pose a strategic risk to national security and the safety of citizens:

By analyzing the above content, the following conclusions can be finally reached:

- Establishing a legal and institutional framework for preventing and combating organized crime;
- Consistently establish criminal and moral responsibility for illegal activities;
- Establishment of ethnic standards;
- There is a need to promote cooperation and multidisciplinary within institutions, especially in terms of information exchange.
- Further systematic efforts are needed to establish a comprehensive statistical system and mechanisms for monitoring corruption-related and organized crime;
- Internal institutional capacity for disclosure needs to be improved through the establishment of internal investigative services and the improvement of the legal and institutional protection of reporters.
- Preventing conflicts of interest in the public sector;
- Legal and responsible implementation of decisions;
- Increasing the efficiency of law enforcement and oversight institutions;
- Reform of the state administration, aiming at greater professionalism and transparency;
- Transparent financing of political parties, elections, and election campaigns;
- Open and transparent procedures for the planning and use of budgetary funds, and public control over the use of budgetary funds;
- Training and assistance to the private sector in implementing measures against organized crime;
- Defining the role of the media in the fight against organized crime;
- Stimulating citizens to get involved in the fight against organized crime;

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PUBLIC ADMINISTRATION BETWEEN CONTROL AND SUPPORT

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ABSTRACT

The role of the public administration in modern states is diverse and extensive. The state administration is traditionally connected with the activity of lordship and decision-making. The municipality and community administration is more user-oriented and supportive in difficult life situations. Both types of public administration execute permanent and daily control of their users. They check how the addressees follow laws, by-laws and orders or instructions of the public administration. Contemporary modern global society born new challenges and for both parties of the relationship. The paper examines the needs of users for a more friendly, supportive approach. The public administration's daily practice must connect particular and general interests regarding, on the one hand, the protection of human rights, on the second-hand goods of a community or the whole society. The paper analyses the thin line between support and control when delivering public service based on the Czech Republic experience. The article focuses on managerial and legal issues and possible tools for transitioning from lordship to procuring and assisting public administration.

***Keywords:** public administration, control, support, human rights, public and individual interests*

INTRODUCTION

Public administration forms the most significant part of modern welfare states activities. The theory and the practice approach the notion of public administration from various points of view. The most general definition would be that public administration is a management of public affairs in the public interest. The theory describes the administration generally as the permanent management of everyday matters. The governance and public administration stand in the centre of attention both of legal theory and practice.[1]

Traditionally, the role of the public administration was decision-making, including the control of non-subordinated persons and entities. Modern public administration approaches much more to the remote administration, underlining that the new methods and the need of coming to the public administration to communities and citizens blur the differences between both types of administrations. [2]. As interdisciplinary research and scientific branch, administrative science evolves knowledge about the public administration's performance, exploiting interdisciplinarity of social sciences. Indeed,

administrative science embrace law, sociology, politology, social work and pedagogy.[1] Influenced by the mentioned theory and the demands of the practice, the public administration is steadily moving from the lordship to supporting activities. The paradigm of public administration as a decision-making authority would not stand in the modern, globalised, digitised society, facing various dangers, like cyber, health, natural or other risks. The paper examines the transition from the decisive-making authority to supporting the user-friendly public administration. The author pins together the legal and social fundamentals of public administration. This approach enables to argue the addressed issues and analyse the thin line between support and control when delivering public service. Recent and imminent threats as the pandemic of SARS-Covid 19 or tornado disasters, so far unknown in European countries, create societal demand for new approaches and innovative solutions. There is a wide range of research articles on new public management, new governance, or collaborative governance. Still, the interdisciplinary scientific comprehension of current tasks in modern public administration under unexpected conditions only begins. There is a wide gap between the needs of the practice and the theory. The author would like to start the discussion about the possibilities of perception of the supportive public administration. The paper uses the methodology of analysing legal notions, laws, and the author's practices as a law lecturer for public officers.

SOCIAL RIGHTS, PRIVATE AND PUBLIC INTEREST

Contemporary European Union member states denote themselves as the rule of law and welfare states. The protection of human rights and dignity is closely related to ensuring economic and social rights, which aim backwards to ensure dignified daily life. The Charter of Fundamental Rights of the European Union [3], as well as the Charter of Fundamental Rights and Freedoms of the Czech Republic (Charter), elaborate a wide range of rights enabling free choice of profession, social security, fair remuneration for employees, trade union and other labour protection activities, healthcare services, based on public health insurance or additional assistance for vulnerable groups and in adverse living conditions. [4] The welfare state as a public law corporation could be denominated as a general system of organisational, material, legal and other support of persons and legal entities. [5]

The mentioned economic and social rights require laws and by-laws for their practical implementation. In its decisions, the Czech Constitutional Court reiterates that social rights can be exercised only within the bounds of laws. So, the legislature has the right to set specific conditions for implementing social rights. Nevertheless, the statutory regulation may not conflict with constitutional principles, deny or annul the social rights outlined in the Charter. [6]

The government, as the supreme body of public administration, is a lawmaker. Competent administrative authorities and officers execute entrusted general tasks enshrined in the legislation. The public administration ensures

supervision and assistance on the labour market, including regulating entrepreneurship and relations employer-employee. Traditionally, the public administration organises and supervises social cohesion and compulsory educational activities. [5]

The individual is a starting point for the state and all its bodies, including the public administration. They all are constitutionally bound to protect and preserve her rights. [7] However, the task of public administration is not only to protect the individual interest but also the interests of the community and society. Whilst the individual interest can be precisely pointed out; the public interest is an indefinite concept that the public administration must always interpret according to the case circumstances. The wide margin of appreciation the public authority has in the decision-making procedure disabled to evolve either unified or consistent theory to define the public interest generally. [8] The public interest could be described as the best response to a situation when all parties concerned accept the solution or the decision.

When ensuring social rights, the public administration has many tasks and activities. It delivers decisions, supports, and helps. The theory denominates this type of public administration as procurement or assistance as it varies between lordship, control, and support. [9]

The author aims to highlight the specifics of the support in the public administration on the practical examples of public guardianship, as described below. Based on the court decision, the public guardians legally represent and decide on behalf of the person. At the same time, guardianship means supporting the rights and self-determination of the ward.

BETWEEN CONTROL AND SUPPORT IN PUBLIC ADMINISTRATION

Since the 19th century, social support has been based on state help when the individual cannot care for herself. When deciding about public rights in the social area, public authorities dispose of many vested powers. The lordship administration forms thus the basis for determining claims of persons in need. The need for state intervention had increased in the pandemic. So far, the welfare state has targeted persons. Suppression or even temporary closures of whole economic sectors focused on entrepreneurs – persons and legal entities. The public administration had met entirely new requirements for its activity. The formal decision to grant social aid had not been sufficient. The requirement was to help restart the affected economy in other conditions and in a new way. Public authorities needed to find new approaches and procedures. It is impossible to ensure the operation of private entities from public finances for a long time. That is why the public administration should seize processes and methods exploited in practical sciences, which form the constituent part of social rights protection.

Social work is substantial among these sciences. "Social work is a practice-based profession and an academic discipline that promotes social change and development, social cohesion, and the empowerment and liberation of people. Principles of social justice, human rights, collective responsibility and respect for diversities are central to social work. The social work profession recognises that human rights need to coexist alongside collective responsibility. Idea of collective responsibility highlights the reality that individual human rights can only be realised on a day-to-day basis if people take responsibility for each other and the environment, and the importance of creating reciprocal relationships within communities." [10]

Social work is a substantial part of public administration at the state and community levels in welfare states. Social work, as an ambivalent practise, provides individuals with assistance and also exercises control over them. The power entails much more risk to violate rights when imposing obligations. [11] That is why social work and the public administration, in general, should become much more supportive and positively motivating and managing entities than lordship authorities.

PUBLIC GUARDIANSHIP

Generally, the guardian acts on behalf of a person with low or high age or some disorder which disables her in protecting the interests of taking care of the life. Usually, the administrative authority or the court appoints the guardian. The guardian could be private or public. The guardian acts in a single case, for example, by the court proceeding with a minor. More frequently, the guardian becomes a permanent custodian.

The Czech Civil Code provides for guardianship in connection with the person of unknown whereabouts or with the limited legal capacity or other severe circumstances in Sections 465- 484 of the Civil Code, the Act. No. 89/2012. [12] The protection of a person or the public interest is the main reason for appointing a guardian. The Civil Code and the legal practice prefer to nominate a person in a good relationship with the ward. However, many relatives are afraid of the legal responsibility, and so they reject guardianship. In such a case, the municipality, where the person has permanent residence, becomes a public guardian. The public authority is not allowed to reject guardianship.

In the Czech Republic, there is no special law on public custody, so the activity is governed partly by the private law-the Civil Code, partly by the administrative law-the Act No. 128/2000 Coll., On Municipalities. Based on the legal regulation, the mayor becomes the legal guardian, but she always appoints the public officer of the municipality to execute the daily care. The position of the public guardian is very often connected with the social services offered by the municipality. It is pretty standard that the public guardian is a municipality social worker, too. So the position covers and secures both control and support.

The author, together with the master student Ms Helena Fejtkova conducted a quantitative survey on the challenges for the public guardians. The student processed the data collected and worked then on her diploma thesis—Public Guardianship in the Pardubice Region, Czech Republic. The author supervised the thesis, which the student successfully defended in May 2021. The student, who works as a social worker and public guardian, utilised her practical experience, and it gave them a theoretical basis, which she acquired by studying at university. The knowledge she had processed and transformed, she would reuse at her profession.

The author set forth the main objective of the survey: to find out the issues that public guardians have to copy with when executing their office. The aim is divided into three sub-objectives.

- how public guardians evaluate the current legal basis of public guardianship,
- what difficulties public guardians face most often in their practice,
- how public guardians assess the performance of public guardianship.

Because of the exploring, as mentioned earlier, the author had not determined any assumptions that the survey should have confirmed.

Eight participants (respondents) from smaller municipalities answered, during a personal interview, answered 22 survey questions, into which the sub-objectives were transformed. Due to the nature of the leading research goal, the author had chosen a qualitative research strategy. Qualitative research enables the researcher to investigate and find out about peoples' experiences and what is important to them. The survey helped to understand human experience and the emotional feelings of respondents. [13] So the qualitative survey had captured the issue better in-depth and created a comprehensive view of the performance of public guardianship in the selected locality.

The student exploited the research method of questioning in the form of a semi-structured interview. A semi-structured interview combines the advantages and disadvantages of extreme interview conditions, as it is free and partly unstructured. Some freedom is appropriate to create a more natural contact between the respondent and the interviewer. On the other hand, a certain degree of standardisation facilitates subsequent classification. [14]

When processing the survey results, the author identified expected allegations and issues she had not directly examined. As the first problem, the author recognised that the public guardian does not need specific qualifications or education. The guardians must have just a college education and pass the exam of the public officer.

Table 1. *Points out the mentioned issue of qualification.*

Respondent	Age	Education	Years of experience	Cumulation of public guardian and social worker
1	48	Social-legal college	3	yes
2	40	Economic college	6	yes
3	57	Bachelor of public administration	6	yes
4	43	Bachelor of Law	4	no
5	57	College of administration	7	yes
6	53	Economic college	10	yes
7	37	Bachelor of Healthcare	4	yes
8	45	Bachelor of Philology	3	no

Source: Own source

The author underlines that unclear requirements for education may lead to different approaches towards, but also may influence the survey results. Despite this, the respondents agreed that the main challenge is that the legal regulation of public guardianship is still missing. They generally considered the legislation to be too fragmented and inconsistent. Moreover, its interpretation and practical application in the courts vary. That is why the wards' rights protection is very often uneasy for them.

The most critical challenge for the guardians is to apply an appropriate method when considering their wards' economic, legal, and daily matters. They emphasised the need to differentiate when they must decide, when it is appropriate to control and when they assist or support.

The respondents underlined that the cumulation of social work and public guardianship only helped them use all their competencies and knowledge. Sometimes there is a vast workload, and they are afraid of the burn-out. They would also appreciate continuous education about the latest legislation and new social work trends.

Public guardians, being the community public officers, constitute a specific and at the same time unifying element within the public administration. Relationship professions, like social workers or public officers, when providing public services .havce to comply with responsibility for the proper provision of services to the client on the one hand, on the other, their commitment to the employer's instructions and especially to the legal regulation within the rule of law. The conflict, which has been termed dual loyalty, was and still is often seen merely as an ethical, not legal, conflict in which the public officer must decide between the interests of the client and the interests of third parties. Especially by

the public guardians may get wider with unexpected consequences, as it often takes the form of a clash of different, often conflicting, legal obligations.

CONCLUSION

The paper argues two faces of the public administration. The first one is the lordship controlling authority, supported by legally vested powers. The second one is informal, though backed by the fundamental principles of constitutional and administrative law. The main focus being the legality of the public administration and all actions of its officers and employees. This principle allows the public authority to do what the law permits or imposes and only the means defined in the law. The imperative of social peace requires that the public administration assist persons and legal entities in enabling them to build dignified and economically sustainable life as much as possible. Of course, the administrative authority cannot resign on the principle of legality, and it cannot impose support.

The author examined the oscillation between control and support on the example of public guardianship. The survey indicated that public administration, especially when controlling, needs to stick to fixed boundaries. Even if the public custody and the social work in the public administration denominate themselves as helping professions, they have to keep the principle of legality and the ward's rights or a client. [11]

In practice, the public officer, who cumulates social work and public guardian, must differ between both parties. When she acts as a social worker, she is more likely to support or assist. As a public guardian, the controlling role prevails. The more the ward is incapable of taking care of daily matters, the more decisive and controlling is the role of the public guardian.

The primary issue is that in a daily work marathon, the dual personality of the public worker cannot switch between both roles or positions. The Czech administrative science should examine the conflict of dual loyalty. However, neither the administrative theory nor practitioners devote much attention to this challenge because they usually consider it an issue of health care or legal advisory. Based on the survey, the author argues that this problem intervenes with the public administration. As soon as the public administration moves from decisive authority to supportive one, it exercises control simultaneously. As long as the public financial resources cover the cost of the public administration, it is necessary to use the funds effectively. Furthermore, it is the task of the control that the addressee the control complies with all the requirements for support and help.

The continuous long-life learning of public officers and employees forms the core of the public administration's efficiency, as the respondents in the survey mentioned. New tasks and challenges in the digital world will deepen this

necessity. The public administration should introduce managerial procedures, which have been used so far in the private sector. The era of digitisation enables the cross-border exchange of knowledge and system thinking instead of focusing on isolated phenomena.

The public administration depends on the quality of its performers. So it is necessary to support the personal development of each public officer and employee. The public administration needs daily learning and continuous improvement for transforming into a learning organisation. The learning organisation enables shifting minds and creating the reality in moving in a supportive and user-friendly organisation. [15]

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THE ENFORCEMENT OF PRINCIPLE ON LEGALITY IN THE HUNGARIAN FIGHT AGAINST THE IRREGULAR MIGRATION

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ABSTRACT

From 2015 Hungary has been permanently affected by the irregular migratory flow, which – already in 2015 - marked a beginning of a new era in the history of European migration. In many European countries, including in Hungary, the public opinion related to irregular migration has forced the legislators to take the necessary and effective measures against it. In Hungary, among others, criminal law has been also in focus. The first step was the construction of the physical border fence, and as a second stage, the Hungarian Parliament adopted the legal framework on its protection. In accordance with this step, new crimes were inserted into the Hungarian Criminal Code, which entered into force in 15 September 2015. These crimes - are called in the Hungarian literature as „crimes against the border barrier” – were the following: unlawful crossing the border barrier, damaging the border barrier and the obstruction on construction work of the border barrier. According to the relevant official statistical data, the number of crimes against the border barrier decreased significantly for the past few years. In contrast to it, the number of the irregular entries or attempts across the border barrier detected by the Hungarian authorities – at least according to the statistical data published by the Hungarian Police Force – are higher than the number of the criminal procedures conducted due to the crimes mentioned. Therefore, the aim of the paper is to present how the principle of „legality” is enforced by the Hungarian authorities concerning the irregular entries and what kind of conclusions can we make according to the criminal-statistical data and to the detected irregular entries. The paper – after presenting the legal background – will analyze the data mentioned above and will try to make legal conclusions and proposals in connection with the fundamental procedural principle mentioned above.

***Keywords:** Hungarian border fence, irregular migration, principle of legality, fight against the irregular migration in Hungary, migratory situation in Hungary, Hungarian Criminal Code, crimes against the border barrier*

INTRODUCTION

Mass migration has put high pressure not only on Hungary, but also on the European Member States since 2015, and this effect is caused by not only its

irregular nature but also the unprecedented qualitative and quantitative transformation of the responses to be given by the affected states. This phenomenon has created a major challenge not only for border control but also for the internal law enforcement -, and public health authorities, furthermore, the other internal social organizations. In the many Member States, including in Hungary, public opinion related to irregular migration has forced the legislators to take quick and effective actions against it. In this context in Hungary mass migration – with regard to its multifaceted phenomenon [5] – caused that the legal responses concerned many parts of the internal legal system - among others also the criminal law. In connection with this statement, it shall be emphasized that criminalization is not a widespread response in the European Union. Typically, in Western European states, the illegal border crossing and illegal residence are not considered as criminal offenses [3]. Although there is a shift towards criminalization [7] of certain forms of irregular migration, it is not considered as a criminal offense in the domestic law of most Member States. That is another question that according to the so-called "marginalization theory", illegal immigrants who are marginalized in the country of destination often drive their fate towards committing crimes [6], which should be punished in accordance with the internal criminal law of the state.

It shall be emphasized that as a primary response to the phenomenon of illegal immigration itself, the European criminal law actions reacted more likely to those criminal activities based on illegal migration [1], such as trafficking in human beings, smuggling of human beings and related organized crime [9]. Illegal immigration has been used by the mentioned crimes in order to reinforce its status in the European Union, taking advantage of Europe's openness and its declared fundamental freedoms [2]. In accordance with the above-mentioned fact, in the political dialogue, illegal immigration is often regarded as a threat to state sovereignty as well as to public security, whereby the states have the right to protect their borders, and they have the right to self-defense which must be respected by everyone.

For the above-mentioned reasons, the Hungarian legislator decided on criminal legal and criminal procedural amendments in 2015. The modification of the Hungarian Criminal Code and the Hungarian Criminal Procedure Code entered into force on 15 September 2015. With this amendment mentioned new elements of the crime were inserted into the Hungarian Criminal Code, which are called by the Hungarian legal literature „crimes against the border barrier”. At first, the paper will present these crimes – but very shortly - and the content of the principle of legality as legal background, and then, using the analytical method, will show how these regulations are enforced by the Hungarian authorities, mainly in connection with the unlawful crossing of the border fence.

THE LEGAL BACKGROUND

About the crimes against the border barrier

As we mentioned above, three new elements of the crime have been inserted by the Act CXL of 2015 into the Hungarian Criminal Code (Act C of 2012) – due to the aim of stopping the irregular migratory flow - on 15 September 2015: unlawful crossing of the border barrier (Sec. 352/A.), damaging the border barrier (Sec. 352/B.), and the obstruction on construction work on the border barrier (Sec. 352/C.).

According to the Section 352/A of the Hungarian Criminal Code: *„any person who enters unlawfully the territory of Hungary across the border barrier commits the crime titled the unlawful crossing of the border barrier”*. The mentioned crime can be considered as a *„delictum commune”*, therefore its perpetrator can be anyone. However, if we look at the reason of creation this statutory definition, it is quite clear that the Hungarian legislator drafted it specifically in order to curb the irregular migration. This fact is also confirmed by the Unified Hungarian Criminal Statistic of the Investigation Authorities and Prosecution. Namely, according to relevant data the most of the perpetrators of the crime mentioned had the following nationality: Afghan, Iraqui, Syrian, Pakistani, Iranian and Kosovo.

This crime is – in practice typically - committed either by breaking the physical border fence - rarely by crossing it without using violence against it - or by entering unlawfully the border fence damaged earlier by someone. Therefore, it shall be emphasized that who is caught in the act by the authorities in the territory of Hungary near to the border fence, or not so far from it, there is a reasonable cause to believe that this person entered irregularly Hungary – in violation of the border fence – and therefore committed the crime mentioned. However, to speed up the back-redirects to the gates built upon the Hungarian border fence, the Act on State Border was amended by the Hungarian legislator in 2016. According to this modification, if an irregular migrant is held up by a police officer within 8 kilometers from the Hungarian-Serbian and the Hungarian-Croatian border (the EU external borders), the authority shall redirects this migrant to the border barrier – except if it is reasonable to cause to believe that the migrant committed a crime - to ensure that the migrant retires back where he or she came unlawfully from. If we look at the statistical data, we can see how the migratory routes have changed as a result of creating the border barrier and how the number of criminal procedures has changed for the past few years in the context of the legal amendment mentioned above. The decreasing number of procedures clearly shows how the measures applied by the authorities have been modified due to the amendment of the Act on State Border. The data also shows how the authorities moved from the strict application of the principle of legality towards the law enforcement methods avoiding the criminal procedure.

In the following table we summarize the registered unlawful crossings of the border barrier based on the Unified Hungarian Criminal Statistic mentioned above:

Table 1. *The detected unlawful crossings of border barrier in Hungary between 2015 and February 2021*

Years	Unlawful crossing of the border barrier (Sec. 352/A)
2015	914
2016	2843
2017	22
2018	16
2019 – April 2021	33

Source: the Unified Hungarian Criminal Statistic of the Investigation Authorities and Prosecution

According to the Sec. 352/B. of the Hungarian Criminal Code *any person who damages or destroys the border barrier and its devices commit the damaging of the border barrier, insofar as the act did not result in a more serious criminal offence.* Following the definition mentioned, it shall be underlined that this crime can be considered as *a subsidiary statutory definition.* The legal object protected by the legislator is not only the territorial integrity of Hungary but also the protection of the border barrier. The reason for creating the mentioned crime is that it is required to punish that perpetrator who endangers with his conduct the protection function of the border barrier built by the state [4].

Nevertheless, it shall be emphasized that the border barrier built-in 2015 at the Serbian-Hungarian and the Croatian-Hungarian border is protected not only by the statutory definition mentioned above but also by the crime regulated under the Sec. 352/C of the Hungarian Criminal Code. According to the mentioned Section *any person who obstructs the construction or the maintaining work of the border barrier commits a crime titled obstruction on construction work on the border barrier.* This crime is also a *subsidiary statutory definition* because the perpetrator can be punished for this crime only in that case if the act committed by the perpetrator did not result in another criminal offence. Any conduct by which the perpetrator can obstruct the works on the border closure may constitute according to the mentioned Section [8]. For the past few years, the crime titled damaging of border barrier occurred in the judicial practice, however, the obstruction on construction work on border barrier is not at all.

In the following table we summarize the relevant data of the Hungarian criminal statistic according to the mentioned two criminal offences:

Table 2. *Registered crimes concerning the damaging of border barrier and obstruction on construction work on border barrier in Hungary between 2015 and 2017*

Years	Damaging of the border barrier (Sec. 352/B.)	Obstruction on construction work of the border barrier (Sec. 352/C.)
2015	22	0
2016	1543	0
2017	863	0
2018	115	0
2019 – April 2021	192	0

Source: the Unified Hungarian Criminal Statistic of the Investigation Authorities and Prosecution

Common characteristics of these crimes are mentioned in Table 1-2 that each crime can be committed only by intent. Furthermore, several qualified cases were linked by the legislator to the statutory definition of damaging of border barrier and to the unlawful crossing of the border barrier. These are the following: perpetration by displaying a deadly weapon, or by carrying a deadly weapon, and perpetration as a member of a mass riot. The most serious qualified case by both above-mentioned crimes is if the perpetration results in death. If the defendant is sentenced for a crime against the border barrier for fixed-term imprisonment, according to the Sec. 60. Par. (2a) of the Hungarian Criminal Code, the defendant shall be expelled from the territory of Hungary. Namely, in the mentioned cases the application of expulsion is compulsory – except for that person who has been granted asylum in Hungary.

About the principle of legality

According to the principle of legality, the criminal procedure shall be initiated and conducted, and the defendant shall be punished by the authorities, if the act committed by the defendant can be qualified as a crime and if the defendant is punishable. Namely, if there is a reasonable cause to believe that the act committed by the perpetrator could be qualified as a crime according to the Hungarian Criminal Code, the authorities must conduct the procedure and must examine the elements of the crime committed. It means that the investigating authorities must investigate the circumstances of the crime, the prosecutor must arraign against the perpetrator – if there is no other opportunity to finish the criminal procedure -, and the judge must sentence the perpetrator if the perpetration is proved and the defendant is punishable.

As it can be understood on base of the content of the criminal procedural principle mentioned, in case of caught in the act or of detecting a crime, the authorities are not in that position to decide on starting a criminal procedure. The procedure must be started.

THE LEGAL PROBLEM

The Hungarian Police Force weekly publishes the actual data related to the irregular migration in Hungary. The data published concerns the number of irregular crossings hindered, the number of held-up irregular migrants who were redirected to the gates built up on the border fence, and the number of arrested migrants against whom procedures were started by the authorities. If we check up the data, it isn't in the same street in comparison with the data of criminal procedure mentioned above in Table 1, and Table 2, and it is not in accordance with the real content of the principle of legality. Namely, that person, who is held up or arrested, or hindered during or after the irregular crossing the border fence, or this person is caught in the act during the attempt of crossing, commits at least the unlawful crossing of the border barrier and the criminal procedure must be started against her or him. Otherwise, how could the migrants get to the Hungarian territory within 8 kilometers from the mentioned borders, if not by committing the mentioned crime or crimes? According to our opinion, it is impossible in most of these cases without committing the mentioned crime.

In the following table we will summarize the data published, however, for the sake of simplicity, only with reference to the last three years.

Table 3. *The number of irregular, held up and captured or arrested migrants in the period 2019 – 2021. Force*

Years	Number of irregular crossings hindered by the authorities	Number of held up migrants who were redirected to the gates	Number of captured and arrested irregular migrants
2019	3008	12973	943
2020	14160	30097	2078
2021 (till 4 of April)	9766	8311	518

Source: the official website of the Hungarian Police

As we see earlier according to the statutory definition of the unlawful crossing of the border barrier, anyone who tries to enter the territory of Hungary unlawfully - across the installed border fence avoiding the appointed gates -, commits the crime mentioned. On the basis of data summarized by Table 3 we could also see that the data concerns that cases, when the irregular migrants entered or tried to, entered unlawfully the territory of Hungary. All of the migrants who were hindered or held up and redirected, or captured and arrested by the Hungarian police, committed this crime mentioned above, because they could enter Hungary only through the border barrier, namely, they were caught in the act either by the fence or not so far from it. Therefore, in every or in most of the cases mentioned above by Table 3, the authorities should have had to apply the Hungarian Criminal Code, and according to the principle of legality, they should have had to start the criminal procedure.

However, if we compare the data summarized by the tables we can emphasize that from 2019 the authorities preferred mostly the law enforcement methods than the criminal procedural ones to ensure the rapidity, efficiency, and cost-effectiveness of the procedure. The criminal procedural principle on legality has become a contentless principle in these procedures, therefore, the following question occurs justifiably: Is there any reason to regulate the unlawful crossing of the border barrier as a crime in the Hungarian Criminal Code? Or if the answer is yes, is there any reasonable cause to carry on managing the problem caused by the irregular migration such a method like the mentioned one? We are going to try to find out the correct answer in our conclusion.

CONCLUSION

According to our opinion, there are two different ways to give the appropriate answer to these questions. The first way connects to the field of criminal law and needs to deal with the real criminal-political aim declared by the legislator in 2015. The second way is the law enforcement one. However, it shall be underlined that there is no reason to apply the mixed methods mentioned above in the practice. Namely, if someone committed the crime titled unlawful crossing the border barrier, or another crime against the border barrier the criminal law must be applied against this perpetrator and not the measures, not of a criminal legal nature mentioned in this paper.

If we want to analyze the first way – the criminal legal one -, the first question to be answered is whether maintaining the criminal legal regulation concerning unlawful border crossing would be justifiable in the future or not? In order to give an answer to our question, we have to examine the legislator's aim related to the crime mentioned. In 2015, when this crime was inserted into the Hungarian Criminal Code, the legislator appointed that – among others – Hungary can fight efficiently against the irregular migration with the construction of the physical border, therefore, in order to improve the defence of the Hungarian borderline, there is necessary to make such a crime which can support this political aim. Therefore, it is a relevant question whether repealing the crimes against the border barrier can be expected in the near future or not. However, it should be considered with reference to the criminal statistical data and the established practice. Thus, if the legal situation will not get be changed, and if a crime against the border barrier will be committed by someone, the authorities must conduct the criminal procedure against the perpetrator. And this expectation coincides with the main content of the criminal procedural principle on legality. If Hungary wants to follow the way assigned by the legislator in 2015 changing of the viewpoint of the authorities is to be needed.

Enforcement of the traditional legal principles can be considered as an advantage of this way, however, there are a lot of disadvantages to being seen. First, it can increase the number of the criminal procedures which can enhance the administrative burden of the authorities working on every stage of the criminal

procedure, and it will also increase the costs of the procedures which won't probably pay off for the state. If we have a look at data, it can be clear that the authorities – even for the aim of avoiding the burdens mentioned – do not follow the traditional practice, and mainly choose the other method mentioned above to ensure the rapidity and efficiency of the procedures. However, this law enforcement method is not in accordance with the criminal legal regulations, and this is why it can be criticized. Furthermore, according to our opinion, the border barrier has a deterrent effect as for the migrants. Not the fact of criminalization, but the border barrier and the effective police measures alone can deter and hinder the irregular migrants from unlawfully entering Hungary.

However, if Hungary wants to follow the current method, the law enforcement one, the first and the most important condition to be changed is the viewpoint of the legislator. What does it mean exactly? The justification of the criminal legal steps should be thought over by the legislator. Namely, the rules of criminal law should enforce only in the field of criminal law and criminal procedure law. Therefore, the opportunity of decriminalization arises, which would have to affect all of the crimes against the border barrier. It would be a reasonable step, because it would be based on not only the criminal statistical data mentioned in the Table 1-2., but also on the handling method worked out by the police force to stop the irregular migratory flow. It would ensure the rapidity and efficiency of the procedures against the detected irregular migrants and would not cause a huge economic and administrative burden (can we think here about the cost of the practical application of the right on the use of native language – the cost of translations, and the cost of the officially appointed defence counsel) for the authorities conduct the criminal procedures. For the reasons mentioned above, creating the accordance between the practice and the legal rules is to be considered in the near future in Hungary.

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VALIDITY AND LEGAL EFFECT OF PUBLISHING LICENSE AGREEMENTS ACCORDING TO NEW CZECH LEGISLATION

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ABSTRACT

This contribution focuses on the new legislation on the publishing license agreement in the Czech Republic. Given the legislative history and its importance in the copyright obligation area, this type of agreement occupies an essential position. The publishing license agreement is the oldest kind of license agreement. It dates back more than sixty years to earlier of the Czech legislation. Since 1953, it has been embedded in the the copyright law as a special subtype of copyright agreements. After the recent reform of the Czech private law, this legal body underwent a fundamental legislative change consisting of the transfer of this piece of legislation from the copyright law to the New Civil Code in order to unify the duality of the previous license agreement legislation formerly embedded in two legal norms of the Czech legal system. While the license provisions for literary, artistic and scientific works were contained in the copyright law provisions, the legal protection for industrial property objects, including corresponding license provisions, were subject to the commercial code.

In connection with the private law reform, the New Civil Code came into effect on 1 January 2014 and its framework provided the lawmakers with a chance to unify the previously fragmented license agreement legislation into a single legal provision, while at the same time respecting the particularities of the license under copyright law. The unified license agreement legislation for commercial and civil relations in connection with the reform of local private law is newly defined in Sec. 2358 and 2389 of New Civil Code (Act No. 89/2012 Sb.), while the publishing license agreement provisions are defined in a special provision in Sec. 2384 and 2386 thereof.

The new legislation has adopted the previous legislation from both special acts without any fundamental changes. However, minor changes are introduced to licensing law in the Czech Republic which are further specified in this paper. The issue under review is set in a theoretical framework and simultaneously depicted in a historical context. This paper presents the topic in its complexity by highlighting the overlap of the introduced changes in license agreement legislation with other provisions of the private law.

Keywords: *publishing license agreement, license, author, publisher, copyright law*

INTRODUCTION

The Czech private law has recently undergone an extensive reform resulting in the New Civil Code (Act No. 89/2012 Sb.), the Act on Commercial Corporations (Act No. 90/2012 Sb.) and the Act on Private International Law (Act No. 91/2012 Sb.). The aforementioned trio of acts came into effect as of 1 January 2014. For the purposes of this text, the author will address the first of these laws, the New Civil Code (hereinafter the NCC), namely the publishing license agreement amendment according to the New Civil Code.

The NCC, as a code for the entire private civil law, is the dominant regulation out of the above-mentioned trio of acts. While preparing the NCC, the Czech Ministry of Justice worked on the assumption that the former civil code from the 1960s did not correspond with the society's development and lagged behind the requirements of a private law relations of a democratic state. The NCC replaced the civil code (40/1964 Sb.) as well as other laws. According to its creators, the purpose of the new code is, apart from a few exceptions, to amend all private law relations in a single code and to end the former fragmentation of the civil law relations in several pieces of legislation.

The NCC arose from the urgent need to adapt the domestic private law burdened with socialistic elements to the Central European legal thinking of the 21st Century. According to its creators, the new code puts an emphasis on the Czech democratic legal traditions and principles of the European private law. By bringing the NCC into the light, its creators gave rise to a revolution in the private law, which was long anticipated given the legal establishment of the former civil code from 1964 and the necessities of its reform arising therefrom. Although the former civil code underwent an extensive amendment in the early 1990s, socialist economic and political norms remained.

The creation of the groundbreaking code by a team of authors led by the renowned legal theorist Karel Eliáš was in making for twelve years. Hundreds of experts and theoreticians specializing in Czech and foreign law were involved in its wording. From the above, it is clear how difficult the process of reinvention of the former civil code into the new collection of private law acts was.

While earlier amendments of the civil code followed the previous codes, the NCC left this tradition behind. The NCC's creators believe that there was nothing on which they could build. This resulted in a completely new codification unburdened by the former code which was surprising not only due to its new legal terminology but also its concept.

The NCC became the basic regulation of private law. In this context, it is necessary to also consider how the legal language used and the NCC will affect the rest of the legal system. The private law terminology is not only reflected in

the civil law but also in a wide range of public law regulations the amendment of which will be necessary to adapt to the terminology of the current civil code.

A paradigm shift in the perception of the nature of private law protection has been brought by the NCC into civil law. The NCC's wording is marked with a distinct deviation from the dominance of society's needs over those of the individual. By contrast, the NCC emphasizes the protection of an individual's private sphere. Pursuant to Art. 1 (1) of the Czech Constitution, the NCC stresses the priority of individual's freedom over public authority. The author considers the emphasis on the moral aspects of law, good manners, good faith, protection of individual's happiness, and other policies of similar intention [1] in the NCC as highly beneficial for society.

The dualistic concept of the NCC based on the separation of the moral and economic rights [2] is crucial for the legal status of intellectual property (including, among others, the amendment of the license agreement which also contains the publishing license agreement – the subject hereof). It is important to mention that the NCC emphasizes moral rights over economic rights, which can be viewed as a major shift in the maturity of legal thinking.

Taking into account the fact that Czech law witnessed its private law amendment corresponding to the needs of a democratic regime only at a time when we commemorated a quarter-century since the fall of the communist regime, the need for the reform of the Czech private law is evident, also from the viewpoint of the Czech legal public.

LICENSE AGREEMENT AMENDMENT ACCORDING TO NEW CIVIL CODE

Prior to discussing the amendment of the license agreement according to the NCC, it is necessary to first ground the issue in a theoretical framework and highlight the circumstances preceding the new license agreement. By the end of 2013, the license agreement has been amended in two legal provisions in the Czech legal system. The regulations on license provisions for literary, artistic, and scientific works were subject to the copyright legal system (Sec. 46 et seq.) and the legal protection of the industrial property objects was included in the Commercial Code (Sec. 508 et seq.).

In connection with the private law reform, the NCC came into effect on 1 January 2014 and its framework provided the lawmakers with a unification of previously fragmented license agreement legislation into a single legal provision, while at the same time respecting the particularities of the license for the copyrighted objects.

The unified legislation of the licensing agreement for commercial and civil relations in connection with the reform of the Czech private law is newly defined

in Sections 2358 and 2389 of the NCC. The statement of reasons to the NCC indicates that the main objective of the lawmakers was to remove the inconsistency of the license agreement legislation. The new legislation has adopted the previous one without any fundamental changes. However, minor changes have occurred.

The reformed legislation unifies the previously fragmented legislation of licenses to individual types of intellectual economic rights. Until the end of 2013, the Czech legal system determined the standard copyright license agreement (Sec. 46 et seq. of Copyright Act) and standard license agreement to objects of intellectual property (Sec. 508 et seq. of Commercial Code).

In addition to these legal provisions, in practice, there used to be three unnamed (innominate) [3] agreements concluded to other intellectual property rights. The new legislation does not preclude the possibility of concluding innominate agreements governing the license relations while they do not contradict the meaning and purpose of the law. The NNC, effective from 1 January 2014, determine unified legislation of the contractual license obligation.

The license provision of the NCC is terminologically based on former legal regulations contained in the Copyright Act and Commercial Code. However, in some cases, the unifying perspective required the modification of some terms, so they would be identical for both types of intellectual property. The statement of reasons to the NCC shows that the inclusion of the license agreement into the Code was based on the fulfillment of a systematic purpose. The lawmakers basically sought to cover the special legislation of licenses to copyrighted objects and to objects of intellectual property which were defined separately in different regulations.

DEFINITION OF LICENSE

The term license stems from the Latin word *licencia*. Semantically, it can be inferred from the verb *licere* which, when translated, means permission or authorization. In a legal sense, license means a permission to an activity that is otherwise prohibited. The term license is used in various contexts. For the purposes of this paper, the author concentrates on the license interpretation through the lens of the private law where this term is most often used in the field of intellectual property.

In legal science, a license is interpreted as the right to exercise relative intellectual property rights. (“Relative Property Rights” regulates what we might call contractual obligations. These rights are regulated in Part IV. of the NCC). It is an affirmative expression of will that binds the licensor to grant permission to use the work to the specified extent to the licensee and which also creates an obligation for the licensee to remunerate the licensor, unless stipulated otherwise.

The law determines that the licensor cannot grant permission to use the work in a way that is not yet known at the time of the conclusion of the agreement.

Granting the license presents a constitutive expression of will by which the absolute intellectual economic right holder grants the permission to exercise the legal dominion over the object of such ownership. (“Absolute Property Rights” work against anyone, unless otherwise stated by law. Absolute Property Rights are regulated in Part III. of NCC). It is important to note that it is not considered an alienation (translation) of the exclusive economic right [4]. The author deals closely with the translative and constitutive transfer of economic rights in a separate section of this work.

According to the legal terminology, the license constitutes a standard (termed) as well as typical (characteristic) obligation arising from the management of the absolute intellectual economic right. From the publishing license agreement perspective, i.e. the main topic of this text, the license is regulated in the NCC based on the original terminology of the Copyright Act. Sec. 2853 (1) of the NCC characterizes the license as “a permission to exercise intellectual property rights”.

In terms of license claims, the license constitutes an intangible object according to the legal sense of the new private law regulation (Sec. 496 of the NCC). By its nature, the license is estimable and assignable; it can be entered in the share capital of a legal person and used to set up a sublicense right. From the perspective of the legal obligation, the content of the license constitutes a right of the licensee to preform some of the permitted acts arising from the legally-defined dominion over the object of the license which belongs to the licensor, that is to the extent provided by the license.

Within the Czech legislation, the private law license obligation arises based on a contractual agreement (standard license agreement or other agreement) or on a public authority decision – an administrative authority (Industrial Property Office, Ministry of Agriculture, Ministry of Culture). In order to clarify the above, it can be noted that, according to Sec. 1723 of the NCC, the license arises primarily from a bilateral legal act in the form of a license agreement regulated therein. However, it can be created on the basis of an unnamed (innominate) agreement.

Besides the general methods of concluding agreements (Sec. 1731 et seq.), the Czech law allows for the establishment of the license agreement using other special contractual methods (e.g. license to copyrighted objects). In some cases, the license can be concluded also based on a tender offer (e.g. patent license regulated in Sec. 19 of Act No. 527/1990 Sb.). The license obligation can also be created in a non-contractual form of the administrative or compulsory license. Such a license is established by a decision of a public authority (e.g. Sec. 20 of Act No. 527/1990 Sb. on Inventions and Rationalization Proposals).

The execution of absolute intellectual economic right may be also performed by a unilateral act. In order to establish such a fact, simple consent of the owner of the right to said execution is sufficient. The law does not prescribe the form of consent. The owner of the right may retract its unilateral consent at any time. It is important to note that granting unilateral consent to execute the intellectual economic right does not create a license, whether in the form of an obligation or as a disposable object of subjective private rights. Therefore, unilateral consent to execute rights creates no liabilities on the part of the owner of the intellectual economic right. With regard to the consequences of unilateral and bilateral legal action, we can surely state that the legally created license has a greater legal force than a license granted on the basis of a simple consent of the economic right owner, while it contains a disposable claim.

CONSTITUTIVE AND TRANSLATIVE TRANSFER OF IP RIGHTS

Within the license relations, the intellectual property law is characterized by a different way of transfer of economic rights in the copyright and industrial law fields. Regarding the license agreement, the legal theory determines two types of authorization transfer: constitutive (limited) and translative (proper). The difference between the two types is considerable. In the case of the constitutive transfer, the rights are not alienated, only the permission of use is constituted under which the licensee receives certain permissions to use the work in a way defined in the license agreement without the author, as the licensor, losing such rights. The constitutive legal action provides the licensee with authorization, not the right itself. By providing a constitutive authorization, the author does not lose the right to use the work. The author is only obliged to tolerate the interference to such right by the licensee to the extent provided by the authorization. By terminating the license, the author's right is fully restored.

The opposite is the translative transfer which brings the termination (alienation) of the absolute right and obligation to the object of transfer of the licensor and the related acquisition in full of the identical rights and obligation by the licensee (this is analogous to the transfer of ownership rights to an object). While with the majority of the industrial rights the law allows for the translative transfer, with the moral and economic rights, this way of transfer *inter vivos* is expressly prohibited [5]. Exclusive economic rights may be alienated only by a will in case of death (*mortis causa*). Copyright is not subject to enforcement. However, that does not apply to benefits arising from such rights.

The license is the only legitimate form of copyright transfer; this is only valid for the area of economic copyright. Any disposal of moral rights is impossible in terms of its character.

NATURE OF LICENSE AGREEMENT AND LICENSE MANAGEMENT

The licensor can grant the economic rights by concluding the license agreement with a third party, which, as a licensee, shall be provided with permission to execute the right, as the subject of the license agreement, to the specified extent. The essence of the license agreements is the transfer of certain rights of the licensor to the licensee and granting the licensee their exercise, while the licensor retains the economic rights. Therefore, the licensee is granted only relative rights of the copyright or industrial right which constitute mere permission to use such rights pursuant to the license agreement.

The Code expressly states that the licensor retains the rights to the license while granting another entity the use of some of these rights. The licensor is also entitled to grant other licenses, unless the parties negotiated an exclusive license. Unless otherwise specified in the agreement, the licensor is obligated to refrain from exercising the rights to which the license was granted.

The essence of the license is its application and in that regard, the licensee shall be obliged to use the license. If the licensee does not use the exclusive license or it does not use it sufficiently, the author is entitled to withdraw from the agreement after two years and an unanswered notice due to the affection of the author's legitimate interests. The withdrawal period is subject to certain exceptions. If the licensee does not fulfill its legal obligation to use the license, the author's right to the remuneration shall not be affected by the withdrawal from the agreement due to inactivity. While the exclusive moral and exclusive economic rights are not subject to the limitation of time, the claims arising from the implementation of these exclusive rights are subject to the limitation of time. This is justified by the economic claims of the copyright enforced on the basis of the license.

The NCC grants the contracting parties the legal possibility to assign the license to another entity. However, the licensee may assign the sublicense only when provided that such possibility has been agreed in the license agreement. The law allows for an additional transfer of license rights and obligation under the sublicense. The sublicensee has the possibility to provide the sublicense to a third party under the condition that it may do so only with a prior written agreement between the sublicensee and the sublicensor. The sublicensee is obliged to inform the sublicensor about the assignment of the license without any delay and simultaneously inform the sublicensor about the identity of the person to whom the license was assigned. The sublicensor's consent is not needed if the transfer of the enterprise or its part forms a separate component.

The law governs the transfer of rights and obligations from the license agreement to the legal successor of the person, to whom the license was granted; it is, however, different for licenses to copyrighted objects and licenses to objects

of industrial property. The NNC expressly states that the rights and obligations under the license agreement are transferred to the legal successor of the person, to whom the license was granted, only in the case of licenses to copyrighted objects. The license agreement may exclude such transfer of rights and obligations to the legal successor. Pursuant to the legal definition which neglects the amendment of such relations of licenses to industrial economic rights, it can be inferred that it is necessary to expressly define the transfer of rights to the legal successor in the agreement.

The termination of the license occurs by a death of a natural person without an heir and dissolution of a legal person, if such person has no legal successor. The license is also terminated upon expiry of the period for which the license was granted. The NCC governs the termination of the license in a special section of the license provisions, thus relating their application only to objects protected by copyright. This precludes the application of the amendment of the license termination ipso facto even in cases of termination of other types of licenses which may cause problems in practice. Regarding the license termination, the provision on publishing license agreement included in Sec. 2386 governs a situation when the scope of the license is limited to a certain number of copies and these copies were exhausted prior to the expiry of the period for which the license was granted. In such a case, the license is terminated, unless the contractual parties agree on increasing the number of copies within six months from the day the author prompts the licensee to such a change to the agreement.

LICENSE AGREEMENT ACCORDING TO NEW LEGISLATION

The license agreement holds an important role in the intellectual property field, on both levels – in the copyright and the industrial property law. The new and unified provision of the license agreement in the NCC applies to license relation provisions arising from industrial rights and copyrights. The NCC characterizes the license agreement as an agreement used for providing authorization to exercise intellectual property rights. Although the new amendment of the license agreement is groundbreaking in its concept, its content has not undergone such substantial changes, in comparison to the former legislation. According to the statement of reasons, the NCC focuses mainly on the systematic point of view. Regarding the license agreement, the creators focused particularly on the systematic classification of individual provisions transferred to the NCC from the previous legislation without any major changes in order to implement the NCC.

The preface includes the general provisions related to the license agreement and the license which was missing in the former legislation. These general characteristics are followed by the particularities of certain types of licenses, specifically the provisions related to the license to copyright works and to works

related to copyright. The publishing license agreement also remains in the new Code as a special subtype of the license agreement.

The NCC characterizes the license agreement as an agreement concluded in order to provide authorization to exercise intellectual property rights. The provisions of this standard agreement, therefore, apply to both copyright and industrial property fields. The license agreement defines the copyright and other related rights of performers, phonogram producers, radio or television broadcasters, persons who made public a previously unpublished work, publishers or database makers, as well as industrial rights which contain rights to inventions, rationalization proposals, designs, trade secrets and rights to indication (either to a trade name, trademark or indication of origin).

The license is a unilateral legal act included in the agreement which is a bilateral legal act. In the aforementioned context, it is necessary to distinguish between the license and the license agreement. In practice, the blurring of the differences between both terms occurs very often due to improper interpretation, in particular in the area of computer programs and information technologies, where the license is often incorrectly confused with the license agreement [6].

The fact whether the license is exclusive or non-exclusive is of fundamental importance to the license agreement. In this regard, the NCC adopts copyright legislation. The irrefutable presumption deducing the non-exclusivity of the license continues to apply, unless the license agreement stipulates that the license is exclusive. However, the publishing license follows an entirely different principle. The provisions of Sec. 2384 of the NCC specifically says: "The license is considered to be exclusive, unless a non-exclusive license has been expressly stipulated in the agreement; this does not apply in the case of the reproduction and distribution of the copyrighted work in a periodical." If the contracting parties wish to preserve the presumption of the exclusive license, it is necessary to maintain the written form of the publishing license agreement.

The exclusiveness lies in the fact that such a license may only be granted to one licensee. For the duration of the exclusive license, the licensor does not have the right to grant the same license to another third party and is obligated to refrain from using the right to which it granted the license, unless expressly stipulated otherwise. After the agreed license period expires, all rights shall return to the licensor.

Compared to the previous license agreement legislation, the current legislation witnessed an interesting shift in approach to unauthorized granting of a license. Under current legislation, if the licensor should grant the license to a third party without the written consent of the licensee in the duration of the exclusive license, such legal act should not have any effect as such license would not be created. The previous legislation considered such agreement invalid. However, it is only a different wording that does not introduce any fundamental

difference between the previous and current legislation. In the case of the exclusive license or if the registration of the license in a public directory is required [7] (e.g. trademark license), the license agreement shall be created in writing pursuant to the new legislation.

While the copyrights are unrecordable, the industrial rights are subject to registration in a public directory. This is also reflected in the license agreement. The related legal provisions therefore exactly determine the obligation to register specific industrial law licenses in the public directory. The license agreement is binding for any third parties only upon its registration in such directory.

The identification of the work being licensed is the most essential term of a license agreement. Equally important are the method of use and the scope of the license. The time period for which the license is granted or the method of its determination also play an important role. The NCC does not limit the duration of the license, it leaves its regulation to the non-mandatory provisions of the contracting parties. Nonetheless, it is important to mention that the license duration is directly dependent on the duration of the economic rights to the subject of the license. This indicates that the license agreement may be concluded for a definite time period and for no longer than the duration of the licensor's economic rights. If the agreement is concluded for a definite time period, it may be terminated. The contractual parties thereto may determine their own notice period in the license agreement. Unless they do so, the notice period shall be applied according to the NCC. The legal notice of termination of the license agreement comes into effect within a calendar year after such notice reached the other party. The legal notice period is relatively long; however, it was transferred in full from the previous legislation which suggests that the creators found the long notice period reasonable.

Another significant part of the license agreement is the remuneration or the method of its determination. The remuneration is legally non-mandatory. The contracting parties may agree on a payable or non-payable license provision, in any case, the license agreement must contain the remuneration provision. The license may be granted depending on the profit generated from its use. In such case, the licensee shall submit a regular remuneration statement to the licensor at least once a year. If the remuneration is not determined according to the profit from the use of the license or if the remuneration is too low in disproportion to such profit, the licensor is entitled to appropriate additional remuneration (Sec. 2374 (1) of the NCC). The law states that if the amount of the remuneration or the method of its determination is not specified, the licensor shall be paid the usual amount of the remuneration. Compared to the previous legislation, the law now explicitly states that the licensor cannot renounce this right.

The central role in the license agreement is held by its parties, the licensor and the licensee. Contrary to the previous legislation stipulated by the Copyright Act, the terminology underwent a change and the author is newly called the

licensor. The change touches upon the license agreements for copyrighted objects, while the Commercial Code has already used the term licensor for the objects of industrial rights. In the case of license agreements for copyrighted objects, the licensor is virtually the author or co-author of the work. Besides them, the licensor may also be the copyright holder who did not create the work but has permission to use it. In connection with a joint work, the licensors may also be entities that initiated the creation of the work, ensured the conditions for its creation, the employers who commissioned an employee's work, or the author's heirs and other legally authorized persons. According to Czech law, the author shall only be a natural person; however, the copyright holder may also be a legal person.

PUBLISHING LICENSE AGREEMENT

The publishing license agreement determines the copyright relations between the authors and the licensees of the copyrighted works. The publishing license agreement has a sixty-year tradition in the Czech legal system. The distribution of works has already been regulated by the Copyright Act from 1953 [8]. The publishing license agreement has a significant status in domestic legislation due to its history and importance. The NCC takes over this legislation from the Copyright Act and regulates it in the special provisions of Sections 2384 – 2386.

The publishing license agreement is a special subtype of the license agreement. This agreement serves for the reproduction and distribution of narrative, dramaticomusical, musical, artistic, photographic and photography-like works, other than performances (Sec. 2384 (1) of the NCC). The subject of the license agreement in the general sense is the right of disposal. The Licensor retains the right of disposal when granting a license. The licensor is only obliged to tolerate the interference to its right to use the protected work by another person to the extent specified in the license agreement. The licensee is generally obliged to provide remuneration for this right to the author. However, the NCC allows the granting of a royalty-free license, as discussed elsewhere herein. The subject of the license agreement arises from the subject of the copyright. The legislation establishes that: “The subject of copyright law is the literary, artistic and scientific work, which is the unique result of author's creative activity and is in any objectively perceivable form (including electronic form), temporarily or permanently, regardless of its scope, purpose or meaning.” [9]

The publishing license agreement regulates the contractual relations associated with the use of the work, whether it is literary, artistic or scientific. It is necessary for the work to meet the prerequisites for the legal protection required by the legislation, such as the creation of the work by means of creative expression, its uniqueness and objective perceptibility. In the context of conceptual characteristics of the work, the legal characteristic of the work excluded from the legal protection is indispensable. This fact is perceived by the legal theory as the fourth conceptual characteristic of copyright work. According

to this characteristic, the copyright protection does not apply to ideas, discoveries, methods, concepts and works of administrative nature.

The subject of the license of the publishing license agreement contains the types of copyright works and nature of their use as defined by the legislation. Their use is understood as the reproduction of such work and its subsequent distribution. The content of the publishing license agreement is the granting of rights to use the copyrighted work.

Other essential requirements of the publishing license agreement are the extent of use, the period for which the author grants the license, and the method of determination of the period of license validity. An indispensable part of the publishing license agreement is the amount of remuneration and its method of determination, unless the author and the publisher have agreed upon the royalty-free license.

The license in the publishing license agreement can be defined as either exclusive or non-exclusive. If such provision is missing from the agreement, it is considered to be exclusive with the exception of the license for distribution of the work contained in a periodical publication. The non-exclusivity of the license needs not to be expressly agreed upon in the agreement, it is sufficient if it is implied thereby [10].

The conceptual characteristic of the publishing license agreement is the authorization to reproduce and distribute the reproductions. However, the law does not exclude granting the license for another purpose than the reproduction and distribution of the works. Such case represents a combination of the publishing and the regular license agreement and the license for such use is non-exclusive, unless stipulated otherwise.

The key element distinguishing the general license agreement from the publishing license agreement is the author's correction. The licensee has a legal obligation to provide the author with a sufficient period of time for minor creative changes prior to the release. The author's correction is allowed to the author, provided that the changes do not result in disproportionate costs for the licensee. At the same time, the changes shall not change the nature of the work (Sec. 2385 (1) of the NCC).

The author is entitled to withdraw from the publishing license agreement in two cases – if the licensee does not allow the author to perform the author's correction or in case the licensee uses the copyrighted work in a way that reduces its value. When the author withdraws from the agreement for not being allowed to perform the author's correction, the author is entitled to the original work. The provisions on the author's correction have a directory nature; therefore, they may be omitted or limited in the publishing license agreement. (Directory nature is a

dispositional nature, which means that the parties of contract are allowed to stipulate rights and duties by way of exclusion from a statute).

The subjects of the publishing license agreement are the author, referred to as the licensor, and the licensee. The definition of the author is directly dependent on the specific publishing agreement – i.e. the precisely defined work. Domestic private law grants the authorship only to a natural person. According to the applicable legislation, the licensee may be either a natural or a legal person. The NCC does not specify the licensee; however, it may be deduced from the previous legislation that the holder of the copyright is the publisher.

The publishing of periodicals, their distribution, the position of the publisher and the provisions on protection against the abuse of freedom of expression, speech and press fall under the Press Act [11]. This Act defines the obligations of the publisher to register the periodical with the Ministry of Culture of the Czech Republic. According to the applicable legislation, the publisher is a natural or a legal person that publishes the periodicals.

The publishing of periodicals is an activity of the publisher for which the publisher provides the content, publication and distribution on its behalf and responsibility (Sec. 3c of the Press Act). The publication date is considered to be the calendar day on which the public distribution of the periodical commences. The publisher is obliged to send the legal deposits of periodical and non-periodical publications to the appointed legal entities.

The publisher is responsible for the content of the periodicals (Sec. 4 of the Press Act). The responsibility for the content of periodicals is a strict liability, i.e. it does not require fault on the part of the publisher [12]. The publisher of periodicals is responsible for its content not only in the journalistic articles representing the opinions of the medium and its editor but also in the articles that do not represent such opinions. The publisher cannot exclude itself from this responsibility, not even by stating that the opinions contained in the article do not represent the attitude and opinions of the publisher, nor in the case when such opinions are marked as a direct speech of the author [13]. However, according to this Act, the publisher is not responsible for the veracity of information contained in the advertisement published in the periodical. This exception does not apply to the publisher's own advertisement. The responsibility of the publisher remains intact according to the special legislation [14].

According to the publishing license agreement, the author has the right to request at least one copy of the author's work from the copies the licensee created on the basis of the relevant license. The legislation establishes that the author usually has such right or if it can be reasonably required from the licensee authorized to reproduce the author's work (Sec. 2377). The current Copyright Act is based on the principle of territoriality. This principle implies the extent of

the license, which is legally limited to the Czech Republic, unless specified otherwise in the agreement.

CHANGES FROM PREVIOUS LICENSE AGREEMENT LEGISLATION

The NCC establishes uniform legislation of the license and the license agreement. In the NCC, the license agreement is regulated by 32 paragraphs and, according to the statement of reasons, it does not bring any major changes. However, in a detailed study, the content changes are apparent from the provisions and cast some light on other regulations of the private law as stated below.

The license agreement according to the NCC is structured according to general and special provisions. The NCC incorporates the legislation from the Copyright Act, which was in force until the end of last year for the licenses granted according to the Copyright Act, with slight changes in the general license provisions. These provisions, therefore, represent a change of the licenses for the rights of industrial property, the amendment of which used to be different. In addition to the general provisions, the NCC also includes the special provisions. While the general license provisions apply to all licenses, the special license provisions apply to license agreements regulating the copyright relations. The introductory paragraphs contain the provisions on license and license agreement which rectifies the absence of basic terminology in the previous legislation.

Unification of the license agreement legislation for the copyright and industrial property rights also required a uniform amendment of certain terms. In this context, the general provisions replaced the term author with the term licensor which fits both categories of intellectual property rights.

The NCC also takes into account the different nature of the two mentioned branches of intellectual property rights requires special arrangements for the nature of certain types of license agreements. The specific provisions are therefore defined in a special section for the amendment of license relations to copyright works and the works related to copyright. The specific provisions of the NCC address, for example, the publishing license agreement (Sec. 2384 et seq.).

The nature of license agreement in the context of relevant provisions of the NCC remains the same. The subject is still the obligation of the licensor to provide the license to the licensee, which is defined as the authorization to exercise the intellectual property right. The license is provided to the agreed extent and for the agreed remuneration, unless stipulated otherwise. While the previous legislation allowed the license to be royalty-free only for the subject of copyright, the NCC now allows the execution of the royalty-free license even for the objects of industrial property. The absence of this legislation in the Commercial Code led to the situation when the parties ensured the licenses to be royalty-free through innominate agreements.

The provision on the assignment of the license, which determines that the licensee may provide the license fully or partially to a third party, is also important. However, it may only be done if agreed upon in the license agreement. For the assignment of the license (sublicense), a written consent of the licensor is required. The licensee is also obliged to inform the licensor without undue delay about the fact that it assigned the license to a third party and the identity of such assignee.

Although the NCC creators claim in the statement of reasons that, in the case of the license agreement, there are no significant changes compared to the original legislation, significant changes can be found in the license agreement provisions. The mere fact that the original copyright legislation forms the backbone of the general license provisions and the industrial property rights signifies a very significant change.

The NCC also reflects a significant change in the protection of the licensee's rights in the context of *locus standi* (standing to sue for infringement). In case of imperilment or breach of the license, the new legislation presents the licensee as the subject of *locus standi* (Sec. 2369 of the NCC), which will have an impact on the enforcement of the license rights for industrial property, whereas in the previous legislation the subject of *locus standi* was the licensor (Sec. 515 (2) of the Commercial Code).

According to the new legislation, the licensor has the obligation to provide cooperation regarding the legal protection of the license. The licensee's obligation of notification to the licensor arises at the time when the licensee learns of the imperilment or breach of the license. The licensor's obligation to provide cooperation to the licensee arises during the legal protection of the license. In this context, it is necessary to draw attention to another aspect of this change. It will likely affect the current amended version of the Act on the enforcement of industrial property rights [15] that determines in its Sec. 2 the licensee's right to enforce the rights only with the consent of the owner of the rights. The change does not affect the exclusive licenses for rights protected by the Copyright Act since the licensee was the subject of *locus standi* for the protection of the license even under the previous Copyright Act (Sec. 41). In conclusion, the two previous amendments regarding the imperilment and breach of the license were unified.

It is worth mentioning the provision in Sec. 2374 (1) of the NCC regarding the low royalties under which it is legally determined that if the remuneration for granting of the license is not determined based on the profit from use of the license and is too low in disproportion to such profit, the author is entitled to reasonable additional remuneration and may also newly forego such right.

Finally, there is one more important change that sheds light on the common legal practice. A new provision to Czech law introduced by the NCC allows a license agreement to specify its terms by reference to known or publicly available

standard license term. The license legislation determines that the proposal addressed to an indeterminate number of persons, which can be accepted without the notification of the proponent, cannot be appealed within the time set for its adoption. These provisions in Sec. 2373 arising from the rhetoric of Sec. 46 (5 and 6) of the Copyright Act regarding certain specifics of the contracting process of the copyright license agreements allow for a clearer interpretation of the previously unclear issue of the proposal for the agreement conclusion.

Special provisions on the license agreement are dedicated to the special legislation of the license agreements regarding the subject of Copyright Act protection, the publishing agreements and new provisions on the rights connected to the copyright and rights of the database maker. They do not contain significant changes; however, they are much more elaborate, which will lead to the elimination of the nuances in interpretation caused by the previous legislation.

CONCLUSION

In conclusion, the amendment of the license agreement in the Czech NCC consolidates the legal license provisions of both categories of intellectual property – copyright and industrial property rights. The publishing license agreement is not fundamentally affected by the new codification of the private law since the NCC incorporates it without much change and it retains its specific place in the special provisions.

From a comprehensive viewpoint, the publishing license agreement has undergone a change in moving of the relevant legislation from the special standard (Copyright Act) to general standard (the NCC). Therefore, from 1 January 2014, the publishing license agreement is not regulated by the Copyright Act. All provisions related to this agreement are subject to the NCC. The creators thereby unified the former diverging amendment of the license agreement for the subjects of the copyright (regulated by the Copyright Act) and the industrial property rights license agreement (regulated by the Commercial Code) under a single legal standard (the NCC).

First, the NCC defines the general arrangements of the license obligations for intellectual property rights. Second, its special provisions deal with the license of the copyrighted objects (the special provisions) as well as with the legislation regarding the publishing license agreement and the rights related to copyright including the rights of the database maker (the sub-special provisions). The theoretical definition and the establishment of the individual license categories in the NCC are also justified in their practical application. The general provisions relating to the licenses will apply to the obligations under the industrial rights and the special and sub-special provisions will apply to obligations under the copyright and the rights related to copyright.

At first, the unifying terminology based on the Copyright Act might cause difficulties during the conclusion of the license agreements regarding the industrial property rights. Minor content changes consisting particularly of the clarification of the unclear interpretation of previous legislation will bring greater legal clarity; establishing single legislation will ensure easier orientation of the citizens within the domestic legislation. Although the new license agreement legislation is not groundbreaking in its content, it offers the users a comfortable interface without the interpretative ambiguity of the previous legislation.

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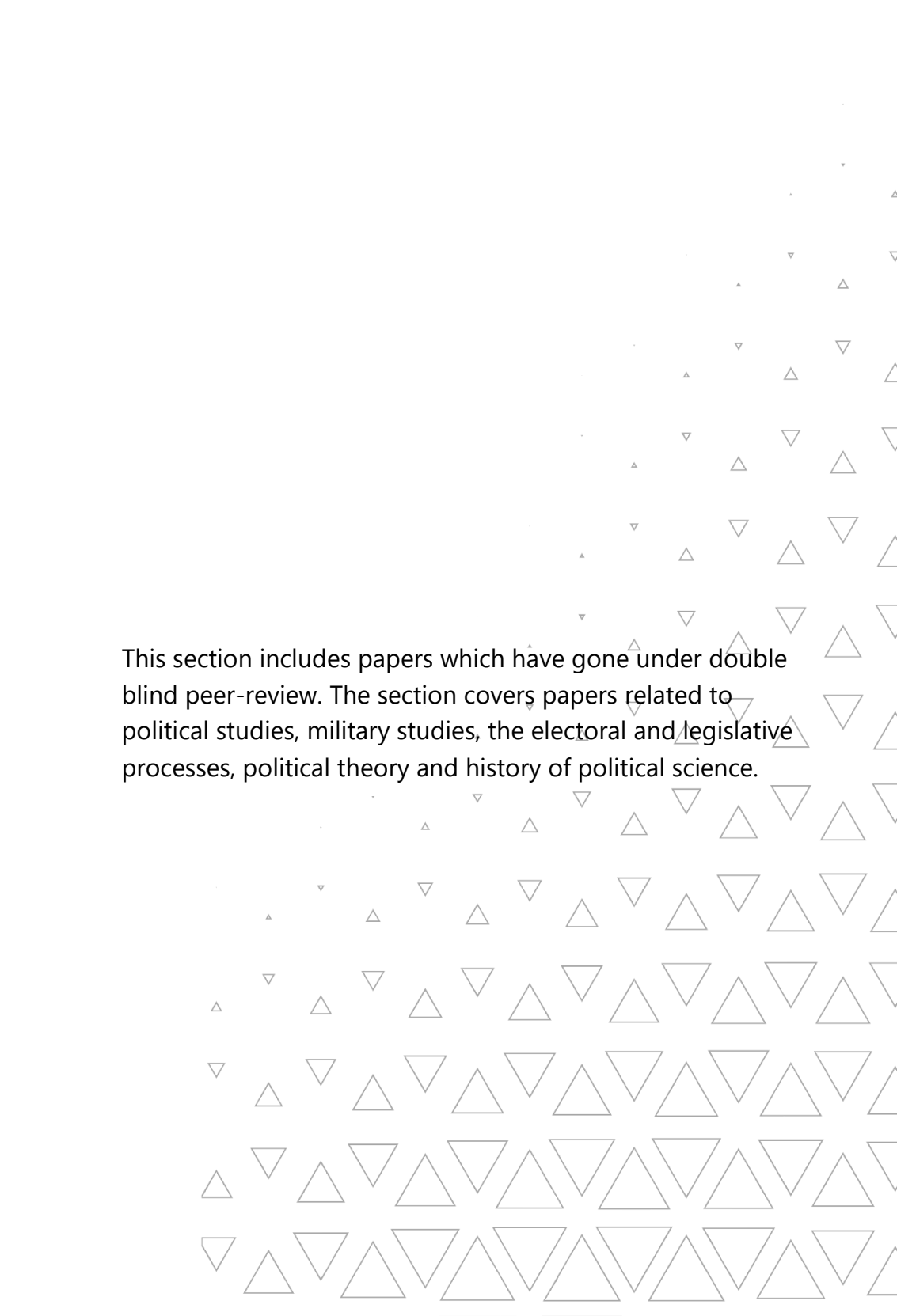
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Section

POLITICAL SCIENCE



This section includes papers which have gone under double blind peer-review. The section covers papers related to political studies, military studies, the electoral and legislative processes, political theory and history of political science.

POLITICAL EDUCATION AS A NECESSARY PART OF AN EDUCATIONAL PROCESS IN A DEMOCRATIC SOCIETY

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ABSTRACT

There is currently a noticeable increase in extremism, populism, hatred and intolerance in all EU countries, which are evoked by several political conflicts, social events (critical situation in Afghanistan, response to the COVID pandemic, conflict in Ukraine, migration from third countries etc.). Political education as an integral part of the educational process in schools, not only at the national level, we therefore naturally consider it one of the tools for promoting democratic tools in society. We also consider foreign language teaching to be one of the tools of political education. Within it, on the example of learning about important political events, which at the same time shaped the moral democratic values of the bearers of a given language, we can mediate a critical analysis of the way of life in a given developmental stage of society. The aim of our paper is to present the idea of the educational process as a driving force for the spread of democratic values on the example of foreign language teaching at our faculty.

From the point of view of theoretical backgrounds, we define the very concept of political education on the example of several experts in the field of sociology, politics and education. In order to find out the current state of the concept of political education in the educational process at national and transnational level, we analyze the individual documents of the European Union. Throughout the post, we mainly use qualitative data, such as thematic analysis, to interpret patterns and meanings in the data and **descriptive data**.

***Keywords:** political education, European Union, democratic society, foreign language, language teaching, society*

INTRODUCTION

Politics is an integral part of the life of every individual in every community. From a philosophical point of view, it makes sense to talk about politics basically every time we are talking about human relations and coexistence. Another natural part of man is education. Beginning at birth, each individual is gradually integrated into certain structures, at each stage of development he improves by natural or systematic acquisition of knowledge and skills in all areas that directly or indirectly affect him. It is similar to policy education, i. political education. However, the combination of policy and education also carries possible risks. At present, the whole society is subject to globalization tendencies. Thus, we cannot

perceive education in a purely national context. In our paper, we will focus on the possibility of building the concept of systematic political education not only at the national level, which we consider to be one of the tools for promoting democratic views in society.

THE CONCEPT OF POLITICAL EDUCATION

The concept of political education evokes negative connotations in today's society. Especially the older generation still imagines under this term directly focused and especially mandatory ideological courses of Marxism and Leninism, without which it would not be possible to successfully achieve any level of higher education. Perhaps the very word politics in connection with education evokes distrust in people and an adequate negative reaction. All the more so as politics is associated, especially nowadays, with something unfair, with benevolence, bribery and the very distrust of politicians, political parties, which can even result in the radicalization of society. Unfortunately, we encounter this phenomenon in specific forms and in our environment. According to EURACTIV, young people in the Central European region are united by a distrust of standard politicians and political parties. According to B. Hunyadi from the Hungarian think-tank Political Capital Institute in Hungarian society, young people in the 15-34 age group are not interested in politics for more than two thirds (34% are "not interested at all" and 37% are "rather not interested"). One of the reasons may be the perception of politics, in which negative associations prevail: corruption, lies, fraud. The fact is perceived that young people in particular are inclined to the so-called political extreme [1].

To prevent possible radicalization, especially of young people, resp. it can be minimized, it is possible through the return of trust in politics in the form of effective, systematic and modern political education, the content of which must not be ideological directions, constitutions, memorization of political systems of the country, symbols, political parties, resp. their leaders, but especially principles, values and attitudes. B. Crick e.g. defines politics itself as an activity in which public conflicts in one group are resolved according to their mutual strength and the importance of the group's own interests for the survival of that group [2].

The British philosopher M. Oakeshott understands politics as a universal activity of caring for and improving relationships between people brought together by chance or will. According to him, the content of political education should be a way of life. In connection with our topic, his opinion on the connection between political education and the study of history is also interesting. In this context, he sees history as a kind of summary of the ways we think about politics and clarifies the reasons for the existence of political attitudes and institutions [3]. However, the primary goal in the study of history should not be to memorize historical events or their actors, but especially critical analysis of the way of life, revealing the causes of a specific, especially negative event and the connection of

a given period situation with the present. As an example, in the following part of our paper we will present a specific text with which we work in the study of political history at our faculty in order to force a young person to think about possible parallels with the present based on a contemporary description.

In a democratic society, education should be the driving force behind the spread of democratic values. The higher the level of education in society, the better democracy is applied among people.

THE NORMATIVITY OF (POLITICAL) EDUCATION WITHIN THE EUROPEAN UNION

If we want to talk about the attempt to define normatively and bindingly the norms, rules, content and goals of political education at the transnational level, it is necessary to mention the state of a unified educational policy within the institution. Slovakia is a full member of the European Union, so we focused on the state of the concept of unified education within the organization. The key documents in the field of education are considered to be the Maastricht Agreement of 1992, which set out a clear but limited order in Article 149: "Society should contribute to the development of quality education by promoting cooperation between the Member States and the responsibility of the Member States for the content of education, the organization of the school system and cultural and linguistic differences" [4].

This laid the foundation stone for the current state that the European Union's common education policy cannot exist because it has no basis in the legal norm.

The next step was the Lisbon European Summit, at which the European Council presented a program to make Europe "the most competitive, dynamic, education-based economy in the world, capable of continuous economic growth, increasing the number and quality of jobs and social cohesion" [5]. The main method for achieving the goal became the so-called open method of cooperation. Education and vocational training were to come to the fore. These broad strategic objectives have been set:

- improve the quality and effectiveness of vocational education and training in the EU,
- facilitate access to education and training for all,
- open up vocational education and training systems to the wider world. At the same time, 13 unified intentions were formulated, of which the following are relevant for us:
 - to support the development of active civic attitudes, equal opportunities and social cohesion,
 - improve foreign language teaching.

In 2004, a higher-level group chaired by W. Kok published an important report indirectly on the Lisbon process. This report revealed that the ambitious goals of the Open Method of Cooperation formulated in Lisbon were not achieved due to the lethargy of the Member States and the non-binding nature of the document. The open method of cooperation did not live up to expectations. The Copenhagen Process and the Bologna Declaration became another milestone. The Copenhagen process concerned in particular the modernization of vocational education and training. The result is the development of various tools to improve mobility and change skills. One of these tools is EUROPASS, which lists the types of qualifications an individual has achieved and is used for employment in other European countries [6]. We consider the creation of the Common European Framework of Reference for Languages (CEFRL) to be a benefit of universalization efforts, especially in foreign language teaching, which combines the teaching of modern languages into 6 levels with a view to creating greater opportunities for international exchange in modern language teaching. A certain degree of uniformity can be observed at the level of higher education, as expressed in the Bologna Declaration of 1999. It was signed by 29 European Ministers of Education, creating an area of higher education in Europe. It includes a system of comparable bachelor's and master's degrees, the introduction of a credit system (ECTS) and the promotion of mobility between higher education institutions.

The Europe 2020 strategy for smart, sustainable and inclusive growth contains the following objective in relation to our theme:

- the proportion of early school leavers should fall below 10% and at least 40% of young people should have a university degree. Therefore, if we were to summarize the current state of a single European education policy, we can conclude that there is currently no uniformity in education. The European Union therefore has only a supportive and recommendatory role in the field of education. We consider it beneficial, at least, that there is a consensus in some of its segments on common activities and objectives for education policy in the EU.

From the European Union's latest contributions on education with a link to cultural values, I will present the outcome of the European Commission's November 2017 meeting in Gothenburg to encourage discussion on the future of education and culture. As part of the ongoing debate on the future of Europe, the Commission set out its vision for the European Learning Area until 2025. The document states, Europe's great asset is its cultural diversity, which stimulates creativity and innovation. At the same time, however, it is united by common values, which are a special feature of the European way of life.

If we focus on the field of political education, we do not mention the need for political education in any of the basic documents mentioned so far in the indication of a kind of education strategy within the European Union. Expressing

one's own ideas, promoting them, mutual respect based on the principles of soft power is not just a matter of politics and diplomacy. We consider politics to be an everyday part of society. Although we are researching among young people across Europe, as we said in a previous section of our paper, I am not interested in politics. It is they who are becoming a suitable target for supporters of undemocratic concepts, xenophobia, racism and intolerance. That is why we naturally consider the concept of systematic political education in schools not only at the national level to be one of the tools for promoting democratic tools in society.

POLITICAL EDUCATION AS AN INSTRUMENT OF DEMOCRATIC SOCIETY

In today's globalized world, the education of a free and responsible personality, and thus the education of justice, tolerance and respect for the truth, is becoming a priority in a democratic society. Every educational institution should therefore pay increased attention to the rise of extremism in society, hate speech, xenophobia, intolerance. All the more so as in many cases the young generation is becoming the disseminator of these ideas through several social networks. The need to provide democratic views, ideas, whether e.g. in the context of historical contexts in the international context or in the context of knowledge of intercultural contexts or the need to develop critical thinking of young people should be a natural agenda of every educational institution also within the European Union. All the more so because we could assign political education as one of the tools of soft power as a form of promoting interests and ambitions in the current international political system.

The concept of soft power is a key concept in one concept of international politics today. Soft power, like other forms of power, is the ability to change the behavior of others in order to achieve what the subject of influence desires. Nye defines soft power as "the ability to shape the preferences of others"[7]. The sources of soft power are predominantly intangible (culture, values, foreign and domestic policy). Soft power "can be measured by a change in mind, not by the amount of dollars spent or the production of brilliant packages"[8]. Gallaroti places it in neoliberalist and constructivist theory. In his conception, the state is a rational actor, with an effort to maximize profits. "To achieve the best individual results, it is necessary to achieve the desired collective results" [9]. The foundations of soft power are thus a cooperative strategy and collective interest.

POLITICAL EDUCATION IN PRACTICE ON THE EXAMPLE OF EDUCATION OF STUDENTS OF INTERNATIONAL RELATIONS AND DIPLOMACY IN THE FRAMEWORK OF FOREIGN LANGUAGE TEACHING

The field of education is currently an important part of social and political life. It is the subject of interest of the professional public not only from a theoretical but also from a practical point of view. The training of experts in diplomacy, international relations, security studies and political science (these departments are studied at our Faculty of Political Science and International Relations, Matej Bel University in Banská Bystrica) must focus not only on the expertise itself, but also on the acquisition of competences in a foreign language (resp. in several foreign languages). Quality higher education in such a field is subsequently a reflection of the functioning of the whole society and in the future a mirror of the whole country, its moral values and settings. Graduates of the study are subsequently the bearers of the quality of education not only in the European alley but also in the world format, their quality, targeted training contributes in their very competitiveness on the European and world labor market. At the same time, they are also spreaders of democratic ideas.

At our Faculty of Political Science and International Relations, political education in a foreign language is given due attention, e.g. by learning about the political history of a nation in a specific foreign language (English, German, Russian, Spanish, French). Students in the third year of bachelor's study have the opportunity to get acquainted with important historical milestones of the political development of the country, which significantly influenced the culture, mentality, and especially the value rankings of the nation.

We can state that the language policy at our faculty is friendly in this sense. Although the subjects of foreign language teaching are not included in the group of compulsory elective courses, successful completion of the entire master's and bachelor's degree in international relations, diplomacy and security studies is conditional on passing a comprehensive exam in a foreign language, within the bachelor's degree it is comprehensive English language exam, then within the master's study each potential graduate must also pass the comprehensive exam in a second foreign language (German, Spanish, Russian, French). The content of the exam consists of syllabus for the entire 5-year study of professional foreign language. This is the area of political systems of German (Spanish, French, Russian) speaking countries in comparison with Slovakia, political history of German-speaking countries in comparison with Slovakia, diplomacy, international relations, international institutions, international law.

Teaching foreign languages through a targeted selection of topics thus offers several opportunities to mediate a critical analysis of the way of life in a given developmental stage, to provide a reflection on the milestones that created and shaped the moral, democratic and cultural values of the foreign language. The

study of several foreign languages at the same time, which is actually one of the tools of plurilingualism within the European Union, also offers the possibility of comparing not only contemporary socio-political milestones but also the cultural backgrounds of several European nations in a certain time. The EU pursues a policy of multilingualism linked to the European Charter. This was adopted by the Nice European Council in December 2000 and complements the European Convention on Human Rights. Articles 21 and 22 of the Charter of Human Rights also include the protection of language. The EU is an economic and political space that is culturally diverse and in which its citizens can share values and ideas while respecting their specific needs cultural identity. The EU declares the development and promotion of language learning in its language policy, which is why the Council of Europe's Language Policy Department was established in Strasbourg in 1998-2000 to promote plurilingualism and multiculturalism, and in 2003 the European Commission issued an Action Plan to promote language learning and linguistic diversity.

At the same time, students can become acquainted with important political milestones in the field of English-language teaching in the teaching of professional English, in German-speaking countries in the teaching of professional German, in French-speaking in the study of professional French or Spanish in the teaching of professional Spanish.

CONCLUSION

The socio-political situation in today's Europe is typical of distrust of the traditional values of a democratic society, which results in the search for various alternatives, not only at national levels. Europe is exposed to a number of socio-political conflicts, the management of which requires a high dose of expertise, but also tolerance. Educating young people precisely in the values of humanity, democracy should therefore be a priority for every ruling party. The concept of political education hides several negative experiences. However, even at the political level, it has become one of the tools of soft power in a democracy as a form of promoting democratic ideas in society. However, we do not encounter a unified position on the issue of political education at the level of the European Union; at present, we do not find a consensus even on a unified EU education policy. We also consider foreign language teaching to be one of the tools of political education. Language is not only a means of communication, in today's globalized society it becomes a direct mediator of the cultural values of the bearers of a given language. Support for the teaching of several foreign languages is in European Union documents. Within it, on the example of learning about important political events that simultaneously shaped the cultural values of the bearers of a given language, we can provide critical analysis of the way of life in a given developmental stage of society.

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THE DILEMMA OF RESILIENCE, AS A SECURITY STRATEGY, FOR THE DONORS AND THE HOSTS IN RESPONSE FOR THE SYRIAN CRISIS: IN THE CASE OF THE EUROPEAN UNION AND JORDAN

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ABSTRACT

Since 2015, both the donors (the European Union) and the hosts (Jordan) of the Syrian refugees have started to adopt resilience as a better security strategy. When dealing with crises, particularly those linked to prolonged wars with no foreseeable solutions in the near future, resilience has become a means and a goal. Yet, it may represent a dilemma for the EU and Jordan. Scholars like Giulia Sinatti and Rosanne Anholt argue that the EU, with its focus on resilience of the origin and transit countries of migrants and refugees, could jeopardize the stability of refugee-hosting states. These already burdened states with its own problems cannot handle more refugees. In addition, the refugees are facing many difficulties to find jobs and they are struggling to find their way to Europe. As a result, resilience may seem threatening rather than safeguarding the security of Europe. Thus, the paper's main question is *How are the donors and the hosts trying to resolve the dilemma of resilience, as a security strategy, in response for the Syrian crisis in the case of the EU and Jordan?* Based on document analysis for the EU and Jordan's documents including their official bilateral and multilateral agreements, reports from their official websites and textual analysis of the current literature on building resilience, this paper argues that *resilience may appear as a dilemma, however, the EU and Jordan are trying to resolve it by adopting resilience as a pragmatic approach, focusing on its bright side, and tackling the challenges, which appear as a result of adopting it. The EU's resilience building in Jordan aims to enhance the capacities of the refugees and the local communities and keep a balance between them. What's more, it aims to support those refugees' self-reliance and Jordan's social cohesion. Thus, to keep the refugees in place and prevent them from flooding into Europe.*

Keywords: Resilience, Dilemma, the Syrian Refugee Crisis, Host countries, Donors

INTRODUCTION

The Syrian Crisis is one of the most drastic humanitarian crises ever. Since 2011, the world is watching one of its worst crises ever with no signs of feasible peaceful resolution for it in the near future. Up till now, 400 thousand persons have been killed 5.6 million have become internally displaced and 6 million have

fled the country [5]. The United Nation Refugee Agency (UNHCR) has registered over 5.6 million Syrian refugees mostly in Turkey, Lebanon and Jordan, Iraq and Egypt. Some of those refugees have dangerously managed their way through the Mediterranean to Europe while the majority remain at the neighboring countries including Jordan.

For this reason, the ongoing war in Syria does not only affect Syria alone, but the whole region including Jordan. Moreover, the impact of this crisis is not restricted to the region alone, but even for Europe. The ongoing crisis cannot be seen apart from Europe 2015-2016 Migrant Crisis, known as the refugee crisis. During these two years, Europe received more than 1.2 million asylum seekers, from which 334,820 were Syrians. This number represents 28% of all of Europe's asylum seekers, the highest share of any country [15]. This crisis made the EU adopt different security strategies to respond to its current crises including the migration crisis. The new strategy is illustrated by building state and societal resilience, which has become one of the EU's five priorities of its foreign and security policy. This has been emphasized in the European Union Global Strategy of 2016 [14].

This new way of thinking was in parallel to the international community's adoption of resilience building of the refugees and the hosting communities in response for the Syrian refugee crisis as appears in the 2015 Regional Refugee and Resilience Plan [24]. Hence resilience which is defined by the EU Commission as the ability of the states, societies, communities and individuals to manage, tackle, adapt, and recover from shocks and crises became the new approach for the EU and the international community [14].

Yet, it may represent a dilemma for the EU and Jordan. Some scholars like Giulia Sinatti and Rosanne Anholt argue that the EU, with its focus on resilience of the origin and transit countries of migrants and refugees, could jeopardize the stability of refugee-hosting states. These already burdened states with its own problems cannot handle more refugees. In addition, the refugees are facing many difficulties to find jobs and they are struggling to find their way to Europe. As a result, resilience may seem threatening rather than safeguarding the security of Europe. Thus, the paper's main question is *How are the donors and the hosts trying to resolve the dilemma of resilience, as a security strategy, in response of the Syrian refugee crisis in the case of the EU and Jordan?*

In order to answer this question, the paper will proceed as follows: the first section addresses the Syrian crisis and its impact on Jordan and the EU. The second section will deal with the role of Jordan, as an overburdened host and a transit country and its response to the crisis, the role of the EU as the main donor, its potential, although increasingly reluctant host, and provides empirical insights of the EU's resilience building in Jordan. The third section will conceptualize resilience in the EU and Jordan 's foreign and security policy and trace its origin. The next section addresses the dilemma of resilience for Jordan and the EU and

how they are trying to resolve it. Finally, the conclusion, it is implications for policymakers and the upcoming research in regard of the dilemma of resilience.

METHODOLOGY

As for the methodology of this paper, it's descriptive methodology, builds primarily upon textual analysis of secondary data of various texts from official European and Jordanian websites, their reports, NEWS reports, and scholarly literature. In addition document analysis has been conducted for different EU-Jordan official policies, including their bilateral and multilateral agreements to trace the goals for Jordan and the EU within these policies, the shift towards resilience as a priority for the EU, the new mechanisms and tools the EU uses to build resilience in Jordan , and how it's might be a better strategy, at the same time, it might be a dilemma for them both.

THEORY

In order to understand how resilience, as a security strategy, might appear as a dilemma for both Jordan and the EU, it is critical to understand the shift to resilience, its causes with the policies they both have adopted to achieve it. Moreover, understanding the outcomes of their working and the challenges they have as hosts or donors is also essential. This explains how these challenges are hindering them from reaping the best results of resilience building. A qualitative research approach has been conducted, based on Jordan as a case study to explore, understand resilience in the Jordanian context and what can be done to resolve the dilemma of resilience.

RESULTS

The study finds that resilience building might appear as dilemma for both Jordan and the EU. Yet, both of them are trying to resolve it and make it workable as much as possible. Further, it finds that they even can make it both more workable. As for Jordan, it can improve its potentials as a host country. It is true that the relaxation of the trade regulations, known as the Rules of Origin scheme, has contributed to improve Jordan exports to the EU, however to get its full potentials, more efforts are to be done from Jordan including, raising the awareness of the business community about the scheme. In addition, Jordan has to identify and address the obstacles that hinders businesses development.

As for the EU, it can also improve its potentials as a host. the EU is hosting only a very little share of the world'refugees of its whole population. However, as Jordan has utilized the refugees as a development asset, the EU probably can by hosting more refugees utilize them as a development asset, specially, when considering the demographic structure for the EU's population and it needs to labor. Adding to that, more efforts to be done from the EU to balance its humanitarian and political efforts. This would be extremely significant because

what the region truly needs is a greater political engagement of the EU, with the aim of achieving a peaceful political resolution for the conflict, and that would make resilience more workable in the region.

DISCUSSION

The significance of this study stems from different reasons. First, taking Jordan as a case of the Southern partners would be of great interest for the EU's policymakers since there is not sufficient empirical research about the EU's role in resilience building in the Southern neighborhood. Second, the significance of the case itself, as Jordan is a strategic partner for the EU, due to its role in promoting stability, moderation and inter-faith tolerance in the Middle East, its crucial to see the EU role in preserving its stability through resilience building. Finally, the paper concludes with different recommendations for both the EU's and Jordan policymakers that contribute to make resilience, as a security strategy, more workable.

THE SYRIAN CRISIS' IMPACT ON JORDAN AND THE EUROPEAN UNION

The repercussions of the crisis are catastrophic for the whole region including Jordan. The flooding of refugees has intensified the country's own problems. Jordan is a middle-low class country with limited resources, an increasing rate of poverty and unemployment and located within an instable region. The Syrian refugees have imposed financial, social, and institutional strains on Jordan as a host community. As of September 2021, there were 670,637 registered Syrian refugees and asylum seekers in Jordan by UNHCR [21]. However, the real total of Syrians is estimated at around 1.3 million, when taking into consideration the unregistered refugees. The majority of those refugees (estimated 81%) are living out of the official camps for the Syrian refugees in Jordan Zaatari, Margeeb Alfhood, and Azraq. The following figure shows the allocation of registered refugees in Jordan within the camps and the Jordanian governates according to the UNHCR :

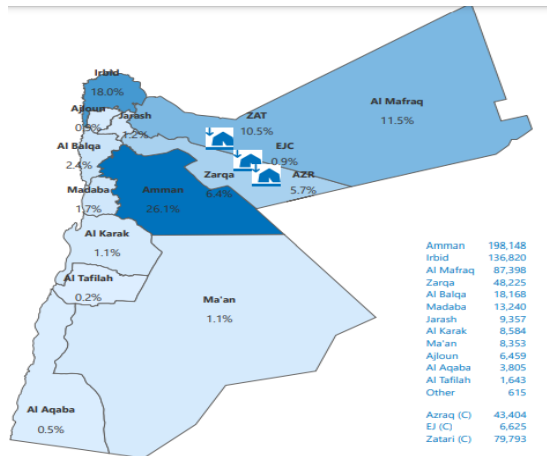


Fig. 1. UNHCR Registered Persons of Concern Refugees and Asylum Seekers in Jordan as of August 2021[21].

This huge number of refugees and their distribution within the local communities have drastic consequences on the social cohesion, socio-economic stability, and political stability of the kingdom as a whole.

The scope of this paper cannot cover in detail the impact of refugees on Jordan. The socio-economic impacts of a massive number of refugees are tremendous. Jordan is witnessing increased pressure on the poor infrastructure, an extra demand on water, energy, shelter, educational and health services, and accelerating competition within the labor sector between Jordanians and Syrians. Moreover, there are political and security impacts which can never be underestimated. Jordan's position, as a part of a coalition that targets terrorist groups and combats extremist radical ideologies, made the country always a target for radical groups. Thus, there is always a threat to its internal and external security. This was the case in 2016 when the country suffered from an attack on the borders between Jordan and Syria, known as al Rukban attacks [3]. This was not the only attack the country had, this reason forced Jordan to adopt different policy to deal with security challenges in term of refugees. Hence, there was a shift from an open-door policy at first to a more tightened and strict policy in front of refugees [24].

As for Europe, as mentioned, the ongoing crisis cannot be separated from its 2015-2016 Europe Migrant Crisis, also known as the refugee crisis, when Europe received almost 1.2 million asylum seekers, from which 334,820 were Syrians, accounting for 28% of all of Europe's asylum seekers. This figure represents the highest share of all applicants as the figure shows :

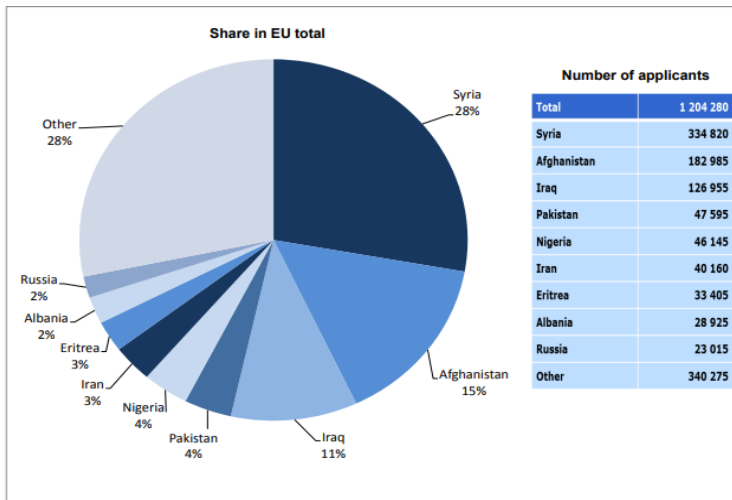


Fig. 2. First time asylum seekers in the EU Member States by country of citizenship, 2016[15].

The prolonged war makes a new wave of refugees to Europe possible. In addition, there is the securitization of those refugees. According to the Securitization theory, an issue is securitized once it is presented as a threat to national security [7]. Hence, those refugees are presented as a threat to Europe as they might affect its social cohesion. Besides that, there are fears from the existence of terrorists among refugees or terrorist attacks. All these fears have increased the need to secure its borders ahead of new wave of refugees.

These massive impacts on both Jordan and the EU, along of the absence of a foreseeable solution in the near future made them both adopt different policies. The following section addresses these policies ending with building the resilience of the refugees and the host communities.

JORDAN'S AND THE EUROPEAN UNION'S RESPONSE TO THE CRISIS

Jordan has always been a safe haven for refugees and forced migrants throughout its history. Although it is not a signatory of the 1951 Refugees Convention and its 1967 Protocol, Jordan has witnessed different waves of refugees. First, it has received Palestinians since the first Arab-Israeli war of 1948. Then, refugees arrived from Lebanon during the 1975-1991 civil war. The Iraqis came in two waves; the 1991 Gulf War and after the American invasion in 2003, and most recently Syrian refugees crossed the border, with the rising of the Syrian conflict since 2011[1].

As mentioned earlier, receiving almost 1.3 million refugees had added a large strain on the country. However, Jordan, with the support of the international community including the EU, has managed to contain the crisis to a certain extent. The government has adopted a reactive approach which enables it to make such a containment.

With the rising of the conflict in 2011, it adopted an open-door policy and welcomed those refugees. With the support of the UNHCR, it opened Al Za'atari in July 2012, the first official refugee camp for the Syrian refugees. Then, Mrajeeb Al Fhood in April 2013, and Al Azraq was opened in April 2014. Moreover, it opened King Abdullah Park, a temporary camp in Irbid [24]. It was thought that authorizing building camps could be a way to increase international visibility and to attract international aids.

Yet, the escalation of the conflict in 2013 enhanced the security fears and securitizing Syrian refugees began by the government consequently. In order to control refugees' movements inside and outside the camps, the government established the Syrian Refugee Camp Directorate (SRCD) that year. Later, it was replaced by the Syrian Refugee Affairs Directorate (SRAD) as a branch of Jordan's security services [24].

Jordan's framework for dealing with refugees is based on its 1998 Memorandum of Understanding (MoU), signed with UNHCR. According to it, Jordan accepts the definition of "refugee" as contained in the 1951 Convention and agrees that refugees should receive treatment accordingly. The inadequacy of this framework appeared gradually. Thus, it realized the need to establish a better legal framework. The result of its efforts was ripened in June 2014 with the National Resilience Plan (NRP), a three years programme of high priority investments in order to respond to the impact of the Syrian refugees. According to this plan, Jordan intended to invest US\$2.41 billion over three years in local institutions and host communities' different sectors including health, education, employment, energy, housing, and social protection [19].

The Jordan Response Plan (JRP) then was launched in December 2014. The JRP is a one-year programme planned as a co-work between the Ministry of Planning and International Cooperation (MoPIC) and the UN [24]. The significance of this plan is that it represents a new approach to the Syrian Crisis. Before 2013, the efforts of the Jordanian government were directed to present humanitarian relief. However, from 2014, national and international actors adopted resilience. It aims to achieve a long-term sustainable development for both refugees and host communities, social integration, capacity building, prevention of extremism, with an emphasis on the protection of the Syrian refugees.

The JRP estimated almost US\$3 billion to be pledged in 11 strategic sectors. As a result of the continuous flooding of refugees, the emphasis on a more long-

term resilient planning became even more urgent. Thus, the JRP 2015 was renewed until 2020 in two periods: the JRP 2016–2018 and the JRP 2018–2020 [24]. Then, it was renewed for additional two years. The shift of the JRP, to cover two years, indicates a shift from emergency intervention to a more sustainable long-term planning.

However, the government 's commitment failed to address the need of the refugees and the host communities. This led to an increased tension between the two sides. For this reason and to decrease the dissatisfaction and tension between them both, the government added two pillars to the 2016 JRP—refugees and resilience—to address the needs of both refugees and host communities [19]. In other words, building resilience became the priority of the Jordanian government.

Finally, with the aim of bringing a more regionally coherent process that integrates refugee and resilience programming, Jordan signed the Regional Refugee and Resilience Plan (3RP), a jointly-led plan by the UNHCR and the United Nation Development Programme (UNDP), launched in 2015. It constitutes one regional plan, with five separate chapters covering Turkey, Lebanon, Jordan, Egypt and Iraq. Each chapter comprises the national response plan for the Syrian crisis, in the case of Jordan, it comprises the Jordan Response Plan. This plan aims to achieve strategic regional cooperation that could ensure protection, humanitarian assistance and resilience for refugees and their vulnerable host communities [24].

Thus, building resilience became the mean and the goal for the country. Through it, the country managed to address those needs and preserve its social cohesion, though in a limited way.

When it comes to the EU, the EU's response comes in two directions; as a reluctant host and as a main international donor to support those refugees, within Syria and in the neighboring countries, including Jordan.

As mentioned, almost 5.5 million Syrian refugees live in neighboring countries. Yet, Syrian refugees have sought asylums in 130 countries. European countries host over 1 million Syrian asylum-seekers and refugees, 70 percent being received only in two countries: Germany (59 percent) and Sweden (11 percent). This figure makes Germany the fifth largest host country globally, with over 1 million in total, and over half of those (560,000) are Syrians. Other European countries including Austria, Greece, the Netherlands and France receive between 2 to 5 percent, while the rest of the European countries host below 2 percent [29].

However, the sudden influx of refugees contributed to the EU 2015-2016 migration crisis, as mentioned earlier. Moreover, it sparked a political crisis that put the EU's migration policy under a real test. There was a clear disagreement among the member states on how to better respond to the refugees' flooding.

While some countries opened their arms, others raised fences and closed their borders. Thus, it was a challenge to the EU's solidarity as a whole. In addition to the political crisis, it sparked a humanitarian one as thousands died attempting to reach its shores [16].

Thus, the EU can be presented as a reluctant host that has been criticized for its strict policy in dealing with the refugees amid the 2015 immigrant crisis. Even the former UN Secretary-General, Ban Ki-moon openly criticized it in front of the Australian Parliament in April, 2016 arguing that the EU policies negatively affect the obligation of member states under international humanitarian law and European law [26].

It is beyond the scope of this paper to cover the EU's migration policy and its fears that make the EU adopt such a strict policy. Yet, it was crucial to explain the EU role as a reluctant host. This role that makes it think of a better way to support those refugees and adopt a containment policy. This policy aims to support the Syrian refugees and the neighboring host countries, keep them where they are and prevent their flooding into Europe. Thus, since the onset of the crisis, the EU is a main international donor and a major player in building the resilience of those Syrians and the hosts including Jordan.

For the EU, Jordan is a main partner at the global and regional levels. As mentioned, Jordan plays a crucial role in promoting stability, moderation and inter-faith tolerance in the Middle East. Thus, the EU has realized the importance of increasing its support for such a significant actor and consistently sought for the advancement of its relation with Jordan. They have cooperation on different levels and across different sectors. The legal framework for such cooperation is organized through different bilateral or other multilateral agreements like the European Neighbourhood Policy. Thus, the mission of the EU Delegation to Jordan ensures the representation of the EU in the country, it implements, follows up and advances their bilateral relation in different fields ranging from politics, economy, trade, security, rule of law, external assistance and cooperation [23].

Supporting the country to respond to the crisis was crucial. As a donor and a member of the Regional Refugee and Resilience Plan (3RP), the EU's support has been directed to build resilience after 2015, after it was directed to the humanitarian relief. In the context of resilience building, the EU's ultimate goal is to merge its instruments in Jordan's national plans, work with a multitude of state and non-state actors in implementing projects tackling issues of livelihoods, economic growth, protection and conflict resolution [17].

Its support can be seen in different directions; politically and economically. In the first aspect, the EU puts its efforts to enhance the international community's support to Jordan. Thus, after London 2016 conference, Supporting Syria and the Region, the EU has been co-hosting Brussels Conferences for Supporting the Future of Syria and the Region Since 2017. These conferences bring together the

world leaders, NGOs, and private sectors to address the Syrian crisis. In these conferences, the EU has emphasized on the point that Jordan should not be left alone and the international community has a duty toward such a main host. In addition, for the EU, the task is not only about raising funding to tackle this issue, but more importantly, to set ambition plans to integrate humanitarian and sustainable development axes for both refugees and host communities [27].

As for its economic support, since 2011, the European Union is a leading donor in supporting Jordan. It has channeled nearly €3.2 billion to Jordan through different instruments; humanitarian aid (€392 million) [9], bilateral assistance (€1080 million) [10] and resilience assistance (€1728 million) as the figure shows

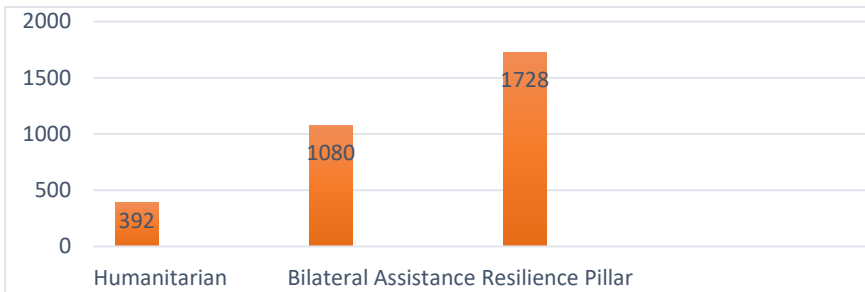


Fig. 3. EU Financial Support to Jordan in Response for the Crisis since 2011 in millions € [9] [10]

Considering The humanitarian aid, it provides basic needs as healthcare, food, shelter, water and sanitation for both the refugees and vulnerable Jordanian families.

The Regional Trust Fund “MADAM” aims to bridge the gap between the humanitarian-development nexus. The EU established this special instrument in 2014 mainly to tackle longer term resilience and recovery needs of Syrian refugees in neighboring countries. Its efforts are directed toward both refugees and the hosting communities of Jordan, Lebanon, Turkey, Egypt and Iraq. Through this fund, the EU has committed €300 million as a resilience support for Jordan [23]. The aim of this fund, by focusing on education, livelihood, water, sanitation, and health, is helping refugees and the vulnerable Jordanian families to live in dignity as much as possible.

Bilateral assistance, which is mobilized through the Macro- Financial Assistance (MFA) instrument, seeks to assist Jordan's economic growth, its economic reforms, and create more jobs. The EU signed the first MFA in March 2014 in a programme of €180 million, the MFA II was renewed in September 2017 to channel additional €200 million, and finally the MFA III, totaling EUR 500 million, was adopted on 15 January 2020 [10].

Yet, in the context of Covid 19, the EU approved another MFA programme of EUR 200 million to Jordan (reinforcing the resources made available under MFA-III). It aims to help Jordan curbs the economic fallout of the coronavirus pandemic. As of November 2020, the EU pledged EUR 250 million of macro-financial assistance to Jordan. EUR 150 million of which came from this programme [10].

A great shift in the EU-Jordan thinking about resilience building and instrumentalizing the refugees as a development opportunity is the 2016 EU-Jordan compact. It was signed in February 2016, with the aim of integrating humanitarian and development nexus. In this pact, the EU is committed to pledge multi-year grants and concessional loans; \$700 million as annual grant loans for three years, and concessional loans of \$1.9 billion. It also has a commitment to relax trade regulations [1].

In return, Jordan is obliged to meet certain targets. The first target is associated with those refugees' labor market access. Before the compact, they were paralyzed with many challenges that restrict their access to the Jordanian labor market. Now, Jordan has to issue 200,000 work permits for refugees in specified sectors. Moreover, the country must employ certain quotas of those refugees in different businesses, improve the investment climate, and legitimize Syrian businesses in the country. The second target is related to their education. Jordan commits to provide school places to all Syrian children, and some work training opportunities [1].

There are many implications for such a milestone agreement. First, the response to the crisis is no more restricted to offer humanitarian aid, but the focus now turns into the development pillar. It is thought that facilitating the access of refugees into the labor market contributes to their and the host communities' development.

The second implication is related to the Jordanian trade. To reduce the negative impact of The Syrian Crisis which disrupted Jordan's traditional trade routes, the parties agreed on a special trade regime. Accordingly, Europe has to simplify rules of origin for products, in 52 product categories. Once it got into force in 2016, it incentivized Jordanian companies to diversify their products and to create decent jobs for Jordanians and Syrians. Since 2016, 15 companies have applied to gain benefits from the agreement, 13 have been approved to export to the EU with 6 of those exporting a value of €19.26 million [23].

After explaining the crisis and how it represents a challenge for both Jordan and the EU, it is critical to understand what resilience means and how the EU defines it. The following section will briefly focus on this issue.

DEFINING RESILIENCE

This sections briefly reflects on the accounts that are relevant to the purpose of this article. Resilience, as a word, stems from the Latin word “resilire.” “Salire” means to leap or jump; the suffix “re” indicates repetition, or backward motion. It was introduced into the English language in the 17th Century.

The concept has flourished since the 1970s, with a special attribute to ecology systems studies. The ecologist Holling has a considerable contribution in the flourishing of the concept. He used the concept first to refer to the ecological systems' ability to absorb change and disruption. Other Scholars have asserted the significant contributions from psychology, where resilience suggests a shift in the focus from vulnerability and deficits to protective factors and adaptive capacities [4]. Since then, the concept has dominated vast areas of social and natural sciences. Each has its own vision of the concept. However, what is common in these definitions is that resilience is about the ability of a system, society, individual or state to adapt, be prepared and to bounce back after crisis.

As of the first decade of this century, resilience started to be related to global governance, migration, terrorism and other issues related to security studies. Governments, local communities and national or international organizations began to build their own resilience strategy to respond to crises. As for the EU, the internal and external crises that hit the EU in 2015, led resilience to be a key priority for its foreign and security policy, as emphasized in the 2016 European Union Global Strategy (EUGS). Taking the same definition from its previous policy, The EU Approach to Resilience: Learning from Food Security Crises in 2012, the Commission defines resilience as the capability of states, societies, communities and individuals to manage, tackle, adapt, and recover from shocks and crises [14].

Thus, resilience, which was first adopted in its humanitarian and development policy in 2012, is not restricted to it anymore, but even in its foreign and security policies. It becomes a key pillar to respond to different natural or man-made crises including the Syrian crisis.

However, as resilience has been adopted in different EU policies, its characteristics gets clearer. Tocci argues that the characteristics of the EU building resilience are; First, it is a comprehensive process that requires all EU actors (humanitarian, development, political) to work differently and more effectively together to achieve resilience objectives. Second, it asserts the responsibility of the national and local government to achieve resilience [31]. This implies the need to integrate resilience in national policies, as this is inside-outside process. This process can never be about the EU exporting plans to these countries, yet the EU offers its expertise and potentials to help those countries build their appropriate resilience plans.

Third, a resilience approach is characterized as people-centered and focused on the most vulnerable groups. This, by no means, is not only about empowering and increasing people's ability to absorb shocks, but it also constitutes an opportunity for transformation, in regard of adaptation, changing environments, improving livelihoods and economic opportunities [31]. Thus, building resilience strategies becomes essential to respond to crises. Yet, despite of its advantages, there are many aspects which have been criticized, making this approach seems to be considered as a dilemma for the EU and Jordan. The following section addresses this dilemma and how they are trying to address it.

RESILIENCE THE DILEMMA AND RESOLVING IT

In order to illustrate how the development-resilience base approach might be a dilemma for the EU, considering the EU approach in its response to the Syrian refugee crisis is essential. Its goals are to bring an end to the conflict and enable the Syrian people to live in peace in their own country.

This approach has two main pillars, for each, the EU adopts a specific strategy. The first pillar is the political-security response. This response is illustrated by EU's strategy on Syria, which was adopted by the EU Council in 2017. It is part of the EU regional strategy for Syria and Iraq as well as the ISIL/Da'esh threat. The key objectives of this strategy are summed up in main areas; ending the war through a peaceful political inclusive transition, the humanitarian needs, promoting democracy, human rights and freedom of speech, accountability for war crimes, and promoting the resilience of the Syrian population. Moreover, in order to exert influence on the Syrian regime, the EU has adopted different restrictive measures, sanctions, on almost 270 individuals and 70 entities since 2011 [11].

The second pillar is the humanitarian response. The EU and its member states are main donors to support the Syrians. since the beginning of the conflict, they have provided €17 billion to support those who have fled the war, both within and outside Syria [11]. This approach goes in parallel with the EU's position as a generous donor and a reluctant host.

Yet, this broad approach seems insufficient and there is imbalance between the political and humanitarian efforts. By its efforts to exert influence against the Assad regime through withdrawing from EU-Syrian partnership agreements and imposing sanctions, the EU has actually decreased its influence in the region politically and led to its political disengagement [32].

In addition, restrictive measures have not played a role, till now, to end the war neither they have facilitated the peaceful transition. Hence, focusing on the humanitarian response with such a political dis-engagement has exposed the EU to increasing humanitarian costs, particularly with the refugee crisis.

Moreover, resilience approach does not seem to end the refugees' suffering at the host countries or pushing them to stay where they are. Jordan, for instance, has kept a relatively open approach, even the normal citizens welcomed refugees, but its population has become gradually disapproving their presence and criticizing the government's refugee policy. The economic downturn, which is deepening by the Covid pandemic, is making the refugees situation worse, their access to healthcare and education has decreased. Further, many Jordanians see those refugees as competitors for their resources., and despite of the EU-Jordan compact, refugees have limited access to the Jordanian labor market. Thus, there is a strong desire for the Syrians not to stay in Jordan [18].

In addition. this approach has opened the door for criticism from the international community. the EU's image, has been criticized for its strict policy in dealing with the refugees amid the 2015 immigrant crisis. As mentioned, the former UN Secretary-General, Ban Ki-moon expressed in front of the Australian Parliament, in April,2016 that EU's policies negatively affect the obligation of member states under international humanitarian law and European law [26]. Hence, this approach, which the EU uses, as a compensation for its strict policy seems to be insufficient and the EU is required by the international community and the hosts to do more.

Jordan is not at a better position either, or probably worse. Though resilience considers a more workable-sustainable solution, the challenges for the country are tremendous. The economic social strains, and the criticism from within have started to challenge the social cohesion and the stability of the country. The critics were not only for the governments, but it has also reached the king, the institution of the throne. There was criticism of the king for being so generous with the refugees, at the expense of the citizens [18].

In addition, the country is incapable of fully makes its commitments under the EU-Jordan compact. It is not to say there are not progress for those refugees regarding education and their formal labor market access, but the challenges remain. In education, out of the 238,038 refugee children at school age, only 143,765 refugee children enrolled to formal education, while 92,399 Syrian refugee children are not [28]. for labor market access, the authorities have issued more work permits ,yet, refugees have limited access to the Jordanian labor market.

Still, accepting the fact that this approach is not flawless is essential. By doing so, they are trying to make it workable as much as possible. Jordan, realizes that its social cohesion and its stability is on the edge, thus, many initiatives aim to address this issue. In the field of education, for instance, several initiatives make disrupted social cohesion among the host communities their focus point. One of these initiatives is, Generations for Peace. It was founded in 2015, and is still in progress. This project is the result of cooperation between the UNICEF and the ministry of education in Jordan. It aims to address violence at schools and reduce

it. This is to be done by designing different after-school activities that bring Syrian and Jordanian students together [25].

Another way, which Jordan is using to decrease the competition and avoid the tension, is obliging aid organizations to target both refugees and host communities. According to the Jordan Response Information System for the Syria Crisis, the registration of any project and the government's approval require targeting at least 30% vulnerable host (Jordanian) communities under the refugee pillar, and at least 30% refugees under the resilience [24].

Protecting those refugees and their health is never neglected by the government. Specially with covid 19, Jordan has shown exceptional leadership and solidarity in hosting refugees. The country is one of the world's first countries that started COVID-19 vaccinations for every UNHCR-registered- refugees including those Syrians. By this, the proportion of the refugees affected by Covid 19 remained low, at 1.6 percent in comparison with 3 percent for normal Jordan population [30].

Considering the EU -Jordan compact, Jordan is trying to utilize the refugees as a development asset. To translate this on the ground, the government has established almost 18 special economic zones to facilitate exporting goods to markets in the EU, under relaxed rules of origin, thus creating employment opportunities for Syrians and Jordanians [23].

Moreover, under this scheme, many Jordanian companies got benefits. Fifteen companies have joined it, contributing to increase Jordan exports to the EU with a total value of 56 million in 2019 Euro in comparison with 19.2 in 2016. In, addition, the government is working to encourage more small and medium enterprises (SME) to reap its benefits [23].

In addition, the country is working hard to compile with its commitment in regard of education and labor market access. In that regard, the compact has resulted in a considerable progress for the Syrian refugees. Considering these children's right of education, even prior to the compact, it has been a priority for the government. However, through this compact, Jordan is committed that every Syrian refugee child would be in school by 2016– 17, alongside a promised investment of \$97.6 million to have an additional 102 double shift schools [2]. Thus, the government worked to expand the use of double shift schools, with the first morning shift for the Jordanian student, and the afternoon shift attended mainly by the Syrian refugees' children. The result of such a work, as of April-June 2021, a total of 143,765 refugee children at school age were enrolled in public schools from the 238,038 constituting 60% of the whole registered education [28]. This can be seen as a considerable progress, in comparison with the period prior to the compact. In 2015, less than 45% of Syrian children (43,791 girls and 41,740 boys) were in schools.

There is also a progress regarding their labor market access. One of these progresses is related to work permits' fees. Prior to the compact, those refugees were put within the same category as labor migrants, who pay almost € 900 annually for a work permit. High fees, administration procedures alongside missing official documentation for those refugees resulted that only around 3,000 permits were issued to Syrians before [4]. However, Syrians are recently required to pay only JD10 (12 €) administration fees. Moreover, there is an annual increase in work permits issued for those refugees as of July 2018. This increase is due to the government's efforts of taking the needed steps to open formal employment for Syrians. While In 2017, 46,000 work permits were granted in sectors authorized for Syrian refugees, this figure has increased dramatically to become 239,024 as of June 2021 [22].

More importantly, the government realizes their long presence with a little possibility of returning back soon. Thus, integrating those refugees and turning them into a real development opportunity is crucial. For this reason, the 3RP response for the Syrian crisis is harmonized with another national policy, Vision 2025, which was launched in 2015. It aims to achieve sustainable and inclusive growth [24]. Taking more steps to make the compact workable makes the government on the right path to resolving the dilemma of resilience.

The EU, on the other side, is also working to resolve this dilemma. Considering the EU's vision about resilience and its characteristics can be read as a precursor for the EU framing refugees as an economic asset and a development opportunity for the refugee's hosting states. The EU-Jordan compact is a perfect embodiment for such a vision. By linking aids and the relaxation of trade regulations to the labor and education of those refugees, the EU, is not only creating development opportunities but also enhancing the possibility of self-reliance of those refugees.

One way the EU is using, to resolve the dilemma, is promoting Jordan's macro-economic stability. In that respect, the EU's contributions through its fiscal support, macro-economic assistances are crucial to reducing the Gross public debt which is stabilized at 91% of Jordan's GDP in 2021 [1].

Moreover the European Investment Bank (EIB) and the European Bank for Reconstruction and Development (EBRD), contribute to foster Jordan's economic resilience. The first bank helps improving the socio-economic infrastructure as well as private sector development. Acknowledging the challenges posed by the refugees made it increase its support after the EU-Jordan pact to become €2.14 Billion. Currently, there are almost 69 projects financed in different sectors including water, energy efficiency and support to SMEs [13].

Furthermore, the EIB's support for economic resilience in Jordan is part of the Economic Resilience Initiative. (ERI), established in 2016 to enhance the EU Southern Neighborhood and Western Balkans countries' ability to withstand

shocks and improve their long-term economic resilience. This initiative has financed varied projects in different fields. In the field of water and sanitation, for instance, in 2019, the EIB has signed the EUR 65 million financing agreement with the Jordanian government for the improvement of water supply systems in the “Deir Alla and Al-Karamah” in the Jordan valley. This project could benefit almost more than 85,000 people in the Jordan Valley [1].

In the energy sector, the ERI supports Jordan to have a green and sufficient energy. It aims to reduce the high energy bill of the Jordanian municipalities, especially those which host the Syrian refugees. In order to achieve this, one of the EIB's last loan provided €45 million to Cities and Villages Development Bank to support municipalities' investments in energy efficiency infrastructure. The funding is expected to decrease energy consumption by half which represents a significant energy savings [6].

Supporting small and medium enterprises (SME) and the private sector is the key for a lasting, inclusive and sustainable growth. For this reason, the EBI has funded or co-funded many projects supporting SMEs. One of these projects is Jordanian Action for Development of Enterprises' (JADE) which is a 3 years project that was launched in 2017. The project's goal is to support over 160 SMEs, startups and entrepreneurs and create new employment opportunities for Jordanians [20].

In addition, the Regional Trust Fund is making the EU's approach workable as much as possible. It contributes to realize sustainable development goals for those refugees. This fund supports 36 projects in Jordan different sectors; in the education sector, 99,314 girls & boys have access to primary education through it ; 72,145 Syrians and Jordanians have access to improved water services & infrastructure; 79,891 Syrians and Jordanians are benefiting from livelihoods & resilience support; 37,458 Syrians and Jordanians are benefiting from protection services; 144,015 Syrians and Jordanians have access to medical care & health services ; 1,309 young women and men have access to higher education or vocational training and 172,500 Syrians and Jordanians have access to social cohesion services [8].

Furthermore, resilience building of the host countries has been in line with improving the EU's potentials as a host and, not only as a donor. The 2015 migration crisis has underscored the necessity of better harmonization of asylum procedures and standards. While The common European asylum system (CEAS) puts common minimum standards for the treatment of asylum seekers, on ground, asylum seekers are not treated likewise and recognition rates differ among member states.

In consequence of this, many asylum seekers move within the EU searching for the best country to apply for asylum. This phenomenon is known as “asylum shopping”, which has been intensified by the migration crisis. This required

reforming the current asylum system. Thus, in 2016 and 2019, the Commission put forward its new legislative proposals, as part of a new pact on migration and asylum [12].

Both the security and safety of the member states and the asylum seekers are the targets of these new initiatives. They aim to replace the Dublin system with a new one that allocates asylum applications better between member states by means of a new solidarity mechanism. In addition, it implies that the EU is taking the international community's calls and criticism of its migration policy seriously, especially in regard of its restrictive measures which it applies after the migration crisis.

CONCLUSION

The final conclusion is that resilience might be a dilemma for both Jordan and the EU, yet, both of them are trying to make it workable as much as possible. Moreover, they both even can make it more workable.

As for Jordan as a host, in order to get the full potentials of the relaxation of trade regulations scheme, more efforts to be done. This scheme has contributed to improving the Jordanian exports to the EU, especially in textiles and clothing industry. The Jordanian exports have increased through this scheme to be JD 59 million in 2019 from 19 million the year before, and the highest share of these exports are from this sector. For this reason, more efforts to be done including: raising the awareness of the business community about the scheme, especially outside the capital where these regions are out of many developmental schemes.

Secondly, Jordan has to identify and address the challenges businesses face in taking advantage of this scheme. Jordan is one of the safest havens in the region and this stability could be of great advantage to attract local and external investments, yet the high taxes make investors prefer other destination like Turkey and Egypt. Addressing this challenge would be of great interest to local investors and that would create more jobs for Jordanians.

As for the EU, it can improve its potentials as a host. While Jordan is the host of a very high share of refugees in comparison of the whole population with 6.4% of its population as refugees, the EU is hosting only 0.6 % of its population as refugees. Yet, probably as Jordan has utilized the refugees as a development asset, the EU also by hosting more refugees can utilize them as a development asset, especially, when considering the demographic structure for the EU's population and it needs for labor.

Finally, revising the EU's migration policy is never out of the EU's planning. Yet, more efforts are to be done to balance its humanitarian and political efforts. The region truly needs is a greater political engagement of the EU with the aim of

achieving a peaceful political resolution for the conflict and that would make resilience more workable in the region.

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