Monograph Review: Koloman Ivaniča et al. – ‘New model of socio-economic sustainable development of the Slovak Republic’

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Abstract. This paper is a review of the monograph entitled ‘New model of socio-economic sustainable development of the Slovak Republic’, edited in April 2012 by School of Economics and Management in Public Administration in Bratislava (SEMPA). The team of authors (Ing. Vladislav Bachár, CSc., Ing. Ondrej Barič, PhD., Assoc. Prof. PhDr. Peter Čajka, PhD., Assoc. Prof. PhDr. Jozef Darmo, PhD., PhDr. Jana Gašpariková, PhD., Prof. Dr. Ing. Ivan Halaška, DrSc., Prof. RNDr. Koloman Ivanička, DrSc., Ing. Pavlína Ivanová, PhD., Dr.h.c. Assoc. Prof. Ing. Mária Kadleciková, CSc., Ing. Ivan Klinec, PhD., Assoc. Prof. PhDr. Martin Klus, PhD., Prof. Ing. Igor Kosir, CSc., PhDr. Silvia Matušová, CSc., Mgr. Andrej Mongiello, Assoc. Prof. PhDr. Lucia Rýsová, PhD., Prof. Ing. Mikuláš Sedišák CSc., RNDr. Juraj Silvan, CSc., PhDr. Veronika Sklenková, PhD., Assoc. Prof. Ing. Peter Staněk, CSc., Assoc. Prof. PhDr. Peter Terem, PhD., Ing. Vanda Vašková, PhD., Ing. Natália Vašková, PhD., Prof. Dr. Štefan Volner, CSc.) researched for finding a viable alternative of a new creative economy and new adequate development strategies for Slovakia, in the context of a changing world which is still facing the crisis impact, and in the framework of Europe 2020 and Rio+20 challenges.

Keywords: socio-economic sustainable development, knowledge-based economy, change, innovation, qualification, syntropic economic theory, entrepreneurship, change management, debt crisis, science, agricultural and food industry, structural funds, industrial policy

JEL Codes: 011, 020, 030

1. Introduction

This monograph is inspired by Rio+20 Conference of June 2012 which provided the opportunity for expressing the commitment for sustainable development, and represents the outcome of a research project of the School of Economics and Management in Public Administration in Bratislava and its Institute of European, National and Global Studies conducted by a team of specialists led by Prof. Dr. Koloman Ivanička, DrSc. It is an interdisciplinary monograph, consisting of 19 individual articles which deal with the most up-to-date issues regarding the imperative idea of shaping a new model of development for Slovakia in the context of Europe 2020 and Rio+20. The monograph benefits from a preamble by Prof. Ing. Viera

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Cibáková, CSc., Rector, School of Economics and Management in Public Administration in Bratislava, who considers the monograph a fine-quality and inspiring contribution to debates and reflections on the path of Slovakia’s development in the future decades.

2. Review of individual articles

The monograph begins with a prologue by Prof. RNDr. Koloman Ivanička, DrSc. on the requirements for a new model of socio-economic development in Slovakia, from the following: a rapid development of its ideopolises, the renewal of the paradigm that economy is a science of economization and development of homes, priority to education, research, investment, focus on creative industries, creative services and creative institutions, knowledge of remodelling, thoughts and consciousness. The author considers that Slovakia can create its own “country branding”, its own image, with the aim to show to Europe and to the world how the country creates the way of transformations and a new emerging future model. In his opinion this is a nationwide task and a key responsibility of central bodies, political and regulatory institutions (ministries, universities, research, education, management, etc.).

The first article of the monograph is written by Ing. Pavlína Ivanová, PhD. and Assoc. Prof. Ing. Peter Staněk, CSc., and it is about technologies changes, innovations and qualifications. According to them, globalisation processes as well as technological changes rank among key factors influencing national and global labour markets. A combination of various processes taking place at the same time modifies the overall need for work, as well as the links between qualifications and innovations, at the same time globalisation processes (outsourcing, offshoring) changing the need for qualifications. The authors analyze the features of technological and innovation change processes of the last decades and try to find answers for the significant question regarding the content of study, labour market forms from the point of view of flexible employment possibilities. They also emphasize on the lifelong learning phenomenon directly related to innovations and technologies. Their conclusion in this article is that in case of the Slovak Republic (as in other small open economies) the dual contradiction in the implementation of knowledge-based economy is obvious. In the current context of the crisis, there are threats for two statements: that a university degree secures a good career and a growing income, a problem which goes beyond national states’ border.

In the second article of the monograph entitled ‘Conscious evolution and creative design of syntropic economy theory’, the author Ing. Ivan Klinec, PhD. introduces to the readers the concept of syntropic economic theory which is associated with the transition to the global economic system, and which will replace competition and fight by cooperation and competition and co-creation. In the beginning of his very interesting article, the author focuses on ‘conscious evolution’ as it is presented by American futurists Barbara Marx Hubbard and R. Buckminster Fuller. Conscious evolution is connected with creative design of all products of human thinking. The solution of the current global civilization crisis is interconnected with the creative design of the new syntropic theory of economics. Such theory can support the shift from the entropic character of the current industrial age economy to the new syntropic model of the information age economy. The author is supporting his assumption by mentioning many existing appropriate methodological tools in the economic literature and by analyzing the main characteristics of the syntropic theory of economics. Economy is presented as an anticipatory system and as a mental map – plurality of the economic theory, which is facing a shift from entropy to syntropy. Ethics is the key element of the syntropic economic system. The design of the syntropic economic theory is seen by the author as a starting point and must be done by a great number and great diversity of economic thinkers from the whole world from various
countries. The speed of its creation is one of the main preconditions of changing the present direction of humankind toward a sustainable world and toward overcoming the emerging global crises.

The third article of the monograph – ‘New era of civilization – challenge for changes in entrepreneurship, organization and management’ written by Prof. Ing. Mikuláš Sedláčk, CSc. approaches entrepreneurship issue and the emergence of a new type of organizations. In his opinion, the future of business will be a linear extrapolation neither of the past nor of the present. We are living in a complex period, subject to turbulence, discontinuity and unpredictable changes and this new era of the society needs a new type of organizations, which is reflecting the condition of information period and not the industrial past. The author considers that each organization must be prepared to leave a lot of what has been done in the past, maybe even everything. This concerns not only the business but also the government. Radical changes will be needed everywhere. In this context, traditional systems of business management are quickly going out of date and they are not able to solve present problems. Business management needs a new philosophy for the changing environment and the author argues that this is change management. The leaders will become captains of the new organizations, they not only predict, but also are trying hard to create a more attractive future than the present.

Another article of the monograph, written by Prof. Ing. Igor Kosír, PhD., sees Slovakia within the network of challenging changes. After an interesting and a deep analysis of the challenging changes in world economy, including EU economy, based on citations from famous Fukuyama, Aivazov-Kobyánov, Huntington, Schwab etc and on his own analyses and predictions, the author refers to Slovakia situation. He considers Slovakia should improve all its conditions to enhance its competitiveness. Slovakia has its natural as well as historical premises to help actively to the future much more efficient Eurasian cooperation and integration.

The fifth article of the monograph is entitled ‘Lisbon strategy and Europe 2020 – the ways to achieve global competitiveness of the European Union and of the Slovak Republic’ and is authored by doc. PhDr. Martin Klus, PhD. and PhDr. Veronika Sklenková, PhD. The authors see Lisbon strategy as a hope for European Union and its members to achieve global competitiveness in the new millennium. First they analyze the origins of the Lisbon Strategy and its revision, and then they focus their analysis on the Competitiveness Strategy for the Slovak Republic until 2010, which was also called the National Lisbon Strategy, the aim of which was no less ambitious than the aim of the Lisbon Strategy itself – ‘to do all that is possible to utilize talents and knowledge of the Slovak people to the fullest and to develop their ability to continuously work with new information, produce new findings and so that they are capable of their practical utilization’. After a thorough analysis regarding the question whether the Lisbon Strategy really was the way to achieve global competitiveness of the European Union and, within it, of the Slovak Republic, the authors consider that even though the Lisbon Strategy could in a way play the role of a good idea of how to ‘make the European Union the most competitive region in the world’, the steps EU and its member states should have undertaken were not really implemented, and, hence, only remain in their declaratory form. In this context, Europe 2020 was born in the ruins of the unsuccessful Lisbon Strategy and is seen by the authors as the new prospect for global competitiveness of the European Union and of the Slovak Republic.

The author of the next article of the monograph, Prof. Dr. Ing. Ivan Haluška, DrSc., tries to find a key to the debt crisis solution: the renewal of permanent employment and GDP growth. Based on the analysis of the failure of the current neo-liberal concept of saving, the author formulates a solution of the crisis: growth of employment rate and GDP. He considers it is necessary to seek and concentrate resources stimulating employment and GDP growth, including restriction of expenses or relocation of resources (though only those without negative influence on the employment and GDP growth dynamics) whilst keeping the risk of
inflation under control. That would be a way of progressive realization of the demands of many economists to return to the social contract. He formulates a complex approach of quality business environment and points to new investment criteria. The article also outlines ways to increase resources to support the desired quality of GDP growth. Among other things the introduction of new temporary taxes aimed at extraordinarily high yields and property companies. It proposes a new concept of operation of the financial - the state tax system. The conclusion presented is based on humanistic theories of economic ideas, a new paradigm of civilization, by which the new government initiative could contribute to the development of a new concept of social market mechanism, also a new vision of Europe’s future prosperity.

PhDr. Jana Gašparíková, PhD proposes to the readers an article on ‘new dimension concerning future position of science’. The author considers that a very important phenomenon determining the character of the unified European research area is the character of scientific knowledge and innovations production. The support of innovations and research should be monitored by public interest, and the author proposes to the readers in the beginning of the article an analysis of the public and science. On the other hand, she approaches temporality in scientific development and the importance of deciphering various influences in science and technology policy and decision-making processes. The unified research area raises many important and interesting questions, as for instance the competitiveness of various research institutes. The author points to the danger that scientific and technological policies in different countries develop scientific ideology entirely supporting national competitiveness without any deeper innovation research criteria, and also analyzes the problems of funding. Moreover, she focuses on the positive fact that scientific research obtained many successes especially through globalization, making breakthroughs in many progressive countries around the world, not only in the European research area but also in America, Australia, Japan, India, etc. In this context, the Slovak Republic has formulated its own science and technology policy framework in the document The Long-term Intention of Governmental Strategy of Science and Technology Policy up to 2015. Not too sceptical, the author considers that it should be noted however, that the unified European research area represents an ideal premise which has different connotations in the case of science and its position in the Slovak society.

Dr. h. c., Assoc. Prof. Ing. Mária Kadlecíková, CSc presents in her article of the monograph the development trends in the Slovak agricultural and food industry and its changing priorities. According to her view, the serious challenge for the Slovak agricultural and food sector is the reformed Common Agricultural Policy 2014 – 2020, since it is going to continue with the unequal conditions for the farmers from the new EU Member States. This is particularly due to the preference of small farms, while in the EU-10 historically have been larger farms dominating. Therefore the sector has to be well prepared for the demanding prerequisites of the reformed policy on the one hand, while considering on the other hand the forecasted global development trends, it is important to elaborate own domestic vision and strategy of the sector development. The author offers in her article the analysis of issues such as the mission and development of agricultural and food industry, the impact of transformation of the Slovak agriculture, Slovak agricultural and food industry in the EU accession context, global crisis and their impact on the Slovak agriculture, emergence of the new CAP 2014 – 2020, future challenges in the Slovak agricultural policy context, upcoming priorities of the agricultural- food industry. She concludes that there is no other way for Slovakia than to outline a new strategy of agriculture development in which to be active an European player, as its natural and human resources have the necessary potential.

The ninth article is signed by Ing. Ondrej Barič, PhD. and focuses on innovative industrial policy in the light of EU strategy. The introductory part of the article is a brief overview of EU strategy related to industrial policy in the light of EU documents since the ‘Earth Summit’ in 1992, the summit of the European Union in Göteborg in 2001 where the EU Sustainable Development Strategy (SDS) was
adopted to the new Strategy Europe 2020, setting specific goals for European industry: sustainable growth, competitiveness and employment. Industrial policy and research and development policy as the important parts of the system of national policies and needed a new strategy at the end of the first decade of the 21st century. The author points out that in a time of crisis, when economic problems must be overcome, the development of industry is an essential element. In this respect one of the most important initiatives of Europe 21020 strategy is the industrial policy in the globalisation era. The prospects of industrial policy, as a part of economic policy, should consider the transition to ecologic economy in the context of sustainable development – as the central long-term goal of EU - and elimination of poverty and assurance of better management of sustainable development. The fast growing markets enabled by globalisation should be the incentive for the increase of industrial production and employment and of international competitiveness in the line of productivity and costs.

In the case of the Slovak Republic, the National SD Strategy was formulated, according to the recommendation of the UN and the National Strategy of Sustainable Development of the Slovak Republic was approved by the Government and the National Council of the Slovak Republic in 2001 as “a binding conceptual and complex document of development of society” and the Ministry of Economy prepared a strategic document Systemic Structure of Slovak National Economic Strategy for 2005 – 2013, setting the direction of development of individual economy policies. The new industrial policy strategy is a welcome challenge for Slovakia to reduce technological and innovation gaps and catch up with the developed countries. This can only be done by supporting research and education from the state budget.

RNDr. Juraj Silvan, CSc. is the author of the next article, Fundator of tradition in enterprise system and organisation of life: legacy for sustainability, approaching the model of the famous Czech inter-war entrepreneur Tomáš Baťa, a man ahead of his times, one of the world’s famous multinational retailers, manufacturers and distributors (in footwear) and its current validity. Baťa’s view on human capital as the key resource to growth and development is essential in times of crisis, in the author’s opinion. The underlying principle of his philosophy was the harmonization of work (employment) and life of his employees, creating and implementing a modern system of housing and lifestyle to raise the living standards of his employees and fellow citizens. His philosophy and fundamental principles are an inspiration for today’s management and leadership: proactiveness and involvement of employees in work, use of modern technology, power and responsibility of leading employees, self-administration of economic units, applying creativity and innovation, minimizing waste of time, ethics in business, a forerunner of benchmarking, connection of business activities with public and political activities corporate purpose-built accounting on weekly basis as a tool of internal economy control and system of administration – all these principles largely contribute to the reduction of business risk. On the other hand, a powerful healthcare system, because “culture of the nation is not just cathedrals and temples but also dynamic and thriving enterprises and hospitals” was a particular concern of the Baťa’s, together with the principle of life-long learning and focus on education. The author summarizes, as a conclusion, the ‘legacy’ left by the Baťa’s ‘dynasty’ or his ‘messages’ for the future generations : sustainable socio-economic development, opportunities for life-long learning and youth education, inventiveness, creativity and innovation, decentralized research and development, flexibility, professional diversification, development of social structure, unique architecture and urbanism thinking.

The eleventh article of this monograph is under the sign of finance, the current global financial crisis and the process of transformations occurring in this domain to be expected after the crisis. The authors, Ing. Vanda Vašková, Ph.D., Ing. Natália Vašková, Ph.D., start by listing the radical changes brought about by globalization in the financial sector, both positive and negative, among which: the liberalization of financial
flows, integration and securitization; unprecedented interconnectedness; virtualization of trading; expansive quantitative increase in the number of financial operations; formation of new players on the market; a significant increase in institutional investments; as well as an increase in excessive disposable financial resources. The negative outcomes would be: an increase in financial crime as the consequence of information systems abuse, lower predictability of development, higher risk rate, and excessive volatility. In the opinion of the authors, all these transformations require a more competent and flexible financial regulation and supervision system. On the other hand, the crisis itself has entailed the need for economic reforms, in spite of EU efforts of intensification of the integration process. EU is still experiencing the financial markets destabilization due to the sovereign debt crisis (second half of 2011) which has resulted in mistrust for the financial institutions. Nevertheless, finance has regained its leading role in shaping the new form of capitalism. The authors set out the concept of financialization, as a rather new phenomenon of the increasing role of the financial institutions in the functioning of domestic and international economies (according to Epstein). Analyzing the reasons of the global financial crisis, ‘the de Larosière Report has identified the shortcomings in the existing regulation and supervision and initiated the adoption of a new European regulatory and supervisory framework’ to which the Basel Committee responded promptly. National and international regulations, with the observance of differences and specificities of local economies are required to the following purposes: ‘to improve the ability of the banking sector to absorb shocks arising from financial and economic stress regardless of their origin; reduce the risk of spillovers from the financial sector into the real economy; improve risk management; and to strengthen bank transparency’ (BIS, 2009). According to the authors, a question still remains to be answered: ‘to what extent the regulation and supervision will be able to eliminate potential negative effects resulting from the increasing interconnectedness of global financial markets’.

Ing. Vladislav Bachár, PhD. raises the issue of the debt crisis and the way it was perceived in Slovakia. The debt crisis in a few countries of the Eurozone has become a threat to the economy of the EU member states and therefore has lately been a constant issue debated in Brussels. The euroskeptics look pessimistically to the future and comment upon the instability of the European institutions. Although common belief is that the causes of the debt crisis lay in the financial crisis and the recession as a consequence of the irresponsibility of the politicians of the respective countries (Ireland, Portugal, Greece, Spain and Italy…), the author identifies and deals with the following causes: a progressing globalization of financial markets and world economy, deregulation of the money, which enabled substantial changes in the mass and structure of the currency. On the other hand, the perception of this crisis in Slovakia favours the view according to which this is a consequence of irresponsible behaviour of financial institutions and populist policy of governments which preferred indebtedness. Though a way out is looked for by EU prime ministers and finance ministers, the possibilities are limited, therefore only short-term solutions have been found so far. The summit in Brussels in 2011 ‘resulted in dividing the EU into two parts; establishing a new union within the existing one; an agreement on enforcing fiscal discipline and penalties, approving activity of the European Stability Mechanism starting in June 2013 and the operation of the EFSF until June 2012’. In spite of all the measures taken and the intervention of the International Monetary Fund, the uncertainty remains: how long will such measures last?

The following article approaches another much debated lately topic: education and research infrastructure, with a case study on Slovak Republic. The knowledge-oriented society as an objective of EU strategy requires an increased attention and concrete measure for the improvement of education and research infrastructure for the improvement of the quality of education and research. This is an issue to
be seriously considered not only by the politicians, but also by the society itself, where there is still a lack of appreciation of the importance of this domain to achieve EU goals. A historic nation can only develop by setting in order its values hierarchy, in the opinion of Assoc. Prof. PhDr. Peter Terem, PhD., Assoc. Prof. PhDr. Peter Čajka, PhD., Assoc. Prof. PhDr. Lucia Rysová, PhD., the authors of this article. In Slovakia, the education and research infrastructure is the result of a historic development, under the influence of several factors: geopolitical, geo-economic and geo-cultural, with most of the major changes and transformations in the 20th century. The more a nation pays attention to education, the more wealthy and competitive it will be.

Assoc.Prof. PhDr. Jozef Darmo, PhD. signs the next interesting article about the New Information Order, and the need of it in Europe and worldwide. The media systems topic is strictly connected to global integration and globalization. The question is: how fair, while admittedly useful, is this media system? His point of view on the overwhelming role of media and the New International Information Order is challenging, The author shifts the common focus from informational exploitability of new technologies, new media as simply means of global spreading of information to who controls their development and to what purposes. And while the multinationals place their infrastructure and media systems in CEE countries ‘causing economic dependency and the transformation of these countries to mere sources of cheap workforce, appropriation of their natural resources for the price that is the right to existence’, the authors wonder whether in this case we are not facing with the elimination of plurality of opinions. Radio, TV, journalism have become homeless entities. There is an obvious need for a new information rule that should be both ‘spiritually and socially fair’.

Sustainable security in the world as the challenge for the 21st century is the title of the fifteenth article signed by Mgr. Andrej Mongiello. In a globalized world, where there are no more barriers and people move freely worldwide, global peace preservation is a must. But our geopolitical space, in the opinion of the author, has long ceased to be just a geographical or natural environment, it also includes the cyberspace. Cyberspace is a facilitator of spreading culture, values, finance, a vehicle for business deals and education, tourism, prevention of disasters, but it is also a vehicle for violence and command of military operations. The concept of ‘sustainability of security’ is highlighted, as an objective to be attained forthwith, provided that both the geographical space and the cyberspace are considered. This objective for the 21st century needs the support of all entities concerned, from individuals to private companies and states to be attained.

The last article of the monograph signed by PhDr. Silvia Matúšová, CSc., Knowledge-based economy and practice of state restructuring, is like a corollary of the volume, as it brings forward the basic concepts of current EU strategy, knowledge-based economy, society, human resources, education, life-long learning, benchmarking. They are all applied to the model of socio-economic development of Slovakia and its future direction. The author particularly points out the field of education as the driver of progress in the new type of society – provided that knowledge is no longer abstract, but closely connected to practice - and the need for financing the education systems from public funds as a solution to the high rates of unemployment in the EU.

In the Epilogue to this monograph, which is an important contribution to the whole Slovak society for integration and progress, the editor Prof. RNDr. Koloman Ivanička, DrSc., summarizes the main ideas of the contributing authors towards a new model of development in Slovakia. The new era of the knowledge-oriented society, based on science and technology developments, for increasing potential seems to have become out of reach, in the author’s opinion. Therefore, a new model of socio-economic development is required. The author provides for such a model projection for future planning, which is the essential task of society.
3. Acknowledgement

We acknowledge PhDr. Jana Gašparíková, PhD from School of Economics and Management in Public Administration in Bratislava, Slovakia, also member in Editorial Advisory Board of Review of Applied Socio-Economic Research, who provided us this interesting monograph for review in the journal.

4. References

[1] Ing. Vladislav Bachár, CSc., Ing. Ondrej Barič, PhD., Assoc. Prof. PhDr. Peter Čajka, PhD., Assoc. Prof. PhDr. Jozef Darmo, PhD., PhDr. Jana Gašparíková, PhD., Prof. Dr. Ing. Ivan Haluška, DrSc., Prof. RNDr. Koloman Ivanička, DrSc., Ing. Pavlína Ivanová, PhD., Dr.h.c. Assoc. Prof. Ing. Mária Kadlecčíková, CSc., Ing. Ivan Klinec, PhD., Assoc. Prof. PhDr. Martin Klus, PhD., Prof. Ing. Igor Kosir, CSc., PhDr. Silvia Matúšová, CSc., Mgr. Andrej Mongiello, Assoc. Prof. PhDr. Lucia Rýsová, PhD., Prof. Ing. Mikuláš Sedláčk CSc., RNDr. Juraj Silvan, CSc., PhDr. Veronika Sklenková, PhD., Assoc. Prof. Ing. Peter Stanček. CSc., Assoc. Prof. PhDr. Peter Terem, PhD., Ing. Vanda Vašková, PhD., Ing. Natália Vašková, PhD., Prof. Dr. Štefan Volner, CSc., New model of socio-economic sustainable development of the Slovak Republic, School of Economics and Management in Public Administration in Bratislava, Institute of European, National and Global Studies, Bratislava, K-Print, Komárno, April 2012