KAUNAS UNIVERSITY OF TECHNOLOGY PANEVĖŽYS INSTITUTE
BULGARIAN ASSOCIATION OF MANAGEMENT AND ENGINEERING
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CHANGES IN SOCIAL AND BUSINESS ENVIRONMENT

Conference papers

November 8-9, 2007
Kaunas University of Technology
Panevėžys Institute
Lithuania

TECHNOLOGIJA
KAUNAS • 2007

CONFERENCE IS ORGANIZED BY:

Bulgarian Association On Management and Engineering; Koaceli University (Turkey); Kaunas University of Technology Panevėžys Institute Faculty of Management and Administration (Lithuania); Martin-Luther University (Germany); Institute for Social Research (Lithuania); St. Kliment Ohridsky Sofia University (Bulgaria); Tallin University of Technology (Estonia); University of Tartu (Estonia); National University of Technology (Ukraine); National Stavropol University (Russia).

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CONFERENCE IS SUPPORTED BY:
Lithuanian State Science and Studies Fundation
Panevėžys City Municipality

All papers were reviewed.
The style and language of authors were not corrected. Only minor editorial corrections have been carried out by Publisher.

ISBN 978-9955-25-364-8

PREFACE

The transformations in the political, economic, social and cultural spheres of activity place the complicated challenges for the science and research institutions, business and public organizations that strive for the ever growing effectiveness. Therefore, the development of the favourable investment environment has to be based on the advancement of modern technologies and innovative activities, the fostering of lifelong learning concept, the educating the competent employee and knowledge society. These issues call for the attention of both the researchers and scientists and the practitioners.

The dynamic environment of changes opens the possibilities for Lithuanian organizations to enter the international contexts that ensure the wider markets for products and services, the better life quality, the emergence of innovative ideas and the exchanges of human resources. With the aim to maintain their competitiveness, the organizations tend to integrate new management philosophies and concepts, implement the information technologies and telecommunications, search for the best practice and initiate the partnership on the international level.

The goal of the 2nd international scientific conference "Changes in Social and Business Environment" organized by Kaunas University of Technology Institute of Panevėžys Faculty of Management and Administration is to bring closer the science and the world of activity by highlighting the theoretical concepts and the practical insights, by evaluating the global tendencies and the peculiarities existing in the local contexts. This conference is one of the events of the Lithuanian Science Academy days in Panevėžys City.

The topics of the international scientific conference are presented in five conference sections: business, economical, marketing and educational problems in the context of changing environment; identification and interpretation of social phenomenona; learning organization and learning society; human resources management under the conditions of changes; innovations and their implementation. The conference proceedings embrace the research findings of Lithuanian, Turkish, Latvian, Italian, Bulgarian, Ukrainian, Estonian, Norwegian and other countries' scholars and practitioners on the contemporary business, economics, marketing, education and social life issues.

Kaunas University of Technology Institute of Panevėžys as an organizer of this international conference has two fold purpose: first, to present Panevėžys City as the potential business and science attractive city in Aukštaitija Region; and second, to gain new research and practical knowledge, to get information on new tendencies and strategies in the international business and social environments, to make contacts with the international science institutions.

Contents

CONSULTANT TEACHING ORIENTED TOWARDS THE COMPETENCE TRAINING

Rūta Adamonienė, Violeta Šilingienė

Abstract

The human intellect in consultation organizations is considered as the main capital of the enterprise. Service quality and successful activity of the enterprise depend upon workers' qualification and competence. All this raises new requirements for both the consultant itself and his work. An appropriate competence of a consultant is required when problems occur in the ability of the appliance of the gained knowledge on a particular critical situation etc. The paper focuses on teaching systems, the grounding of the concept of organizational competence as well as on its training preconditions. The present and missing competences of consultants are presented as well as the model for the teaching system oriented in competence training is suggested.

Keywords

Consultants, teaching, training systems, qualification, competence, competence training.

Introduction

The integration of Lithuania in the European Union and the globalisation processes change the priorities of activity in enterprises. Enterprise, even with a high level of knowledge, operating in the competitive environments, cannot ensure the survival for a long time. Workers competency requirements are increasing constantly and, what it makes most problematic, it changes apace. For each solution of the problem, the appropriate worker competency is required. In the conditions of fast dynamic changes, organizations, seeking to remain the competitive, more and more often impact with flexibility of human recourses needs, i.e. ability to use not only inner but also exterior sources of competency. Most often the organizations, using ordered counselling services, they hope to decrease the fixed expenses of staff and to ensure the possibility to react to the market changes effectively and quickly. This in turn raises particular requirements for counselling competency and for its constant training.

The conception of competency in the scientific literature has no deep traditions, though it is studied widely enough. The pathfinders of this problem were Boyatzis (1982), Spencer, Spencer (1993), Good (1997), Collin (1997), Ackerman (1998). The conception of competency contains the consistency of knowledge and skills and the ability to apply them in the concrete conditions. Lithuanian scientists Jovaiša (1995), Lauzackas (1999), Lepaite (2000) have studied various aspects of competency. Meanwhile, the competency training problem from the systematic approach, is not researched enough, neither in scientific, nor in practical aspects. Competency is not obtained as traditional qualification, it must be educated constantly. Thus the organizations, seeking to suit to the deciduous requirements, must create teaching systems that would be oriented towards the workers competence training.

Counselling is a particular activity. Its final goal is to provide effectively the knowledge and skills to the client during the active intercommunication. To have good professional knowledge today is not enough; one must be able to shift them and to sustain good businesslike relations with a client. Therefore the competency of consultant is multipartite; it is not only professional, but also methodical and social competency. It has to contain lots of theoretical and practical knowledge, skills dealing with relevant problems, ability to share the experience communicating with clients, searching of the information, analysing and structuring, helping to the clients to establish innovative. Also the competency must be bond with future perspectives, according to the requirements of today and tomorrow.

Aim of the research: to formulate the consultant teaching oriented towards the competency training system model.

Object of the research: the competency of consultants.

Methods of the research: the analysis and synthesis of scientific literature, comparing and evaluating data, questionnaire, interview, document analysis logic abstract; modelling methods.

The Competence in the Organization Management

Recent years in the scientific literature of human recourses management, lots of attention is paid to the competency management and development. This term is concerned with the workplace assessment, employment and selection, inner and exterior mobile, management of career, rising qualification and teaching, assessment of worker's activity, wages and so on. This is caused by two main aspects of the topicality of competency. The first one is concerned with each worker's position – the competency is important factor for the individual to implement success career. On the other hand, it is important for the organization too – worker's competency and its training enable the organization to implement its goals and to adjust to the changing environment.

Both in the scientific and practical literature, competency training is treated as the part of total human recourses strategy. The human recourses systems, such as selection, management of compensation activity, career management programmes and teaching and training attempts must be consistent and concerned with thestrategic goals of the enterprise. Recently, the popular opinion is that it is important to integrate the human recourses systems; to increase their effectiveness Shein

(1978) has provided the human recourses management and educating system model that represents how the actions of individuals and organizations can be coordinated. This could be applied to establishing competency training, creating career planning and motivating workers as an integrated system. Yet this model has not lost the topicality neither in theory, nor in practice.

Conception of competency

The conception of competence was popularised by Boyatzis (1982), who described it as the possibility of person, which enables him to behave so that he would suit the work requirements of the organization and thus he would reach the desired results. Competency is considered as entirety of knowledge and skills that allows effective work in appropriate situation.

In Lithuanian terminology, there is no certain description of the competency. Education science describes the competency as entirety of certain and steady (but not stagnant) knowledge, self – representing, ability to perform the jobs or procedures, the way of thinking and decisions making, social behaviour, that can be adjusted without any additional teaching in the professional activity (Jovaisa, 2002). In the Vocabulary of International Words the competence is described in two ways: "1) functional ability to perform the appropriate activity, to have enough knowledge, skills, energy;, the more significant human's social role is, the more important is his competency; 2) entirety of organ or the entirety of officer rights and duties, determined by the statute of the organ or regulations" (Vatkeviciute, 2003). Interpretative Enterprise Management Terms Vocabulary the conception of competence is expanded, providing three meanings: "1) worker's ability, qualification and codification; 2) worker's rights, equivalent of responsibilities and 3) responsibility (Martinkus, 2000).

Though, foreign countries scientists treat the competency conception and its components differently also. One from the most joint competency descriptions, suggested by Acherman (1998): competency – ability to perform the appropriate professional activity reaching appropriate goals.

In France ROME („repertoire operational des metiers et des employs"– operational manual of professions and incumbency), exclude these components of competency: knowledge, abilities and behaviour (Buciuniene, 2001).

In the UK the term of competency describes as the ability to perform the tasks attached by profession of the individual.

Buciuniene (2001), resuming the Anglo-Saxon competency conception, excludes the main and soft competencies. Main competencies are treated the knowledge, skills and abilities, soft ones – behaviour, features, characteristics and motives. Knowledge and abilities are treated as the base of "main "competency, which are essential to each individual, seeking to perform the work effectively. These competencies are obtained during the personal development and teaching. The rest components of the competency are described as soft competency, which enable workers to achieve results from middling that guarantees the "hard" competencies to the highest ones.

So, the competency cannot be considered as a qualification, which is described by determined skills and enable to perform limited tasks in the activity with certain structure, also in any activity, where certain work functions (result – performed work) are determined. However, this interpretation can appear, when the separate components of competency were emphasised. Therefore for better understanding the competency further it is necessary to describe the structure of competency.

In the scientific literature there is no solid approach to the separate components of competency. Lusaka's (1999) divides the activity's competency in to objective, methodical and social, according to the activity object of the worker. The objective matches the material object of activity, methodical – object of activity method, social – relationship expressions object. Gumuliauskiene (2002), has analysed the substantial human planning career problems during the social transformations, suggests, that the modern integral career competency consists of competencies – personal, social, educational and professional – systems. Stukaite (2000) provides these types of competency: speciality, personal, methodical, management.

The features of consultant's competency

Each activity has its own features, which determine the requirements for the person, who performs it. Consulting activity also has the features; these features condition the structure of consultant competency. One of the substantial features of consulting activity is that its' production is not material. It is the knowledge, which is rendered to the client as service. Feature of the services is that the services are provided and consumed at once, so they can't be protected. Consulting is the service that requires from provider (the consultant), the performance of receiver, that is client is also essential Client must have the motive of why is he choosing this service, and consultant must have the motive, why he provides this service (commotional, social activity).

The consulting process each time is unique and inimitable, therefore here are the particular requirements for the competency held: to have professional knowledge about proper product and service, which could help to solve the problem (ability to get proper information quickly) to be an expert and partner for the client, to apply analytic way of decisions making, to be tough and empathic, to be reliable and honest, to have the innovatory characteristics, to look representatively, to have representative presence, to talk clear, to keep visual relation act.

Analysing the variety of theoretical competency structure and assessing the features of consulting activities, this paper excludes these most important competencies: professional, methodical, social and personal.

Professional competency is concerned with ability to perform appropriate tasks in the concrete areas of activity.

Methodical competency contains the abilities of worker to get the information, to absorb it, evaluate and provide the suggestions of how to improve the activity.

Social competency is caused by the system of human worth's, ability to communicate and collaborate with the objects from various level of social environment, skills dealing with various conflict situations and ability to avoid it.
Personal competency – self-assessment (personal characteristics of human), intention to work productively, to achieve science and improvement in the work and out.
On the base of this model the consultant competency assessment and its training integration to the consultant training system were performed.

Consultant training oriented towards the competency training assumptions

Currently the main problem of consulting organizations in Lithuania is that the consulting systems are not oriented towards the future perspectives, here dominate the traditional qualification rising systems, which are not effective. It is usually spontaneous process, including qualification rising caused by needs, but not substantial competency training. Unfortunately, yet the traditional teaching methods are applied widely – lecture, seminars, but new and very affective methods are not – management practice studies, skills training and other.
Consultant competency training is one of the prior directions, creating modern educating systems. It can be reached compounding general programmes for consultants teaching and educating, including the implement of major goals of organization. For this reason, the integrated teaching system, based on competency training, must be created. This teaching system oriented towards future, enables to react fast to the volatile situation and advantages in the competitive struggle. In this issue the system model of teaching oriented towards the competency training is suggested. The base of this teaching system consists of 7 components, which are called consistent levels.
1 level – assessment of the evolution of organization, staff qualification, educating level, enterprise culture, staff politics management, applied conception, the set of vision, mission, goals, and activity changes. This level consists of 2 main stages:

- Present situation assessment (organizational culture, vision, mission, goals, attribution of activity);
- Future situation assessment (how and towards what direction the excepted factors will change)

2 level – in this level the assessment of competency that is necessary currently is described. Here you must perform two substantial things:

- Perform the analysis of organization work;
- On this base to form present missing competency catalogues for all the work places.

3 level – the set of future competency, adequate to the organizational evolution perspective. In this level it is essential to perform two following things:

- To asses the changes of work (activity), determining what new workplaces will appear and how will change currently existing workplace, i.e., what new functions can appear;
- To form new competency catalogue for workplaces (old ones and new ones).

In this level the new workplaces appearance is predicted, assessing the goals, strategy and activity perspective of organization. Organization, seeking to remain in the competitive market must change constantly, and the organization can be changed only by the managers and workers. For example, establishing new services, new specialists are needed, it means, that the workers should be sent to the courses, or new workers should be employed, therefore it is essential to form the competency catalogue for the new and old workplaces.
4 level – consultant competency assessment. In this level the currently working workers competency must be assessed by two aspects:

- Workers adequacy to the formed competencies catalogues based on current existing workplaces;
- Workers adequacy to the future workplace competencies catalogue.

5 level – teaching needs determination. From the data obtained in the 4th level you can determine dual teaching needs:

- temporary teaching requirement, i.e. to compensate the lack of concrete competencies disadvantages in present situation;
- permanent teaching requirement, i.e. to compensate the lack of concrete competencies disadvantages in future situation;

6 level – formation of temporary and permanent plans. In this level dual plans are made:

- Temporary – these are the annual teaching plans, which are compounded at the beginning of the year and are consistently continued and added during the year.
- Permanent - , these are the teaching plans, which are compounded according to the enterprise's activity, strategy and expected changes for several years to the future.

7 level – teaching assessment. This is the last step, which allows evaluating the effectiveness of consultant teaching and competency training.

The Main Results of the Consultant Competency Research

Seeking to set the main teaching systems oriented towards the missing competencies training of organization, the consultant competency research questioning the workers of Lithuanian consulting services organization was made. Since systems of concrete organizations teaching oriented towards competency training creating is complex and complicated process, the paper gives the results, rejecting the need of competencies training and it's satisfying. The need of consultant competencies was researching by approach of four components (professional, methodical, social and personal). Also the required competencies, conditional work attribution and current (present and missing) were determined.

The Results of the research of the Professional Competency

Professional competency is necessary for the consultants to perform concrete professional objectives. Investigating the professional consultant competency, the substantial were taken - the university education in the field of economics or management, not less than 3 years work experience in the field of service business, knowledge of law, and knowledge of professional consulting. Strange to say, from all the competencies mentioned above, the missing of university education is the dominating; some of respondents need a resolution to achieve a professional knowledge about the newest achievements and work methods, working with computers skills, English and other languages skills. The respondents would like to obtain the missing professional competencies by studying inside the enterprise and would like to raise qualification in other consulting enterprises, applying traditional methods: lectures, seminars, courses, teaching how to perform the works.

The results of the methodical competency research. *Methodical* competency is closely related to professional competency, and fills it. During the research the most important and necessary consultant methodical competencies were discovered, these show the ability to perform the work independent of professional content, using appropriate work methods and technique. It manifests in the seven criteria, used in the research, such as the development of organization, ability to solve the problems, knowledge of individual and workgroup technique and others.

The results of research had shown that the most important methodical competencies are analytic thinking, ability to get required information, to store and control it and abilities to solve the problems and conflict situations. As the data of the research shows, there are no strict requirements for the organizations consultants concerned with organization evolution, individual and workgroup technique knowledge.

Research has shown the missing consultant methodical competencies. The most important methodical competencies again are: analytic thinking and ability to solve the problems and conflict situations.

The results of the social competency research. Social competency continues the professional and methodical competencies and causes their utilization level. The missing social competencies for the consultants are described – ability to persuade, to state own position and to communicate and make a contact.

Each competency has its own features, caused by the field of activity, but the consultant must know how to communicate, state his position, thoughts, to persuade and motivate. It shows that in the organizations the attention to the communication analysis situations, motivating the workers to listen actively, is paid not enough.

Results of Personal competence research. Seeking to research the consultant personal competency, the scale was used. The scale included 12 criteria, which define human personal features and aspiration in the science and improvement at work and out of its limits and so on. Respondents state, that the most important worth, missing in the enterprise, is the diligence of the workers and dutifulness, self-confidence and stability, ability to control the emotions. The competencies, such as flexibility and ability to conform, optimism, aspiration to improve after work, new ideas spread, initiative and activity, were attached to the required competencies of enterprise.

Performing the analysis of missing competencies, attached to "important ones" the underline is that there is no aspiration to learn and improve after work, lack of diligence and dutifulness, optimism and new ideas spread.

The next step of teaching system creating after determination of consultant competencies training requirements are compounding the teaching plans needed to liquid the deficit. The base of these plans consists of particular teaching methods, allowing missing competencies training.

Conclusions

1. Competency – it is the expression of human qualification, or the ability to perform conditional. Competency is formed according to current and future activity; it is related to the future workers perspectives and must adjust to tomorrow's workers requirements. Main types of competencies are excluded: professional, methodical, social and personal.

Professional competency is concerned with ability to perform appropriate tasks in the concrete fields of activities.

Methodical competency includes abilities of the workers to gain and to process the information, to evaluate and to represent the suggestions and to improve the future activity.

Social competency is caused by human worth's system, ability to communicate and collaborate with the objects from various social environment levels, master ship solving various conflict situations and ability to avoid them.

Personal competency – it is a self-assessment (personal characteristics of human), intention to work productively, to achieve science and perfection in the work and out.

2. Researches state, that in the teaching systems used in the organizations are not oriented towards the consultant competency training, because in the enterprise, there is no requirements determined for the future work place, no workers competency assessment is made, no teaching goals are formed and no plans for future perspectives of teaching programme is formed and no temporary and permanent plans satisfying future needs are formed, not effective teaching methods and so on.

3. Determined that consultants need professional competency: university education in the field of economics or management, not less than 3 years of work experience in the field of consulting service business, knowledge of law, and knowledge of professional consulting Missing consultants' professional competencies: university education is the dominating; need of resolution to achieve a professional knowledge about the newest achievements and work methods, working with computers skills, English and other languages skills. Missing competencies respondents

would kindly obtain learning inside the enterprise and would raise the qualification in other consulting enterprises, applying traditional methods: lectures, seminars, courses, teaching how to perform the works

4. Required methodical competency: analytic thinking, ability to store, control and distribute the information, dispose the innovative ideas, to comprehend and to be able to solve the problems and conflict situations, ability to provide suggestions. Missing methodical competency: to see the work process as entire, no abilities to solve the problems, conflict situations, missing of analytic thinking, no abilities to gain required information. Missing methodical competencies procurement would help the studying at the universities or other qualification raising institutions and autonomous studying. From the methods selected again dominates seminars, lectures, concrete situation analysis and teaching how to perform works.

The results of research had shown that the most important methodical competencies are analytic thinking, ability to get required information, to store and control it and abilities to solve the problems and conflict situations. As the data of the research shows, there are no strict requirements for the organizations consultants concerned with organization evolution, individual and workgroup technique knowledge.

5. Missing social competency: communication, collaboration abilities, ability to position ones opinion, ability to persuade, follow the professional ethics. Currently the consultants need most: to position their opinion, self-represent ability, ability to persuade and communicate. Here the learning inside the enterprise, workplace, autonomous studying, studying at the universities, listening relevant issues lectures, performing in the seminars would help.

6. Required personal competency: diligence of the consultants, dutifulness, and the ability to control the emotions, express thoughts, self-confidence and stability. Missing personal competencies that would dominate, there is not excluded, therefore I would mention, that the consultants do not want to study and improve after work, the sense of dutifulness, aspiration on new ideas, initiative and active is missing. These disadvantages can be obtained by analysing scientific literature or studying from experience, studying at the universities, consultants would kindly perform in the lectures, would analyse concrete situations in the workplaces.

7. According to the particularity of the enterprises investigated, teaching systems disadvantages, required and missing competencies, in this work the consultant teaching system, oriented towards the competency training, encompassing 7 stages are suggested.

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Consultant teaching oriented towards the competencies training

Summary

The human intellect in consultation organizations is considered as the main capital of the enterprise. Service quality and successful activity of the enterprise depend upon workers' qualification and competence. All this raises new requirements for both the consultant itself and his work. An appropriate competence of a consultant is required when problems occur in the ability of the appliance of the gained knowledge on a particular critical situation etc. The paper focuses on teaching systems, the grounding of the concept of organizational competence as well as on its training preconditions. The present and missing competences of consultants are presented as well as the model for the teaching system oriented in competence training is suggested.

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FORMATION OF VALUE BASED PRICING STRATEGY

Sonata Alijošienė, Birutė Kaušilaitė, Rasa Gudonavičienė

Abstract

Aiming at the implementation of the pricing strategy, choice of the right pricing strategy, combining the link between the price and value and allowing to manage competitive advantages, is inevitable. The higher value of the company is guaranteed only by the implementation of the value based pricing strategy. Article analyzes processes of the formation of the pricing strategy of different authors. However, the main regard is paid to the established model of formation of the value based pricing strategy and detailing of particular phases of the said model. Purposeful value based pricing strategy minimizes losses and maximizes profit.

Keywords

Pricing strategy, process of the formation of the pricing strategy, value based pricing strategy.

Introduction

Competitive and dynamic market, varying demands on the part of consumers necessitate premature, tactical marketing decisions that quite often even are contrary to strategic goals of a company. Prompt attack of the competitors is usually carried out in the absence of clear strategic pricing policy by choosing unplanned actions of price reduction. The fact that such trend of strategic pricing is found in practice determined the topicality of theoretical topic of the article - how should the pricing strategy be prepared in order for the long term profit to be guaranteed and for the strategy itself to become an efficient mean of competition?

Scientific Problem and Novelty. Different kinds of pricing strategies offered by various authors, the main principles and possibilities of application of these strategies are found in the scholarly literature. However, clear and unanimous process of preparation of the pricing strategy is lacking, even though it would practically help the company to establish long-lasting competitive pricing strategy oriented towards the enhancement of the value.

The Main Goal – to get familiar with the processes of the formation of the pricing strategy of pricing theorists R. Arnett, T.Nagle, J.E.Hogan, J.Rastenis, propose and describe an efficient and practical model of formation of pricing strategy oriented towards the value.

Research Object – the process of the formation of value based pricing strategy.

Methods of Research – systematic and comparable analysis of scholarly literature.

Review of the Literature.

Processes of the Formation of the Pricing Strategy: Varying Positions of Authors. One group of authors could be singled out (Charles R. Duke, E. Gijsbrechts, K. Campo, G.J.Tellis, E.M. Kauffman, T.D. Maslova, S.G. Božuk, L.N. Kovalik, B. Ilič, V. Miličevič and others). They characterize and analyze only separate kinds of pricing strategies. The variety of strategies is conditioned by the differentiating means of their characterization. First of all, the authors name the nature and only after naming the nature they characterize proposed kinds of strategies.

Works of another group of authors (R.Arnet, T.T.Nagle ir J.E.Hogan, J.Rastenis), analyze pricing strategy as a process. Processes of the formation of the pricing strategy proposed by the aforementioned authors shall further be described in this article in more detail.

Process of Formation of Pricing Strategy of R.Arnett. R.Arnett (2002) proposes to form the pricing strategy following the cycle of the marketing strategy planning. see.

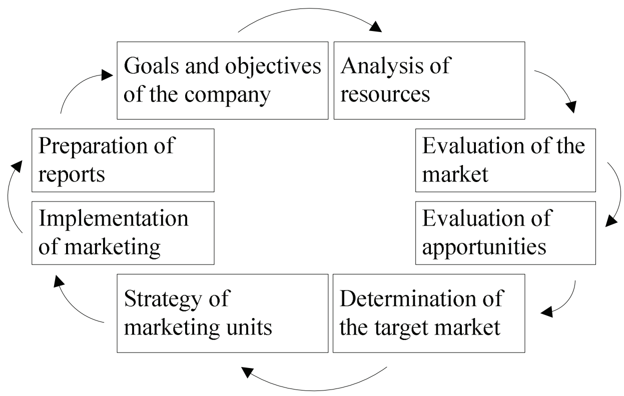

Figure 1. Formation of the pricing strategy following the cycle of the marketing strategy planning (R. Arnett, 2002)

Formation of the pricing strategy begins with the determination of the goals and tasks of the company. The goals have to be prepared for not shorter period of time than the coming 3-5 years and the determined tasks should be evaluated and reached within the coming twelve months.

Next stage – analysis of resources, necessary for analysis, testing and formation of the strategy. Implementation of the new strategy requires human, material and other resources. Pricing is not the only tool for reaching the goals of the company, therefore analysis of resources has to be carried out in the scale of the whole company.

Evaluation of the market – very important stage of the formation of the pricing strategy. It requires a thorough evaluation of the competitive environment: goods launched in the market, strength of their trademarks, to understand what value it creates to the consumers and the way the consumers view the goods.

Evaluation of opportunities. Evaluation of the market allows to determine company's opportunities of the pricing. All opportunities have to be evaluated by relating them with the goals of the company and by estimating the way they satisfy the tasks raised.

Determination of the target market. The stage of determination of the target market, the pricing strategy is going to be oriented to, is as important in the process of the formation of pricing as in the process of the creation of marketing strategic plan.

Strategy of marketing units. Pricing is closely related to the whole marketing complex, therefore when forming the pricing strategy, attention should be paid to the rest of the units of the marketing complex: strategic decisions of goods, distribution and promotion.

Success of the implementation of the pricing strategy depends on the quality and promptness of its consolidation in the company. And the success of pricing strategy determines success of work of other branches (finance, customer service).

Preparation of reports. Formation and implementation of pricing strategy is an ongoing process the results whereof are compared to the goals of the company.

Process of Formation of Pricing Strategy of T. T. Nagle and J. E. Hogan. T. Nagle and J. E Hogan (2006) present the process of formation of the pricing strategy as a multi-course pyramid (see Figure 2). In T. T. Nagle and J. E. Hogan (2006) view, there is a possibility to choose a shorter way of determining price, i.e. by omitting one or more stages of the formation of the pricing strategy. However, shorter way usually enables to deviate from the main goal of the pricing strategy, i.e. there exists a risk of setting prices at such a level that does not guarantee maximum profit.

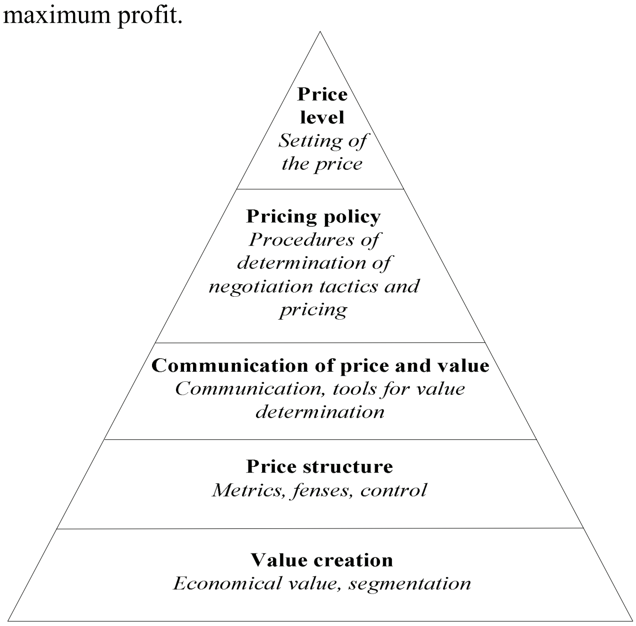

Figure 2. Process of the formation of the pricing strategy according to T. T. Nagle and J. E. Hogan (2006)

According to T. T. Nagle and J. E. Hogan (2006), formation of the pricing strategy is a pyramid the foundation whereof is creation of the value. First of all, upon setting a price of a new article, pricing specialists should ascertain the value it creates to the consumer and to make certain the maximum potential profit with a help of this determination. The basis of the pricing strategy is to understand and ascertain the needs of the consumer, advantages of the article and general satisfaction of the customer derives from the article. In order to get more precise data, such market researches are carried out: choice modelling, conjoint analysis, deep interview or survey. These researches allow to receive information and make forecast with regard to willingness of the consumer to pay a particular price for a particular article or for an exclusive quality of an article. Marketing specialists divide all the consumers into segments and that is one of examples of a successful marketing. However, pricing specialists hold that segmentation of price is inconsistent with a successful pricing. The price should align with the segment of the most valued consumers of the company. In order to compete in a market and set a higher price for an article, it is necessary to create and reveal to the consumer significant value of the article instead of new solutions regarding package design, whereas the latter revelation could only be a short term success.

Price structure. Price of an article, set according to the value it creates, is intended for the group of consumers and not for the article itself. There are two means of structuring the price: metrics and fences. Price metrics is a unit whereby price is adjusted to an article or a service. Price metrics divide prices according to the price of an additional service instead of the additional value of an article. Fences - another method of forming price structure. Fences are criteria the consumer, wiling to acquire an article at a lower price, is to meet.

Communication of price and value. Perfect pricing strategy has to justify the price for different consumers, i. e. to justify the value created for the article. Poor transfer (communication) of value to the consumer is the result of strong susceptibility towards the price or even an intense fitness of the price. Customer is not always aware of the qualities of article being sold or the way he/she could use them for the satisfaction of his/her needs. The tools for conveying the value and the means of sending the message very much depend on the natural value of the article, whether it'd be economical or socio-psychological. For the conveyance of the value of an article, being primarily associated to economical benefit, different structural sales proposals, will usually be used, wherein economical benefit, potentials of bargaining, depending on the complexity of the article being sold, can be measured. The main tools used for the presentation of the value of an article, being primarily associated to socio-psychological benefit, such as the status, security or satisfaction, are: recommendations or visual illustrations. The main issue is to define what tools and means are the most appropriate for the transfer (communication) of value to the consumer in order to make him understand what benefits he/she could derive from the article are.

Pricing policy. Scientific researches in the sphere of pricing have recently enhanced the scientific and analytical quality of pricing strategy. However, the plenty of scientific researches was not the reason of the change of the fact that there is a need of particular pricing policy to be followed. The reason was the goal of the companies to implement pricing that could bring in maximum profit in the consequence of the increasing number of aggressive consumers who drastically reduce the price by making use of the companies' desire not to draw back.

Oftentimes companies set the price in response to expectations of the consumers instead of using the price as a mean for tendentiously influencing consumers. Development of pricing policy consists of three stages, i. e. evaluation, policy development and policy implementation. In the stage of evaluation analysis of consumer profitability and potential discounts is carried out. In the process of pricing policy development all potential special prices that are expected by the consumers, taking into account their bargaining power, are determined. In the process of pricing policy implementation supervision is carried out aiming at effective, proactive pricing, based on the pricing policy decisions.

Price level. It is the last stage of the framing of the pricing strategy, wherein price range is determined. Sometimes the increase in price conditions the decrease in sales, but it brings in a higher profit to the company. Price level is set following these three stages:

1) determination of preliminary initial price for the chosen target segment, appraising rendered value and strategic goals of the company,
2) price optimization – correction of the initial price by combining the price, cost, market reaction and the chosen type of the pricing strategy,
3) determination of the ultimate price acceptable to the consumer and the company.

Process of Formation of the Pricing Strategy of J. Rastenis. Process of formation of the pricing strategy proposed by J. Rastenis (2006) is presented in the figure No. 3.

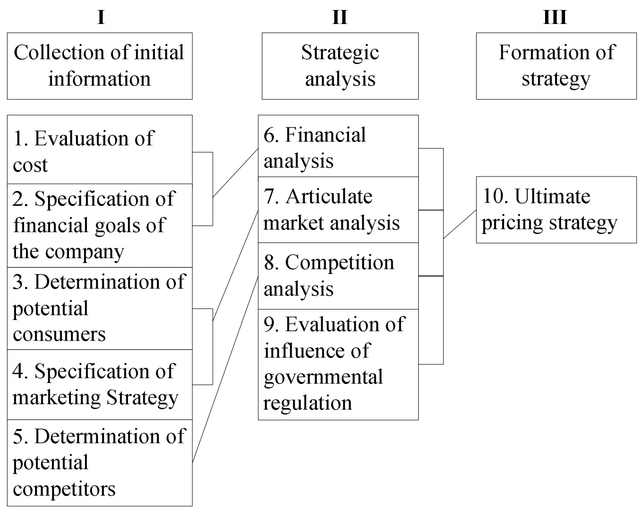

Figure 3. Process of formation of the pricing strategy according to J. Rastenis (2006)

Process of formation of the pricing strategy proposed by J. Rastenis (2006) is composed of three main stages: collection of initial information, strategic analysis and formation of the strategy all of which are resolved into more detailed actions. J. Rastenis (2006) proposes to be guided by the following sequence when framing the pricing strategy:

1) to evaluate the cost of article manufacturing and selling,
2) to specify financial goals of the company,
3) to ascertain potential consumers of an article,
4) to specify marketing strategy,
5) to ascertain potential competitors of company's goods,
6) to analyze financial activity of the company,
7) to carry out articulate market analysis,
8) to examine the level of competition in particular market conditions,
9) to evaluate the impact of governmental regulations on the pricing,
10) to form the final pricing strategy.

The main regard in the formation of the process of the pricing strategy proposed by the author is paid to cost and its analysis, whereby, after taking into account the competitive market situation, pricing strategy is formed.

The proposed model of the formation of the value based pricing strategy

With reference to the aforementioned analysis of literature, it may be stated that the development of the pricing strategies is a fairly responsible and complicated process. In the absence of unanimous opinion with regard to the view of the choice of the development process of the pricing strategy, both, practical and theoretical problem becomes even more relevant. When solving the scientific problem, it is proposed to develop pricing strategy following the pyramid presented in the figure No. 4. This pyramid is formed upstream only after taking into account factors influencing pricing decisions.

Moreover, the proposed model of formation of the pricing strategy reflects the position of the pricing strategy in view of pricing policy and tactical decisions. It follows that pricing strategy makes up the main part of pricing policy, is the policy being followed when taking strategic and tactical pricing decisions. Pricing strategy is long-term decisions and decisions of average length, related to the determination of price. Pricing tactics is short-term price correction decisions. Internal and external factors influencing pricing decisions are relevant to the process of the formation of the pricing strategy. However, they do not stand for interim stages of this process.

The basis of the formation of the pricing strategy is the pyramid, composed of four main phases:

1) value creation,
2) determination of the price structure,
3) evaluation of the consumer bargaining power,
4) determination of the price level.

When forming pricing strategy it is necessary to evaluate internal and external factors, having influence on pricing decisions. Internal factors, having influence on the formation of the pricing strategy, are goals and strategy of the company, pricing goals and cost. External factors, influencing pricing decisions, are market environment, competitors and consumers.

As competition in market increases, it is important to realize, what value instead of price could be offered to the consumer. Therefore it is advisable to start the formation of the pricing strategy from the creation of the value to the consumer. Only being aware of the additional value, consumer is going to get as compared to competitors, and knowing what price consumer would be willing to pay for that additional value, it is possible to move on to the second stage – determination of the price structure. It is important to single out metrics and fences when determining the price structure. Metrics indicate how many units consumer is going to get for a particular price. Metrics is more significant in the sector of services.

When distinguishing fences, it is important to set the criteria standing for as the basis of the distinguishing of consumer segments, having in mind different prices to be applied to them. After determining the price structure we arrive to the third stage that should evaluate consumer bargaining power, the latter being very much important for setting the base price of an article. The last stage of the development of the pricing strategy - determination of the price level.

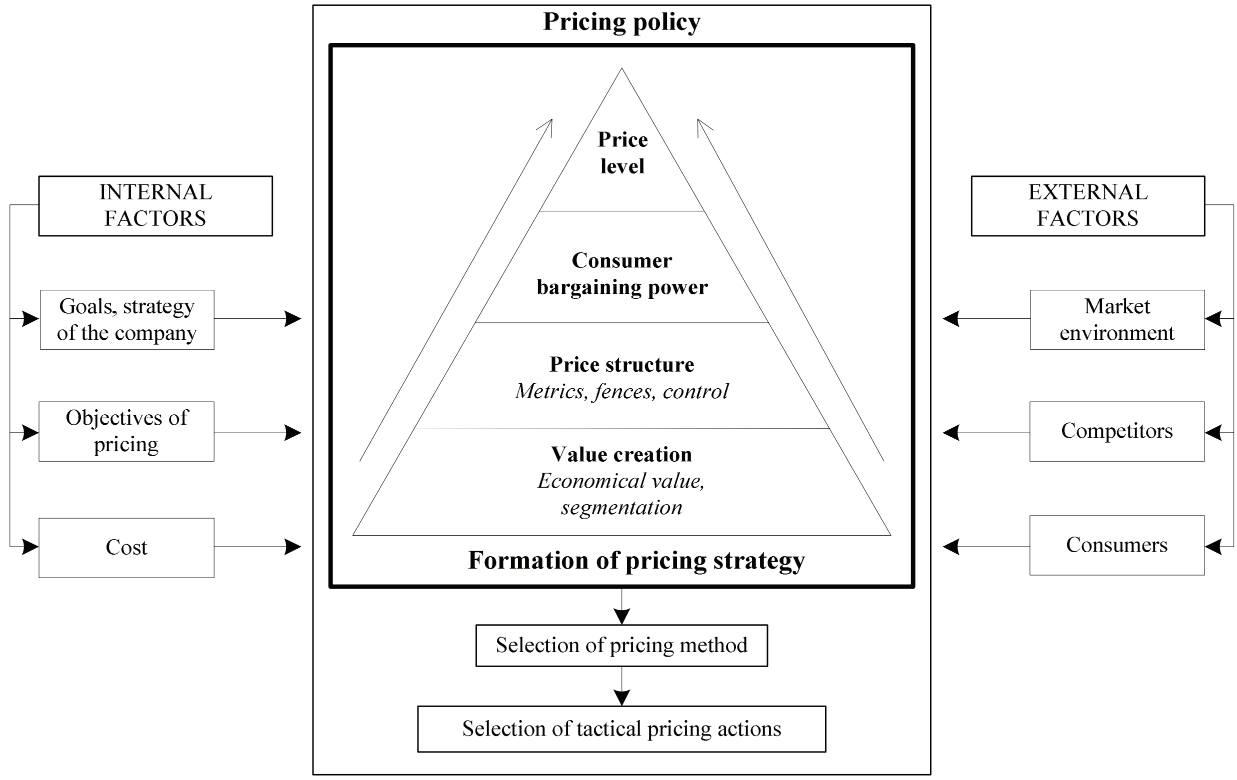

Figure 4. Model of formation of the value based pricing strategy

A more comprehensive characterization of the proposed model of formation of the pricing strategy oriented towards the value is presented below by analyzing separate stages of the pyramid.

Value creation. It is quite usual a situation when company's employees, in charge of launching an article into the market or its support, do not know the value it creates to the consumer. Determination of the value for the consumer is the basis for setting the price level. It is a must to determine both, psychological satisfaction consumer gets from the article or the benefit it gives, and economical value of the article.

Determination of economical value. General economic value received equals to the price that is currently held to be the best alternative in a market, plus additional economic value available to the consumer as compared to the alternative goods existing in the market. This additional economical value of the article may equally be positive or negative. Stages of determination of economical value:

1) analysis of alternatives of the article, existing in the market, is carried out by means of all available secondary data, information stored by the company, competitors, their market share, qualities and prices of their goods are analyzed, as well as influence and strategies of competitors;
2) accentuation of central competitive advantages of the article and determination of the additional value that can be derived from it, i.e. exceptional qualities of the article are analyzed and subsequently used to model additional economical value received by consumers;
3) determination of economical value that consumers appreciate and are willing to pay an additional price for, i.e. collection of original data is carried out. This data allows to evaluate what qualities are appreciated by the consumers, what additional value they realize as compared to competing goods, and how much they would be willing to pay for it. Various methods of analysis can be used: choice modelling, conjoint analysis, deep interview and survey;
4) objective comparison of advantages and disadvantages of competitive article and article being analyzed, i.e. after analyzing competitive goods, determining strong and weak aspects of the article, evaluating qualities mostly appreciates by the consumers, objective comparison of qualities of article being analyzed and competitive goods is carried out;
5) division of consumers into primary and secondary segments, i.e. market segmentation is carried out in order to divide consumers into groups according to

the perception of article's value characteristic to them. Primary segments include general consumers' attitude according to generally perceived value. Buying habits of consumers belonging to one group may also vary depending on the susceptibility to price, information held, cost of acquisition and the like, therefore primary segments may be divided into several smaller – secondary segments. It allows to better understand consumers and identify a particular group of consumers that can bring in the maximum profit to the company;

6) description of consumer segments, using ordinary business language in order for the company's employees to be able to put each consumer to a particular segment and thus to better acknowledge their need, bargaining power and appreciated qualities.

Price structure. Price structure is composed of two elements: metrics and fences. Metrics – units the price is applicable to. They define how many units consumers are going to get for a particular price. In order to determine metrics it is necessary to analyze reasons determining the willingness on the part of different consumers to get different value. Most of the time metrics are determined in the sector of services.

Fences are criteria consumer is to meet in order to claim a lower price. For the determination of fences of potential segments, able of receiving discounts, are created. Segments may be differentiated according to the characteristics of the purchaser (work, age, features), location and time of purchase, quantity purchased, associated goods, model of the article and so on.

Metrics and fences have to be defined very precisely in order for the consumer to take a prompt decision to purchase more (or less) wherein the sale creates higher (or lower) value for the consumer and evaluate the increased expenses on the part of the seller.

Consumer bargaining power. Contemplation of the level of prices anticipated by the consumers (sales intermediaries) has a huge significance in this stage of the formation of the pricing strategy. Value of consumers (sales intermediaries), being the basis for evaluations of the potential bargaining power of the consumers (sales intermediaries) and its management, is determined. Issues to be determined are:

- significance of consumers (sales intermediaries), their volumes of purchase, profit they bring to the company;
- sales share in view of the sales of the whole market;
- position of the article in the basket of consumer goods;
- level of article's complexity and conditions for the acquisition of its complement.

There are four main spheres having influence on the decisions of pricing. They have to be managed and the power of consumer bargaining has to be reduced.

- promotional pricing. Upon launching a new article into the market, general discounts have to be refused as much as it is possible;
- bargaining pricing. First rule – not to grant a considerable discount, showing a strong influence of the consumer on the existence of the company. Discounts have to be based on consumer segmentation and profitability of each consumer.
- pricing of quantity discounts. Attention should be paid to the fact whether consumers (sales intermediaries) purchase huge amounts of goods solely due to discount and such goods are kept in warehouses or whether consumer constantly purchases bigger quantities. Oftentimes consumers, purchasing goods and warehousing them, live to seasonal fluctuations and oftentimes they may reduce prices in respect of other sales intermediaries. When discounts are applied, regard has to be paid not only to the quantity of goods purchased, but also to the consumers' loyalty.
- loyalty pricing. Oftentimes sales intermediaries have a considerable influence on the choice of the consumers by offering goods they receive the highest discount for and that are the most profitable. Such a competition of the companies with regard to the sale of the amount of discount to the sales intermediary lowers prices and company's profitability.

Determination of the price level. It should not be forgotten that the price is set for the segment of consumers instead of setting it for the article. The process of setting the price for a market segment may be divided into three stages:

1. setting of the preliminary price,
2. revision of the price,
3. setting of the final price.

Preliminary price may be set after taking into account the stage of article's life cycle, value perceived by the consumers and market opportunities. An answer to four questions, that allow to decide, what part of the value and what value may be fixed in the price, has to be found:

1) how much is the consumer concerned with purchasing a "considerable value"? In other words, how sensitive for the price customer is?
2) What are the potential time and monetary costs for communicating a differentiating value to the consumers?
3) What is the basis for the difference in price comparing an article with goods of the existing or potential competitors (patents, unique qualities)?
4) How important is article's margin to the financial goals of the company?

After getting answers to these questions, we may already decide, what pricing strategy we are going to follow: of high, average or low prices.

Analysis, carried out in the first stages of the formation of the pricing strategy, wherein consumers, their segments, consumer profitability and susceptibility towards the price as well as competitive advantages of an article were analyzed, contributes to the choice of pricing strategy. The most convenient for the choice of the pricing strategy is the use of matrix of strategies, excluded by G. J. Tellis (1986) and supplemented by Ch. Duke (1994). The authors propose to take into account qualities of the article, pricing applicable to them (differentiated, competitive, products line) and characteristics of the present consumers when choosing the strategy.

Revision of the price – it is the process of selection of the price guaranteeing the maximum profit wherein the price, value and cost are being combined. Issues to be determined are:

1) Costs sustained (fixed and variable), profitability, brought in by the changed price, in view of the change in demand. How the sales have to change in order to maintain the same profitability in light of the changes in price.
2) Influence of the market environment, i.e. to evaluate potential legal norms for regulation of the price.
3) Potential response to the price on the part of consumers. There are four ways for foreseeing that:
   - experiment of prices. Is carried out by putting to the test an exemplary article in a particular group of consumers,
   - survey of purchasing intentions. Survey or conjoint analysis of different groups of consumers is carried out. It aims at ascertaining what qualities of the goods are given priority by the consumers,
   - analysis of behaviour. Analysis of historical data on the consumers' behaviour and their reaction to the previous changes in price.
4) Implementation of the changes in price. This method is used in case other methods become practically impossible, i.e. the price is changed gradually and the reaction of consumers towards this change is being monitored.

Final determination of the price level is usually related to the presentation of potential limits of the price to the representatives working in the company, by justifying the meaning of the change in price and giving them explanations how this change should be presented to the consumers.

The proposed model of the formation of the pricing strategy oriented towards the value will make the company choose a competitive pricing strategy that would also be adjusted to the value of the article. Such pricing strategy is the basis for the formation of tactical pricing decisions.

Conclusions. Having reviewed alternatives of the process of formation of the pricing strategy and having detailed the proposed model of the formation of the pricing strategy oriented towards the value, four essential conclusions can be made:

1. Strategic pricing of the company may guarantee higher value of the company and profit in the long-run. Pricing strategy makes up a part of the general pricing policy of the company and it is the basis for the tactical pricing decisions.
2. Having explored processes of formation of the pricing strategies of R.Arnet, T.T.Nagle and J.E.Hogan, J.Rastenis, it may be noted that the pricing strategy is analyzed as a process in the works of these authors. However, unique view with regard to the formation of the pricing strategy is not found. Absence of the unique view creates problem of both, scientific and practical nature.
3. Summarizing processes of formation of the pricing strategy proposed by R.Arnet, T.T.Nagle and J.E.Hogan, J.Rastenis, the proposed model of formation of the pricing strategy oriented towards the value is developed and described in detail.
4. When forming the pricing strategy oriented towards the value, following the pricing policy and evaluation of internal (goals of the company, marketing goals, costs) and external factors (market environment, competitors, consumers), influencing the pricing decisions, can not be avoided. The basis of the pricing strategy oriented towards the value is the pyramid, composed of four stages: value creation, determination of the price structure, evaluation of the consumer bargaining power and determination of the price level.
5. Developed and implemented pricing strategy oriented towards the value will best meet the goals and expectations of the company and the value as perceived by the consumers.

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Formation of value based pricing strategy

Summary

Pricing strategy is the basis for setting the price corresponding to the expectations of the company and consumers and being competitive in the market. Scholarly pricing literature oftentimes reveals different kinds of pricing strategies proposed by various authors, essential principles and potentials of application of particular strategies. However, clear and unanimous process of pricing strategy preparation, that could practically help the company to develop a long-term competitive pricing strategy oriented towards the enhancement of the value, is lacking.

The Main Goal – to get familiar with the processes of the formation of the pricing strategy of pricing theorists R. Arnett, T.Nagle, J.E.Hogan, J.Rastenis, propose and describe an efficient and practical model of formation of pricing strategy oriented towards the value.

Research Object – the process of the formation of pricing strategy oriented towards the value.

Methods of Research – systematic and comparable analysis of scholarly literature.

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SOCIAL CAPITAL AS THE STRATEGIC RESOURCE: PROBLEMS AND DECISIONS OF MANAGEMENT

Jonas Andriuščenka

Abstract

The paper analyzes the nowadays concept of a part of intellectual capital sources, the basic of co which is knowledge, their role in economy and development tendencies. The author reveals the place of social capital among other business resources in organization, analizes its potencial impact in meeting consumer needs and improving competitive advantage, as well as frames possible management of these resources.

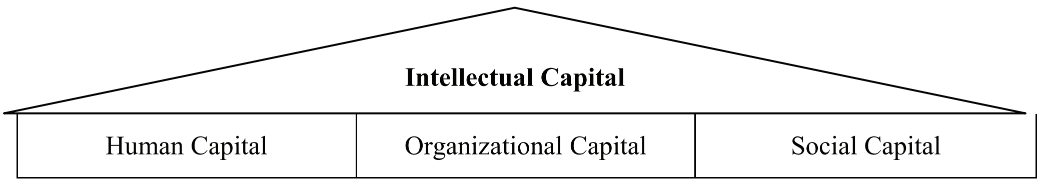
Keywords

Intellectual resources, social capital, knowledge, relation, confidence, cooperation.

Introduction

The knowledge of humanity always was performing the great impact and it‘s importance in modern world is well-founded.
The 21st century is the age of knowledge, when the society proceeds the new development stage, which basement is the knowledge grounded economics or knowledge economics. The exclusive feature of knowledge is the resource for society, and it‘s production is becoming the current source for welfare.
The knowledge is intangible resource, and in scientific references is called as intellectual capital (Andriuščenka, 2005; Milner, 2006). According The World Bank estimations, more than fifty per cent in developed countries GNP was performed by the knowledge.
Frequently, the intellectual resources of business organizations could be implied as intellectual capital. Hence, in nowadays exist some of approaches interpreting the essence of intellectual capital (Brooking, 1996; Barney, 1991; Stewart, 2003). Yet, in all cases intellectual capital is the knowledge existing in tangible and intangible organizational form. M. Armstrong (2001) defines three structural issues of intellectual capital (see 1 pict.):

- human capital is the knowledge of staff, their proficiency and competences;
- organizational capital is the institutional knowledge, which is founded in enterprises as their data bases, instructions, regulations, standards and etc.
- social capital is the resources of knowledge and their transfer inside and outside the enterprise has a mutual impact as the network of relations.



1 picture. Integrated structural parts of intellectual capital

Social capital or the relations between the individuals in groups within the organization or society, could be presented as valuable resource and significant for entrepreneurial environment.
Most important is the fact, that earlier only psychologists, politologists and specialists of economical development were actively investigated this objective. Hence, the conception of social capital became important as a sphere of organizational development of management science.
The researchers are applying this concept for interpretation and simplification for management of various expressions. Therefore, in scientific publications of last period (Lesser, Cotherel, 2001; Baker, 2000; Coleman, 2000) was emphasized the role of social capital for impact the efficiency of economical activity of enterprise in individual or organizational level.
The lack of scientific investigations exists in Lithuanian scientific references concerning the studies of social capital. According this problem, the management of social capital is becoming the actual scientific problem, the investigation, interpretation and generalization actions of impacting factors of social capital for business organization.
The object of research – impact factors of social capital.
The aim of research – to investigate and to evaluate the factors impacting the formation of social capital under business challenges.
The objectives of research under determined aim of research:

- to make the survey of the conception and practical importance of social capital;
- to analyse the environmental impact for development the social capital;
- to investigate current factors influencing the formation of social capital;
- to forecast the preconditions for management social capital.

The methods of research – the systematic survey of scientific references, the methods of comparative analysis and synthesis, interpretation, generalization of practical experience.

The implications of social capital

The conception of social capital in scientific references (Putnam, 1996; Coleman, 2000) is defined as inherent attributes of social life in work team groups interrelated correlations, interaction, standards and confidence, which have influence upon more effective collaboration of staff concerning general aims.
Otherwise, social capital could be presented as social institute, interacted correlations and standards, which have the power to form quality and quantity among people, which are working together.
The social capital could be defined as the aggregation of horizontal relations and vertical contacts among people, which can impact their activity, operation productivity and individual welfare.
Quite a while was noticed, that the activity in working environment are in progress, when the staff is familiar and relianced: the contracts are endorsed quicker, work teams are effectively acting, training and more creatively performing the decisions (Prusak, Cohen, 2001).
Then, the interrelations in work team groups are the conjunctive mean, which guarantee the success for enterprise. The investments into interrelations get to enterprise real benefit concerning better results of working staff.
Hence, the executives have to organize their activity according the formation of strong links because of high turnover. The presented arguments help to substantiate the importance of social capital as component of the intellectual capital theory. Otherwise, the evidence of social capital implementation is oriented to the staff purposes, as the staff disposes by it.
Because of the reverse of developing business environment and excessive expectancies, the real alert is arising for social capital and virtual labour environment. In modern frame the relations between population are sorely standing, and impacting the harmful formation of social capital.
Furthermore, only some executives want to invest to social capital, that is connected with the imperfect knowledge about appropriate relation in organization and success in futural interrelations.
Noteworthy, the enterprises are contenting with real risk to forfeit the intellectual capital as the staff is leaving without transferring knowledge to appropriate contributors till the knowledge is becoming welfare of a company (Lesser, Cothrel, 2001).
It is possible to explain, that social capital is the knowledge for developing the relations between staff, business partners, suppliers ans consumers.
In the consequence of interchanges of knowledge the general organization of interchanges have to be warrant. Such an organizational environment is essential in modern organizations, where current attention is concentrated to horizontal processes, collective actions and target staff groups, and such environmental peculiarities help to transfer the knowledge in the process of professsional activity.
The social capital could be determined as human capital with potentiality to develop itself (Shuller, 2000).

The volatility of business environment

Recently, the business environment as very dynamic and turbulent, gradually is becoming developing and virtual.
In late past period the full work time is changing and after implementation of new organizational technologies, the virtual systems are becoming as a tool for initiating new relations.
It is possible to assert, that the volatility and virtuality of environment can be appropriated as it‘s advantages. The volatility means, that new possibilities for staff, the virtuality as flexible time schedule, new competitive advantages, which are beneficial for company and staff. The mentioned factors are impacting banefully the relations in work teams, therefore the executives have to try to reduce the impact to social capital. The researchers E. Lesser and J. Cothrel (2001) are presenting broad register of means for preservation social capital from the existing threats – the wide interrelations among work team groups, self-confidence and development of cooperation.

The striking of relations

The prevention of staff is the main activity when the social capital is so important factor for company, otherwise, the entrepreneurs should have to block the fluctuation of environmental shifts according the retain of the appropriate staff.
The analysis of researches reveals the appliance of interrelations concerning the confidence among the work team groups in case of their familiar behavior.
Under the long lasting relations in the companies, the rotation rates of staff are relevant, and the penetration to keep the optimal level is correlating with the positive internal atmosphere in creation conditions not necessary oriented to high salaries. The mentioned economical organizations are presenting all possible recreation services such as sport and resort centers, children gardens and etc.
The inducement of long lasting interrelations among staff is oriented to social privilege equally for stimulation the creativeness to the appropriate work positions. Under the similar factors the staff is concentrating to cooperation and collective work.
The retention of staff and the required interrelations could be strenghtened by applying deliberated preferment practice. Progressively the entrepreneurs are trying to renovate the staff as the external requirements are changing, as all executives are beginning their carrier in the routine order. Such the executives are applying the longevous experience of collective work. It is important to add, that such executives are important for company, because their participation in economic community is grounded by inter-confidence and knowledge.
Naturally, the relations between people are creating only under long lasting activity. In nowadays the facts about the investments to telecommunication technologies, virtual commands and mobile work teams productivity are increasing.

The possibilities to improve the communication between the work team groups could be defined as the type of investment. The social capital is growing up, when the communication „face-to-face" is intensified.
The researchers identified the fact, that the communities are faltering when the communication and interrelations are not maintaining in appropriate level (Davenport, Pirlson, 1998).
Recently, the meetings concerning the work organization in the context of social capital are not full kit of means; the stimulation of communication and interrelations could have the impact to creation of social space – company's cafes, recreation zones (rooms), libraries, kitchens and etc. Such organization of communication between people stimulates the creation of common interests, helps to form community. The creation of social space shows the situation that the unformal communication process is appreciable in organization and already exists as authorative and beneficial for it.
The development of social capital in distinguish companies creates the possibilities for communication between staff, and this process induces the essential considerate atmosphere. On the walls of accommodation notably hang staff photos, the executives' attainments about their experience and personal initiatives. The announcement boards help to alert about the support or adverts.
The communication among staff could be induced by social networks, which appear naturally under common professional interests and participation in common activity. At this point the knowledge is presenting to the work team groups as appropriate information, and helps to create common sense in these groups. The humble financing of meetings or allowances to comunity's leaders amplifies the appreciation of social space from point of organization.
The facts out of publications reveal the situation about the existence of hundred of communities in the business organizastions, and these groups are calling topic groups. The representatives of these groups participate according their interests and experience. Half of staff can be concentrated in such groups.
Therefore, the efforts to create the success under composing of communities, could be materialized by the sensitive behavior of executives.

The strengthening of confidence

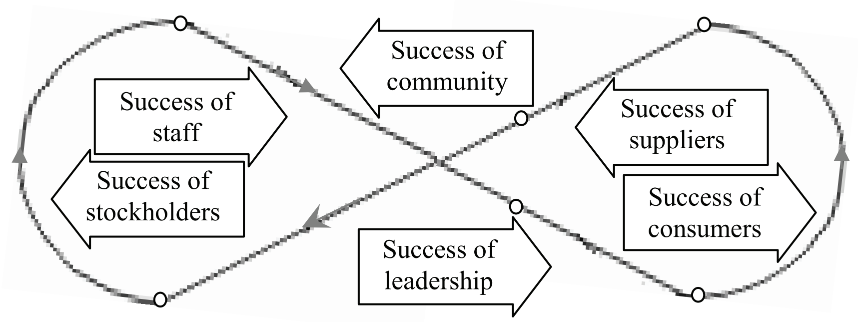
The confidence can not be developed or concentrated by the help of commands or special administrative actions. The leaders can induce the confidence as the communication atmosphere concerning the identification of reasons of confidence. Otherwise, the leaders have to demonstrate special confidence by their own actions and image of enterprise.
Absolutely, the atmosphere of confidence has to be created in work team groups, departments, service sections under of intensive organizational changes. Under inadequate atmosphere of confidence the results of implemented means will disappear. Such actions can be detrimental and show the gap between „word" and „action" of declared and real organizational culture.
Notably, that the formation of communities in collective can influence the negative consequences especially when the actions of leaders are rough and virulent.
Consequently, the conditions for activity and interrelations among work team groups make the great influence to social capital comparing with the direct means for strengthening the confidence.
According to identified problems the informal relations have to be eliminated by several methods.
The confidence is displayed as the leaders' activity concerning the distrust cases, and their actions are clear and correct.
Therefore, the kindles not always reflects as the confidence. The leaders of organizations tolerate asynchronous activity and makes the space for mobile decisions, often ambuse in the frame of special rights.
When the rules are unclear and intruded to staff, then the morbid interpretation begins. The rules of real behavior of leaders and their implementation reveal the positions to invest to social capital.
There was remarked, that under the confidence demonstration to staff, suppliers and consumers, the confidence exists in reality. In other way, the poor confidence demonstration to staff, the leaders can loose the confidence to them.
In scientific references the facts about the behavior of leaders under the rough control of staff are presented by the facts about the application of guard in staff buildings, signature control in case of entering or leaving the work place.
The interview of American Association of Managers presents the facts that one third of employers produce the monitoring of content of staff computers.
The best way to present the confidence as a fact is to show the particular attention to staff opinion. The contributers can get wider authority in trusting of their decisions under independent actions under arised problems.
The management axiom is framed by the staff behavior directed to appropriate results of activity, when the leaders are ranking their actions as positive behavior.
The well known cases when the leaders of organization annually are organizing the interviews of staff, according which they calculate the index of relations, communication and correctness between staff.
The questions are oriented to identify the problems concerning the rotation, opportunities of position, communication, cooperation, acceptance of good work, confidence in work space, directness, preparation to ear for innovative opinion. Such questionnaire helps to investigate the social capital.
It is possible to present the another significant consequence about the inducement of staff confidence. The rotation in position serves as a signal to evaluate the values orientation and attitudes for evaluation operations by the leaders of enterprise. When the leaders are becoming without collective respective, the essence of rotation is the policy to apply hustlers, but not decent people.

The development of cooperation

Business organizations are surviving by applying original rules and values orientations. The individuality of organization could be expressed by these features. The stabile cooperation standards are serving for composition the high gravity intellectual capital. When the threats are impacting new possibilities, the staff is embracing, and these means under the favorable or critical work condtions are forming the situation with determined function of leaders – to identify the objectives for staff.
The another significant priority is the contributors of organization, after this follows the society and stockholders.
Notably, the staff can feel the solidarity of collective when they get their financial remuneration as a results of cobnsolidated actions. In other way the leaders have to stimulate their contributors by various methods according their good activity and in determining their importance. The premiums compound the great part of salaries, and depend on contributors participation in collective work according the final results, and rarely depends upon the individual results.
After some assumptions, it is possible to determine the best situation for enterprises when they have to apply special requirements for new contributors according the activity under cooperation, and their habits for cooperation.
The social capital, as L. Prusak and D. Cohen (2001), presents, is nor the strategy for business development and is not the marketing plan. Sometimes it can create negative results. Developed social capital can produce some damages. Strong relations with work team or group lets to the trifling cooperation when chaffy ideas become vital. Fellowship can block the identification of hazard problems or can reduce the creativeness. Against all the odds, in many cases the existence of social capital helps to create benefit. Cooperation, general work, loyalty, tenacity and enthusiasm are the main advantages of social capital.

The role of leadership

The investigated categories of investment to social capital are supporting one another and often are using in general meaning.
According the position of planning the managerial means they could be applied in general situations. The investments to social capital can be produced only for appropriate level. Without real respect to social capital the success by application any mean is not available.
The possibility of failure is signalization about the facts that cooperation and confidence is grounded by the emotions of staff. No one organization can implement successful social capital by implementing only the formation standards of commands. The confidence is creating gradually concerning the social capital natural development.
Otherwise, odern leadre in organization is seeking the development of social capital, and is producing the possibilities to other contributors: firstly, for these contributors for whom he serves; and secondly, for these who create success for him. This principle lets to leaders to evaluate their managerial decisions, actions, policy and strategy as right issues for implementation objectives of interrelated staff, stockholders, suppliers, consumers and communities (see 2 pict.). The modern leader in the context of management the social capital is producing such actions which are concerning positive answers.



2 picture. The combination of flexibility for seeking success for interests groups (adapted acoording to Belasco, 1999)

The 21st century for developing the interrelations and cooperation environment for leaders arises the dilema about indiscrete role of leader and contribute. Competent contributers of command can take the responsibility to oneselves concerning the cooperation quality under determined objectives.
The leadres forecast more widely about the formation of possibilities for success for all contributors. Supposedly , that in modern environment each subject of general activity can be the leader or the contributor (Belasco, 1999).

Conclusions

The knowledge of humanity always was performing the great impact, and it‘s importance in modern world is well-founded as the great resource of humanity in forming the intellectual capital as social capital. The social capital could be defined as the knowledge sources under the interactivity of people in the frame of interrelations.
The potentiality of social capital consists of relations between the staff, interaction between contributors, applied standards of behavior and confidence as a release

to effectively performing activity for seeking the essential objectives. The relations between staff could be generated by the help of social networks, where the professional interests and participation in the same activity depolarize the work team groups.
There is important sustensive factors of social capital – the growing-up confidence.
The atmosphere of confidence has to created in work team groups, departments, sections of services under implementation the formation means of organizational changes, the demonstration of leaders‘ self-actions.
Unrelenting problem is concentrated under the development of cooperation between staff. Organizations with high gravity intellectual capital can implement the stabile cooperation standards. Under the threats the new possibilities are appearing, and the staff is beginning to produce action by their initiatives. The investments to interrelations make the real benefit, and the leaders have to organize their actions in the frame of positive results as the turnover.
The modern environmental changes handicap the development of social capital, and in order of it‘s development the special attitude has to concentrated to creation and strengthening of value orientations, interperception, confidence by the leaders of Lithuanian organizations. The mentioned means consolidate the contributors, and make the possibilities for their cooperation and seeking the general activity results.

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Jonas Andriuščenka

Social capital as the strategic resource: problems and decisions of management

Summary

The research paper revealas the problem about the management of social capital as a part of intelectual capital. In the context of knowledge management the social capital essence and implications are presented. The analysis covers the work space volatility and it‘s impact to social capital development. The means of social capital development are presented here: innitiation of staff interrelations, inducement of confidence, development of cooperation. The role of leader under conservation and growing of social capital is presented as responsibility of leader under creation the successful possibilities for integration various interest of each work team groups: contributors, consumers, suppliers, community and stockholders. The modern environmental changes handicap the development of social capital, and in order of it‘s development the protection means have to be implemented by the leaders of organization.

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THE RESEARCH OF PRIORITIES IN A JOB SEARCH APPLYING CLUSTER ANALYSIS

Daiva Beržinskienė

Abstract

The article deals with the causes of method choice looking for work, which are determined by the unemployed behaviour in the labour market. The unused employment opportunities are attributed to the phenomenon of long-term unemployment, the reasons being mainly of a social nature. Based on the results of the analysis carried out in the work, it was defined that the tendency of uneven development of regions is growing, which makes presumptions to look for the reasons and to get rid of them, submitting suggestions to the state policies of regional development, in order to decrease the disproportions in all economic and social activities, and seeking a rational employment of the population. To reach the aim, an empiric analysis of the reasons of unemployment and the motivation of the unemployed are used. Though a big attention is paid to the unemployed behaviour in the scientific literature, conclusion validity is missed. Applying cluster analysis, we can show relative links among analysing rates.

Keywords

Labour market**,** long-term unemployment, methods of work search, cluster analysis.

Introduction

The emergence of long-term unemployment has shaped the unemployment experience of many developed (OECD) countries over the last two decades. Some key issues concerning this type of unemployment are of particular research interest. One of them, longer unemployment spells can be related to lower transition probabilities out of unemployment and into employment.
The integration to the EU made presumptions for people movement, but it determined the lack of labour force as well. Though there are some free work places in different activity sectors, long time employment is still an actual problem. Work search motivation is determined by different reasons, such us social, economic, political, ideological and others. These reasons and decision in the work search process is related with the employment possibilities. According to the latest researches, the method choice for the active work search, possibility to have the right qualification create the ability to integrate to the labour market much easily.
The aim - applying cluster analysis to explore the priorities of the long-time unemployed for a job search
The object of research is the causes of work search method choice.
Research methods are analysis of classified scientific literature, cluster analysis.

Theoretical aspect of the research in long-time unemployment

The transition from unemployment to long- term unemployment has spawned an abundant literature in labour economics seeking to provide microeconomic foundations to the problem.
One argument is: as the unemployment spell lengthens, workers lose some of their human capital. An immediate consequence is that they become less employable. Theoretical studies by Pissarides (1992) and Ljungqvist and Sargent (1998) use this loss of skills assumption to explain why some individuals become long-term unemployed after a temporary negative shock to unemployment. Similarly, after some time unemployed individuals become discouraged and diminish their job search intensity, lowering their probability of finding employment.
A lot of researches are done about the *unemployed behaviour in the process of work search* applying the theoretical work supply model. Conventional work supply model is not proper in this situation because of the environment influence, so on the base of work search theory special dynamic models were produced, which let us estimate the employed behaviour in uncertain conditions. These models are based on the statistical interpretations of decision making. (Miller, 1984; Narendranathan, Nickell, 1985; Mortensen, 1986; Wright, 1987; Wolpin, 1987; Van den Berg, 1990; Mortensen, Pissarides, 1999). The point of these models is using the strategy of ‘in-between’ maximizing the expectation. The decision to admit the job is made when salary is bigger or equal to its critical value (reserve payment). Practical realization of this model is limited by reserve payment based on different people expectations. Because of the lack of statistical data, it is complicated to search the unemployed behaviour.
In the empirical researches based on *work search theory* a few number of parameter is used: work payment, period of work search, period of work in the same company, education etc. This lets us realise the research methodology, but limits the interpretation possibilities of received results. However Nilsen, Bradberg (1998) estimated that the first period of work search (after graduating school or university) does not depend on education, but the period of work in the first company depends on education. The results of researches showed that reserve payment for women is much smaller than for men, so they stay in the same company longer. The period of work search depends on the period of work in the same company (Scheldon, 1999).

Priorities in a job search

Bradshaw (1973) started the research of work search methods and a person’s, looking for a job, personal

characteristics, which influenced the choice of methods.He claimed that informal relations between friends and relatives are more effective than other institutional practice in the work search period. Wielgozs, Carpenter (1987) made some comparative researches on alternative work search methods. In Holzer (1988) model work search method is related with the value of benefit, which is not related with payment for a job. Maximizing the value of benefit, the unemployed chooses reserve payment and makes a decision about intensity of work search. Reserve payment gives the possibility to decide about the particular job, and intensity of work search, lets make decision about the quantity of offered work places.
In this way Holzer (1988) estimated 5 work search methods:

- Help of friends and relatives
- Direct contact with employer
- Different advertisements
- Work search institutions
- Others.

The results of Holzer (1988) research showed that the most effective work search method is based on the help of friends and relatives and on the direct contact with the employer. High effectiveness of this method is based on low work search expenses. People, who do not have any informal relationship with employers, appeal to work search institutions. These results were confirmed by Blou's, Robins' (1990), Ports' (1993) scientific research. The same research was made not only in the USA but in Great Britain as well, where the most of the unemployed appeal to the work search institutions first (Gregg, Wadsworth, 1996).

Applying possibilities of cluster analysis

Applying cluster analysis, the object similarity is set out and they are divided into clusters. Cluster – is a group of similar objects. The aim of this analysis is to divide objects in the way that the differences in the clusters were minimal, and among the clusters – maximum. There are a lot of methods to form clusters. They are differentiated according to the similar measures, distance among the clusters and cluster making strategy (Johnson, 1998).
There are hierarchical and non-hierarchical types of cluster analysis methods. Hierarchical method types are divided into joint and separated methods. Non-hierarchical types are used when the number of clusters is known. Applying cluster analysis method in practice, objects are divided into clusters and we cannot know the number of clusters in advance in the searching population. In this way this analysis is based on the search of existing structures. The strategy of hierarchical joint method is applied in this paper, because:

1. there are N clusters with 1 object in each and $N \times N$ symmetrical matrix of distances $(d_{ij})_{ij}$;
2. with the help of matrix of distances we can form two clusters, which have the smallest distance between them. Let say it is cluster U and V;
3. join two clusters U and V and call them UV. Then change the matrix of distances in this way:
   a) delete columns and rows, equal to clusters U and V;
   b) add a row and column with distances between UV and other clusters.
4. repeat step 2 and 3 N-1 times until the process is finished, when all objects are in the same cluster (Čekanavičius, 2002).

The distance $d\ (X_i,\ Y_j)$ between $X_i \in U$ and $Y_j \in V$ of these clusters U and V is measured with fixed criterions.

The most usual distances $d(U, V)$ are:

1. *unitary connect* –

$$d(U,V) = \min_{X_i \in U, Y_j \in V} d(X_i, Y_j); \quad (1)$$

where: X_i – U object, Y_j – V object,

2. *full connect* –

$$d(U,V) = \max_{X_i \in U, Y_j \in V} d(X_i, Y_j); \quad (2)$$

3. *average connect* –

$$d(U,V) = \sum_{X_i \in U} \sum_{Y_j \in V} d(X_i, Y_j) / (n_U n_V); \quad (3)$$

where: n_U, n_V – number of cluster objects,

4. *centers* –

$$d(U,V) = d(\overline{U}, \overline{V}); \quad (4)$$

where: $\overline{U}, \overline{V}$ – average of cluster vectors this process is shown in the diagram (dendrogram).

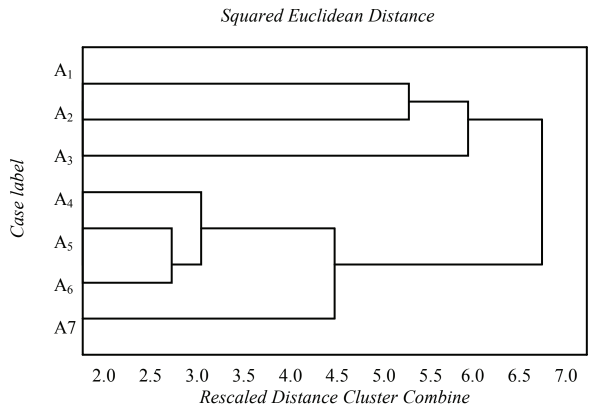

Figure 1. Dendrogram using Average Linkage (Between Groups)

To cluster objects you need to value feature types, scale of measurement, similarities measurement. Examining the links between long time unemployed strategy and work motivation, cluster analysis uses metric distances and correlation rates (Everit, 1993). One of metric distance Euclidean distance for objects is expressed like this:

$$d(X,Y) = \|X - Y\| = \sqrt{(x_1 - y_1)^2 + (x_2 - y_2)^2 + \ldots + (x_m - y_m)^2}; \quad (5)$$

where: X, Y – searching objects;
$(x_1, x_2 \ldots. x_m)$, $(y_1, y_2 \ldots. y_m)$ – objects X ir Y chosen m features vectors.

Correlation rates are used as measure of variable similarities, which estimate the similarity of objects. To estimate quantity similarities of the rates the rate of linear correlation is used, which is expressed in this case:

$$r_{XY} = \frac{\sum_{i=1}^{m}(x_i - \overline{x})(y_i - \overline{y})}{\sqrt{\sum_{i=1}^{m}(x_i - \overline{x})^2 \sum_{i=1}^{m}(y_i - \overline{y})^2}}; \qquad (6)$$

where: x_i –X object i- feature value, y_i – Y object j- feature value, m – number of features.

The results of the research in a job search priorities

The paper deals with the results of the repeated research (Beržinskienė, 2004) about the long term unemployed behaviour and motivation their work search process. During the research, depressive regions of the country (Šiauliai and Panevėžys districts) were chosen, where the highest unemployment rate was fixed. Today the situation has changed. Panevėžys district unemployment rate was 8.0 per cent at the beginning of 2007, Siauliai district – 5.7 per cent, but long term unemployment has still remained the actual problem. The long term unemployed comprised 27 per cent in Panevėžys district and 32 per cent in Šiauliai district according to the recorded unemployment in the labour exchange centres. The research is based on the data of the unemployed survey. The results were counted with the program "*Statistica*".

The activity of self work search is higher among the town people (*Kendal rate* $r_{Kendal} = 0,38$) than the country people (*Kendal rate* $r_{Kendal} = 0,29$). Period of unemployment is shorter among the people in the town than people in the country. Besides, their motivation is higher than that in the country. Higher motivation is one of the reasons for shorter period of unemployment.

According to the people from town and the country, the main reason of unemployment is lack of education. But according to the data analysis, people with lower education have higher motivation to work, because they tend to take any kind of job. This motive determined better integration to the labour market. `

It was also determined that the majority of the long-term unemployed having no job for 2 or more years, do not get job offers at all. They are not educated or have no profession; they have lost hope and do not try to find employment themselves. Such people make up the largest part of the long-term unemployment. While the period of unemployment increases, the number of job offers increases very insignificantly. While the period of unemployment is increasing, the people's motivation for work and its search are decreasing.

To count the correlation rate for registration period in labour exchange and work search period, rate was $r = 0,43$, which means that this correlation is not strong. The unemployed, registered in the labour exchange institutions, search for work very passively. Their motivation for work is weak. They search for work using the informal relationship (67 per cent with the help of friends and relatives, 19 per cent – applied to the employers, 14 per cent – looked for the advertisements).

Cluster analysis method was used to base the links of work search method and the unemployed motivation. According to the answers two clusters were formed:

1. the unemployed, who registered in the labour exchange (A5), who had their own business (A7), who gave advertisement in the newspaper (A3), who directly applied to the employers (A6);
2. the unemployed, who looked for a job according to the advertisements (A1), who used informal relationship (A6).

Estimating the results of cluster analysis we can notice that the employed from the second cluster searched for job passively and their motivation was very weak. The unemployed from the first cluster were more active and their motivation was much higher. The unemployed who are ready to change their qualification, they are ready to change their living place as well. Two thirds of unemployed do not search for work themselves.

Conclusions

1. The priorities of a job search are determined by the behaviour of long-time unemployed and motivation to find a job. These presumptions can be validated applying integrated mathematical - statistical methods2. Cluster analysis method helps to describe chosen objects, their links.

3. Analysing work search motives using cluster analysis method, it was established that unemployed motivation is very weak. These unemployed are passive in the labour market, so they choose the passive methods of work search: look for information in the advertisements or ask their friends and relatives.

4. Having analysed the priorities of the long-time unemployed it was estimated that that the majority of the long-term unemployed having no job for 2 or more years, do not get job offers at all. They are not educated or have no profession have lost hope and do not try to find employment themselves. Such people make up the largest part of the long-term unemployed. While the period of unemployment increases, the number of job offers increases very insignificantly. While the period of unemployment is increasing, the people's motivation for work and its search are decreasing.

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Daiva Beržinskienė

Darbo paieškos prioritetų tyrimas taikant klasterinę analizę

Santrauka

Straipsnyje analizuojami darbo paieškai teikiami prioritetai, sąlygoti ilgalaikių bedarbių elgsenos darbo rinkoje. Nors bedarbių elgsenos tyrimams mokslinės literatūros studijose skiriamas didelis dėmesys juose pasigendama išvadų pagrįstumo. Klasterinės analizės metodų taikymas leidžia tai padaryti, nes tiksliau atspindi analizuojamų rodiklių tarpusavio sąsajas.
Šalies integracija į ES sudarė prielaidas laisvam asmenų judėjimui, tačiau sąlygojo darbo jėgos stygių šalies vidaus darbo rinkoje. Nors laisvų darbo vietų šalyje užregistruojama įvairiuose veiklos sektoriuose, tačiau ilgalaikių bedarbių įsidarbinimo problema išliko aktuali. Asmenų darbo paieškos motyvacija sąlygojama įvairių priežasčių. Dažniausios jos yra socialinės, ekonominės, politinės, ideologinės, kt. Šie motyvai bei apsisprendimas darbo paieškos procese yra glaudžiai susijęs su įsidarbinimo galimybėmis. Remiantis autorės atliktais tyrimais nustatyta, kad aktyviai darbo paieškai teikiamas prioritetas, noras kelti kvalifikaciją bei persikvalifikuoti suteikia galimybę greičiau ir sėkmingiau integruojasi į darbo rinką.

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IMPROVEMENT OF THE EVALUATION OF ECONOMIC INEQUALITY

Vida Čiulevičienė

Abstract

The evaluation of population economic inequality is one of the most important tasks in social statistics. The significance of research papers in this field has recently increased remarkably, because due to the development of market relations the separation of different groups in the population has greatly enhanced.
In order to pursue effective social policy of the state and to forecast the impact of the Government's resolutions and programs, it is essential to have detailed and reliable information about the material state of different layers of society.
The paper analyzes methods and indices for evaluation of population economic inequality. On the basis of the Department of Statistics at Lithuanian Republic Household Budget data, calculations are made and factual results are discussed. Advantages and disadvantages of different methods and indices, as well as their application, are emphasized.
A conclusion is drawn that a single best measure of economic inequality does not exist; each of them has its advantages and disadvantages. An exhaustive picture of the situation is only possible when different methods and indices are applied and combined. Rural economic inequality is more significant than urban.

Keywords

Economic inequality, household, consumption expenditures, place of residence, statistical evaluation, methodology, Lithuania.

Introduction

Recently researchers and politicians have unanimously agreed on the fact that the separation of different groups of the population and inequality has increased, the social gap has become wider and the society feels this process directly. The research, conducted Lithuanian and foreign scientists, shows that income inequality is related with population mortality rates, their health and the quality of life in general (Bentzel, 2006; Kennedy et al., 1996; Kawachi et al., 1999 and other).
Measuring of inequality helps to evaluate the efficiency of political means for reducing inequality. Speaking about methods and indices for measuring inequality, it is essential to ascertain which methods are most suitable for accessible data. The relations of income inequality in the state, region or separate groups of population are important total indicators of wealth. Therefore, the measurement of income inequality is becoming more and more actual. When F. Sakilo, the director of Humanity Development Department at the United Nations Organisation, presented his 2005 report on humanity development, he raised the issue that it is important to work significantly more intensively to measure different forms of inequality on different levels (Sakiko, 2005).
According to the data of the World Bank, 70 per cent of the world's poor population live in the country. In Lithuania, 1,1 million people live in the country, i.e. one third of the population. Although in Lithuania these tendencies are not so significant, the Department of Statistics announces that in 2005 the highest level of comparative poverty was in the country, and the lowest – in the biggest cities. In the year 2005, 29.5 per cent of the country people lived below a comparative poverty level; among them only 7.7 per cent were city residents. In 2005 poor country people made 58 per cent of the population.
The issue of the evaluation of economic inequality in Lithuania has hardly been analyzed. Only a few authors (Vitunskienė, 2002; Lazutka, 2003; Molienė, 2000; Pajuodienė, 1997) discuss some indices, usually without providing arguments for choosing some particular indices. They are mentioned only in relation with the analysis of standard of living and inequality of income and consumption expenditures.
This is a research problem that such an actual issue is not being investigated. Foreign researchers (Atkinson, 2002; Dagum, 1980; Sakiko, 2005 et al) and international organisations, such as the World Bank, the United Nations Organisation and other, are not unanimous about what indices need to be calculated in order to evaluate economic inequality.
The aim of this paper is to investigate statistical methods of analysis of population economic inequality and to show the opportunities for the improvement of their calculation and application.
The tasks of this paper: to study scientific research papers on this issue; to evaluate advantages and disadvantages of separate methods and indices; to show the opportunities of improving the calculation and application of separate methods and indices.
Object of research: methods and indices of economic inequality of the population.
The following methods of research were applied in this paper: logical analysis and synthesis, comparative, graphical; *Data Analysis* problems of spreadsheet *Microsoft Excel* and *STATISTICA*
Modules of *Stat Soft* integrated system of data management. For practical illustration of separate methods and indices, data from the Department of Statistics, Household Budget is given, providing details according to the place of residence.

Methodology of evaluation of economic inequality

Inequality measures the relations between the population share and expenses, experienced by this population. Statistically it is possible to determine the limits of inequality. Maximum inequality occurs in that case when one person experiences all expenses. Minimum inequality is when all the population share the same amount of expenses.

Economic inequality may occur due to different reasons; physical inequality exists because every person has different abilities; inequality of personal values exists because of the differences evaluating work and leisure time; social development inequality occurs when pressure (force) to work or not is perceived very differently; political inequality includes taxes, education, kind of work, etc. determine distribution of expenses.
Having studied research papers and recommendations by international organisations (Aaberge R., 2007; Hale T, 2006; Litchfield J.A., 1999; Inequality ..., 2006; Inequality ..., 2003; Grusky D.B., 2001; Molienė, 2000, Molienė, 2001; Čiulevičienė et al, 2006 ir kt.) we may outline methods for economic differentiation by putting them into three groups: structural, graphic and special coefficients.
Separate methods generally include not one but a few absolute and relative indices. Structural coefficients are most popular. Most frequently used coefficients of differentiation are decilian, quartilian and quintilian. In order to calculate them, first absolute central and other position characteristics are identified (Table 1).

Table 1

Household consumption expenditure characteristics of location in Lithuania, 2005

Statistical characterises	Indicators	LTL per capita per month		
		Urban areas	Rural areas	Comparison LTL (Rural areas=base)
Measures of Central Tendency	Mean	644,30	446,25	198,05
	Weighted Mean	640,90	446,80	194,10
	Mode	400,00	282,20	117,80
Locations of other than Central	Median	537,17	374,50	162,67
	Lower Quartile	375,05	255,22	119,83
	Lower Quintile	343,41	233,00	110,41
	Upper Quartile	782,58	551,98	230,60
	Upper Quintile	863,07	601,00	262,07
	Lower Decile	268,65	177,07	91,58
	Upper Decile	1122,74	790,74	332,00

Since the Department of Statistics uses unequal intervals for grouping consumption expenditures in the research of household economy, the mode is calculated according to the following formula:

$$M_0 = x_{M_0} \min + h_{Mo} \frac{\frac{y_{Mo}}{h_{Mo}} - \frac{y_{Mo-1}}{h_{Mo-1}}}{\left(\frac{y_{Mo}}{h_{Mo}} - \frac{y_{Mo-1}}{h_{Mo-1}}\right) + \left(\frac{y_{Mo}}{h_{Mo}} - \frac{y_{Mo+1}}{h_{Mo+1}}\right)} \quad (1)$$

here $x_{Mo\,min}$ - the low line of modal interval; y_{Mo} , y_{Mo-1}, y_{Mo+1} - at mode, below mode and above mode frequencies of intervals ; $h_{Mo}, h_{Mo-1}, h_{Mo+1}$ - corresponding length of grouping interval.
Quantiles $M_e, Q_1, Q_3, q_1, q_4, D_1, D_9$ are calculated on the basis of relative frequencies $f_{quantile}$ and accrued relative frequencies $f'_{quantile\text{-}1}$ up to an appropriate interval:

$$Quantile = x_{quantile \quad min} + h_{quantile} \frac{N - f'_{quantile-1}}{f_{quantile}} \quad (2)$$

Most frequently used structural coefficients of measuring inequality of consumption expenditures are calculated according to the following formulae:
Quartile Coefficient of Variation

$$K''_Q = \left(\frac{Q_3 - Q_1}{2} : M_e\right) \cdot 100\% \quad (3)$$

Quartile Coefficient of Skewness

$$K_A = \frac{(Q_3 - M_e) - (M_e - Q_1)}{Q_3 - Q_1}, \quad (4)$$

Quartile Coefficient of Differentiation $K_Q = \frac{Q_3}{Q_1}$, (5)

Quintile Coefficient of Differentiation $K_q = \frac{q_4}{q_1}$,

(6)

Decile Coefficient of Differentiation:

- from grouped data $K_D = \frac{D_9}{D_1}$, (7)
- from non-grouped data $K'_D = \frac{D_{10}}{D_1}$. (8)

here N – part of a quantile expressed in per cent.

Median is rarely calculated in research. It is mostly used when a mean is not a typical representative of the population under research. However, it is important to emphasize the advantages of median in comparison with an arithmetic mean. Variables of the arithmetic mean may be influenced by casual variables of ultimate limits, whereas the median is not affected by that. Since in order to calculate the median we need only numerical values of ultimate limits intervals, and the intermediate values are not used in calculations, we may state that the median is not influenced by indefinite intervals of segments. It is also expedient to calculate the median because this indexis used in international comparisons in order to set poverty limits.
However, not in all cases it is possible to draw conclusions only on the basis of the above mentioned characteristics. Only absolute indices are not appropriate for the analysis of expenditures inequality according to

the place of residence. Therefore, our suggestion is to rely on the relative indices of attribute variation. The most popular is the coefficient of variation, which shows the level of variation. The lower the index is, the more homogeneous are expenditures, and the more average expenditures are precise characteristics to define expenditures of household economy members.

Statistical expression of population economic inequality is segments of population, formed according to consumption expenditures for one member of the household economy on average. In order to form these segments**,** imitation models are used. Their essence is that an empirical line of population distribution according to the level of consumption expenditures, which is formed from the research data of household economy budgets, is rearranged into a theoretical line of distribution. When we have this line, mathematical function is chosen which precisely reflects the evenness of consumption expenditures. Although some researchers (Lichfield, 1999; Hale, 2006; Loungani, 2003) state that a logarithmic function is best in this case, our data of factual Lithuanian household economy budget research in 2005, did not confirm this. (Picture 1)

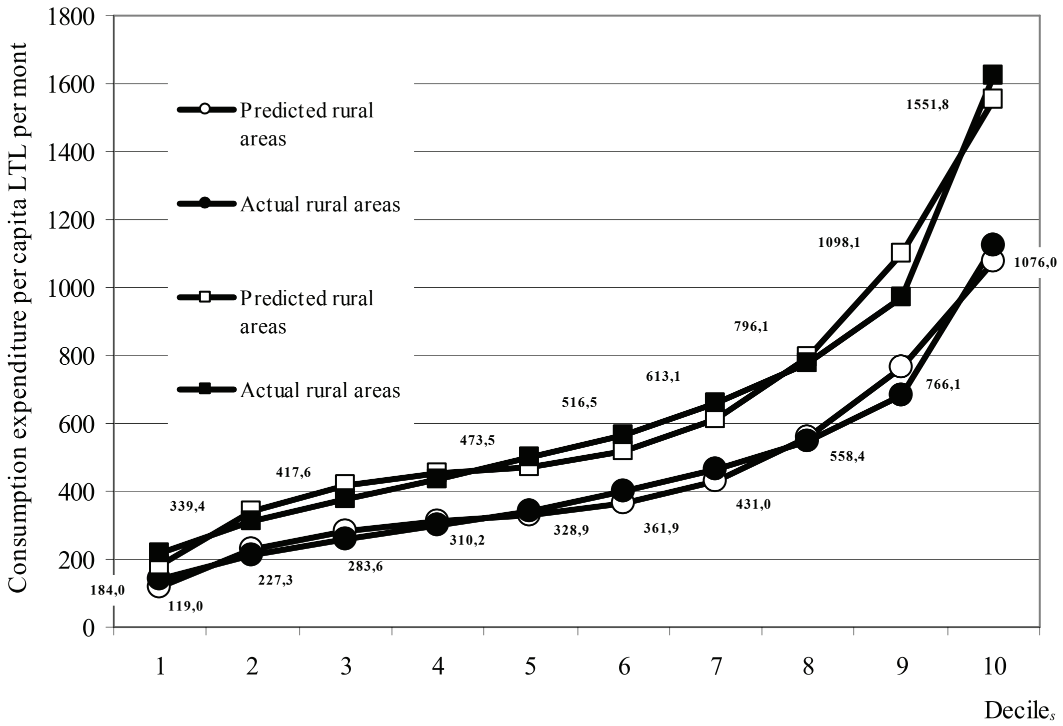

Figure 1. Actual and predicted consumption expenditure in Lithuania, 2005

One of the time line indices of adequacy is Mean Absolute Percentage Error, calculated according to the following formula:

$$MAPE = \frac{1}{n}\sum_{t=1}^{n}\left|\frac{e_t}{y_t}\right|\cdot 100\% = \frac{1}{n}\sum_{t=1}^{n}\left|\frac{y_t - \bar{y}_t}{y_t}\right|\cdot 100\% \quad (9)$$

here e_t - forecast error is calculated according to the formula of remainder (difference between factual and theoretical meaning of indices $e_t = y_t - \bar{y}_t$).

In order to measure economic inequality special coefficients are frequently used, especially Gini coefficient. Italian statistician Corrado Gini offered this measure of income (expenditures) inequality measure. The variable of this coefficient varies from 0 to 1 (0 to 100). The higher the index is, the greater inequality it shows. This index is widely used in international comparisons. Gini coefficient is calculated according to Lorenzo curve, which was used to measure inequality by an American economist Max Otto Lorenz. The curve illustrates which part of accumulated expenditures is received by household economies, in line from the least income to the highest income. If expenses are even, Lorenzo curve becomes a 45 degree diagonal, i.e. the line of absolute equality. As unevenness increases, Lorenzo curve moves away from this diagonal. This curve may be transformed into Lorenzo's and Gini's coefficients. (Dagum, 1980; Grusky, 2001; Čiulevičienė et al, 2006 and other).

Once we have average consumption expenditures in deciles, the Gini coefficient is calculated according to the following formula:

$$G = \frac{\sum_{i=1}^{n}(2i - n - 1)x_i}{n^2\bar{x}_i} \quad (10)$$

here *i* - decile line number, *n* - number of deciles (*n*=10), $\bar{x}_i$ - arithmetic mean of average expenditures.

For the same line the Lorenzo coefficient is calculated as follows:

$$L = \frac{\sum_{i=1}^{10} \left| F_{t_i} - F_{p_i} \right|}{2} \qquad (11)$$

here F_{p_i} - share of population, whose average expenditures is included into decile interval; F_{t_i} - share of population in decile, when expenditures in deciles are calculated according to the following formula:

The Robin Hood index is maximum vertical distance between absolute equality and line and Lorenzo curve. It shows what part of all consumption expenditures by household economies, which have more than average expenditures, should be given to members of the households whose consumption expenditures are lower than the average, in order to have evenness.

The results of economic inequality evaluation in Lithuanian household economies

In order to evaluate precisely the amount and distribution of income, it is essential to have their precise registration. So far in Lithuania general declaration of income does not exist and special research cannot always provide an exhaustive picture of population income. In 1996 the studies of household economies budget according to the European Union statistical partnership *EUROSTAT* requirements were first started in Lithuania. However, statisticians and researchers agree that the data collected during this research about household economies income is not precise, and the share of people who refuse to participate in research is increasing (Vitunskienė, 2002; Bratčikovienė et al., 2006; Čiulevičienė et al, 2006 and other.). A similar situation exists in other EU countries. Therefore, in order to evaluate factual economic inequality we rely not on the indicators of income, but consumption expenditures.

As we may see from Table 1, the characteristics of consumption expenditures in Lithuanian city household economies are significantly higher than rural. Especially remarkable differences identified in the ninth decile show that consumption expenditures in urban wealthiest household economies are even 332 Lt higher than rural. The Department of Statistics officially shows average consumption expenditures, calculated as a simple arithmetic mean. Our calculations show that there are quite big differences between a simple arithmetic mean and a lever mean: urban indices show even 3,40 Lt difference per one household economy member a month. Thus, the lever mean illustrates average expenses of a household economy more precisely.

Structural coefficients of consumption expenditures in urban household economies are 2,6 – 6,4 per cent lower than rural, except for asymmetrical ones (Table 2). This shows that urban differences are smaller between the upper and lower values of quantiles of consumption expenditures. Quintilian variation coefficients do not exceed 50 per cent; therefore the median appropriately represents intermediate consumption expenditures, both urban and rural. From Gini and Lorenzo coefficients we may say that the inequality of urban household economies consumption expenditures is 2,0 – 6,4 per cent lower than rural. In (Pajamų …, 2006) it is said that when Gini value is higher than 0,300, there exists essential unevenness of consumption expenditures differentiation. In order to reach an absolute equality of distribution of consumption expenditures, we need to redistribute 22,6 per cent of them in the cities and 23,1 per cent in the country.

Table 2

Household consumption expenditure Inequality structural coefficients in Lithuania, 2005

Indicators	Urban areas	Rural areas	Comparison % (Rural areas=100)
Quartile Coefficient of Variation %	37,9	39,6	95,7
Quartile Coefficient of Differentiation	2,087	2,163	96,5
Quintile Coefficient of Differentiation	2,513	2,579	97,4
Decile Coefficient of Differentiation			
1) D9/D1	4,179	4,466	93,6
2) D10/D1	7,497	7,977	94,0
Quartile Coefficient of Skewness	0,2044	0,1961	104,2
Gini coefficient	0,3111	0,3175	98,0
Lorenz coefficient	0,2263	0,2309	98,0
Robin Hood index	0,2260	0,2310	97,8

The calculations show that both rural and urban variation of consumption expenditures in household economies exceeds 50 per cent (urban – 61,5 per cent, rural – 60,9 per cent), therefore, the mean of consumption expenditures, provided by official statistics, is not a precise representative of the situation.

When evaluating the inequality of consumption expenditures, we calculate the share of expenses for food and non-alcohol drinks. Different level of consumption expenditures determines the level of satisfying people's needs. More than a hundred years ago an empirical regularity was identified – *Ernst Engel's Law*, which shows that the higher general expenditures we have, the lower is the proportion of expenditures on food, and vice versa.

The EU mean of expenditures for food and alcohol drinks is 13,1 per cent; the smallest share is Ireland, about 7 %, in Great Britain 9 %, in the Netherlands 11 %, in Poland 19 %, in Estonia 22 %, whereas in Lithuania 38,8 %.This is the highest index among all European Union countries and 2,962 times higher than the EU average. In old EU member states the share of expenditures for hotels and restaurants makes 21,5 %, while in Lithuania 5,9 %.

In our case, we may see that segments of consumption expenditures in cities and in the country are best described by the third power polynomial because zero hypothesis about coefficient's equality to zero

($H_0 : b_i = 0$) were rejected with first category error possibilities lower than in practice acceptable signification level ($\alpha = 0{,}05$):

- rural areas $\bar{y}_t = -63{,}08 + 226{,}38t - 47{,}94t^2 + 3{,}67t^3$ (12)

($p_1 = 0{,}0193$; $p_2 = 0{,}01733$; $p_3 = 0{,}0060$; $R^2 = 0{,}98066$; $MAPE = 7{,}8$ %);

- urban areas $\bar{y}_t = -81{,}14 + 331{,}00t - 71{,}26t^2 + 5{,}45t^3$ (13)

($p_1 = 0{,}0184$; $p_2 = 0{,}01547$; $p_3 = 0{,}0052$; $R^2 = 0{,}98016$; $MAPE = 7{,}9$ %.

Factual distribution of consumption expenditures in Lithuanian urban and rural areas differs greatly from the ideal one. The biggest differences are observed in the middle of the curve, i.e. in V, VI, VII and VIII deciles (Picture 2). Rural inequality of consumption expenditures is more significant than urban. The Robin Hood index also confirms this situation.

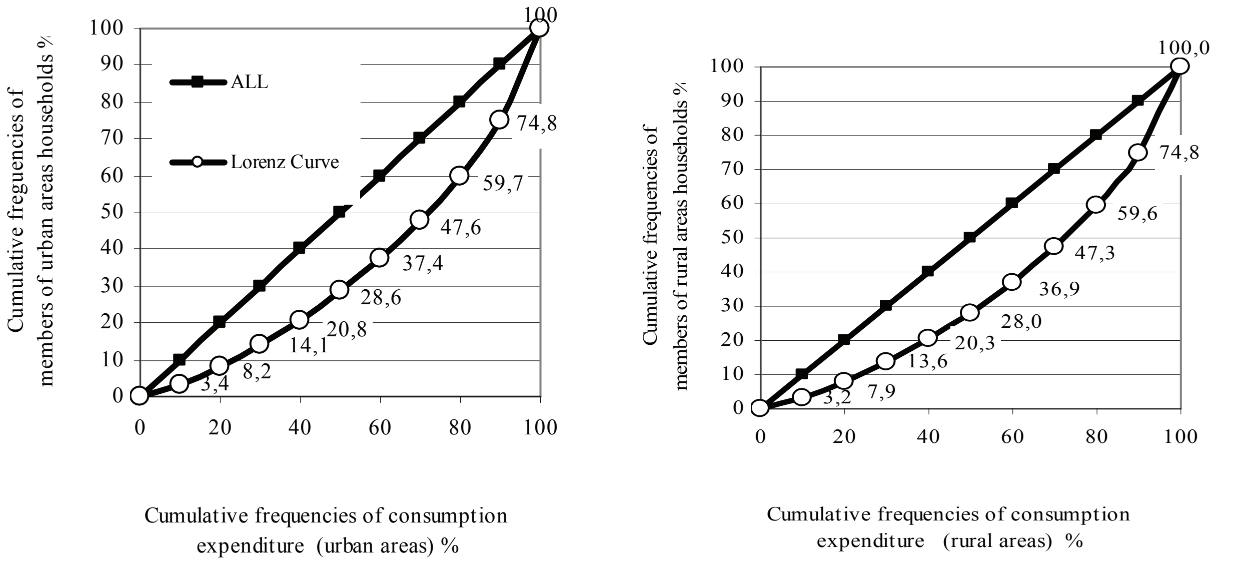

Figure 2. Lorenz curve of Lithuanian urban and rural areas household consumption expenditure, 2005

Having recapitulated research papers (Aaberge, 2006; Amin, 2006; Atkinson et al, 2002; Bentzel, 2006; Cowell et al, 2007; Čiulevičienė et al, 2006; Dagum, 1980; Grusky, 2001; Lazutka, 2003; Litchfield, 2006; Loungani, 2003; Molienė, 2000; Molienė, 2001 and other) and on the basis of calculations, we may formulate the advantages of methods and indices of inequality measurement.

Conclusion

1. Theoretical issues of measuring economic inequality have hardly been analyzed in Lithuania.
2. Income inequality cannot be measured with one index; only their combination provides an exhaustive picture. Lorenzo curve best illustrates economic inequality. Hence, we may calculate Gini, Lorenzo and Robin Hood coefficients. Decilian ratios are usually used for international evaluations and comparisons.
3. In order to measure economic inequality, average consumption expenditures per one member of the household a month, it is better to calculate as an arithmetic lever mean.
4. Factual variation of consumption expenditures exceeds 50 per cent; therefore the officially shown mean of consumption expenditures is not a precise representative of the current situation.
5. The comparative analysis shows that the level of inequality of consumption expenditures in Lithuanian rural areas is higher than in urban areas.
6. Factual distribution of consumption expenditures in Lithuanian cities and in the country differs greatly from the ideal one.

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Vida Čiulevičienė

Ekonominės nelygybės statistinio įvertinimo tobulinimas

Santrauka

Gyventojų ekonominės nelygybės įvertinimas – vienas iš svarbiausių socialinės statistikos uždavinių. Šios srities statistikos darbų aktualumas pastaruoju metu ženkliai padidėjo, nes vystantis rinkos santykiams visuomenės sluoksniavimasis ženkliai paspartėjo.
Vykdant efektyvią socialinę valstybės politiką, atliekant Vyriausybės nutarimų bei programų poveikio prognozes, mums būtina visapusiška ir patikima informacija apie įvairių visuomenės sluoksnių materialinę padėtį.
Nelygybė matuoja santykius tarp gyventojų dalies ir išlaidų, kurias patiria ta gyventojų dalis. Statistiškai galima apibrėžti nelygybės ribas. Maksimali nelygybė būtų tuo atveju, jeigu vienas asmuo patirtų visas išlaidas. Minimali nelygybė būtų tada, jeigu visi gyventojai pasidalytų po vienodą išlaidų dalį.
Ekonominė nelygybė gali susiformuoti dėl įvairių priežasčių;

- fizinių – kiekvieno žmogaus gebėjimai yra nevienodi;
- asmeninių vertybinių – egzistuoja skirtumai vertinant darbą ir poilsį;
- socialinės raidos – spaudimas (vertimas) dirbti ar ne, – labai skirtingai suprantamas;
- politinių – mokesčiai, išsimokslinimas, darbo pobūdis ir t. t. lemia išlaidų paskirstymą.

Nelygybės matavimas padeda įvertinti politinių priemonių, nukreiptų nelygybei mažinti veiksmingumą.

Aptariant nelygybės matavimo metodus ir rodiklius būtina išsiaiškinti, kuris iš jų geriausiai tiktų prieinamiems duomenims.
Straipsnyje analizuojami gyventojų ekonominės nelygybės vertinimo metodai ir rodikliai, pateikiami jų skaičiavimo atvejai bei aptariami faktiški rezultatai, remiantis Statistikos departamento prie Lietuvos Respublikos Vyriausybės Namų ūkių biudžetų tyrimų medžiaga. Išryškinti pavienių metodų bei rodiklių privalumai ir trūkumai, jų panaudojimo galimybės.

Daroma išvada, kad nėra vieno geriausio ekonominės nelygybės mato, kiekvienas turi privalumų ir trūkumų. Išsamus situacijos vaizdas gali būti gautas tik taikant įvairius metodus ir rodiklius bei derinant juos tarpusavyje. Kaimo gyventojų ekonominė nelygybė didesnė negu miesto.

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A COMPARATIVE ANALYSIS OF MEXICAN AND LITHUANIAN PENSIONS SYSTEMS

Dainius Dijokas

Abstract

A comparative analysis of Mexican and Lithuanian Systems of Pensions is provided in this article. The analysis of problems in the systems of pensions allowed the determination of reasons which influenced the necessity of the reforms of pension systems. The experience of the pension system reform and the first years of new system activities are evaluated, the problems of new systems are stressed.

Keywords

Structure of the pensions system, pensions system reform, demographic situation, ageing society, pension's adequacy, pay-as-you-go pensions system, funded pensions system, pension funds.

Introduction

The Problem – pension systems of many countries face financial difficulties in ensuring the pensions of adequate amount.

The Importance of the Research – rapidly changing social, economical and demographical situation forced many countries to reform the systems of pensions at the end of the XXth century. The experience of such countries is very much appreciated in Lithuania where the pension reform took place rather late. Of course, it is not advisable to follow and copy the experience of other countries blindly and in reality it is not possible because of social, economical, demographical, political, cultural and other differences in various countries. In any case, the acquaintance of pension systems in other countries, the learning about strong and weak point of the reforms is useful.

The Aim of the Research – Mexican and Lithuanian systems of pensions will be compared, the reasons which influenced the necessity of the reform will be determined, the experience of the reform of pension systems and the first years of reform activities will be evaluated, the problems of new systems will be accentuated.

The Object of the Research – the systems of pensions of Mexico and Lithuania.

The Methods of the Research: comparative and logic analysis; the methods of descriptive statistics, the analysis of science literature and generalization.

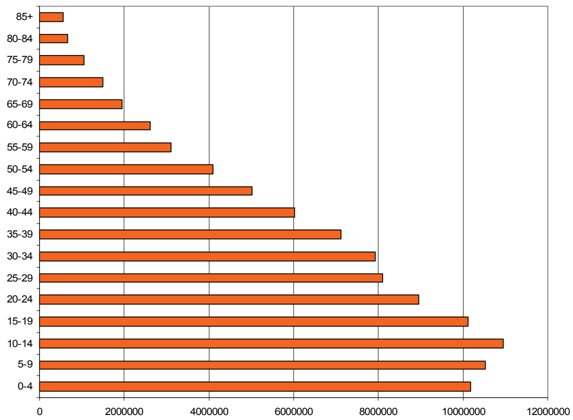
Latin America is considered to be the global laboratory of the reforms of pension systems. The experience of these countries is very much useful to other countries, Lithuania is among them. In reforming the system of pensions Lithuania got experience from many countries of Latin America, Mexico is among of them. Though being very much different the pension systems of Lithuania and Mexico also have similarities, this allows implementing of the comparative analysis.

First of all let us compare the demographic situation of both countries.

Demographic trends of Mexico and Lithuania

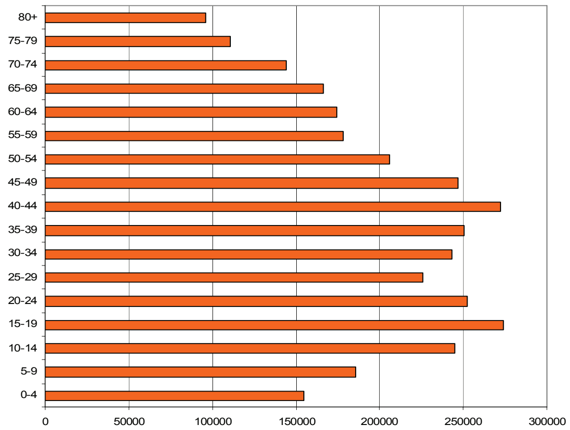
Different from Lithuania Mexico has relatively young structure of inhabitants. It is well illustrated by Picture 1.

Such age structure of inhabitants do not raise any problems in the existence of finance of pension systems as big working generation has no difficulties in financing the pensions of small generation of the retired [11]. The problems in pay-as-you-go pension system appear when the age structure of inhabitants become similar to one in Lithuania (Picture 2). When the percentage of ageing society is increasing in the total part of inhabitants and the birth rate is rapidly decreasing, the age structure of inhabitants becomes similar to the shape of half of the urn. Such situation is extremely negative to the system of pay-as-you-go, as small working generation has to support huge generation of the retired.



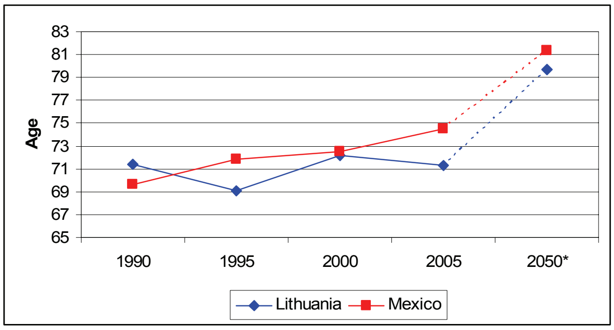
Picture 1. The pyramid of the number of Mexican inhabitants in accordance to age, 2006

In Picture 1 we can notice that the tendencies of birth rate decrease are clear, that is why demographical processes existing in Lithuania now will influence Mexico inevitably in the future [2, p. 28-29].



Picture 2. The pyramid of the number of Lithuanians in accordance to age, 2006

The main difference in the age structure of Lithuanians and Mexicans is remarkably more favorable demographical situation in Mexico. The total birth rate in Mexico in 2006 made 2.2 births for one woman, while the same indicator in Lithuania was 1.27. For standard rebirth of a society the necessary indicator has to be 2. In the beginning of 2006 the inhabitants of 65 years old and elder made 5.7 percent of the total number of Mexicans and proportionately even 15.1 percent from the total number of Lithuanians [8, 19]. United Nations (UN) forecasts that in 2050 in Mexico the part of inhabitants of 65 and elder will reach 21.2 percent, in Lithuania 27.5 percent [9].
It is forecasted that the average duration of life in Lithuania and in Mexico will proportionately increase. According to the forecasts of UN the future average duration of life in Mexico and in Lithuania in 2050 will reach or even exceed 80 years [9].



Picture 3. The development and forecasting of the average duration of life in Mexico and in Lithuania for 2050

Relatively small immigration and big emigration are in Lithuania and in Mexico. The large part of Mexico immigrants is political refugees from other countries of Latin America and immigrants from the regions of economical crisis.
The biggest emigration flow from Mexico is directed to USA [16, p. 7]. This migration started even since the World War I and II, during that time the authorities of USA tolerated the arrival of workers from Mexico at their territory as the latter took free working places of war participants. In spite of the end of wars, emigration from Mexico continued in different extent, especially after 1990. According to the evaluation of the Department of Statistics of Mexico in 2000 about 8 million people born in Mexico lived in USA, that made 8.7 percent of the total inhabitants of Mexico. Only in the year of 2000 1.57 million persons emigrated from Mexico to USA, the biggest part of them are men from rural areas. In the same year only 260 thousand of emigrants returned from USA. In spite of improved economical situation in Mexico the speed of emigration to USA does not slow down. It is explained not only by economical differences between village and city inhabitants, the rich and the poor but also by the fact that Mexicans living in USA try to take their families living in Mexico to USA.
It is very important to determine the reasons which influenced the situation that more favorable situation in Mexico started the reforms pay-as-you-go pension system remarkably earlier. The existing pension system situation in Mexico should be described; weak points should be determined and fixed.

Pay-as-you-go pension system in Mexico. its equivalent in Lithuania

Since the establishment Mexican Social Security Institute (IMSS) the system functioned by the principle pay-as-you-go: the collected contributions are paid to the retired at once. The defined benefit of pension of this system was calculated in accordance to the average salary of the last five years, taking 35 percent form this average and adding 1.25 percent from the mentioned average for each contribution year after the first 9.5 contribution paying years. The ceilings of the benefit were 100 percent of the mentioned average and the minimal margin is 90 percent from the minimal salary (103 USD) determined by the state with social partners [7, p. 31].
The equivalent of IMSS system in Lithuania is the state social insurance system (SoDra). The pension of this system depend upon the time of contributions and the ex-salary of each year adding 0.5 percent from the average of ex-salary. Minimal and maximum pensions are not determined by laws, but according to the pension formula the minimal pension makes 69.8 USD and the maximum is 636 USD.
IMSS in Mexico was financed by the working people, the employers and the state; it provided the following services of insurance: retirement, disablement, life, and health, maternity. The employees of private sector also took part in this system but it did not cover the employees of informal economy and state sector, for the latter a separate system for social security Institute for Security and Social Services for Government Workers (ISSSTE) was created [16, p. 4].
In Lithuania state social insurance system is financed only by the contribution of employees and employers. Five kinds of insurance are covered: retirement, illness and maternity, unemployment, health, accidents at work and professional disease. The employers of private and state sector take part in the system; the employers of informal economy are not included [12].
In 1990 Mexican IMSS system faced serious corruption, bureaucracy and inefficiency problems. Besides, the lack of health insurance assets was covered by the assets of pension insurance. As a result of that the level of liabilities reached the limits when there was no property

to finance. The necessity of the reform was also promoted by inadequate pensions, insufficient contributions and demographical changes [5, 7, 16, 20].

Though state social insurance system of Lithuania managed to escape from corruption problems, it also faced problems of inadequate pensions and demographical situation. The situation of the system became deeply worse after the Russian economical crisis; in 1998-2000 the budget of state social insurance was losing. In order to avoid a negative impact on the amount of pensions the tariff of state social insurance was increased from 31 to 34 percent. Though it did not give the awaited result, it even increased the avoidance of contributions. For this reason pensions for working retired people had to be reduced.

As the demographical situation in Mexico and Lithuania was already described, further we shall analyze the mentioned problems of inadequate pensions and insufficient contributions what influenced the necessity of reforms of pension systems in these countries.

In Mexico and in Lithuania the norm of contribution change to pensions is not big and varies from 40-45 percent [1]. The average change proportion in European countries is about 60 percent that is why the World Bank thinks that this percentage should be achieved in these countries where it is lower. Besides, small change percentage influences incentives to take part in the system very negatively.

In the old IMSS pension system of Mexico pensions were indexed in accordance to the minimal salary in order to avoid the decrease real pension value. Though it influenced the problem of political risks, the minimal salary during the times of increased inflation was determined in certain time period. That is why the minimal salary in 1975-2005 lost about 68 percent of its value [16].

In Lithuania the main part of the pension is indexed in accordance to prices while the additional part – in accordance to the average salary. Such indexation helps in avoiding the depreciation of pensions and to increase pensions in reality when the average salary is increasing in national economy.

The old Mexican pension system IMSS was strongly redistributive from those who receive high salaries to those receiving low ones. The formula of pensions reflected the ex-salary very little – the employers receiving high incomes received almost the same pension as those who used to receive smaller amounts. As a result of that the employers who used to receive high salaries tried to escape to the informal economy and not to pay contributions to pension system.

Lithuanian social insurance pension system also faces the redistributive effect; it helps to secure those who receive low salaries from poverty when they retire. Due to that reason those receiving high incomes are not satisfied with this system as they pay contributions from the total salary, while in calculating pensions the attention is paid only to contributions paid from 5 average salaries.

Though the benefits of the old Mexican pension system were increased several times, new kinds of benefits appeared, the contributions were not relatively increased. That influenced the decline of IMSS. According to the calculations of Mexican Government, in order to keep the balance of pension system, the tariff of contributions should have been increased from 8.5 percent in 1995 to 24 percent in 2020. Though as Lithuanian experience showed the increase of contribution tariffs could not give the necessary results, especially if the initial level is very high.

The capacity of Pay-as-you-go (IMSS) to pay the pension benefits increases with the growth of pension base taxed with pension contributions. The base depends upon the size of labor force and the real growth of national salary. The economical cycle of the last 30 years in Mexico was famous for unemployment, besides during these years the number of people working in informal economy increased more comparing with formal sector. Even 41.4 percent or 16.7 million people out of 40.3 million labor force in Mexico work in informal economy. All this decreased the base taxed by pension contributions, as a result of that the financial situation of IMSS became worse.

The first attempt to reform Mexican pension system

The first attempt to solve the problems of IMSS system was creation of SAR (Retirement Savings System) in 1992. It was a compulsory system composed of two sub-accounts: 1) the employer used to pay 2 percent contribution from the salary. It was transferred to the personal sub-account of the employee managed by commercial banks. The Central Bank of Mexico guaranteed at least 2 percent higher norm of yearly interest rates for the inflation of the last month; 2) besides, the employer paid 5 percent contribution from the salary to the personal sub-account of the employee managed by INFONAVIT (National Worker's Housing Fund Institute). This Fund used to pay interest rates to the owners of the accounts depending on the incomes of Fund management of certain years [5, p. 8-10; 6, 16, p. 12; 20, p. 90-91].

The aims of creation of SAR system were the following: 1) to increase the level of pensions; 2) to promote the development of national economy through the increased long-term inner savings; 3) to provide unemployment insurance services.

The same first two aims are presented in the White Book of pension system reform of Lithuania. We can state that the second aim is only partially implemented in Lithuania, as over 75 percent of investments of pension funds are given to foreign countries. Up till now it is still early to decide if the first aim is achieved.

SAR system of Mexico failed because of several reasons: 1) insufficient care of personal sub-accounts in commercial banks; 2) little tariff of contributions and little fees were not sufficient impulsion to commercial banks to manage such accounts; 3) repeated accounts. Commercial banks used to open accounts to the employees and to give codes which could be double. There were employees who used to have more than one account in the same bank. The largest confusion occurred when the employees did not know the destination of their contributions.

Many countries which did the reforms in pension system later than Mexico, Lithuania is among them, learnt from the unsuccessful Mexican trial to reform pension system and escaped from analogous mistakes as Mexico did.

The comparative analysis of reforms of pension systems in Mexico in 1997 and in Lithuania in 2004

The reform of 1997 influenced the existing structure of Mexican pension system. It is composed of three pillars: The first pillar is the minimal pension guaranteed by the state. It equals the minimal salary of July of 1997 indexed in accordance to CPI. The second pillar is compiled of the compulsory accumulative system of personal pension accounts. The third pillar covers volunteer savings for retirement of different forms [1].
Lithuanian pension system reformed in 2004 also comprises of three pillars. The first pillar is the retirement pensions of state social insurance. The second pillar is made of volunteer accumulative system of personal pension accounts. The third pillar covers different kinds of volunteer saving for retirement. As we may notice the third pillar of pension systems is the same in Mexico and in Lithuania. The second one differs in the aspect of volunteer/ compulsory. There is a tendency in the world that the second pillar is compulsory to all the employees or at least to those who have entered the labor market recently. It insures the large number of participants of this stage which is necessary for the effective functioning of it. Besides, we can notice that Mexico has refused Pay-as-you-go pension method at all, while Lithuania tries to combine the application of Pay-as-you-go and Accumulative methods.
The changes of Mexican pension system of 1997 covers: 1) introduced social quota. It is the monthly contribution of the state transferred to the account of each employee. It equals 5.5 percent from the minimal salary of July of 1997 indexed in accordance to CPI. The same amount is transferred to each employee despite the salary received; 2) for moving employees who started paying the contributions till 1997, the beginning of pension system reform, there is a possibility when retirement comes to choose the benefit which is bigger – the pension of the old system calculated in accordance to the pension formula valid at that period or the accumulative pension of new system. If the benefit of Pay-as-you-go system is chosen then a person has to refuse all the assets accumulated in the account for the sake of the state; 3) the guarantee of minimal pension. The state subsidizes the lack of assets if there is a shortage of assets accumulated when the person retires. This subsidy is done by fiscal costs of pension system reform; 4) IMSS collects contributions and directs them to the accumulative accounts of employees the management of which is the responsibility of private pension management companies AFORE, except the part of contribution which goes to the sub-accounts of housing managed by INFONAVIT. Each AFORE manages at least one pension fund called SIEFORE; 5) CONSAR (The National Commission for the Retirement Saving System) is an independent specialized state supervision institution of pension fund market, the main functions of it are: to determine general investment rules, to supervise activities of investment pension funds, to give penalties to the participants of the market who have violated the rules and to intermediate in debates between the participants of pension funds and AFORE [3, 10, 20].
The changes of Lithuanian pension system of 2004 cover: 1) accumulative pensions of the second pillar financed from the part of contribution of social pension insurance; 2) SoDra collects contributions and directs them to the accumulative accounts of employees, the management of which is under the responsibility pension accumulation companies of two types: management companies of pension funds (usually banks) and life insurance companies, except the part of contribution which gets into the budget of social insurance fund and is managed by the board of the fund. Each company of pension accumulation can manage several pension funds but one of them has to be of conservative investment strategy; 5) the Commission of Securities does state supervision of activities of management companies of pension accumulation. Insurance Supervisory Commission implements the supervision of activities of life insurance companies of pension accumulation. Two supervisory institutions is not the best solution for the same market as different treatment of the same activity in different supervisory institutions may create different business conditions for the companies of pension accumulation [13, 14, 17].
The comparing of Lithuanian and Mexican old and new pension system in accordance to separate criteria is presented in Table 1.

Table 1

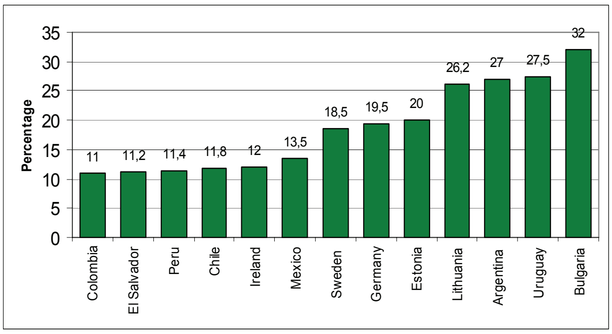
The Comparing of Lithuanian and Mexican Old and New Pension Systems

Criteria	The Old System	The New System
Conditions necessary to get the benefits	In Mexico: the minimal work experience is 9.5 years; retirement age is 65 years. In Lithuania: the minimal work experience is 15 years; the retirement age is prolonged for 60/62.5 years.	In Mexico: the work experience is 24 years; when a person is 65. In Lithuania: the minimal work experience is 15 years; the retirement age since 2006 is 60 years for women and 62.5 for men.
Contributions for retirement pension in percentage from the salary	In Mexico: The employer: 3 The employee: 2.8 The state: 0.2 INFONAVIT (the employer): 5 Total: 11 % In Lithuania: The employer: 23.4 The employee: 2.5 Total: 25.9 %	In Mexico: The employer: 3.13 The employee: 3.15 The state: 2.22 INFONAVIT (the employer):5 Total: 13.5 % In Lithuania: The employer: 23.7 The employee: 2.5 Total: 26.2 % out of which 5.5 % goes to accumulation
Benefit	In Mexico: equals 35 % from the last 5 years average salary adding 1.25 % from the	In Mexico: moving employees may receive higher benefits from the old system together with the accumulated

	mentioned average for each contribution year after the first 9.5 years. In Lithuania: depends upon the period of contribution paying and the ex-salary for each year adding 0.5 % of the ex-salary average.	assets after 1997 or the benefit from the new system together with the contributions paid to SAR in 1992-1997. The new employees get the benefit from the personal accumulative account of pension fund. They may receive annuity or get periodical benefits from accumulated assets. In Lithuania: the additional part of pension is cut into contribution parts directed to the accumulative pension funds. The annuity is got or the periodical benefit is allocated.
The guarantee of minimal pension	In Mexico: 90 % from the minimal salary In Lithuania: no	In Mexico: equals one minimal salary In Lithuania: no

The amount of accumulated assets in the personal accounts of new Lithuanian and Mexican accumulative pension systems is influenced by: 1) the amount of contributions; 2) the size of fees; 3) the return earned by pension fund. Any changes in these parameters may strongly influence the amount of future pension.
In Mexico the activities of pension accumulation started in 1997 with 17 management companies (AFORE), IMSS AFORE was among in managing one fund. In March of 2007 there were 21 AFORE in pension accumulation market. The number of participants increased from 11.2 million to 37.7 million in 1997-2006, it makes 87 percent from the labor force [3, 4].
In Lithuania 10 pension accumulation companies started the activities in 2004. In March of 2007 9 companies were functioning in the market of pension accumulation [13, 14]. A relatively large number of companies are useful as it influences bigger competition for clients and better indicators of return. Though taking into consideration the practice of other countries it is forecasted that the companies of pension accumulation will diminish in a small Lithuanian market in long perspective. Less successful companies will be forced to be united or finish their activities letting the remaining ones to take over their business. It is one of real possibilities to increase the efficiency of management of pension accumulation funds. The number of participants of pension accumulation increased from 441 thousand to 786 thousand in 2004-2006 in Lithuania [18]. It makes 50 percent from the labor force. Such number of participants testifies the reliability on the accumulative pension system in Lithuania and in Mexico.
The problem which used to be in SAR-92 is solved in the new pension system of Mexico. There is no possibility for a person to have two codes or that two persons could have one and the same code.

Despite of the fact that in Mexico the percentage to the system of pension contribution after the reform increased, it remains one of the smallest comparing with other countries. See Picture 4.



Picture 4. The Percentage of Contribution to the Pension System from the Salary in 2006

Since 1997 the contributions to SAR-97 accounts are not transferred, the assets which could have been identified in accordance to persons were transferred to the accounts of the new system.
The main problem of the New Mexican pension system is that the real interest rate of sub-accounts of housing managed by INFONAVIT is negative and it will influence the future pensions negatively.
The fees taken by pension accumulation companies are important because of several reasons: 1) expensive administration means less invested assets; 2) large fees influence smaller pensions; 3) large fees influence the unwillingness of employees getting smaller incomes to take part in such system.
Each AFORE in Mexico or pension accumulation company in Lithuania may freely determine the system of applied fees where one percent from each contribution, annual percentage from the accumulated capital or both may be included. Pension accumulation companies in Mexico may also apply the fee from the real return of the fund, but according to the data of March of 2007 all 21 AFORE of Mexico applied only the combination of the first two mentioned fees. The fees are the reward to the companies of pension accumulation for the professional management of assets, the management of register and benefits. The applied average fees from the contribution were 1.29 percent, the annual from the capital- 0.71 percent, the annual from the real return of the fund- 3.12 percent for July of 1997 in Mexico. In time they strongly decreased because of the decreasing costs of advertising, the attraction of new participants became more simple and cheaper. Besides, many management companies of pension funds decreased the fees to loyal participants remaining in the same AFORE for a long time. That is why for March of 2007 smaller average fees were applied: from the contribution- 1.04 percent, the annual from the capital- 0.49 percent, no one pension fund applied annual fee from the real return of the fund. In Lithuania the analogous fees for March of 2007 were remarkably higher, the applied average fee from the contribution was 3.62 percent, the annual from the capital- 0.99 percent. In Lithuania the companies of pension accumulation still applies the deduction when you go from one pension accumulation company to the other: when you go once in a year from one company to

the other the latter may deduct up to 0.2 percent of accumulated amount. When you change the company more frequently the deductions are up to 4 percent from the accumulated amount. According to the experts of the World Bank, in Lithuania the applied average amounts of fees are big comparing with international level [12]. Such amounts of fees in the beginning of the reform may be justified, but in a long term perspective it will decrease the pension benefits of pension accumulation participants. Besides, the motivation of people who have accumulated much assets to stay in the same system will diminish. For this reason the experts propose to determine the methods according to which the companies of pension accumulation should have to justify the applied amounts of fees in giving the license to their activities. Similar remarks of the experts of the World Bank are provided concerning the fees when people go from one pension accumulation fund to the other. At present the determined limits of deductions can be justified only in the beginning of system activities in order to insure the stability of the system.

Since 1997 till 2005 each Mexican AFORE may have only one pension fund (SIEFORE) the assets of which should have been invested into the securities the return of which is indexed in accordance to CPI. This helped to escape the confusion in choosing the pension fund and to simplify the supervision of the market during the first years of activities.

While in Lithuania the number of funds managed by pension accumulation companies since the very 2004 is not limited, but one of the funds has to be of conservative investment strategy.

Since 1997 the limitations for Mexican SIEFORE investments were determined. 51 percent of assets had to be invested into the means of the owning, at least 65 percents - into the national securities, to the owning of commercial banks not more than 10 percent, into the bonds of banks not more than 35 percent. Investments abroad and investments into shares were not permitted.

Strict limitations influenced certain problems: 1) large percentage of investments into the means of national owning determined the lack of high rank means; 2) the norm of interest rate of the national owning means was decreasing and that influenced the return of pension funds and future pensions negatively.

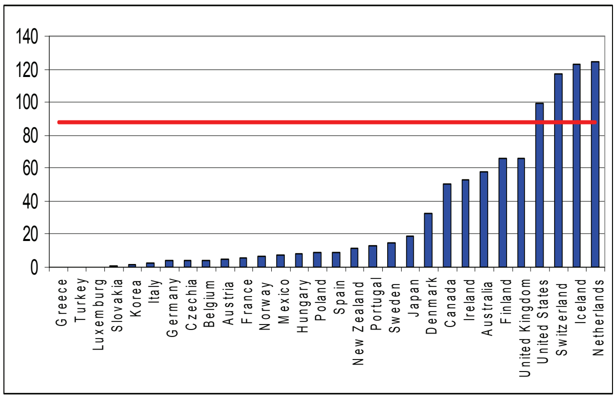
Since 2005 the following changes of the system were made in trying to get higher return of investments and possibility to diversify SIEFORE investment portfolios: 1) each AFORE has two funds: SIEFORE1 and SIEFORE2 proposing alternative finance depending on the priorities of the participant of the fund and his/her age; 2) both funds may invest into foreign investment means issued by multilateral finance organizations, EU Governments, Central Banks and corporations up to 20 percent. The minimal credit solvency rating of these means is A-.

In the funds of bigger risk like SIEFORE2 investing up to 15 percent into shares, people younger than 55 may take part but they have the right to choose less risky SIEFORE1 without any payment for moving. The assets existing in the accounts of persons older than 55 are transmitted into the funds of less risk.

The capital of Lithuanian pension funds can be invested only into the securities and the means of monetary market which are sold in Lithuania, EU countries or which are included into the official trading list of Securities Exchange of OECD. The following limitations are determined: 1) not more than 5 percent of cash actives making the capital of pensions can be invested into one issuer securities or the means of monetary market; 2) investments into the deposits in one credit institution may not make more than 20 percent of cash actives making the capital of pensions.

In Lithuania the participant of pension accumulation of any age may take part in pension fund of any investment strategy. Different from Mexico, in Lithuania there are no duties for the participants of pension funds to move to the pension fund of conservative strategy when 10 years are left till the pension age. Only recommendation proposals to move to conservative fund are provided for the people of pre-retirement age.

The accumulated capital in Mexican pension funds in 1997-2005 increased from 0.2 percent to 7.2 percent of GDP or from 700 million to 55 milliard of USD [15]. In Lithuania pension funds started their activities in 2004, the accumulated capital in 2004-2006 increased from 0.2 percent to 1.1 percent of GDP or from 50 million of USD to 355 million of USD. In comparing with the average of countries of Economical Cooperation and Development Organization 87.6 percent of GDP (See Picture 5) is not big but in time and in market developing the capital of pension funds will increase [15].



Picture 5. The Capital of Pension Funds of OECD countries and the Average of OECD Countries in 2005

The number of participants who have changed the company of pension accumulation is increasing each year in Mexico. In 2005 2.4 million participants of pension accumulation market or 6.4 percent from the total number of participants of pension funds changed the company. While in Lithuania the pension accumulation company can be changed only when three years pass from the beginning of participation in pension accumulation. In the 1st quarter of 2007 2 200 of persons changed the company of pension accumulation. It is forecasted that up to 10 000 persons or up to 1.3 percent from all the participants of pension accumulation will change the company of pension accumulation in 2007. The same reasons influence the decision to change the company of pension accumulation in both countries- mainly poor results of investment and high fees [3, 13, 14].

In 2005 94.8 percent of the capital of Mexican pension funds was invested into the bonds, 1.3 percent into simple shares and 3.9 percent into other investment means [15]. While Lithuanian pension funds also invest the biggest part into the bonds- 54.2 percent, 6.4 percent - into the simple shares, 3.4 percent - into money and deposits and 36 percent into the units of collective investment subjects [13, 14]. It means that the capital market is not attractive for Lithuanian and Mexican pension funds when the state bonds give reliable incomes. It should not make any contradictions as pension funds choose the best solutions. Instead of making alive the capital market, the accumulative pension funds partially live from the debt of the state and the money of tax payers.
The nominal return of Mexican pension funds in 2003-2004 was 10.4 and 6.7 percent, in the first half of 2005 – 8.2 percent. The return of pension funds in Lithuania in 2004 was 13.9 percent and in 2005- 8.8 pecent. Though the return of funds of both countries exceeds the average annual inflation, it does not have the features of stability and does not guarantee good future results [3, 13, 14, 15].

Table 2

The Comparison of Lithuanian and Mexican Pension Accumulation Market, March of 2007

	Mexico	Lithuania
The minimal requirement necessary to the company of pension capital management	3 million of USD	400 000 of USD
The number of fund managers	21 company, 41 fund	9 companies, 30 funds
The number of participants in 4 biggest management companies	45.1 %	92 %
The capital of pension funds in 4 biggest management companies	58 %	91.7 %

In 2005 6 percent of the participants of Mexican pension funds earned from 0 to 1 minimal salary. 5.9 percent participants of pension funds earned from 16 to 25 minimal salaries. Even 31.7 percent of the participants of Lithuanian pension funds did not have any incomes or it did not exceed 195 USD per month in the first quarter of 2006. Only 0.5 percent of the participants of Lithuanian pension funds earned more than 7.5 minimal salaries per month. It is dangerous as the accumulated amount of the contribution and at the same time the annuities from small salary will be little.
We can make the conclusion from the data of Table 2 that in Lithuania the market of pension accumulation is very much concentrated while in Mexico the power of market of 4 biggest pension accumulation companies is remarkably smaller.

Conclusions

The implemented comparative analysis of Lithuanian and Mexican demographical situation showed that Mexico at present is in remarkably better demographical situation but the tendencies of lower birth rate start to appear. That is why demographical processes typical for Lithuania will inevitably influence Mexico as well.
The comparative analysis of the old Mexican and Lithuanian pension systems let to determine the reasons which influenced the necessity of the reform. Both countries faced the problem of inadequate amount of pension and the demographical problems of different size. The problems of corruption, bureaucratic mismanagement and ineffectiveness, a large number of working in informal economy, small tariff of contributions to pension insurance added to the early reform stage of Mexican pension system. Besides, In Mexico the lack of assets for health insurance was covered by the assets of pension insurance.
The first attempts to reform the pension system in Mexico failed because of the set small tariff contribution, insufficient supervision of pension accumulation market and recurrence of numbers of personal accounts. Many countries, Lithuania is among them, which have reformed their pension systems later than Mexico learnt and escaped from similar mistakes in reforming their systems.
The described new structure of pension systems of Mexico and Lithuania helped in determining their similarities and differences.
There is no possibility for redundancy of accounts, the conditions to get the right of benefits became more strict, the tariff of contributions increased though it remains of the smallest comparing with other countries in the new pension system of Mexico. Social quota introduced in the new system do not depending on the salary received negatively effects the motivation of those who receive high incomes to take part in the system. The left possibility for moving employees to choose the payment from the old or new system does not allow determining the costs of the reform precisely. The real norm of interest rate earned by the sub-account of housing is negative and it will affect future pensions negatively. Strict limitations of investments of pension funds affected the return of pension funds and future pensions negatively. That is why the changes of 2005 will let to solve this problem.
The following problems showed up in the new pension system of Lithuania: the market of pension accumulation is very much concentrated; 3/4 of investments of pension funds fall to foreign countries that is why the national economical development is promoted only partially; two supervision institutions may create different business conditions to the companies of pension accumulation; there are too many companies of pension accumulation in a small Lithuanian market that is why in a long time perspective they should diminish; the average fees amounts applied by Lithuanian pension funds are high comparing with international level. In the future they will reduce the retirement benefits for the participants of pension accumulation. In Lithuania there is no obligation for the participants of pension funds to move to the funds of conservative investment strategy when 10 years are

left till the retirement age. It may affect their future pension negatively, the same may said about the 31.7 percent of the participants of Lithuanian pension funds the incomes of whom are very small.

A large number of participants, the increasing capital of pension funds testify the reliability on accumulative pension system in Lithuania and in Mexico. Though, in spite of vitalizing the national capital market, the accumulative pension funds of Mexico and Lithuania invest the largest part of assets into the state bonds.

Though the return of funds in both countries exceeds the average annual inflation, it is not stable and does not guarantee goods future results.

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Dainius Dijokas

Meksikos ir Lietuvos pensijų sistemų palyginamoji analizė

Santrauka

Šiame straipsnyje pateikiama atlikta Meksikos ir Lietuvos pensijų sistemų palyginamoji analizė. Problemų su kuriomis susiduria pensijų sistemos analizė leido nustatyti priežastis lėmusias minėtų šalių pensijų sistemų reformavimo būtinumą. Įvertinama pensijų sistemų reformavimo patirtis ir pirmieji naujųjų sistemų veiklos metai, išryškinamos iškylančios naujųjų sistemų problemos.

Dainius Dijokas

Сравнительный анализ систем пенсий Мексики и Литвы

Резюме

В этой статье представлен сравнительный анализ систем пенсий Мексики и Литвы. Осуществлен анализ проблем в системах пенсий Мексики и Литвы позволил определить причины, которые влияли на потребность реформирования. Оценен опыт реформирования систем пенсий и первые года действия новых систем, подчеркнуты проблемы новых систем.

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ECONOMIC VALUE ADDED: SEARCH FOR THE BEST FINANCIAL PERFORMANCE MEASURE

Zina Gaidienė

Abstract

Economic Value Added (EVA) is relatively new, a well-known ,and widely used measure of operating performance. During the short time EVA has become very popular as decision making tool as well as a factor of management motivation.
Despite its popularity, little empirical work has been done on the ability of EVA model implementation to reflect true value added in Lithuanian business firms. Is EVA really better than using such traditional measures like operating income or return on equity? This article examines economic value added as financial measure and the validity of EVA compared with traditional business and management performance measures.

Keywords

Economic value added, financial performance measurement.

Introduction

Performance measurement of a closely-held business is a problem for appraisers and investors in Lithuania.
Companies traditionally relied on accounting numbers, such as earnings, assets, debts, dividends, or return on assets, equity. Unfortunately, since the market value of such firm is an unknown, there is no way of knowing whether the results of accounting figures accurately reflect the value which was added by the firm management.
The main critics lays on income measures because net income determines under generally accepted accounting principles substracts interest expense, but does not substracts the cost of the equity capital. If reported earnings follow the rules of standard accounting, the results of performance do not always create measures consistent with underlaying economics. However, corporate performance is traditionally measured by accounting income, not underlying economics.
Because a far better definition is needed, there are several new financial performance measures recommended. New measures attempt to align the behaviors of company with its stockholders interest or as substitutes for traditional accounting-based earning per share measures (Ittner, Larcher, 1998). Most popular, which has received a great deal of notice and acceptance is Economic Value Added (EVA), developed by Joel M. Stern and Benneth Stewart III from Stern Stewart & Co. Recently EVA is a well-known and widely used measure of operating performance not only in western countries.
EVA has been adopted by a rapidly growing number of firms, both large and small, and was recommended in many finance and accounting textbooks. Despite such worldwide acceptance, no empirical research has been done on the ability of EVA to reflect company's tendency of going bankrupt more accurately.
This paper tests the strength of the relationship between EVA and other performance measures in particular circumstances. Forst, we define EVA and review the existing finance literature. The aim of this article is to test the validity of EVA to send the signals about the financial difficulties of company. For this purpose the analysis of financial statements of bankrupt firms follows. We then present our results regarding the strength of the relationship between EVA and other measures of performance. Finally, we review our results and their implications.

Literature survey

Traditional corporate performance measures (return on equity, return on assets, operating profit) have been found to poorly correlate, or even conflict, with management's objective of maximizing the market values of company. The association between these measures and share price is imperfect and often weak. The consequence of low correlation is that:

1) accounting earnings may not be a good proxy for value creation,
2) managers who are evaluated and compensated on the basis of accounting earnings may take actions that increase earnings but destroy value, or fail to take actions that may reduce earnings but create value. (Young, 1999).

In theory, EVA seeks to integrate three essential characteristics of an performance: cash flow, capital employed and cost of capital into a single number, which should yield advantages over traditional measures as earnings and return on shareholders equity. The strength of EVA is that it focuses on its fundamental mission of value creation. In summary, economic value added is the measure best aligns managers interest with those of owners. EVA is the net operating profit after tax minus a cost of capital invested in the business. As Benneth Stewart,III wrote (Stewart, 2002) cost of capital is what separates EVA from traditional measures such like return on assets and return on equity.
Economic profit = Accounting profit – The cost of capital
The measure of capital includes both debt and equity and also numerous adjustments, such as the capitalization of research and development cost, LIFO reserves, operating leases, provisions for bad debts and others. The cost of equity is an opportunity cost by management. If a firm's EVA is negative, its sharehorlders will lose value.Shareholders begin to earn a economic profit after the company covers the opportunity cost of its equity

capital. This consept is the fundamental difference between accounting profit and economic profit. Then EVA is a special method to measure economic profit and use it in making business decisions and motivating managers and employees to think and act like owners. EVA is profit the way shareholders define it.

If a firm's operating profit after tax exceed the cost of the capital employed in the business, EVA is positive and value has been created. Market studies have indicated that a company that continually generates an increasingly positive EVA will be rewarded by a higher stock price (Stephens, Bartunek, 1997). If the result equals zero, the company's management merely met the expected returns of capital holders. If EVA is negative, the quality of earnings is less than required and shareholder's value would be destroy. So, the business are not contributing a positive EVA probably may become candidates for bankrupt or divestiture.

Actually EVA is not absolutely new conceptual measure of performance. Many of authors recognize that EVA is essentially the same as residual income, which is normally expressed as net income minus a cost of equity capital (Joung, 1999, Keys, 2001). The concept of residual income, which has existed in many countries for more than seventy-five years, was largely ignored until the 1990s. Recent pressures on corporate managers to increase shareholders value have led managers to seek out short-term performance measures that estimate value creation better then accounting earnings. Residual income was remembered and reshaped into EVA. As a result, Stern Stewart & Company have been advocating the use of EVA instead of accounting earnings-based numbers to measure company performance because it creates wealth and explains changes in shareholders wealth better than any other performance measure (Stewart III, 1999).

Many of empirical research have focused on investigating the claim that EVA is a better measure of value created than reported accounting earnings. Fortune magazine described economic value added as today's hottest financial idea and getting hotter (Tully,1993). Companies around the world relied on these recommendations and have made EVA its primary performance criterion and ties management compensation to EVA measures.

However, a 2001 survey, performed by J.Hollister, N.Roztocki, S. M. Schultz (Hollister, Roztocki, Schultz ,2004) found that only 12% of the respondents reported that their firm had already using adopted EVA, while another 14% indicated that implementation was planned. And over half of the respondents to this survey indicated that EVA was an unknown to them. There were significant differences between the country grouping with regard to EVA implementation status. The concept appears to be the least well known among the respondents from North and Latin America. Respondents from the European countries were least likely to indicate that their firms were in the data collection phase. A 1996 survey performed in USA by the Institute of Management Accountants (IMA, 1996) found that 35% of the respondents are currently using EVA and 45% expect to use in the future.

EVA is not without its limitations. H.Fletcher and D.B.Smith (Fletcher, Smith, 2004) noted that major limitation is EVA's over-reliance on historical, financial measures such as profit margin, assets turnover, cost of money, and level of capital invested. Their research has shown that these lagging, financially oriented measures are not necessarily indicative of future performance.

Empirical research on the relative effectiveness of EVA as measure of firm performance for market valuation has been mixed.

As reported on a study of the performance of EVA companies over generally depressed time for stocks (2000-2002), a period of economic slowdown in USA, the portfolio of Stern Stewart's EVA clients earned a total return of 36.5% and beat the S&P500 by a total of 69.8% (EVAluation, 2002). The same study was repeated to cover the five-year period (1997-2002). The key finding was the same- tying bonuses to EVA led to the significantly higher return for shareholders. There has been numerous studies aimed at determining the extend to which EVA is better than traditional accounting measures.

However, there are several studies find evidence to the contrary. For example, S.M.Machuga, R.J.Pfeiffer, K.Verma (Machuga, Pfeiffer, Verma, 2002) found that prediction model containing EVA information leads to more accurate EPS predictions for firm-years with prior-year earnings increases. However, EVA was not useful in out-of-sample predictions of earnings for firms with negative prior-year earnings performance.

Kramer and Peters (Kramer, Peters, 2001) concluded that EVA's usefulness is less for the industries with a significant intellectual capital.

Many of authors recognize that EVA is similar measure as residual income which is normally expressed net income minus cost of equity capital. Alfred Sloan implemented a residual income measure for General Motors' first in the 1920. Even Joel Stern, managing partner of Stern Stewart & Co agrees that "in its simplest form, EVA is the concept of residual income" (Stern, 2004). S.R. Goldberg defined "economic value added or residual income is operating profit less the cost of capital" (Goldberg, 1999). In addition, S.R.Goldberg indicates that EVA valuation is identical to discounting cash flow. It just rearranges the terms.

Numerous other shortcomings also have been cited by researchers. In order to implement EVA multiple adjustments to profit and capital employed figures are made. These adjustments are necessary in order to move them away from historical profit towards a measure of economic value from the investors' perspective (Hollister, Roztocki, Schulz, 2004). Adjustments are required to achieve higher correlation between the short-term profit measure –EVA and share price. More than 150 possible adjustments have been identified by EVA specialists. Interestingly, that D.Joung , based on results of analysis recommended to make no adjustments at all (Joung, 1999). He concluded that these adjustments have a certain intuitive appeal, so logic and mechanics behind the most common adjustments are questionable.

Analysis of the correlation between EVA and other measures of performance in Lithuania (Cepelis, Grizickiene, Kukta, 2007) showed that there is strong and medium correlation between EVA and price of shares in 60% of tested companies. Therefore, the strong and medium correlation exists between the share price and other performance measures- ROA, ROE, EPS.

The article of Stanley Paulo (Paulo, 2003) questions the continued use of EVA as a metric that purports to enable value enhancement because of its epistemological, methodological, and legal deficiencies. S.Paulo stated that application of EVA fails to satisfy the requirements of sound research methodology in terms of being a reliable and valid metric. In the light of these insufficiencies, the continued use of EVA is ethically questionable.

Research methodology and results

The apologists of EVA argue that economic value added always sends right signal for underperforming companies (Solomon *et al.,*1999*)*. To test these arguments with empirical data, we examined the associations between accounting earnings numbers and EVA.

The data used in this research consist of financial statements, income statement and balance sheet of bankrupt Lithuanian firms during 2004-2005. We analysed two groups of bankrupt companies. One consist of data 160 firms that were bankrupt in 2004. Other 41 financial statements belong to firms that were bankrupt in 2005. Unfortunately, all bankrupt firms were only numbered in their title place.

Table 1 show the financial results of performance over two years.

Table1

Key financial data of bankrupt Lithuanian firms

	2002		2003	
	Number of firms	Percent	Number of firms	Percent
Bankruptcy in 2004:				
Operation profit	57	35.6	29	18.1
Operating loss	103	64.4	131	81.9
Negative retained earnings	108	67.5	134	83.8
Negative owners equity	50	31.3	91	56.9
Bankruptcy in 2005:				
Operation profit	11	26.8	12	29.3
Operating loss	30	73.2	29	70.7
Negative retained earnings	29	70.7	29	70.7
Negative owners equity	13	31.7	16	39.0

Based on these and other financial statement information three performance measures were computed: bankruptcy prediction ratio (Z-score), return on equity (ROE) and economic value added (EVA).

The bankruptcy prediction (Z-score) was evaluated using Altman's methodology (Gaidiene, 2006). Return on equity measures were computed using DuPont methodology. A simplified version of the standard EVA approach will be utilized here. EVA was calculated as the difference between the firm's net operating income less the cost of shareholders equity.

EVA= Net operating profit (loss) – Shareholders eguity x Cost of equity

Although a capital charge is a necessary component for creating a value based profitability measure, there are issues with how to measure the actual level of capital employed at firms that are going bankrupt. The same problem exist with the cost of capital, if there are cases where equity is negative. The capital charge was computed by applying twenty percent to the shareholders equity. As the goal here is to analyse the sources of difference between EVA and other financial measures using sample of bankrupt firms, we assumed that required rate of return could be the same for every firm. So, 20% cost of equity was chosen based on survey made by Cepelis, Grizickiene, Kukta (Cepelis et al., 2007) and recommendation of Lithuanian security analysts.

The first step in the analysis was to determine the value of selected financial indicators. The following model is used, in which the nine different combinations of level of four indicators were determined.

Table 2

Possible combinations of operating profit, Z-score, EVA and ROE

	Operating profit/loss	Z-score	EVA	ROE
Group 1	Loss	Negative*	Negative	Negative
Group 2	Profit	Negative	Negative	Negative
Group 3	Loss	Possitive**	Negative	Negative
Group 4	Loss	Negative	Positive	Negative
Group 5	Profit	Possitive	Possitive	Possitive
Group 6	Profit	Possitive	Negative	Possitive
Group 7	Profit	Negative	Possitive	Possitive
Group 8	Loss	Possitive	Negative	Possitive
Group 9	Profit	Negative	Possitive	Negative

*Negative Z-score indicates a bankruptcy prediction and its level is less than 1.23

** Possitive Z-score indicates no bankruptcy during the next year.

The negative signs of all financial indicators (group 1) is more probable in case of bankruptcy. In contrast with normal bankrupt firm approach would be the combination of signs included in group 5. Signs of measures indicated in group 4 and 6 display an exceptional case of divergence between earnings measures and EVA.

Table 3

Relationship between EVA and other indicators of performance for sample of bankruptcy cases in 2004

	2002		2003	
	Number of firms	Percent	Number of firms	Percent
Group 1	40	24.8	38	23.8
Group 2	3	1.8	3	1.8
Group 3	8	5.0	14	8.7
Group 4	76	47.3	79	49.0
Group 5	12	7.5	10	6.2
Group 6	7	4.3	1	0.6
Group 7	5	3.1	7	4.3
Group 8	2	1.2	1	0.6
Group 9	8	5.0	8	5.0

Table 4

Relationship between EVA and other indicators of performance for sample of bankruptcy cases in 2005

	2002		2003	
	Number of firms	Percent	Number of firms	Percent
Group 1	14	36.0	10	24.4
Group 2	0	0	0	0
Group 3	15	38.5	6	14.7
Group 4	0	0	13	31.7
Group 5	4	10.2	5	12.2
Group 6	5	12.8	5	12.2
Group 7	1	2.5	1	2.4
Group 8	0	0	0	0
Group 9	0	0	1	2.4

The results of analysis reported in table 3 and 4 clearly show that that the majority of the indicators with negative sign are significant.

Firms of group 1, in which EVA and other measures are negative, are distinquished from other groups by their validity to measure bankruptcy prediction. These characteristics seem to have a negative impact on created shareholders value. These firms produce negative wealth. However, the share of the firms group 1 (less than 50%) is abnormal for bankrupt firms.

The divergence between negative profitability indicators and positive EVA, for group 4 (table 3) seems to be due to the unknown reasons underlying the convergence between EVA and profit. For example, common characteristic for these firms is the existence of negative shareholders equity. This means that amount of company debt is higher than underlying assets. Given these results, it is not possible to conclude that EVA produces an extra wealth to stockholders. In fact, the positive EVA was achieved only by matter of arithmetic [(-)-(-)=+].

The group where EVA is negative while other indicators are positive seems to refer the insufficient value added to the stockholders interest in a company as a result of a particular period's operation. However, in this case EVA can not measure value added at all because the firms were bankrupt.

The theoretical *operating income-return on eguity-value added* links implicitly underlie and investors commonly use earnings-based valuation. If a firm generates loss and its sharehorlders equity is negative, then the value of the firm will destroy. Do firms with operating loss can experience positive EVA? It seems that this will happen in case of bankruptcy. Such results are striking, suggesting that merely the sign of earnings and equity measures is associated with an abnormal EVA.

The evidence presented above suggests that the profit indicators contain sufficient information necessary to measure the operation of bankrupt firms'. However, these results provide little evidence of whether EVA numbers provide new value-relevant information. In addition, we can never be sure that accounting numbers fairly reflect current operation.

Implications

Theoretically, EVA is a singe performance measure.

The objective was to provide an empirical study on the relationship between EVA and traditional earnings measures of performance.

The results of analysis did not support notion that EVA can be the single metric used in all management processes.. Value added indicator has nothing to do with the analysis of bankrupt companies. In case of bankruptcy EVA did not measure true value added (destroyed) to shareholders. The results of analysis show that operating profit , return on equity should matter better in setting the value of these firms.

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PECULIARITIES OF FOREIGN LANGUAGE TEACHING IN CONTEMPORARY SOCIETY

Daiva Gedeikienė, Rasa Stakienė

Abstract

Communicative and informational communication competence is one of the most significant for a person living in information society, so a demand to develop these skills arises in all education process. Language communication as such is being taught in foreign language lessons.
In foreign language teaching not only language competence is being developed, but also European consciousness, which plays an important role in enhancing European integration. Foreign language teaching also covers intercultural education. The article deals with didactics of oral communication.

Keywords

Sociolinguistics, oral communication, competence, didactics of oral communication.

Preface

Foreign language teaching over the last decade has drawn special attention. Languages have always žbeen called bridges among nations and countries. Today, when the vision "Europe" is a reality, this plays an exceptional role as nowadays the EU citizens are much more mobile both on private as well as business basis. During foreign language classes not only oral and speaking competence is being conveyed but European consciousness is being developed too. Such like teaching is intercultural teaching which becomes more and more significant due to risen emigration into all European countries, better communication between local inhabitants and immigrants, this aspect being of importance for peaceful life in multicultural society. Foreign language curricula are designed to actualize educational content by orienting it towards the development of both professional career and social integration, considering all kinds of local problems and initiatives and their relations with the country, European Union and the world tendencies.

Language competence

The basis of foreign language teaching is oral communication. It should be noted that a few decades ago teaching speaking and writing was influenced by didactic concepts, oriented towards literature and esthetics. These concepts, despite motivation of different teaching goals, coincided in one aspect: its object is a canon of literary forms, such as a story, a speech, a description, analysis, etc, so teaching was based on imitation as a learner had not only to reproduce the literary form but also the usage of literary language. So focused didactics fails to notice that dealing with one or another situation oral competence is required. It enables a learner to consciously use social techniques. However we do not mean that one has to teach grammatically and stylistically correct language but also let the learner understand in what communicational contexts these expressions are used and understood, what they mean; thus he has to plan and carry out his linguistic activity. In order to do that he has to be able to recognize and analyze communicational processes and their influential factors. In order to live meaningful personal and successful social and professional life in this dynamic world, a human being has to undergo constant changes, be able to start new activities and work with renewable and growing streams of information. So in the educational process metacognitive skills are more and more emphasized. It is believed that while learning a person will accept changes as a natural process, be open to it and having self-confidence will be able to raise meaningful educational objectives and strive towards their achievement.

Didactic goal setting

Literature-oriented teaching was based on literary science. From its methods and the science itself the didactics took over the data, its didactic goals and concept substantiation. Nowadays linguistics, sociolinguistics, and communication analysis form the scientific fundament for oral communication.
Teaching goal setting for developing oral communication competence and didactic lesson planning are conditioned by the perception of communicative activities. In communication process neither speakers nor listeners are constant role-players, they are rather in changing positions. Speaking and written activities are determined by the speaker's wants (goals). They can be divided into four groups:

- informational – to convey the essence of the matter,
- appealing – through the help of a language people need to be encouraged to make a decision,
- cognitive – the essence of the matter has to be well-thought, perceived and considered,
- inventive – invention and rendering of things either connected or disconnected with the reality.

True-to-life spoken or written situations are closely connected with various intentions, so while setting communicative goals it is necessary to improve the speaker's oral and social communication skills. Consequently it is important to teach:

- to recognize certain communication conditions and circumstances,
- to focus them on successful communication,
- to develop oral activity according to the communicative need.

Learning to learn is understood as the person's wish and readiness to undertake new tasks,

his ability to control both cognitive and emotional processes during learning and apply acquired skills in different contexts.

The ability to pass and convey messages, to understand them, to analyze and adequately react to them forms the essence of communicative competence.

Foreign language teaching goal is to bring students into a national and cultural atmosphere. Language teachers have a great many chances to discuss personal as well as citizen maturity problems, citizen's and state's relationship with cultural development and ecology-related problems, the commonality among them, to take care of oral and written self-expression and its culture(discussion, objecting, argumentation, projecting, etc.). Self-expression culture is necessary not only from pragmatic point-of-view but also to cultivate the cooperation skills. Different kinds of communicative forms are being practiced, such as reports, declarations, addresses, protests, including written ones.

Language teaching is the basis to:

- express one's opinion and language culture choosing and analyzing business texts to master business vocabulary;
- discuss and prove your own choice, language culture selection in discussions or socializing;
- ensure tolerance and respect in a society and to shape one's believes about culture and nature;
- acquire skills inevitable to communicate and cooperate with representatives from different groups and cultures and to spread cultural dialogue;
- integrate into a society, preserving one's cultural identity and respecting other identities;
- explain behavior, influenced by a certain culture, adjust to cultural differences and positively solve risen problems or conflicts;
- participate in culture preserving activities, discuss cultural diversity from historical, semiotic, linguistic, ethnic, anthropologic and other aspects;
- form the ability to express thoughts, feelings, attitudes creatively using the means and knowledge from such areas as art, science, technologies, business, sports, etc.
- sophisticate aesthetic taste and values while interpreting both historic and contemporary phenomena in culture, science, economics and politics.

Conclusions

Communicative competence is today understood as the integer of verbal, visual, communication, technological and social skills. Communication process includes addresser, who generates the text ('text' is used in its broadest meaning, both verbal and nonverbal) and addressee, who understands the text. Communicative processes occur in concrete circumstances, conditioning the information as such and the behavior of participants.

In order to successfully improve cultural competence students need certain knowledge so

it is important to start from experience analysis and already possessed information later moving on to new knowledge, applicable in practice 'here and now'. It is advisable to start from personal information (name, behavior, values, norms, etc.) recognizing the cultural influence, later on moving to 'another', i.e. another representative of culture. It is important to realize that every group, nation, region are diverse and communication should be based on looking for commonalities or similarities.

While teaching languages person's cultural maturity, creativity and recognition of other cultural contexts are being cultivated.

A teacher should assist students to learn about different kinds of communication, to select the most adequate one, to try and optimize communication connecting it with school activities and their experience and other contexts (everyday life, social, cultural). All communicative activities should be closely related to all learning context, integrated as well as actual.

In teaching communicative skills students are taught not only to complete speaking or written assignments but also to recognize their structural peculiarities.

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Daiva Gedeikienė, Rasa Stakienė

Peculiarities of foreign language teaching in contemporary society

Summary

In cultivating communicative competence it is highly important to maintain adequate ratio among intuitive perception, personal experience and conscious cognition (knowledge about communication processes). The younger the student the more often he learns to communicate from examples (teachers, friends) intuitively feeling what is right; only much later he is able to understand the logic of all communication process.

It is significant not to forget person's national esteem as well as respect for the main democratic values, such as: personal dignity, freedom, equality, fairness, legality, tolerance and solidarity. So the school has to create conditions and encourage students to feel the inner need to be active, cultivate the skill to analyze cultural, ethnic, political and social diversity and conflicts coming from it, seek consensus in conflict resolutions; ability to make independent decisions and evaluations in open and pluralistic society.

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CONFLICTS AS STUDENTS‘ SOCIALIZATION ASSUMPTION AT VOCATIONAL SCHOOLS

Nijolė Grybauskienė, Milda Vasiliauskienė

Abstract

In the article an attempt is made to look into certain moments of education process through the prism of conflict controlling possibilities. A constructive solution of pedagogical conflicts gives possibilities to identify problems in the teaching/ learning process, to foresee various preventive means and make conditions for successful students’ socialization. Analysis of the research results revealed that the main fields of pedagogical process which should be improved are such: professional orientation, planning of the teaching content, teaching organization and pedagogical intercourse.

Keywords

Pedagogical conflicts, socialization, pedagogical process, constructive solution of conflicts, student, teacher.

Students‘ capability to reach good results in changing social environment mostly depends on teachers‘ ability to adjust teaching content, methods, and behaviour standards to new needs. It depends on a teacher- what knowledge and practical skills a student will gain and later successfully or not he/she will join labour-market. So, a teacher and a student are the main characters of socialization process and its success depends on their interaction. Constructive solution of pedagogical conflicts give possibilities to identify arising problems in the teaching process and forsee different preventive means.

This article is an endeavour to solve a student‘s socialization problem at a vocational school and on that ground to foresee possibilities to improve controlling of pedagogical process.

Article goal - to reveal the reasons of conflicts as socialization assumption in a pedagogical system of vocational school.

Research methods: analysis of scientific literature, questionnaire inquest.

Theoretical importance of the article is that the influence of pedagogical conflicts over socialization is revealed and investigation criteria of conflicts as students‘ socialization assumption at a vocational school are grounded.

Practical importance of the article is that having done analysis of conflicting situations, pedagogical process might be developed striving for students‘ socialization improvement.

Pedagogical conflicts and socialization

School must satisfy students‘ aspirations and students must accomplish school requirements.However it is very difficult to create such situation, that is why it is almost impossible to avoid conflicts. Estimating the influence of conflicts over socialization process, it is purposeful to give an exact definition of a conflict conseption, to discuss reasons, functions and consequences of conflicts.

Speaking about pedagogical conflicts we often use the concept of „behaviour standard violation“. Distinctive feature of pedagogical conflict is the acknowledgement that behaviour standards are broken and that disturbs to manage the class. When a student or a group of students violate discipline or any standard of behaviour, we must speak about the conflict between students and teachers.

Concept of aggression may be used to define conflict. Aggressive behaviour during lessons is often connected with discipline problems (Palujanskienė A., Uzdila J.V., 2004). Different types of aggression are distinguished: aggression to oneself, aggression to another person or things.

Mentioned concepts may form an impression that only students‘ behaviour is discussed. Very often standards of behaviour are violated by teachers. Teachers - students‘ conflicts arise when „clash teachers‘ and students‘ purposes, ways and means of activities and behaviour.“ (Jovaisa L., 1993, p. 101). Such conflict according Dapkeviciene V. (1999) is called a pedagogical conflict. Pedagogical conflict differs from other conflicts and has its own pecularities because of teachers and students‘ features who take part in it.Augiene D. (1996) has the same opinion about it too. Whereas Pocius S. (1996), examining the problem thinks that pedagogical conflict covers all pedagogical situations and all school community subjects: teachers, students, administration and parents. Pedagogical conflict is the conflict which is caused because of specific features of a school as an organization, peculiarities of its structure, and individuals who perform certain roles, personal features. In this article attention is focused on the contradictions which arise between a teacher and a student during their interaction.

In those schools where different opinions are encouraged, thus looking for the most optimal decision, appearing conflicts are mostly constructive for the whole school.The analysis of coflict functions shows it obviously. Gromova O. N. (1997) examining conflict functions devides them into positive and negative.

Conflicts can help to reveal the factors which arise dissatisfaction and allow to perceive the situation as conflicting, also to identify needs, aims; also, to hear a new opinion and attitude. On the other hand, favourable conditions for conflicts are formed when one side pursue the aims and requirements which can‘t be realised in existing conditions. That encourages search of new, more effective activity directions and changes.It can be admitted that a positive conflict mission is to normalise or improve the situation. Decrease of discipline,

deterioration of social-psychological climate, limitation of communication can become a learner‘s desocialization factor, because school activities/work, its values become unacceptable.
Coser L. (1956), stressing the positive side of the conflict indicates to such conflict functions:

- getting information about needs and their fulfilment of conflicting sides;
- removal of different imperfections and bigger involvement into activity
- improvement of interpersonal relations.
- individuals and groups intergration, socialization and adoptation.
- strengthening ties among separate elements in the system.
- specification of requirements and standards.

The author names socialization function directly, though undoubtedly, the other indicated functions influence individual‘s socialization positively, too. For example, finding out student‘s needs, different changes can be iniciated, involving students into their fulfilment. Thus, determination of behaviour standards defines more clearly the limits of roles and their functions.
From the point of view of socialization, there are positive and negative rudements in every pedagogical conflict. Most of the authors (Becker G., 1973; French W. L., 1985; Gromova O. N. 1997, Guscinskiene J., 2000; Ancupov A. J., Supilov A. I., 1999 and others) point out that positive consequences of a coflict are as follows:

- helps to solve the problem in acceptable way for everybody;
- decreases the influence of unification;
- encourages new activities, new inter personal and group relations;
- doesn‘t allow to stiffen and live in a routine;
- sometimes rally and allow express one‘s solidarity with other conflicting members.

It must be said that all mentioned authors claim that the consequences of a negative conflict are the result of longlasting and badly - managing conflict. The worst of all, is that the problem, having caused contradictions, stays unsolved and, very often, the amount of problems increase in the course of interaction. Then inactivity, resistance for changes and management, emotional tension and new conflicts appear. In the result of all these desocializing factors, the atmosphere of distrust, fear, tension and discomfort is created.

Pedagogical conflicts as socialization assumption in vocational schools and their research criteria problem

Investigation of possible conflicting situations in pedagogical system is problematic because of the investigation criteria complexity. Thus, it is necessary to look for connection among conflicts, socialization and pedagogical system.It was decided to single out criteria of pedagogical system which has influence over successful socialization and being able to become assumption for conflicting situations.
It is obvious, that learner‘s socialization is effected not only by one or another factor, but by the whole compex of factors. Broom L. (1992) points out that „formal education is the main factor of socialization process“. Education is the main function of bringing – up, satisfying individual and society needs, the main functions of education is teaching and development. So, teaching and development are the main socialization factors. Vaitkevicius J. (1995), thinks the same, giving the scheme of youth socialization process and indicating socialization factors: teaching and development. While Kvieskiene G. (2000) points out that teaching and bringing-up determine socialization. Rupsiene L. (2000), explaining these concepts, indicates that authoritarianism is deep - rooted in a traditional pedagogics, when all authority is in teachers‘ hands, when learners are only obedient executors, removed from the solvation of actual problems of pedagogical process. Because of authoritarianism, appear learners who“ do not obey school standards, teachers‘ pressure and get into conflicts not only with teachers, but with life standards and requirements in general. (Rupsiene L., 2000, p. 86). According to the author, not only shortage of traditional school determine alienation with school. Problems of evaluation system by marks, school microclimate, communication problems desocialize a student. The author points out inefficient school management as desocialization factor, referring to Targamadze‘s V. (1999) opinion who says that our schools are oriented into guidance but not ruling, that is why processes at schools can‘t be ruled and that complicates learners‘ socialization. Examining the given factors from opposite positions, socialization factors would be the following: favourable school microclimate, efficient ruling of school processes, fair evaluation and constructive communication.
Broom L. and others (1992) indicate such socialization factors: individuals, groups, organizations and institutions. Leliugiene‘s I. (1996) thinks that a person‘s socialization starts when he/she gets into certain circumstances“. Circumstances may be called the factor of socialization“ - says the author. (Leliugiene I., 1996, p. 24). Grigas R. (1985), analysing individual‘s socialization in an organization, indicates that socialization is decided by his/her preparation for work, material-technical base of the organization, and staff social – psychological relations.Other authors (Davis k., Newstrom J. W., 1989; Steers R. M., 1994; Cherrington D. J., 1994 and others) determine three socialization stages, including new members‘ orientation, teaching and developing programmes and activity evaluation.
Analysis of conflict functions and reasons, also other presented thoughts allow to draw such conclusions:

- Pedagogical conflicts arise when there is a clash between teachers and students‘ activity or the aims, ways or means of their behaviour; when conflict rise is conditioned by school specific features as an organization, peculiarities in structure, teachers and students personal features, having influence on their fulfiling roles.
- Conflicts have a particular importance in a learner‘s socialization: they can be a strong impulse for a student‘s development as a personality and determine his/her further success in life, though it may be the other way round: frequent conflicting situations become a

desocializing factor. That is why, seeking to avoid the influence of destructive conflicts in learners‘ socialization, conflicts must be estimated as a possibility to control them.

- Ascertaining the reasons of a conflict allows us to use positive potential of the conflict, seeking for changes and forseeing preventive means to avoid conflicts themselves.

Students‘ socialization improvement in vocational schools

Current social, cultural, economical changes in Lithuania determine a new attitude to specialists‘ preparation. Ways to improve pedagogical process is constantly looked for. All changes carried out at school should be connected with the main aim of educational system- socially active man‘s development. Student‘s ability to achieve good results in changing social environment mostly depends on teacher‘s ability to adjust to new teaching content, methods and behaviour standards. It depends on a teacher what knowledge and practical abilities will get a student and later, how easy or difficult he/she will join labour environment. Due to wrong socialization, psychological or physical behaviour problems can arise for any student individually. Students can contradict school rules and its requirements. If they are socialized too much, too intense, their behaviour will become exaggerated precise and timeserving- thus, creativity and individuality are lost. So, between these two extremes, such a position must be found, in which everyone could reveal himself/herself as a creative personality and also would stick to school standards, values and aims. It should be remembered that school must carry out the goals set for vocational schools by government institutions, so all changes being done at school must be carried out according to the formed goals.
Knowledge needs updating, interpretation of facts change fast. During a school year students must understand the main, constant truths(the truths of science), essential things; also, they have to know how to differ them from secondary ones and to be sure that learning, development in the field of his/her profession won‘t be finished after she/he gets a diploma. Lessons shouldn‘t be devoted only to giving facts. Teachers‘ purpose is to help students to perceive problems and perspectives of learning field, to teach how to find necessary knowledge and not to be drowned in the information sea. In teaching programmes much more space should be given to ideas, logics, methods which could help to understand and accept future changes.
For quality not only the content of the programmes, but also teaching/learning methods, the improvement of teaching process is important. All vocational schools pay much attention and devote much time for conceptual methodological learning/teaching aspects. The most important (but difficult to solve) problem is students‘ independence, activity and development of their skills. Problem-solving teaching is very interesting, and what is most important, it educates independent, active and quick-witted specialist.
However, the actual question remains: what kind of actions must be taken in order to avoid the influence of destructive conflicts over students‘ socialization. Referring to the set forth material, the best way to control conflicts is to eliminate the reasons which can provoke conflicting situations. In that case, a certain activity model, having the following stages might be used:

1. *Analysis on the socialogical aspect of pedagogical system in a vocational school*. (revealing possible conflicting situations). In this stage, a group analysing occurring trouble in the pedagogical system constantly, may be formed (listening to students‘ opinion, analysing learning and attendence results, investigating market needs, studying employers‘ inquest and etc.)
2. *Apprehension of the present situation, revelation of a/- problem(s).* (What is the situation? What kind of opinions are there? Doubts? Problems?) In this stage no evaluation or problem solvation should be done. It is important to have general view of the situation (to have all facts) and to admit that the problem exists.
3. *Formation of possible problem solving alternatives.* For this, causes of conflicting situations must be established, offered alternatives for removing causes should be evaluated before carrying them out, also, criteria of accepting decision and its evaluation must be determined.
4. *Acceptance of final general decision.* All actions which will be started must be coordinated with school goals. For example, sometimes students can raise unfounded requirements. Then, a discussion should be organized and accepted motives of the decision explained.
5. *Realization of planned actions.*
6. *Control and proof - reading.* In this stage it is necessary to evaluate the planned means, if they are the most acceptable, if they help to reach the raised aims. If not - it is important to come back to previuos stages, to find out faults and look for possibilities to remove them.

Good learning results will be reached when students themselves will look for knowledge, when they will be able to evaluate it critically, will know methods, and ways how to solve one or another problem. Evaluating itself, a vocational school should be more interested in their programme consumers - students and graduates‘ opinion, their activity success and take into account their remarks. Namely students should become initiators of learning/teaching improvement.
It can be stated, that:

- development of vocational schools should be carried on bringing new cooperation and leadership processes, using cooperation strategy in order to stimulate wish to solve conflicts and develop creative working atmosphere, thus resulting in obvious learning achievements.
- Socialization improvement in vocational schools is the improvement of learning quality; here learning methods, development of teaching process, content of programme are important. More attention should be focused on ideas, logics and methods which help to understand and accept future changes.

Investigation of the reasons of conflict in vocational schools

Investigation plan is carried out referring to Jovaisa‘s L. (1994) chosen structural elements of pedagogical process and Juceviciene‘s p. (1996) chosen socialization factors.The base of matrix is made:
horizontal axis-main structural elements of pedagogical system.
vertical axis - socialization factors: real evaluation of school; learning new knowledge and skills; finding out a new school role; dominance of new relations; formation of new image; development of new behaviour models (see 1 table).

Table 1

Structure of matrix (made according to Jovaisa L. and Jucevicieni P.)

	Structural elements of pedagogical system				
Socialization stages and factors characterizing them	Teaching aims	Teaching content	Teaching methods and means	Teacher	Student

30 criteria were determined which had influence for a successful socialization. 14 criteria from them were investigated.
The research was organized in one vocational school in Panevezys, in two vocational schools in Kaunas and in Vilnius.All together 884 students were questioned.
This investigation is an attempt to see the problem from students‘ side, to see the problems they collide with in the learning process. Very actual becomes the first year students‘ evaluation, also finding out the reasons which become dominant desocializing factor in the teaching process. Certainly, opinion of the other side- the teachers‘opinion is very important too. This could be one more theme of research as the difference in teachers and students‘ point of view brings sharp discord. The aim of this research is to analyse the main reasons which raise conflicts, estimating the problem from students‘ position, also to draw certain conclusions.
Students who study at a vocational school come there with already formed system of values. Here secondary socialization takes place, connected with acquiring one or another profession. According to Leonavicius‘ V. (1997), secondary socialization is more superficial, rational and doesn‘t touch person‘s deeper identity structures. Pressure, frequent conflicting situations raise discomfort and stress. Then, it is needed an ability to cooperate, coordinate different interests, solve complicated problems not losing positive aspiration of the activity, i.e. to solve conflicts constructively. Tolerance is a must here, ability and wish to accept different people, who have their own interests and values. Half of the investigated students think that mostly a democratic way of solving conflicts is chosen, 27% of students think that no attention is paid to contradictions.
Such tendencies were noticed after summing up investigation results during inquest:

1. Vast majority of students affirm that there were conflicting situations during their learning time.
2. Problems were more often discussed among friends; this shows lack of confidence in teachers.

It should be noted that schools do not use all possibilities which would make more favorable conditions for students’ socialization:

- *Planning imperfection becomes apparent.* It is a really painful problem, as overloading students with work, especially at the end of the term, increases pressure and stress. Even 68,29% of students named this problem as the most frequent.
- *Teaching/learning isn’t made purposeful.* Students perceive teaching content through their needs. Even 36,59% of students indicated that at least one subject in the teaching programme is not necessary. This shows that teaching content lacks actuality. Teaching goals often conflict with learning aims. Almost half of the interrogated students confirm that a very important factor which becomes the reason of a conflict is making one or another subject over important.
- *Students’ needs, abilities and individual features are not taken into account.* Referring to humanistic statements of psychology and pedagogy about every person’s acknowledgement, right of choice , freedom and individual’s estimation, we can affirm that schools do not create certain conditions to a learner’s socialization. It becomes clear from students’ answers about the content of teaching, differentiation of tasks and failing to take into account students’ needs.
- *Facing shortcomings in teaching organization.* In this aspect attention should be paid to teaching methods which should correspond with teaching goals. Only 25% of students evaluate correspondence of teaching methods with teaching goals favorably.
- *Students lack of needful information.* 82% of students said that they weren’t informed or that they got not enough information about students’ duties, rights and responsibility. 17,07% of students didn’t know criterion of evaluation. It is worth emphasizing that students should know school regulations and inner order/ behavior rules. Then, a bigger probability appears that part of students will evaluate their possibilities differently, also the number of conflicts will decrease, which appear because of different approach to one or another thing.
- *Objectivity problem in evaluation.* Negative students’ attitude was revealed. Part of students do not know criterion of evaluation. 36,59% of students noted that their achievements are mostly evaluated according personal sympathy or antipathy. Evaluation should stimulate personality’s learning motivation, directed to dispersion of knowledge and skills, oriented into constant learning and development. If a student sees that he/she is treated wrong, motives to study will get weaker.
- *Conversational style between teachers and students do not posses equal rights***.** 43,18 % of students would like to see a higher level of mutual respect in their relations with teachers. There were two opinions among students on evaluation methods: almost half of students think that things in common are looked for, seeking to disperse and diminish pressure, while the other half of students think that attention is not paid to contradictions or even strategy of power is chosen.

- *Facing shortcomings of material base.* 41,46% of respondents are not satisfied with methodological material, 43,90 % of students say that they are not satisfied with a possibility to use computers for their work. The problem of material base is connected with money shortage in Lithuania. However it's worth remembering that investment into youth is always useful, as they will build the future of the country with their new ideas and work.

Conclusions

- Analysis of scientific literature revealed the existence of direct connection between controlling conflicts and socialization. Constructive approach to conflicts helps to find out needs and their satisfying possibilities, eliminate all kind of shortage, stimulate activity and helps to adjust to the requirements of environment. Delayed and irrational controlling of pedagogical conflict effects psychological climate negatively disturbs natural person's development.
- Clearing up possible conflicting situations in a pedagogical system allows to control conflicts, that is, to foresee different changes in pedagogical system, to avoid the destructive influence of conflicts on socialization.
- Students' socialization improvement in vocational schools is connected with the improvement of teaching quality, also improvement of pedagogical system and a possibility to solve conflicts in a constructive way. Research results of conflicting situations enables to state that schools do not use all possibilities which could create better conditions for socialization.

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Konflikte zwischen Schülern als Sozialisation in Berufsschulen zu betrachten

Zusammenfassung

Erziehung und Förderung ist aktuell in allen Bildungsinstitutionen als auch in Berufsbildungssystem. Es wird nach Mitteln gesucht, um das pädagogische Prozess zu modernisieren und zu humanisieren. Dieser Artikel ist ein Versuch Konfliktsituationen in Berufsschulen zu erörtern und Wege zu ihrer Lösung zu finden.

Literaturanalysis lässt Kriterien zur Lösung der Konflikte im Sozialisationsprozess zu entdecken. In fünf Berufschulen wurden Schüler befragt und Ergebnisse des Fragebogens analysiert. Es stellte sich heraus, dass viele Schulen ihre Möglichkeiten nicht benutzen. Die meisten Gründe der entstehenden Konflikte sind: nicht hinzureichende Organisation und Planung der pädagogischen Tätigkeit und Arbeit das schlechte Benehmen der Schüler, als auch die Benotung der Schüler und die materielle Basis der Schule, die der Realität und den Bedürfnissen nicht entspricht. Auch die Beziehungen zwischen Schülern und Lehrern haben ihre Auswirkung und Folgen.

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USING BALANCED SCORECARD TO EVALUATE PERFORMANCE OF MUNICIPALITIES

Margarita Išoraitė

Abstract

Performance management has become legislative requirement for municipalities in Lthuania. Unfortunately, not many tools exist to measure and monitor municipal service delivery effectively. Municipal managers and politicians require accurate information to ensure that their decisions are not based on emotions and assumptions but that the information with regards to municipal service delivery is accurate and relevant. Descriptions and terminology used to describe engineering services are sometimes complex and confusing. To aggravate the situation, technical and non-technical people seem unable to communicate effectively about township engineering services. The development of the Balanced Scorecard is a helpful tool in providing decision makers with accurate information.

Keywords

Balanced Scorecard, performance measurement.

Introduction

It is widely accepted that a sound public sector can function as a tool for the competitiveness and success of a society. This should not be taken for granted. Today's public sector faces a growing need for change generated by globalisation, increasing interdependence and customer differentiation. All these factors involve huge political, economic and technological challenges. Countries, regions and individual municipalities are subject to tough competition in attracting successful companies and well-educated labour forces as well as in natural resources. Some also suffer from pollution, poverty and a collapsing infrastructure caused by migration and urbanisation. In order to meet these challenges, there is a desperate need for clear visions and determined measures for improvement in the public sector. There is a serious demand for a coherent approach to the numerous problems and expectations faced by public bodies both today and in the years to come. A framework called the ”Balanced Scorecard” has been commonly applied as a strategic management system for setting and implementing priorities and objectives both in commercial and non-profit organisations.

In the public sector, however, the approach is slightly different from the one used in the private sector. Performance management and performance measures can help municipalities develop a continuous system of improvement. Consistent performance measures can help reveal when a program or service is not being delivered properly or effectively, which can result in insufficient services to the public. It is important for municipalities to be receptive to introducing performance measures to become more focused on outputs and outcomes of a program. Furthermore, performance measurements can also result in positive behavioural change. Municipalities should embrace the concept of continuous improvement and be willing to be measured (benchmarked) against outcomes. Establishing a receptive climate for performance measurement is as important as the measurements themselves.

Purpose of this article is to analyse importance of Balance Scorecard for evaluating performance of municipalities.

1. The original Balanced Scorecard

The use of the word ‘Balanced’ reflects the roots of the Balanced Scorecard in concerns that organisations were giving too much emphasis to short term financial and budgetary issues. Many business leaders, academics and consultants recognised that a short term financial or budgetary focus could lead to other important, but perhaps longer term issues, such as customer development, changing markets, standards of service and organisational learning, being given insufficient attention or possibly neglected altogether. In response to those concerns, Kaplan and Norton (1991) formulated an organisation model comprising of four quadrants to represent and focus attention on what they saw as the key components, timescales and perspectives of an organisation’s strategy.

Balanced Scorecard process requires every level of the organisation to have a clear and agreed understanding of:

- Why the organisation exists – its fundamental goal;
- What the organisation values;
- The organisation’s vision for the future;
- The critical measures that will make a real difference to the organisation’s performance;
- Who the stakeholders are and how their views can be collected and reflected in the respective quadrants of a Balanced Scorecard;
- How the quadrants and measurements link together (causal links) to ensure the organisation moves towards its strategic goals and objectives.

The Balanced Scorecard (Kaplan and Norton 1996) is a performance measurement tool that uses a strategy map to connect an organisation’s day-to-day processes to its organisational goals. Rather than capture how an organisation currently operates, the Balanced Scorecard is concerned with creating a strategy to drive future direction, building in cause and effect linkages while simultaneouslytaking into account both financial and intangible resources that can determine success or failure. Kaplan and Norton introduced the balanced scorecard (BSC) in the early 1990s as a means to provide a more holistic diagnosis of a business’s performance. They argue lagging financial indicators are not sufficient enough to tell senior management whether work taking place on the ground accurately corresponds to the business's corporate strategy: overemphasis on reducing costs in the short run to boost financial indicators underestimates the value of large investments in research and development to the detriment of the company's long-term survival strategy. This model assumes that senior management uses the profit motive as the main driver of the business's strategy. The BSC framework explains corporate goals through cause-and-effect relationships, and is filtered through four perspectives: financial, customer, internal processes, and learning and growth (also called intangibles). If we increase employee training about products (learning and growth), then they will be more knowledgeable about the full range of products they can sell (internal processes); if employees are more knowledgeable about products, then their sales effectiveness will improve (customer); If their sales effectiveness improves, then the average margins of the products they sell will increase (financial). By connecting financial to non-financial objectives, external to internal processes, and current to future performance, corporate strategy will be mapped more cohesively, and employees at all levels of the organisation work towards the same goal. Performance measures, with both lagging and leading indicators, are then linked to objectives identified in each of the four perspectives. These measures are intended not only to modify behaviour, but also inform upper management if their stated objectives are ultimately in line with their corporate strategy. In order to ensure strategic focus, Kaplan and Norton recommend that 'eventually, all objectives and measures in the other scorecard perspectives should be linked to achieving one or more objectives in the financial perspective" – ultimately, a business's strategy should be oriented towards its financial bottom line.

2. The four perspectives of the Balanced Scorecard

Learning and Growth Perspective. The Learning and Growth perspective should be designed to support the objectives of all three other perspectives. This perspective identifies the municipality needs to ensure that employee skills and technological capabilities allow for successful strategic action. Learning and Growth also indicates the types of training, skills, and technology that are needed to carry the organization forward.

Internal Process Perspective. The Internal Process perspective encourages the city to change and improve the way it delivers services, specifies certain strategy-related objectives, and encourages productive use of resources geared toward achievement of the municipality's mission and vision. This perspective deals with strategic objectives emphasizing not only "how to" but also "through what means" the municipality pursues the adopted focus areas.

Financial Resources Perspective. The financial perspective identifies and enables resources needed to achieve the municipality's Customer perspective. While the Financial perspective is always the "top line" perspective in the private sector, its location in balanced scorecards for governmental application reflects the reality of the environment in which it functions. For example, a "top line" Financial Perspective would indicate that certain activities or programs, which are not profitable, and not contributing to profit should be discontinued. In the governmental application, the scorecard structure recognizes the fact that profitability of most governmental services is not the driving force behind the reason for providing services. In fact, profitability is not a part of the mission of the governmental unit. The Financial perspective, however, remains vitally important to the municipality in all of its activities. It should measure and identify deliverable services at a good price, support maintenance of sound financial position, identify funding mechanisms, and support accountable and responsible use of funds in citywide strategic scorecards. In more limited scope scorecards such as the communication scorecard (or departmental scorecards) the financial perspective may be more likely to identify objective-specific resource requirements and identify resources needed to support the internal process and customer objectives.

Customer Perspective. The Customer perspective as the "top line" perspective represents a structural departure from the Balanced Scorecard structure of the private sector. The Customer perspective in this "top line" position on the scorecard reflect the fact that the municipality is a service delivery organization and typically should contain objectives representing key strategy-related services delivered to citizens.

3. The Balanced Scorecard versus The EFQM Model

Kaplan and Lamotte (2001) contend that there are five major ways in which the Balanced Scorecard exceeds the Business Excellence model:

● They suggest that the EFQM and Baldridge models verify that a strategy exists and is well followed. However, they contend that the links between the enablers and results are implicit. In contrast, they suggest the process of building tailored Balanced Scorecards gives much more emphasis to cause and effect linkages.

● The EFQM and Baldridge models evaluate internal process performances against benchmarked best practices and, as a result, focus on continuous improvement. In contrast, target setting with the Balanced Scorecard permits aspirations for radical performance allowing Scorecard organisations to become the benchmarks for others.

● Quality Models, such as the EFQM and Baldridge, strive to improve existing organisational practices but applying he Balanced Scorecard often reveals entirely new processes at which an organisation must excel.

● Quality programmes are often referred to as continuous improvement programmes. However, there is a danger with the EFQM and Baldridge models that scarce resources might be expended on incrementally improving inefficient but existing processes. Kaplan and Norton suggest that the Balanced Scorecard is a better tool for prioritising which processes should be allocated resources and which should be dropped.

● The Balanced Scorecard integrates budgeting, resource allocation, target setting, and reporting, and feedback on performance into ongoing management processes.

Historically, the EFQM and Baldridge models evaluated and scored leadership and strategy setting as if they were independent processes.With the Balanced Scorecard they are inextricably linked together.

Nevertheless, Kaplan and Lamotte (2001) do concede ‘that each model adds a useful dimension to the other, and in using the two together a management team leverages the knowledge and insights from each approach. Both approaches foster deep dialogues about performance, supported by management processes that link strategy to operations to process quality’.

4. Individual performance

In order to ensure that the municipality meets and deliver on its municipality Scorecards at a high standard, it is appropriate to introduce a performance management system for the individual employees within the municipality. If each employee achieves his/her performance objectives, which are linked to the department’s objectives, which are in turn linked to the municpality. Performance measurement rests on the following two pillars:

• The identification of the selected few strategic objectives/1st level strategic objectives which summarises the performance of the whole organisation and which are the result of focussed strategic planning. These objectives are captured in the top down design of the city score card.

• Individual performance measurement which provides the bottom up measurement data for the measurement of performance of 1st level strategic objectives. Key in rolling out effective individual performance measurement is an understanding of assumptions and allocation (delegation) of responsibility and accountability within the performance management system. An example is given: The city wants to accelerate higher and shared economic growth and development (Strategic objective). The successful achievement Gross value added (GVA) measure. This measure takes into the total money value of all products produced in the city less the taxes plus subsidies on products. of this will be measured by the growth in the city’s economy as measured by the Gross Value. Currently this figure stands at between 5% and 6% for Tshwane. It is assumed that if the city management creates the right economic environment, the city’s economy will grow, i.e. more products will be produced and that will in turn increase the number of jobs in the economy. There are however a number of factors outside the city management’s control that also influences this figure – e.g. if the rand’s value decreases and more goods are exported, the products that are produced might increase and therefore the GVA might increase – regardless of whether the city created a favourable environment or not. This level of indicator can therefore not be directly devolved to an individual’s scorecard – not even the municipal manager, since he is not responsible for adopting policy – only for implementing it. This level of indicator therefore needs to be “unpacked” into an individual level indicator, e.g.: It is assumed that the city’s economy will grow if there are more products or services produced; therefore, attracting companies to do their business in the city becomes a key performance area: Such a key performance area could read: “Leverage growing and strategic sectors in the city in a way that optimize investment opportunities…” A suitable measure for this could be: The number of enterprises locating in the municipality relation to the baseline (i.e. the current number of enterprises). – this is a suitable measure for the Municipal Manager’s scorecard. The decision of an enterprise as to where it locates is dependent on a number of favourable factors, e.g. the availability of raw materials for production, the availability of suitable land, the access to value adding products and services, e.g. transport facilities to airports or ports. The Municipal Manager must now decide which departments could contribute towards ensuring favourable circumstances for businesses and allocate specific responsibilities to them. This means he will assume that some activities will contribute more towards attracting business investment than others. The following activities may be identified: • Availability of suitable commercial/business property and easy processes and procedures through the City Planning Department for changing land use rights, etc;

• Easy access to commercial connections for water and electricity;

• Reasonable / Competitive rates for businesses; and

• Well maintained access routes (Roads).

For each of the above different indicators will be developed and included in the relevant departmental head’s scorecard.

Conclusions

1. The Balanced Scorecard is a self-assessed diagnostic tool that provides a framework linking strategic outcomes with performance measures. It can be applied equally at either corporate or service level.

2. Over a decade after Robert Kaplan and David Norton introduced the Balanced Scorecard as a strategių planning model in 1992, documented successes from the private sector can be found in much of today’s business literature.

3. The objective of Balanced Scorecard is to translate organisational vision and strategy into a specific objectives and measures in four main perspectives: finances, customers, internal business processes and learning/ growth.

4. Managers today are acting in such a complex nvironment that setting right objectives and following them propriately is absolutely vital to ensure the sustainability and development of any organisation. It has also been discussed that in order to follow the objectives accurately, it is very important to monitor the achievement of those objectives by using as optimal and as strategy-focused measurement system as possible.

5. Financial indicators are a good measure of economic state of municipalities. Nevertheless, a town could have a good financial result at the same time of a social or environmental disaster.

6. Social aspects (and indicators) can complete the description of the whole situation and needs of a town.

7. Integration of quality measurement in a management control system is the only way to ensure an high priority to quality and citizen satisfaction.

8. During 1985-90 leading theorists in this field reached the conclusion that the measurement systems that to the date were concentrating mainly on financial information, were not sufficient any more to fulfil the control function. One of these groups that were active in Harvard Business School under the guidance of Robert S.Kaplan and David P. Norton published in 1992 their proposals to the problems that they analysed during two years project that lead to introduction of Balanced Scorecard concept (Kaplan and Norton, 1992).

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Margarita Išoraitė

Subalansuotų rodiklių metodo naudojimas vertinant savivaldybių veiklą

Anotacija

Straipsnyje nagrinėjamas Subalansuotų rodiklių metodas vertinant savivaldybių veiklą. Pastaraisiais metais Europoje didelis dėmesys skiriamas savivaldybių reformai. Veiklos valdymas yra teisiškai reglamentuotas Lietuvos savivaldybėms. Deja nėra dauf priemonių, kurios padėtų įvertinti ir kontroliuoti savivaldybių veiklą efektyviai. Savivaldybių administratoriai ir politikai reiklauaja tikslios informacijos tam, kad užsitikrinti, jog jų sprendimai nėra priimami remiantis emocijomis ir prielaidomis, bet kad informacija būtų patikima ir tiksli. Apibrėžimų ir terminijos, kurios apibūdintų paslaugas yra daug ir kartais jų yra begalia. Todėl Subalansuotų rodiklių metodo panaudojimas yra naudinga priemonė suteikiant sprendimų priėmėjam reikalingą informaciją.

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THE NEW PRODUCT DEVELOPMENT PROCESS IN MODERN MARKETING

Sandra Jakštienė

Abstract

In business new product development (NPD) is the term used to describe the complete process of bringing a new product or service to market. There are two parallel paths involved in the NPD process : one involves the idea generation, product design, and detail engineering ; the other involves market research and marketing analysis. Companies typically see new product development as the first stage in generating and commercializing new products within the overall strategic process of product life cycle management used maintain or grow their market share.

Keywords

New product, development, process, modern marketing.

Preface. One of the most important directions of marketing is a new product designing and development. Classical new product designing methods lack elements, reflecting certain instruments of contemporary marketing.
The aim of this article – to develop the new product development process in modern marketing.
The object – the new product development process.
The methodology of the research - analysis of scientific literature.
Acc. to F. Kotler (1998) and D. Evans (1993), new product development schemes nowadays, as a rule, include the following steps: idea generation, idea selection, screening, developing of product concept, strategic alignment, business analysis, testing and commercialization.
However steps of traditional scheme show general integrated new product development character and lack a few very significant stages in developing a new product, but during the developing process itself it is possible to introduce such new elements of marketing as: product shape, colour, raw material, design, packaging, trade mark, market acknowledgement and competitiveness.
The following are general stages in new product development process (not always followed in such an order) (table 1).

Table 1

General stages in the new product development process
(Adapted by Frøslev Ch., Olesen M. H. and Sorth Kjær J., 2005)

Stages	Description (characterization)
1. **Idea Generation**	• Ideas for new products can be obtained from customers (employing user innovation), competitors, focus groups, employees, salespeople, trade shows and others). • Formal idea generation techniques can be used, such as attribute listing, forced relationships, brainstorming, morphological analysis and problem analysis
2. **Idea Screening**	o The object is to eliminate unsound concepts prior to devoting resources to them. o The screeners must ask at least three questions: ▪ Will the customer in the target market benefit from the product? ▪ Is it technically feasible to manufacture the product? ▪ Will the product be profitable when manufactured and delivered to the customer at the target price?

Table 1 continuation in second page

Table 1 continuation

3. **Concept Development and Testing**	o Develop the marketing and engineering details ▪ Who is the target market and who is the decision maker in the purchasing process? ▪ What product features must the product incorporate? ▪ What benefits will the product provide? ▪ How will consumers react to the product? ▪ How will the product be produced most cost effectively? ▪ Prove feasibility through virtual computer aided rendering, and rapid prototyping ▪ What will it cost to produce it? o test the concept by asking a sample of prospective customers what they think of the idea
4. **Business Analysis**	o Estimate likely selling price based upon competition and customer feedback o Estimate sales volume based upon size of market o Estimate profitability and breakeven point
5. **Beta Testing and Market Testing**	o Produce a physical prototype or mock-up o Test the product in typical usage situations o Conduct focus group customer interviews or introduce at trade show o Make adjustments where necessary o Produce an initial run of the product and sell it in a test market area to determine customer acceptance
6. **Technical Implementation**	o New program initiation o Resource estimation o Requirement publication o Engineering operations planning o Department scheduling o Supplier collaboration o Resource plan publication o Program review and monitoring o Contingencies - what-if planning
7. **Commercialization**	o Launch the product o Produce and place advertisements and other promotions o Fill the distribution pipeline with product o Critical path analysis is most useful at this stage

As seen in Table 1, the new product development general process should be started by including it in the firm's production programme or innovations which consist of research of ideas for a new product, their selection and economic analysis as well as new concept development.
Most companies follow new product dvelopment process, usually beginning with identifying the firm's new product strategy.
It is very significant to integrate the elements reflecting modern marketing instruments into classical new product development stages. So stages of great importance should be newly integrated stages, such as: product designing, regarding its shape, colour, raw material, packaging and trade mark. A considerable attention should be paid to product quality, competitiveness and market adequacy assessment.
Figure 2 shows classical new product development process integrating modern marketing elements.

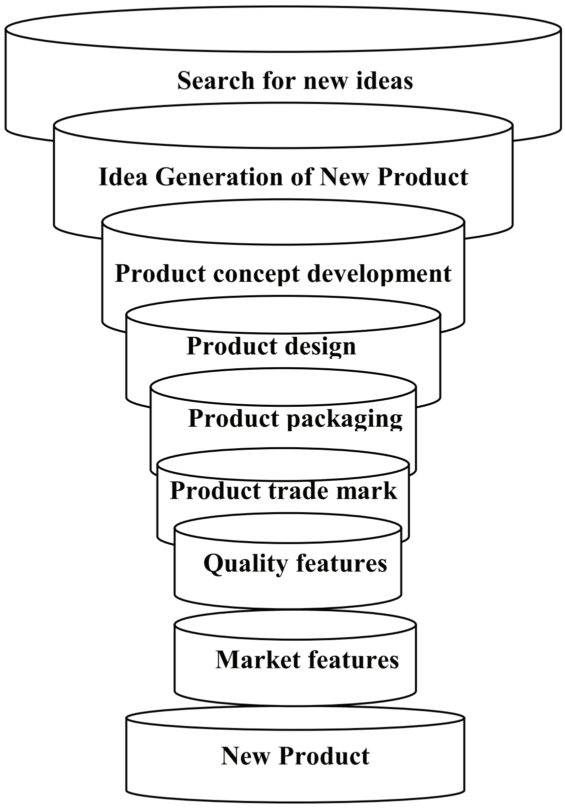

Figure 2. New Product Development Process in Modern Marketing

As seen in Figure 2 the first stage in new product development process is a search for new ideas. The most significant constituent being new idea analysis, and use of creative methods to obtain these ideas. (Dichtl and others, 1995). In this stage three main idea sources are identified:

1. Market. This is the most significant source as ideas may come up from customers as well as competitors. This source constantly demands product improvement and shows ways how to do it.
2. Firms. This is all employees of the firm, interested in producing a new and profitable item as well as those, engaged in research and new product introduction into the market.
3. Other independent firms, connected with search for new ideas. Researches are being conducted on products of competitors and other related products.

The next stage deals with selection and assessment of ideas. This is being done in each firm separately according to existing criteria by its emloyees.

Product concept development takes place in a few directions and answers certain questions: what functions does a product‘s element have to fulfill?, what additional functions can it make?, what are the expenses connected with it?, are these functions important?, can any function be applied in another element (the cheaper one)?, and what is its economic profit in such a case?

In the following stages it is important to integrate elements reflecting modern marketing: product design with special attention to its shape, colour and raw material, also to packaging and trade mark.

The product shape is connected with both main and additional quality features, e.g.esthetical appearance. The shape of the product has to be simple with applied simetric lines and elements. The shape or form is influenced not only by consumer‘s personality and taste but also by fashion.

Colour is the simplest and cheapest way of product variation. Colours and shades are matched with raw material and other elements.

Raw material also highly influences product acceptability.

Packaging is one of product planning components which varies in each firm, that designs packaging, label and information about the product.

In the process of new product development trade mark is highly important, time consuming as it includes reasearch, product development and goal implementation. (Popov E.V., Popova L.N., Kliuev J.B., 1997).

Then there is quality securing sistem formation and compatibility assessment.

The new product development system is the summation of interralated and each other influencing factors, in other words these are the actions, able to transfer the receivable into action, in this case result, e.g. the receivable is customer demands, the process is new product development. Each bigger process can consist of a few subprocesses, such as:designing, production, presentation in the market. Each of them can be split into smaller units.

So process is activity, summation of acts. Processes in a firm are joined into a common system and make a sequence. Very often the received result in one process becomes the receivable in the next. Each process has its suppliers and customers who continue producing the product or the result. However let‘s recollect the main goal of any business, i.e. profit, assuming that a business is to supply market with products or services better than your competitors. So the goal cannot be good marketing itself, well-organized sales or product presentation. The most significant is sequence of interconnected activities leading to the main goal.

Conclusions

Concluding it is possible to claim that a new product developing process is a significant period in presenting it in the market or to the customer. Today is far from enough to apply classical new product designing stages, it is necessary to integrate new marketing elements, such as: design, shape, colour, raw material, packaging and trade mark. Quality is a very important point in competitiveness and market adequecy assessment.

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Sandra Jakštienė

The new product development process in modern marketing

Summary

One of the most significant directions of marketing is new product designing and development. Economic literature presents classical product development models lacking the elements, reflecting modern marketing tools.

Traditional stages show general integrated new product development character and lack quite a few significant stages. In new product developing process it is advisable to include several modern marketing means, such as shape, colour, raw material, design, packaging, trade mark, market acknowledgement and competitiveness.

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THE USE OF THE LITHUANIAN LANGUAGE IN KTU PANEVEZYS INSTITUTE: LANGUAGE COMPETENCE AND USAGE OF BARBARISMS

Dalija Kemeklienė, Liucija Šiaučiūnienė

Abstract

Language is a means of communication in a society. Communication language is used to pass and receive information while both the receiver and the conveyor are participating. So language based communication is at the same time communication between or among people. Qnly existing language makes the totality of its existence (location and non - location based, the concept also includes standard language as well as social- classical language forms). The variety of language forms in a society is characterized not only by its social but by its functional aspect too, i.e. prior language commonality ties are supplemented and conditioned by a certain sphere, where this particular form is in existence, e.g. dialect. The separation of social and functional forms or linguistic elements is often so interwoven that there is an assumption to discuss their social functioning distribution. Language politics be understood as total two-way process, including speakers linguistic orientation, language and reasoning process or linguistic activity. These processes resu1t a certain utterance expressing certain information, which is both grammatically and socially correct.
In order to find out the use of business language among the staff as well as KTU Panevėžys Institute students we conducted a sociolinguistic research. The questionnaires were distributed among the 1st year students, prior to professional language course offered for senior students. We focused on business terminology used by the staff, teaching business-related courses.

Keywords

Communication,language distribution, competency, barbarisms.

Relevance. Growing business language usage relevance, its interconnection with English shows it is high time to thoroughly analyze and evaluate the need of business English and Lithuanian usage as well as language competence relationship in academic society.
Goal is to reveal both different and similar Lithuanian and English usage needs in academic society.
Subject-matter is to determine the ratio of Lithuanian social need and language competency and the usage of barbarisms.
Research objectives:

1. To theoretically discuss business language relevance, its development and cultivation in academic society.
2. To analyze how and to what extent barbarisms influence Lithuanian.
3. To evaluate business language need in academic society.

Methods used: analysis of sociolinguistic questionnaire distributed among KTU Panevezys Institute first and second year students and lecturers in Management and Administration faculty.

Language is a means of communication in a society. Communication means passing as well as receiving information between the addressee and addresser. So oral communication is at the same time communication between people. A language makes entirety of all its existing forms (territorial and no territorial, the notion includes standard language as well as social class language forms).
Existence of a language in a society in its different forms (territorial and social dialect) is divided not only socially but functionally too, i.e. primary correlations are complemented and conditioned by a certain communicative circle, where a certain type of form is acceptable, e.g. dialect.
However at times the division of social layers becomes very complicated and then one can make the assumption and speak about the distribution of social functions.
Because of such distribution the forms of a national language bear not only different social meaning but also different communicative load. Not every piece of information can be conveyed through all the strains.
Social and functional language distribution means make a system, connected with society communication system. Such a system is called lingual situation.
Lingual situation in a society changes together with social, public and political changes as well as with the accepted means to maintain the existing functional distribution or their forms. Lingual situation as a whole and the distributional elements of its social functioning depend on both objective social-economical processes and subjective factors, i.e. language policy in a state. (Nikolskij, 1974).
Language policy and lingual behavior are non-resistant to influence of social factors. Language functioning can be understood as a unanimous bilateral process, consisting of the speaker's linguistic orientation, speaking, reasoning and lingual activity. Due to these processes appear speeches, adequately expressing certain information, which are correct both grammatically and socially.
While speaking about the influence of such factors as social functioning and interaction, first of all a question should be answered: Is it possible to accept a thesis as correct that a language is being socially conditioned? In a language everything is being socially conditioned in the sense that it can neither emerge, nor function and develop outside society. If a language is no longer used in a society, it stops developing, changing and finally dies, as e.g. Prussian.
However one cannot draw a conclusion that any changes in a language can be directly connected with one or another economic formation in a society. The influence of

social factors to language functioning and development is a complicated process. Here interact and intertwine all kinds of social, economic, political, etc. factors, belonging to different epochs. (Deserijev, 1977).
All new public existence and reasoning phenomena are first of all noticed in lexis. An example could be different layers of lexis, reflecting society's various sides both material and spiritual, e.g.: active IT penetration and different terms connected with it, like printer, personal computer, virtual environment, etc.
Social phenomena could be reflected in a language without conscious influence of a society to reflect itself in linguistic structure. The proof is the formation of existing linguistic structure elements and its grammatical categories.
In a way it could be stated that …..Language is the most significant means of communication in a society, its communicative function being characteristic to every language.
One way of language social differentiating types is professional language. Its usage problem becomes of special significance when a professional language is formed due to two-or three-language influence. Lately English has had a great impact on Lithuanian business language formation. One of such components is terminology because students can seek for Lithuanian adequate terms only knowing English well-enough.
In order to find out how often students use business barbarisms, which languages have priority in concrete cases and why we conducted the sociolinguistic research among both the students of KTU Panevezys Institute the teachers in Management and Administration faculty.
The questionnaires were distributed among first year students, who were taking the course of language culture and fourth year students after passing the exam on language culture.We were also interested how well the teachers, teaching business-related modules knew Lithuanian business terminology.

Research Results

The research was conducted using quantitative information collection method: sociolinguistic questionnaire. 50 respondents participated, their age varying: 79% from 20 to 25; 13% from 31 to 40; 4% from 26 to 30 and from 41 to 50 each (Fig.1).
Out of the 79% are students, 17% teachers, 4% others.

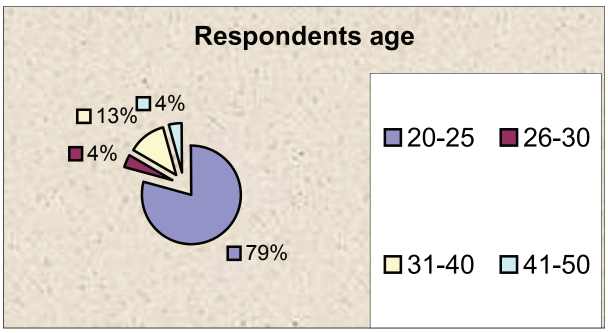

Figure 1. Respondents age

Education: 79% - unfinished higher, 13% - higher, 8% - degrees (Fig. 2).

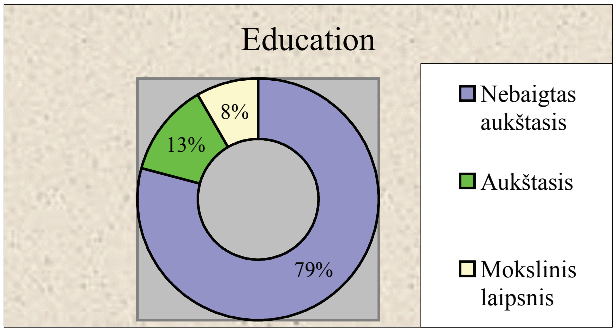

Figure 2. Education

Gender: 67% women, 33% men (Fig. 3).Out of them 88% reside in Panevezys, 8% - in Panevezys region, 4% - outside Panevezys County (Fig. 4).

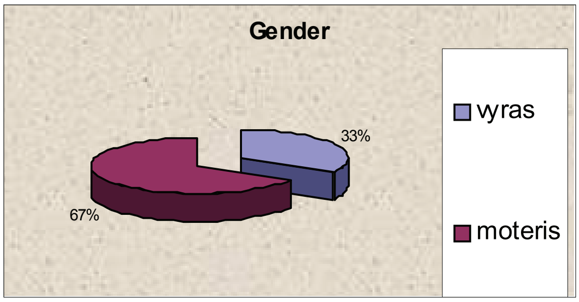

Figure 3. Gender

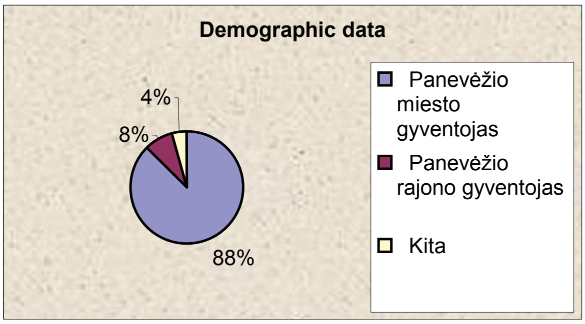

Figure 4. Demographic data

After analyzing the results it can be stated that lately language situation has been changing together with societal, social and political changes. Evaluating language speaking skills it is obvious that besides Lithuanian two foreign languages are prevailing: English and Russian. In addition, part of the respondents knows a few foreign languages: English, German, French and Russian. The questionnaires showed that there are cases when Latin and Spanish are being used (Fig. 5, 6).

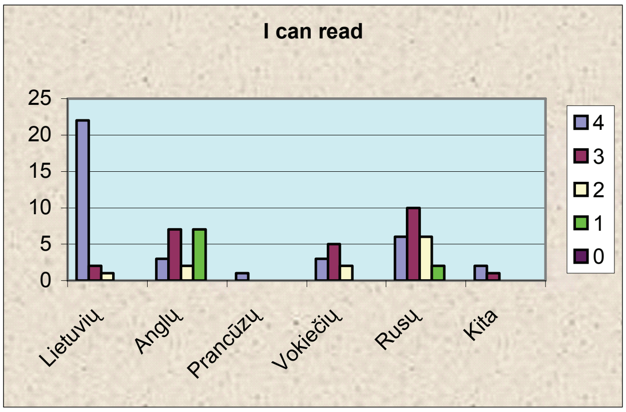

Figure 5. Use of mentioned languages

Very good – 4; good – 3; satisfactory – 2; weak – 1; cannot – 0.

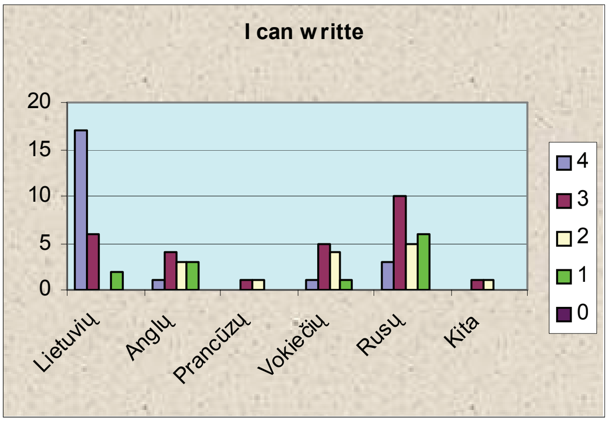

Figure 6. Spelling in mentioned languages

Very good – 4; good – 3; satisfactory – 2; weak – 1; cannot – 0.

The received data indicates that 77% of respondents read only in Lithuanian, 10% in Russian and 10 % in English, and 3% in French (Fig. 7). Non-fiction literature is studied in: 55% only Lithuanian, 24% in English, 17% in Russian, and 2% In German or French each (Fig. 8).

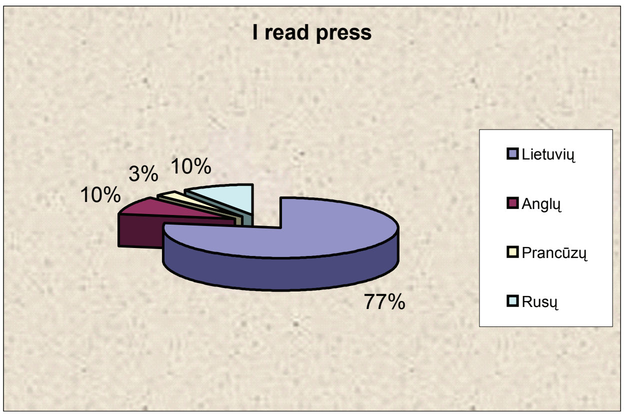

Figure 7. I read press

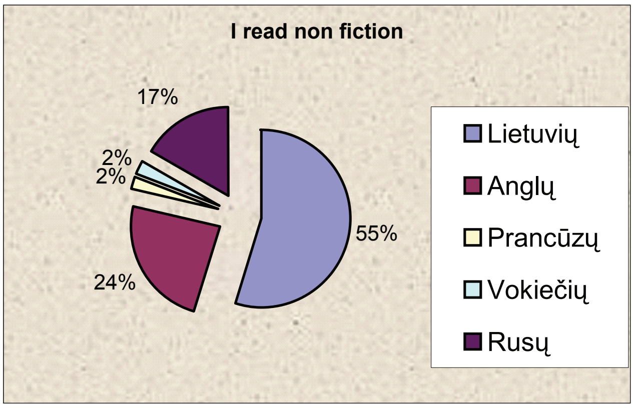

Figure 8. I read nonfiction

Having compared Fig. 7 and 8 we can state that press is mainly read in mother-tongue, but non- fiction is read and studied in English, Russian and other languages.

The respondents were asked a question:' When do you use such barbarisms as e-mailas, ofisas, kliringas, depozitas, instrumentarijus, makleris, faktoringas, inzyniringas and so on?' the opinion distribution is as follows: 47% use such barbarisms only with friends, 35% use them in public places too.(Fig.9).It proves the fact that business language interaction with English as well as other languages influence the ratio of language competency in academic society.

After analyzing questionnaires it can be stated that as many as 63% respondents would like IT computer programs to be in Lithuanian, 18% - not, 14% - do not know, 5% -other than that (Fig. 10).

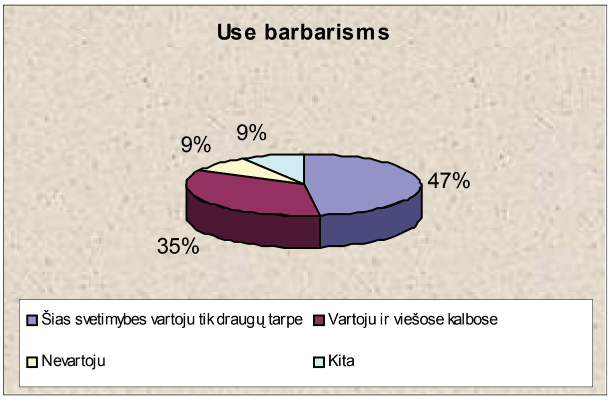

Figure 9. Use barbarisms

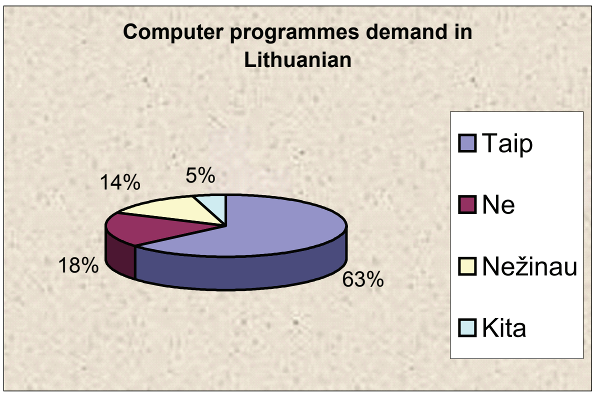

Figure 10. Computer programmes demand in Lithuanian

Conclusions

The first: the usage ratio of terminology in English and Lithuanian is not adequate. More English terms are used in business environment, than in mechanics or botany, which both has long term usage traditions.

The second: after result analysis one can state that lately business terminology has been changing together with societal, social and political changes.
The third: the data prove that apart from mother-tongue, English and Russian prevail.
The fourth: part of respondents knows a few foreign languages: English, German, French, and Russian, in some cases Latin and Spanish.

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THE PRINCIPLES, DIRECTIONS AND RESULTS OF THE EUROPEAN UNION STRUCTURAL SUPPORT FOR THE PURPOSE OF THE DEVELOPMENT OF LITHUANIAN RURAL HUMAN RESOURCES

Feliksas Klupšas

Abstract

The worldwide experience vividly shows that countries investing in people necessarily lag behind other countries. Since Lithuania has become the member of the European Union (EU), real possibilities for the use of the support of the European Union structural funds assigned for rural human recources development have opened During the years 2004-2006 the European Union support means for the development of Lithuanian rural human resources according to the SPD LEADER+ type measures "Gaining of skills" and "Training" have been successfully mastered. The sums of signed contracts were equal to 6.717 and 3.138 million Lt respectively.

Keywords

Human resources, rural areas, agriculture, structural funds.

Introduction

In the nearest future the economical and social progress in Lithuania (the same as in other developed countries) will be basically determined by the development of a knowledge-based society and economy. once the country has joined the European Union (EU), at the same time it has joined one of the common parts of policy, i.e. structural policy, which aim is to decrease the differences of the economical and social development of the eu with the help of financial measures and improve the competitive ability of backward regions. the main instrument for the realization of this policy is the means of EU structural funds. one of the main documents regulating the distribution of fund means is the singl programming document, where presumptions and actions connected with the development of human resources are being foreseen according to the second priority field. the aim of this priority is to decrease unemployment, even to block the road to unemployment while coordinating employees' knowledge and skills with the still-forming labour market demands and the stable development of human resources, i.e. with the aims of economic growth.
The aim of the work is to analyse the principles, directions and results of the investment to rural human resources using support means. Tasks to be solved:

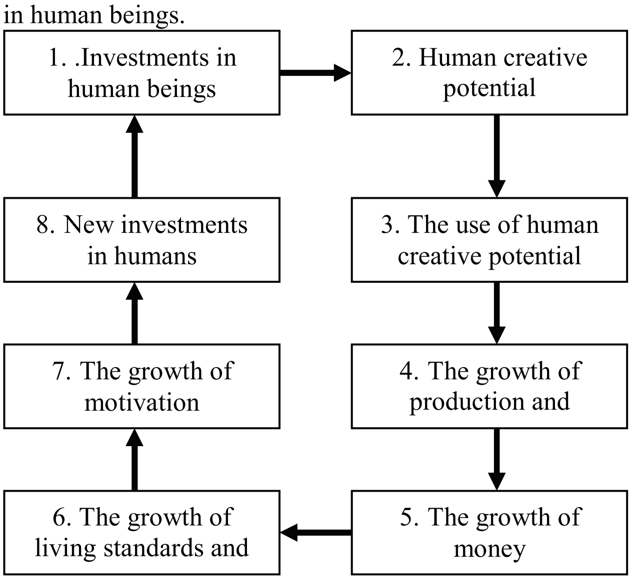
- to ground the significance of the investment in rural human resources;
- to analyse legal documents and scientific works on the subject of investment to human resources.

The object of the work is Lithuanian rural human resources.
Research methods used during the research are the following: the method of the document and scientific literature analysis, the logical abstraction method, the induction and deduction method as well as the method of logical abstract investigation.

Research results and their analysis

Investment in human resources is widely used in many applications [5, 7, 9, 12, 14, 16 etc.]. The worldwide experience vividly shows that countries investing in people necessarily lag behind other countries. At present, everything is conditioned by the level of education and the amount of accumulated knowledge. Much attention should be paid to economical aspects of education and science, because the effective use of educational potential is the main condition for the society's economical and social stability [14]. Knowledge, the ability to use the newest discoveries as well as the creation of new knowledge and technologies are the main drivers not only for modern economy but for many other fields of everyday life as well. One of the main conditions for the country's development and modernization is economy based upon innovations and knowledge as well as the capability to create and apply new knowledge in all fields of everyday life. Many countries recognize the knowledge-based society as the endeavoured aim or already existing phenomenon [6. Productive knowledge, as a base of economy, is being accumulated and constantly renewed. It occurs while developing scientific researches and practical activity based upon knowledge and technologies of informational relations, as well as while integrating business, science and studies in the fields of competitive production and service rendering. With the rapid growth of the role of knowledge in the society the drivers of economic development are changing rapidly as well. In the developed countries the traditional economy is already being changed into knowledge-based economy. It is already being created (especially in the EU) as a particular bridge between knowing and life prosperity of humans [1]. The investment in human resources for the purposes of education, career education, health service and scientific research improve human capital. The accumulated knowledge in the society automatically awakes the increasing return of production degree. The result of the accumulated knowledge in human capital is the increase of income, capital and consumption for one inhabitant at the same time. Therefore, state investments in education, scientific research and experimental development (accumulating new knowledge) are very important internal factors of economic growth. The necessity to create new development engines and to

increase the variety of economic activity is a nowadays challenge for Lithuania. The main thing while increasing competitive ability is a systematic creation, the use and spreading of knowledge in all economics and society not only in the industry of modern technologies but in the sectors of textile, woodwork and agriculture as well.
Human capital is not the whole of coincidences and knowledge. In the course of life the human being passes through particular age stages, where every one is being characterised by the state of his natural or acquired features. In every stage investments are needed for the formation of humans. In default of investments any backward expenditure cannot be compensated in other stages. Human capital can be in the state of natural and economic reproduction. Not only special financing is needful for the maintenance of such state but the active use of new scientific knowledge as well. In the process of the reproduction of human capital human productive forces gain various functional-logical forms (fig. 1) fluctuation of which show the importance of investments in human beings.



Source:
Bagdanavičius J. Žmogiškasis kapitalas, 2002, p. 48.
Figure1. Functional logical forms and stages of human capital

Education and scientific researches have the largest influence on the growth and employment. According to the leaders of the EU (Lisbon) “investments to people and the development of active, dynamic welfare state” have the deciding influence on knowledge-based economy. It means that the states members must invest more to human resources and pay more attention to lifelong learning, because the better preparation gives more opportunities to be employed. At present the investments of organizations to the training of employees competencies are becoming more active, i.e., the attitude of organizations towards human resources is changing, the high demand for employees conditions that the cry “the most important in organization are people” becomes the reality of many companies. The long-term competitive advantage of the organization lies behind the capability to create, accumulate and properly use knowledge [4]. In the modern knowledge-based and information society the work activity is changing and becoming more complex and made decisions as often as not has weighty significance not only for the members of labour organization but for its external environment as well (Consequently, the requirements for the employees’ competence is increasing and changing as well. Employees must constantly improve their skills, i.e. to develop and deepen their knowledge, to train their capabilities and appeal to labour and personal values [15]. According to the statistics of 2005, 1 million and 134 thousand or 33.3 per cent of Lithuania’s population lived in rural areas. Employable population in rural areas made up 649.8 thousand or 57 per cent. Employment in agricultural sector is decreasing, however, this sector yet remains the major income source for rural population. According to the general agricultural census data of 2003, 519.9 thousand workers worked in farmers’ and family farms, i.e. 48 per cent of men and 52 per cent of women. The status of the majority of workers employed in farmers’ and family farms were farming persons and members of their family (511.3 thousand). The number of regular hired workers was only 4.1 thousand, and the number of casual workers was 4.5 thousand. The majority of agricultural workers (working in farmers’ or family farms) usually worked part time (14.7 thousand worked full time and 505.2 thousand worked part time). In the part time structure, the work shorter than 2 hours (37 per cent) or the work from 2 to 4 hours duration prevailed (36 per cent). Only 8 per cent of the employed population worked 8 hours per day [17].
From the quality point of view, rural resources are problematic because of the low level of education. Only 4.9 per cent of the employable rural inhabitants have higher education, and on the average in Lithuania – over 40 per cent. The unemployment in rural areas is higher than in towns, however, one can feel shortage of some workers in rural areas (starting with teachers and finishing with skilled workers). The number sexagenarian is increasing in rural areas. Though the number of inhabitants is decreasing in Lithuania on the whole, however, the demographic situation in rural areas is worsening especially rapidly. The decline of the number of inhabitants in rural areas is conditioned by the decline in the birth-rate and higher death-rate numbers than in towns as well as the migration of young inhabitants (25-29 years) from rural areas to towns. At present, people are migrating not to towns, but mostly abroad. During latter years, the access to education has grown significantly, but socially correct and obtainable to everyone educational system hasn’t been created yet. In this field the least was achieved in preschool training. The programs of non-formal education are not equally obtainable to the children from towns and rural areas. The accessibility to the children from rural areas is being limited by the quality of various circles and far from perfect carriage system, which is very often coordinated with the time of formal education classes. Unfortunately, very often the additional training programs do not satisfy pupils’ self-expression demands.
In Lithuania, the strategy of the security of Lifelong learning has been implemented for already several years. During latter years the tendency of the growth of the number of consistent learners has been watched (only during the period of 2003-2004 this number has increased by 2 per cent), however, educational services

are not accessible to everyone, especially to those living in rural areas.

Considering the above problems, in the regulations of the State education strategy for 2003-2012 it was planned to develop the accessibility to preschool training services, to create and develop the system for general preschool training and non-formal education for children and adults. It was planned to support the establishment of universal multi-functional centres in rural areas, in the accommodations of to-be-closed comprehensive schools while using the EU structural funds during the period of 2007-2013.

The political, economical and social changes going on in our state have significant influence on the change of education system. A demand for the creation of such structures, capable of flexibly and rapidly reacting to the constantly changing labour market demands, occurred. The network of professional schools has been started to reorganize in the country. 18 professional schools from 48 have the names of agricultural schools. In order to prepare high-skilled workers, it is necessary to create the centres for practical training supplied with the newest machinery, equipment and training aids. They should be created together with business organizations used for the training of various levels as well as for the improvement of skills.

The network of colleges should be developed as well. The same as with professional schools they should be supplied with the newest machinery and training aids. The colleges have already started to carry out their regional mission. They create the more favourable environment for the young people with higher education to live in districts.

Lithuanian universities are facing challengers dictated by globalisation and demographic processes. In order to overcome them it is necessary to concentrate both intellectual and material resources. Universities ought to play significant roles while solving rural problems. Their mission will be the implementation of technical progress and innovations [8].

Large investments are necessary for the fulfilment of these works. One of the directions of the support for rural areas in the Law on the rural development and agriculture is the support for science, consultation and education. The support for agriculture and rural development is being provided from the means of national budget as well as from the means of the special and other support funds of the EU, from private and other means [11].

Since Lithuania has become the member of the European Union (EU), real possibilities for the use of the support of the European Union structural funds assigned for rural development and pisciculture have opened. The possibility to reach one of the main aims of the EU, i.e. to decrease the differences of economical and social development of separate states and regions as well as to improve the competitive ability of backward countries has also opened. The main instrument for the implementation of this policy is the means of the European Union structural funds, which are being distributed following Programs Financing Regulations. For the efficient use of the means from the EU structural funds the Singl Programming Document (SPD) of Lithuania for the period of 2004-2006 has been prepared and coordinated with the European Commission [10]. It is a strategic document, where the aims of the EU structural funds and the member state actions' as well as the strategy of the development were stated and where the contributions to EU structural funds and other financing sources were indicated. The strategy presented in the SPD was grouped into 5 priorities and was implemented according to one or several measures. The support from structural funds was given as irrevocable subsidy and the financing of projects can reach from 45 up to 100 per cent of proper expenditures. The SPD measures were assigned for the increase of rural human capital. It's being tried to help rural population to improve the quality of their life, to encourage them to more actively participate making and implementing decisions of the development using "LEADER+" type measure or the development orientated towards the initiative of the European Union's societies. The main aim of the activity connected with the gaining of skills is to strengthen rural human resources and prepare them for the implementation of Leader+ type measure. While implementing this activity, seminars, designeded for the local activity groups (LAG), rural communities, other rural organizations and rural population were arranged. LAG could place orders according to this sector of the activity field called "Gaining of skills", i.e., technical support for the studies in rural vicinities, their evaluation and the preparation of the tentative integrated strategies considering demands of population. The accredited consultation institutions of science and education could place orders according to the following sectors of the activity field "Gaining of skills": information of population and education in order to encourage them to actively participate in the process of rural development; training courses for administrators and members of communities and LAG closely connected with the training of capabilities in the fields of partnership creation, administration and financial management; arrangement and dispersal of informational and methodical material and the spread of the gained experience. Up to now the majority of topical rural questions have been solved in separate institutions and organizations without the inter-coordination of solutions and actions, therefore no expected results have been achieved. While applying the principle of partnership, the activity of the state and local authorities' institutions, conditioning the rural life, as well as business and non-governmental organizations, rural communities and rural population (while solving topical rural problems) has been tried to bind up. More and more actively local communities are acting under the conditions of the fluctuations of modern society, however, they are lacking the capability to focus on human and social capital, to create and implement the policy of community development, to participate when making decisions important for the life of community. The establishment and strengthening of communities as well as the creation of opportunities for the development of regions are one of main changes since Lithuania has joined the European Union. The development of community involves environmental, economical, social, demographical, technological, political and other fields. It's been tried to reach that the community should be able to constantly raise its welfare.

The aim of the measure “Training” is to improve the skills of persons working in the agricultural sector and earning their living by the activity connected with the rural development measures as well as to enable them to readjust to new market changes corresponding to strict ES standards in the sectors of environment protection, human, plant and animal welfare and food.

Tasks of the measure:

1) to provide farmers and other persons connected with the activities of land, forest husbandry and other alternative to agriculture activities, with theoretical and applied knowledge, that could be used while applying the knowledge to qualitative and quantitative changes in agricultural and food sectors;
2) to acquaint farmers with the standards of environment protection, landscape preservation, hygiene and animal welfare as well as with the quality requirements for agricultural and food products;
3) to teach farmers about the management of the economically perspective farm;
4) to teach forest owners and other persons connected with the forest husbandry, how to develop forests in order to improve their economical, environmental and social functions;
5) to teach farmers, how to pass from farming to other activities[3].

The scientific, educational, consultation and other organizations, which had gained the right to be engaged in adult education according to a set form by Lithuanian and EU competent institutions, received the support according to this measure. The following trainings were carried out according to the measure “Training”: new technologies for the production of agriculture and forest husbandry, business economics and management, accounting, environment protection, water management, ecological and sustainable farming, animal welfare, quality requirements for sanitary, agricultural and food products, alternative trading in rural areas, cooperation and information technologies. Local activity groups actively arranged and placed orders for the gaining of support means (Table 1).

Table 1

The indices of the activity of the placing of orders according to the SPD measures LEADER+ type measures “Gaining of skills” and “Training” during 2004-2006

Measure	Assigned support means during 2004-2006, in million Lt	Total number of orders, in million Lt	Orders in comparison with assigned means, in per cent
The activity of LEADER+ type measure “Gaining of skills”	9.373	18.132	193
Training	3.044	8.513	280

Source: [13].

During the period of 2004-2006 the support foreseen in directive regulations was rendered for the strengthening of rural human resources according to the SPD LEADER+ type measures “Gaining of skills and “Training” (Table 2).

Table 2

The indices of the demand and the rendering of the support for the strengthening of rural human resources according to the SPD LEADER+ type measures “Gaining of skills and “Training”

SPD measure	Total number of orders	The number of signed contracts, in units	The sum of contracts, in million Lt
The activity of LEADER+ type measure “Gaining of skills”	155	94	6.717
Training	99	43	3.138

Source: [13].

According to the SPD measures, the support was started to be paid to the farmers (who have placed orders) already in 2005. Considering the compensational character of the support and considering that according to the majority of measures investment projects requiring much time and financial resources are being carried out, the speeds of obligations and physical payment of means do not coincide. All support means will be paid till the end of 2008 (Table 3).

Table 3

SPD payments according to counties during the years 2004-2006, in thousand Lt.

Measure	Name of the county										Total
	Alytus	Kaunas	Klaipėda	Marijm-polė	Panevėžys	Šiauliai	Tauragė	Telšiai	Utena	Vilnius	
The activity of LEADER + type measure “Gaining of skills”	135	256	20	39	12	326	136	266	114	681	1.985
Training	108	399	-	-	59	98	17	67	90	10	848

Source: [13].

In 2007 the National payment agency continues the administration of SPD orders, the payment f support and the supervision of projects.

Conclusions

1. From the quality point of view, Lithuanian rural human resources are problematical because of the lower level of education. The unemployment in rural areas is higher than in towns, but there is a shortage of some workers in rural areas. Political, economical, social changes going on inside the state have big influence upon the change of educational system. The demand for the creation of the structures, capable of flexibly and rapidly react to the constantly changing labour market demands, arose.
2. It's being tried to help rural population to improve the quality of their life, to encourage them to actively participate making and implementing decisions of the development using "LEADER+" type measures or the development orientated towards the initiative of the European Union's societies. 95 contracts have been signed in the country according to this support measure during the years 2002-2004. The sum of contracts was 6 million and 736 thousand Lt.
3. According to the measure "Training", the professional activity of persons working in the agricultural sector and earning their living by the activity connected with the rural development measures, is being improved as well as a new possibility to readjust to new market changes corresponding to strict ES standards in the sectors of environment protection, human, plant and animal welfare and food, is being given to them. 43 contracts have been signed in the country according to this support measure during the years 2002-2004. The sum of contracts was 3 million and 137 thousand Lt.

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Feliksas Klupšas

The principles, directions and results of the european union structural support for the purpose of the development of lithuanian rural human resources

Santrauka

Pasaulinis patyrimas ryškiai rodo, kad šalys, kurios neinvestuoja į žmones, neišvengiamai atsilieka nuo kitų šalių. Dabar ūkio plėtrą lemia išsimokslinimo lygis ir visuomenės sukauptų žinių dydis. Darbo tikslas –išanalizuoti investavimo į Lietuvos kaimo žmogiškuosius išteklius galimybes ir kryptis, pasinaudojant ES struktūrinių fondų lėšomis. Darbo tikslui pasiekti buvo pagrįsta investavimo į kaimo žmogiškuosius išteklius svarba; apžvelgtos ES struktūrinių fondų, skirtų šalies kaimo žmogiškųjų išteklių plėtrai, panaudojimo kryptys bei įsisavinimo rodikliai.

Raktažodžiai: Žmogiškieji ištekliai, kaimas, žemės ūkis, struktūrinė parama.

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THE IMPLEMENTATION OF PROBLEMS OF SUSTAINABLE AGRICULTURE DEVELOPMENT IN NORTHERN LITHUANIA'S KARSTIC REGION AND THE WAYS OF SOLVING THEM

Rolandas Kripaitis

Abstract

Results of author's studies are presented in this article on purpose of determination of problems in the implementation of sustainable agriculture development in Northern Lithuania's karstic region and finding ways to solve them.
It's pointed out in the article that traditional agricultural development in the karstic region is impossible due to strict restrictions, it's also stated that insufficient concentration of ecologic product manufacturing and poorly developed marketing prevent ecologic farming from developing while sustainable farming as the most suitable type of farming for the karstic region is not institutionalized because of lack of attention and adverse social and economic conditions.

Keywords

Sustainable development, karstic region, problems of development, payouts, state support.

Introduction

Current Lithuania‘s policy of the development of agriculture and countryside can be described by three basic provisions: support and attention to the development of agriculture and fishery competetive abilities, environment protection and betterment of life‘s quality in countryside areas. These policy trends are already clear and there aren‘t much possibilities that they could change in the future.
These directions are linked to priorities of Lithuania‘s national strategy: intelligence in society, competetive economics, social linkage and local development (Permanant strategy of Lithuania‘s development, 2006). Because of some of it‘s elements: for example seasonality or the necessity of it‘s products, vital for the existence of people) agriculture is often treated as an important part of economy, which is in need of state support (Treinys, 2005).
Consequently, exertions are being given to make the Lithuanian countryside an attractive space for working, living and relaxation, a space where industrial and social facilities, society of well educated and initiative people as well as clean environment and a beautiful landscape are well developed (Permanant strategy of Lithuania‘s development, 2006).
After Lithuania had joined the European Union, favourable conditions have been given to develop agriculture and countryside in collective political and economic areas. Agricultural policy of the European Union is oriented in three basic directions of sector development (Baldwin, 2003):

1. Competetive abilities of the economic activity,
2. Protection of the environment,
3. Betterment of life‘s quality in countryside areas.

Karstic region of Northern Lithuania is one of the most problematic regions in compatibility of ecologic, economic and social concerns. Moreover it is an exceptional territorial formation and traditional plans of intensive agricultural work, used in other regions can not be reused here.
When giving recomendations for regional development it is crucial to regard the fact, that the above mentioned region is international and cave phenomenons tend to expand. Lately propagation of sustainable agriculture activities, as a manner of combining the above mentioned concerns, is receiving big attention in the concept of Lithuanian agriculture and countryside development.
Goal of the article – presentation of social - economic studies designed for sustainable agricultural development problem solving in the karstic region.
Object of the research – conditions, limitations, possibilities and pecularities of agricultural development in Northern Lithuania's karstic region.
This article was written using studies of scientists who examine the policy of agricultural and rural development, methodic literature and results of farmer's sociological survey.

1. The necessity and purpose of sustainable development of agriculture

As pointed out in the strategy[1] of Lithuania's sustainability development, "sustainable development is handled as a compromise between economic, social and environment protection goals of society, which forms opportunities to accomplish overall welfare for today's and future generations without exceeding the limits of impact to the environment". Concepts "sustainability", "sustainable development" and so on are used widely both in scientific and practical discussions. The word "sustainable" means "concerted within".
We need to examine sustainable development as an interaction of three systems – ecologic system, economic system and social system: then the goal of sustainable economic development would be to maximize the goals in regard of those systems, strengthen interchanges between various economic, social and ecologic system goals by accommodating the optimization process for every area and every period of time. At that point sustainable development is possible only when all these

[1] National strategy of sustainable development – Vilnius, 2003

systems are linked together and by making economic decisions that could evaluate environmental and social restrictions (Pinfield, 1996).

Concepts of sustainable development can be useful to the concept of initial environment protection, which is directly associated with sustainable development. Main units of this concept are:

- Achievement and fulfillment of the main needs – an economic goal.
- Protection of the environment and optimal consumption of natural resources – an environmental goal.
- Expansion of community's authority – a social goal.

Main provisions of sustainable development have been framed by the United Nations committee of development and environment, which was leaded by contemporary Norway's minister of environment - Gro Harlem Brudtland. She made a report, called "Our collective future (1987), that report gave a particular shape for the main provisions of sustainable development. A definition of sustainable development (sustainable development is a kind of development which satisfies needs of the current society without reducing possibilities for future generations to satisfy their needs) was also included in the report. It has been highlighted that sustainable development has to be based not only on adjusting and balance of economic and environmental concerns but also has to guarantee social justice in both international and domestic intercourses. G. H. Brudtland has pointed out the basic characteristics of sustainable in her report:

a) Integration of security and development;
b) Fulfillment of basic human needs;
c) Possibilities to ensure other non material human needs;
d) Movement towards justice and social legitimacy;
e) Support of cultural diversity;
f) Security of social decisions and development of self confidence;
g) Support of ecologic integrity.

This concept is associated with economic expansion and its limits in the analysis of sustainable agricultural development.

2. Economic growth of agriculture and associations with the concept of sustainable development

As population is increasing more and more food supplies and stocks have to be produced by the agriculture. There are two basic ways to accomplish this permanent goal, raised for agriculture: a) expand agriculture's sectors of landed property without essentially changing the quality of implements of production and farming culture (the extensive method); b) use a bigger amount of effective implements of production in the same landed property and rise the culture of farming (the intensive method).

These two methods of production increase have radical differences, but they are never separated from each other. Today the intensification of agriculture in developing countries is constricted by lack of funds, while in developed countries this process is blocked by overstock of food supplies as well as strict environmentalist demands against using pesticides and other chemical substances.

Some types of agriculture gradually change and are able to work with industrial manufacturing methods in the current phase of production intensification. Rapid implementation of science and technology innovations cause a quality boost, technological and even biological processes increasingly obey to human control. For some of agriculture production subjects (growing birds, feeding pigs and greenhouse farms) land loses its industrial function and remains only a space for keeping of other means of production. When such production is forming, its seasonality and reliance on nature cycles decrease. These objects reach high levels of work efficiency, decrease production expenses for a single unit.

As mentioned above, intensification of agriculture was conditioned by growing needs of agriculture production, permanent soil supplies and decreasing numbers of employees in this sphere.

Ancient Rome's agrarians ware the first to reveal the matter of agriculture's intensification. L. J. Kolumbela talks about this in his tractate – "…a big, but poorly handled territory will give less profit than a small, but very well cultivated area". G. Britain's agrarians (Jung) were the first in XVIII century to use the definitions of extensive and intensive agriculture production. German agro economist A. Thaer framed separate ideas about intensification into a solid theory, this way substantiating the primacy of extensive and intensive agriculture regarding to labor payments, soil and agricultural production's price proportions. He stated that intensification of production is only worth it when soil prices are high, but there is a lot of cheap work power.

Live and materialized labor input increase in the same territory is not a goal of agriculture's intensification, it is just an instrument. Additional production resources can be gathered for these goals:

- To extend soil's economic productivity and get more agricultural production growth from a single sector unit.
- To change live labor in rational range into materialistic labor (expand work efficiency).

Conditions to intensify agricultural manufacturing consist of many factors. More or less we can group them into three types:

- The ones that expand the productivity of soil's and biological implements of production (rational fertilization with organic or mineral fertilizers, air and water regime control in the soil, usage of innovative plant and enginery protection systems, growth of new productive species of plants and animals, optimal feeding of animals etc.);
- The ones that promote replacement of rational human work with material work (amplification of energetic supply provision, purchasing of new agricultural enginery, improvement of production technologies etc.);
- Expansion of acceptance of environmental factors (Country's and private institution's attempts to expand the market demand, enlargement of the equivalent of producer's support, defense of the country's food market etc.)

Factors of the first group are directly associated with expansion of partial intensive costs of production per usable hectare of land or animal; second – with growth of substitutable costs of production. Factors of the third group do not directly affect costs of production but they highlight and strengthen (or weaken) the effect of the first two groups.
When production is operating normally and the costs of production are growing, the effect of production - the overall output is growing too, but this effect is not infinite. Using more and more inputs on the same land sector unit will cause such a state of intensification, when the value of additional output is the same as the costs used to make that output. It is the limit of rational intensification.
If the process of intensification proceeds to operate, then additional outcome, made out of the same quality resources won't cover the expenses of production. This is why we must search for new solutions in plant and animal biology, search for more effective chemical and biological preparations and improve technology when we reach the limit of productions efficiency. Optimum of production's intensification depends on economic situation in the subject's activities and macroeconomic environment. When production costs are diminishing and the price of the outcome is rising, limits of effective intensification start to expand and when production costs are rising and the price of the outcome is diminishing, limits of effective intensification are decreasing. In all occasions limits of economically effective intensification are not permanent, they are just a state of a particular time period and an economic situation. We can expand these limits by implementing scientific and technical innovations. In this aspect any theory about the limit of productions efficiency is relative but not absolute.
Considering the fact that both regenerative and non regenerative resources are used in agriculture manufacture, this concept based on the philosophy of stability (*auth.note. It is the older definition of present-day sustainable development*) demands to preserve non regenerative resources and use as less non regenerating resources as possible and gradually replace them by regenerating resources.
Stable farming is able to accomplish a few goals. Its content is often treated doubly:

- Accenting only agronomic, biologic, environmental and landscape aspects. At this time environmentally friendly, soil, water and fauna preserving manufacture is strongly supported.
- Complementing above mentioned aspects with economic and social aspects, because stability and continuity are definitions, that have to be adjusted for man as man is a part of nature.

Stability in agricultural systems now is mostly researched by implementing economic and social content in its purport:

- Increment of autonomy in world regions provision of food supplies;.
- Consolidation of direct links between producers and consumers.
- Rational policy of resource protection.
- Support of bigger employment in agriculture.
- Equal allocation of economic effects between the present and the past.
- Revitalization of rural community social and economic stability.
- Enlargement of farmers and other country people psychological stability.

So when sustainable development is implemented by it's main function – provide people with quality food and give people income for their normal life – it preserves quality of ground and water, genetic sources of animals and plants, is economically vital, socially attractive and flexible like no other farming system.
These provisions are especially important in karstic region of Northern Lithuania, because farming in the above-mentioned area is strictly regulated (for more information on restraints in agricultural development check chapter 3).

3. Possibilities of implementation of sustainable development concepts in the karstic region, problems of implementation and ways to solve them

Lithuania's agriculture is important in economic, social and environmental viewpoints. Agriculture is an underlying part of Lithuania's economy because of its multifunctional complexion. Countryside is increasingly appreciated as the infrastructure of Lithuania which affects the quality of life.
Agriculture is and will remain the primary activity in the countryside, therefore it is very important for farmers to chose the right type of farming. Right now it is possible to separate these farming types:

- traditional farming,
- ecologic farming
- sustainable farming.

Other types mentioned in literature are varieties of the above mentioned farming types, used for particular conditions. A farming style forms in a particular environment.
More information on traditional ecologic farming can be found in author‘s other articles.
Researchers point out some of sustainable agriculture, sustainable farming and stable development problems (those problems are very similar and only differ in the measures of implementation and range). The first group of problems is related to technical requirements, competitive ability maintenance problems and opinion of communities. A part of researchers (Meadows, 2000) point out the fact that sustainable farming is not only a type of manufacture but also a style of farming and community activities which have to be supported at a national level.
Scientists revise problems and connections that arise in the process of development of sustainable or ecologic farming and directly affect social problems of the countryside and its community (social restriction, forming of sociality etc.). Frank Vanclay and other scientists assess social and intellectual features of farming and point out that a style of farming is a complex phenomenon and it can not be simply recommended. It

depends on a lot of factors and raises some of the most important questions: how a chosen type of farming satisfies particular strategies of development and provisions of communication and life; what matters more – the product, economy or the region; is reality the same as imagined by a farmer who chose a particular type of farming; is the chosen type of farming permanent etc.

Current situation

Karstic region of Lithuania is a natural station where manifestations of gypsum karst caves can be seen in the earth's surface and deeper terrains. By 1991 yr. December 24th resolution act No. 589 of Republic of Lithuania, karstic region consists of *intensive karst cave zones* and *it's protective territory*. The regulated Lithuania's area of this resolution act overwhelms 193 526 ha and has fertile soils, therefore intensive farming is used here traditionally.

Soil, damaged by both natural (intensification of karstic phenomena) and human (human activities) factors is unfavorable for man to use (engage in intensive farming) because often the biosphere and human health is in danger of underground water pollution. Karstic caves endanger buildings and their safe exploitation, threaten citizens and reduce soil utilization territories.

Considering criteria of ecological vulnerability – activity of geologic substrate of karstic processes, depth and thickness of karstic failures and sinkholes, type of the hydrographic net, pollution levels of underground waters, strict restraints[2] for the amount of pesticides and fertilizers used in this area and the crop structures are used.

When these restrictions are followed, opportunities of farms to achieve a socially and economically sustainable development level of resource price growth are very handicapped by market economics and increasing competition.

Of course we pursue better quality of life for ourselves and future generations. It means: a) sufficient profit for farmers; b) safe and healthy conditions of working; c) rational consumption of nature's resources; d) unpolluted environment for future generations.

Traditional intensive farming, when prohibitions are regarded, does not warrant high levels of both components (economic and social) of sustainable development.

Ecologic farming absolutely matches the principles of sustainable development by prohibitions, but there are no chances to achieve a desirable economic level with current market conditions. It's troubled by: a) very big labor inputs in ecologic farming, because there isn't enough special machinery, there aren't enough labor resources and the price of labor is very low; b) insufficient extents of manufacturing of ecologic products, which are needed for exportation into abroad markets; domestic market is too small, marketing of ecological products is insufficient, consumer solvency is inferior. Above-mentioned statements have been confirmed by results of sociological survey and examinations by other scientists (Skulskis …, 2006).

Sustainable farming, whose purpose is moderate usage of fertilizers and chemical substances, can best match the above - mentioned economic and social interests. Sociological studies of propagation and popularity of this type of farming verified that sustainable farming is known among karstic region farmers and can be successfully developed (Kripaitis…, 2007).

A mathematical modeling of the karstic region's agricultural development has been accomplished on purpose of establishment of objective economical opportunities of farming rearrangement. The model, whose purpose was maximization of incomes and gains, took into account the above – mentioned prohibitions, selected the standards of crop and animal breeding inputs, scheduled a particular level of national support. Calculations, made in both terms of a single modeled farm and whole karstic region verified that beneficial economic results can be received from sustainable development with smaller inputs of materialistic resources and smaller rates of national support than for ecologic farming.

By optimizing the structure of agricultural manufacturing, the farm could profitably engage in agricultural activities. The profitability would be conditioned by higher rates of milk yields and smaller expenses for crop growing (table).

Table 1

Economic rates of modeled farm's activities

Rates	Optimisable	Alteration in comparison with actual rate, per cent (+-)
Yields of selling, thousands of Lt	1406	15,2
Direct payouts, thousands of Lt	300	x
All expenses, thousands of Lt	1152	-24,1
Labor inputs, thousands of h.	45	-32,6
General profit, thousands of Lt	1057	46,0
General profit, Lt/ha	1414	46,0
General profit without payouts, Lt/ha	1012	4,4
Profit from sold production, Lt/ha	850	209,1
Net profit, thousands of Lt	254	126,8
Net profitability (without payouts), per cent	18,1	+9,5
Net profitability (with payouts), per cent	32,4	x

3 models of optimization have been made (by suiting various prohibitions for agricultural products) to measure the optimal variant of manufacturing and substantiate the support for sustainable farming in the karstic region. Areas of wheat, rapes, potatoes, sugar beets and quantity of animals have been restrained.

By comparing results of optimized agricultural activities with actual results of region's farms activities, it is possible to tell that plant growing might be more effective in the optimized model – profit from 1 ha of land was bigger by 37,5 per cent with payout increase by 4,4 per

[2] More on this: *schedule of environment protection requirements for agricultural activities in Northern Lithuania's karstic region*. Verified by the Government of the Republic of Lithuania by June 1st resolution No. 549

cent. Therefore, even the optimization of manufacturing activities would give a significant effect. Still the implementation of such optimal structure of plant growing with conditions of free marketing is problematic – there's no actual mechanism which could force separate farmers to pursue stated structural proportions. Formulation and implementation of such mechanism is an objective of separate studies and practical policy.

By analyzing variants of sustainable farming and comparing them with rates of traditional (even with optimized) farming, it can be stated that in all cases of sustainable farming plant growing would get better – yields from 1 ha of farming land would be 2,03 – 2,12 times bigger in comparison with traditional farming. Rates of support would be 2,25 – 2,27 times bigger. It must be stated that the rate of direct payouts for traditional farming will annually increase (until it reaches the rates provided in negotiations with the European Union). Considering the fact that sustainable farming is the future of further development of sustainable agriculture (despite the fact that much more compensatory payouts would be needed) it would be advisable to give bigger support to this type of farming.

Conclusion

1. Sustainable development is a necessary provision for the future of agriculture.
2. One of the most perspective types of alternative farming in the karstic region is sustainable farming. Sustainable farming is a way to create a stabile agricultural system, which would not only preserve cumulative resources (jointly giving enough produce) but could also prevent ecological disasters from happening and secure future generations from solving present - day problems.
3. It is advisable to implement sustainable development in lands of I-II groups of the karstic region, where restrictions in farms with optimal structure of manufacturing could allow to achieve a satisfactory level of plant fertility and agricultural profitability while pursuing the all the principles of sustainable agricultural development.

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Rolandas Kripaitis

Darnios žemės ūkio plėtros Šiaurės karstiniame regione įgyvendinimo problemos ir sprendimo būdai

Santrauka

Straipsnyje pristatomi tyrimų rezultatai, siekiant nustatyti darnios žemės ūkio plėtros Šiaurės Lietuvos karstiniame regione galimybes, problemas ir jų sprendimo būdus.

Straipsnyje nurodoma, kad karstiniame regione žemės ūkio plėtra tradiciniu intensyviu būdu negalima dėl ženklių apribojimų, ekologiniam ūkininkavimui sparčiau plėtotis trukdo nepakankama ekologinių produktų gamybos koncentracija bei neišplėtota rinka, o tausojantis ūkininkavimas kaip labiausiai atitinkantis darnios plėtros principus karstiniame regione nėra paplitęs dėl dėmesio stokos, jam nėra sudarytos ekonominės ir socialinės sąlygos. Raktažodžiai: darni plėtra, karstinis regionas, plėtros problemos, išmokos, valstybės pagalba

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BOOK AND CHILDHOOD: IN THE CONTEXT OF MODERN TECHNOLOGIES

Audronė Lapienienė

Annotation

The article, which is based on a sociological insight, dwells upon the importance of the book and reading in the childhood period, i.e. on the fact that reading plays an important role in the life of a growing child, while affecting his creative thinking ,speech and forming his goals. Recently modern technologies appeared in a child's room, a TV and a computer takes an important place in a child's life. This destructs children's interest in literature and reading. Technologies offer worthless information and children fell fulfilled with it. That is why the author of the article pays attention to a book, reading, and the relation among parents and children through reading process.

A book is introduced not only as a simple text, but as an incentive of social relations, which is the best helper in the child's socialization, integration and understanding the world. The author emphasizes the importance of a role of an adult in the first and second stages of the socialization. The author of the article pays attention to the strategic element of the youth education – reading. Reading is introduced as a unique and a specific human activity here, as a rather complex process at the organizational and functional point of view: this is new information, studying, recreation, communication and an important cultural component. Reading is discussed in various aspects. It is a pleasure, an opportunity of the development of social relations, the most important communication tool for language improvement. The ratio between a reader and a non-reader is discussed here as well. Social changes makes remarkable influence on the place of a book in the child's life.

That is why the situation of a book and reading is discussed here in the content of modern technologies. Technologies have changed reading scales and context of a book, but the importance of it is still the same. Technologies do not develop the child's personality. They cannot create the intellect, develop fantasy, or teach the language. Theoretical material is illustrated by empirical research results.

Keywords

A book, a childhood, reading, modern technologies.

Book and Childhood

The picture of a reading man did not loose the charm during the centuries. He creates his own special world for a long or short time where only the reader and the writer live. This picture becomes more wonderful, if this reader is a child. Reading child has the rich fantasy world and is capable to keep childhood fantasies and knowledge for a long time. „The development of the child as a creative personality through the interaction with various social-cultural environments appearing in such forms as a game and a study helps him to become meaningful among others“[1]. That is why so important, that the book would open child's world of feelings, introduce the human nature and induce for thinking“[2]. The most important problems appear in the childhood: – Who is a man? Where did he come from? What is a tree, a bird? Why there is a birth and a death? Why cannot we be immortal or invisible? Children are interested in literature, which can show the reflection of their childhood, specific world understanding, bad experiences, feelings and thoughts as the Mirror of Wonderland. "A child is every human creature that is younger than 18 years old, if the law does not determine the full age earlier“[3]. According to G. Raguotienė, „speaking about children literature, we have in mind the readers of 12-14 years old. Children literature includes fairytales, songs, proverbs, riddles and the adult literature easy understandable for children. Children books are the books written specially for children. According to a Finnish writer: "A child book is a piece of literature devoted only for children“[4]. Famous French writer excluded five books for children that are at the peak of literature: Charles Perrault *Puss in Boots*, H. Christian Andersen *The Snow Queen*, Joseph Radyard Kipling *English fairytales*, Selma Lagerliof *Wonderful Adventures of Nils* and A. De A. Saint – Exupéry *Little Prince*. Children form lists of the most popular books by themselves as well. For example, here is the list of the most popular books for children in Lithuania in 2006:

1. M. Burgess. *Heroine;*
2. J. K. Rowling. *Harry Potter and Half-Blood Prince;*
3. M. Cabot. *The Princess Diaries;*
4. A. Lindgren. *Pippi Longstocking;*
5. J. Treiber. *The Blue Lake is Green Today.*

According to the research, new movies and republished or "fashionable" books, such as J. K. Rowling *Harry Potter,* influence the choice of people daily. K. Urba excluded 8 books for children, while analyzing the peculiarities of children's literature. They are: *Rikiki and Rududu* (a story of one cycle – *White-wings*), Jens Sigsgord *Palle Alone in the World,* Janosch *Beautiful Panama,* Eno Raud *Sipsik*, Johnny Grulle *Raggedy Ann Stories,* Vladimir Odojevskij *Miestukas tabokinėje,* Beatrix Potter *Puškutė*, Zacharias (Zachris, Sakari) Topelius *Mažojo Lasios kelionė*. "Each time when I used to see child's attachment to some book, I thought: „What an ordinary book! Why does it attract the child so much? "[5]. There are no doubts that so-called ordinary thin books can be meaningful in the life of a child. They can influence the development of a child's relation with the world, to transfer the philosophical idea in a simple form, which would be easy for a child to interpret and verbalize after several decades. [6]. „I can still remember my first book I have read as I was a child. It is still the most beautiful book for me. It was a nicely illustrated book of Steponas Zobarskas *Looking for brothes.* Every person has such book – his very first and the most favorite book.

According to the writer Nyka-Niliūnas, a book is the first thread, which showed the way from our rooms and yards to the wide and unknown world. This book of the childhood is a place where “seven gnomes hide among the letters“[7]. European Union commissioner Dalia Grybauskaitė says, that her way towards impressive carrier has started in her childhood. „I had a bad habit in my childhood – I was a book lover. It was hard to find me in the yard since I was a preschool student. I was absolutely charmed with the world of books, so I read a lot “[8]. According to Susann Ekstrom [9], children feel inspiration from the stories having following elements:

- Exciting motives;
- Variety of symbols in illustrations and the text;
- Dramatic events – the chain of events with culmination moments;
- Strong feelings;
- Clear characters;
- Dialogue;
- Typical fairytale formulations.

„Boys and girls usually like great classicists of children literature, such as Stevenson and Main Rid, Jules Verne and A. Diumas. This trend of literature interests is absolutely natural. Works with cheerful story and spirit of adventures is acceptable for many children. They are interested in the literature with educational possibilities“[10]. In the childhood period a child is given a possibility to learn the society norms, laws and mode of life and to become a part of it. Parents play an important role in a child’s life during this period. „one of the best ways to strengthen family relations and teach moral principles is reading together with the children“ [11]. The first world of individual is formed during the first period of socialization. The relation of the individual with the very first meaningful experiences influences the special strength of the world of an individual. The world of the childhood is greatly and undoubtedly real [12]. According to the research, children who listened to the reading of parents and have become the readers in early childhood, showed better results at school comparing to non-readers. Children living in low-educated families never hear parents reading books for them. It is necessary to help them [13], because a parent non-reader sends a child wordless thought: reading is not neither very meaningful, nor pleasant. I would read if I thought otherwise.” According to the research, those children who were in touch with interesting books and their parents did a great job reading them, spend their lives with books later. A book becomes a source of experiences, knowledge and information. It teaches new words and terms. The reading habits of children depend on the fact do the parents read books at home; how many books are there at home; do the parents read books loudly to their small children? Famous people were given a question: „What experience from the childhood had the strongest influence to your life? “And the most popular answer was: „Parents read books to me before the sleep“.

Children usually have many questions and comments after hearing the stories. This stimulates closer communication and emotional intimacy between a parent and a child. This leads children to the world of great literature with meaningful fairytales with good moral. According to the research, children reading books learn better reading, train imagination and broaden their outlook. They become informative persons. National Reading Commission has made the conclusion, that the biggest contribution of parents to the child’s success at school is a loud reading [14].

„Studying in the childhood is a long-term dependence of the child on his parent. It is a process when specialized coordination of the brain, eyes and hand is forming and all internal thinking and planning mechanisms are being developed. However he is capable of becoming independent and can transfer and develop the tradition, when he becomes reliable in the concept of basic values, such as truth, justice, etc.“ [15]. Growing child has an opportunity for the development while listening to various stories, fairytales and retelling them. He gets experience to overcome problems and difficult situations while using the abilities of speaking, writing and sexual communication. The child creates more or less consecutive structure of his personality as well [16].

Nowadays the speed of life is so fast, that it is hard for parents to find time for reading books to their baby. Social-cultural capital coming from the family environment has an influence to the reading of schoolchildren. Children, whose parents are readers, have many books at home and read them often loudly to their children, read more books at school as well. [17]. This fact confirm the results of the research done in Western Europe: the more parents read loudly for a child in a family, the more this child reads at full age. There are no guarantees, that the child, whose parents read to him books, will be an active reader in future, but there is a great possibility, that the child, whose parents never read to him, will never read books (prof. Torben Weinreich).

That is why the motivation is very important. Children will read with pleasure, if the book is interesting, can awaken the emotions and give some particular information. It is necessary to introduce such books to children in order to keep their interest for reading the books for children. It is important to show the variety of books and their beauty to children, to teach them to respect and care of the books. Children, as well as adults, read in order to dream, laugh and learn about new things. They read either for pleasure or forced by parents. However, every time they get important things helping to create their world and improve the system of values [18].

A book is not just a simple text. It is a stimulation of social relations as well. A book helps a child to socialize, to integrate to learn and understand the world. One of three models of socialization „is related with the transfer of public culture to younger generations; the term “enculturation” is used in cultural anthropology“[19].

“Reading is meaningful in the life of a person and the society. It directly influences social and economical development of the society, as well as the speed of progress [20]. Reading improves person’s intelligence, spirituality, cultural and social democracy. „Reading is a unique and a specific activity of an individual“[21].

Reading gives pleasure and personal development; it helps to find person’s place in the society; we discover opinion differences while reading; sometimes we “hear” the most intimate and subjective truths from people who

have experienced things and managed to write about them.
Reading is a social activity, which has special elements, such as motivation and the stages of a process and a result [22]. Reading is a complicated process from the organizational and functional attitude: new information, learning, recreation, communication and important component of the culture. A reading process consists of several things. You choose a book, swap it with others, borrow it from a library and organize your time [23]. A book and a reader form one complex system where a reading process and time organization are components.
The literature and reading are the main elements of the culture policy. The ability to read and understand is the most important subject while seeking a success at school and in life. According to the research in the USA, the main attitude of a child is being formed at the 4th year of age, when the important role models are parents and teachers. New formulation was discovered speaking about a child and an adult as partners in the process of education. The conclusion was made with alarm signal: illiteracy impoverishes both the individual and the society. It is calculated, that the USA looses USD 237 bln annually, while paying pensions and loosing profit from taxes. The shortage of reading abilities has become an obstacle for the society going forward together with the progress of services and technologies.

Reading in the context of modern technologies

Recently „we live in the world full of books. The task for a reader is to penetrate into this world: look through the books and then read them. The task for a reader is to find unexpectedly the magic work in this jungle of printings, which would be exciting and secret, and change you while reading it"[24]. Therefore a very important question appears – How to choose a book from such a variety? How to determine its value? It is truth that numbers of book and magazine editions remarkably increased recently. Books of about 35 000 names were published in 1975 in Great Britain; and 53 000 – in 1985. The number of books published increased in this country in other 10 years – it has reached 102 000 names of books.
The total number of books published all over the world in 1970 was a little bit more than 500 000. This number has grown up to 842 000 in the next twenty years. If this tendency will not change, there will be more than a million books published annually [25]. Statistics of book names shows, that 666 books for children and teenagers were published in Lithuania in 2006. However, according to the French researcher of children literature Odile Belkeddar – children are not readers any more. Children and the youth are loosing the interest in books. The research of reading habits, prepared in recent 50 years in Western countries show, that children and the youth read fewer books than 50 or 30 years ago, while the percentage of reading children does not change. The main reason why children read fewer books is usage of modern technologies. Americans have their TV sets turned on average 7 hours a day and they devote 18 minutes a day for reading books (including textbooks) [26]. Let's do not pay attention to the fact that a book is specialized for nowadays consumer. Massive distribution of the book has changed its content – it was oriented to less literate auditorium.
It is possible to find some features close to modern mass communication in printings of XV century. Printing texts are oriented to the person with average conception. According to Umberto Eco, series printing, increase of consumer amounts and their social variety have created the conditions to publish the production of specific form with particular concept of tragedy, heroism, moral, holiness and joke following the taste and habits of average consumer (average from the worst) [27].
The biggest part of published books is provincial, stereotypic printings, created by accidental authors, who seek to record their names, but not their works (that are of low value) [28]. The so-called popular literature, where according to Hartley, a method of simplification is being used , is called a phenomenon of commonsense ,when the vocabulary used by the mass auditorium is selected ,i.e. it is designed for the auditorium with an average or even lower education. Children like such books very much. *Harry Potter* is the most popular one.
F. Jameson thinks that the era of modern technologies is short of depth. That is why the sense of history is getting weaker; the concept of space and time is changing and getting fragmentary [30]. Acceleration in modern culture is influencing both the knowledge "manufacturing" and thinking. It does not bypass anybody of us"[31].
Sociologist Erikse defines recent situation of a book and reading: „My father was born in the family of workers on the 4th decade of XX century. He grew up in the house without books in other words. When he was at the age when he was capable to earn money for bread, he became a voracious reader. He used to visit bookshops or antiquarians buying books. Then he used to go home, place books on the shelves and read them. And he was happy. However, I lived in 7th decade in a house full of books, but it was the time of information society. My thinking was different. I was not upset if I would go to a bookshop and do not buy a book. This means that filters are working. There is a surplus of information and the amount of it is getting bigger and bigger [32].
For this reason the relation between a writer and a text is changing: there are fewer restrictions while choosing a theme, there are new informal rules of writing (signs, pictures, punctuation) and other forms. Interesting poetry called SLAMA is popular in France. Children gather in a group, get a microphone and speak for 3 minutes – classical poem is told and the speaker is creating short text with rhythm at the same time. There are books published with SLAMA, which is created by the children. SLAMA helps children to create and write, because ordinary communication with friends nowadays is changed by text message and e-mail communication. Children like to spend time playing with computers together rather than speaking to each other. These things impoverish the vocabulary and do not develop social relations. The voice tone, mime, gesture, oratory, speech style and culture are very important while communicating. And nowadays children make so many spelling and language mistakes. „It was determined that many troubles of language development appeared in recent twenty years. Poor development of the language is

related with poor development of spiritual powers, incompetence to express the feelings, to show them to others. Internal spiritual spaces of children are getting smaller and the expression of experiences is getting poor“[33].

According to the research the troubles of the speech usually are related with the troubles of thinking. And the language as the system of sound signs is the most important sign system of the society. Casual life is the life with the language and with its help. The concept of the language is the essential condition of casual life understanding. „The language is the most important element for children, especially in early period of socialization“[34]. And the language abilities of children are getting poor because of the services of electronic media. „A child can hear language on TV, but it does not improve his language abilities. Language improvement is based on hearing, and on two special features, that television is not capable to give:

- First - positive social relation between a speaker and a listener;
- Second – adult who is easy to emulate for a child“[35].

Communication technologies form new communication abilities, ways of self-expression and behavior. Internet communication changes the abilities of speech and writing that were formed during a period of time.

„Feelings on television have become the substitute feelings. There is no need to think any more, the computer does it instead of the children. They have lost the possibility to study their own spiritual and physical powers, they cannot express their feelings any more, they have no need for creative thinking, because computer programs do all these things. They interact with virtual world instead of the real one, with restrictions instead of the ability development [36].

So, according to Johan Galtung „the ability of thinking is being destructed in nowadays situation. The first place is occupied by vision, hearing, smelling, tasting and touch – the real orgy of senses, which leaves no place for intellectuality“[37].

Conclusions

The most important factor of the childhood period is books and reading. It has major influence on a child development. Namely reading and a book can strengthen and change the child’s ratio with the world.

Cultural capital of the environment (and the position of parents) forms demand for books among children. Parents reading loudly to their children form language knowledge and reading demand as one of the most important leisure time form.

Children reading books learn to read better, develop the imagination, broaden their outlook, because a book is not just a text. A book stimulates social relations as well. It helps a child to get socialized, integrated and acquainted with the world.

Communication technologies destruct children’s thinking abilities. They have created new communication relations, such as *text messages*, *e-mail* and *computer games*. That is why children have lost the opportunity to get acquainted with their spiritual and physical powers. They do not know how to develop and express their feelings any more. They have no necessity for creative thinking, because they have computer programs instead.

That is why it is so important for adults to teach children that the world nowadays is interesting and the variety of things would loose the charm without a book. Children must know that a book is powerful to do the things, that technology miracles are powerless.

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Audronė Lapinienė

Book and childhood: in the context of modern technologies

Summary

Books have a very important value during the childhood period, when the development process of the relation between an individual and the world is taking place and many questions come to mind. Reading influences social and language environment of a child. It helps to understand procedures and introduce himself as an aim seeking personality. The importance of the ratio among parents and children during primary socialization is a topic for the analysis, because parents are the first adults opening their children the spaces of knowledge. That is why special attention is paid to reading for children, because reading is a complex process, consisting of important components, such as the selection of a book, time organization and motivation. And this is relevant today, when the place of a book in the context of modern technologies is getting unclear. Technologies are becoming a serious concurrent for a written word. They form new communication relations, but do not develop a strong personality, do not awake fantasies, broaden the outlook or strengthen social relations. That is why a book and reading are still the most important elements of the childhood period.

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SOCIOLOGIC ANALYSIS OF FACTORS AND MOTIVES, AFFECTING THE CHOICE OF SPECIALITY

Regina Padaigienė, Alina Dėmenienė, Jadvyga Vasiliauskaitė

Abstract

Selection of the speciality is a very important step in every person‘s life. Some dream about the future profession from childhood and study in order to achieve their dream, whereas others do not have clear comprehension about the future speciality and delay this decision until submission of documents to the institutions of higher education. In the article, analysis is presented as to what affects the choice of speciality, what sources of information about the speciality under consideration are used by the applicants, whether location of the higher school has any influence and whether the results of examinations have influence on the choice of speciality.

Keywords

Study program, institution of higher education, motivation.

Introduction

Over a decade, branches of industry can appear or vanish. Schools do not prepare the students for jobs or professions of one type anymore. In 2010, the average high school graduate will be prepared for three-five sorts of vocational activities instead of one-two professions, held by their parents. Simply nowadays professions disappear faster (Jensen, 1999).

Eventually everybody pauses to give a thought to their place in life and has questions like: who I am and what I am? Who and what I would like to be? What can I do and which capabilities can I develop in myself? How could I take care of myself and those, for whom I am or will be responsible?

Often to such questions we answer by behavior and actions instead of words or thoughts. Choice of speciality is the most important answer and it pertains to what and for the sake of what will we devote our energy and the most beautiful years of life. Quality of our current and future lives depends on this decision very much. Choice of speciality is a decision, made after listening to one's wishes and aspirations, getting to know one‘s likings and abilities, and a striving to realize them in life.

For many, selection of speciality is a difficult and unavoidable issue, until a final decision has been made. It is all very well, if one chose the right study program, but many mistakes are being made. Many students are unhappy about their choice, but sometimes it is impossible to change the speciality and therefore they graduate from the university without being willing to work in the chosen field.

The number of graduates entering higher schools in Lithuania increases with every year. Flexible terms of application allow the young people to choose the desired university and study program and because of this, the majority of graduates of high schools strive towards the higher education diploma. Pupils whose academic merits were good in high schools usually make good students. However, those whose results in high schools were poor enroll as well. Youth who score lower admission points mostly choose engineering study programs and evening study form. According to the methodology for calculation of the admission points, highly motivated people or completely unmotivated students who chose the respective study program only because of low competition, enroll into these less popular specialities (Padaigienė, 2007).

Object of research. Assessment of study program choice of persons, who participated in general admissions to undergraduate and integrated studies of Lithuanian higher educational institutions.

Purpose of research. To determine the factors and motives, affecting the choice of speciality.

Research methodology

The research was organized by the Group for Selection of Applicants of KTU Panevėžys Institute. Questionnaire survey of persons who participated in the general admissions to Lithuanian schools of higher education was carried out. Seventeen university-level and two non-university higher education schools participated in the general admissions. The applicants could choose the desired higher school and study program, out of them, 663 - university and 93 – non-university.

The questionnaire comprised 10 questions. A number of replies is provided to each question of the questionnaire and their distribution in per cent. 150 respondents have been surveyed during the research and they represented various towns of Lithuania: Panevėžys 56 %, Pasvalys 18 %, Kupiškis 9 %, Biržai 7 %, Anykščiai 4 %, Rokiškis 5 % and Radviliškis 1 %. Distribution of respondents by gender is similar – 54 % women and 46 % men. The main purpose of the questionnaire survey was to find out from the research participants, what influenced their decision when choosing the speciality, what sources of information about the study program chosen they used, whether the location of the higher school had any importance and whether the results of examinations influenced the choice of speciality.

What influenced the choice of speciality?

It does not suffice just to collect information about conditions of studying, possibilities for further studies or employment perspectives. Motivational sphere is a very complicated construct, which reveals itself through actions and behavior, which in turn are selected based on what is relevant, meaningful, valuable and significant for the individual concerned.

Responses of the respondents to the question "What influenced the choice of speciality?" distributed as follows: parents – 30 %, it was my decision – 27%, friends – 16 %, the most authoritative person – 15 %, teachers – 6 %, grades– 3 %, relatives – 3 %.
Results of the research have shown that parents (30 %) have weighty influence of the choice of speciality. One of the motives is that students depend on the family's financial support, while studying to acquire the speciality. Parents assume the responsibility for the support of their children and their education. Opinion of parents and other people close to them is very important to a young person. It is great if parents can consider the selection situation very seriously and help the graduate to choose the speciality. However, many parents try to intrude their opinion upon the children, by encouraging to choose the professions, preferred by them. They want the children to live well and therefore encourage to choose profitable professions, and sometimes even try to realize their own unfulfilled dreams through their children. Parents should ignore their egoistic motives and pay more consideration to the aptitudes, interests and personal qualities of their children.
It can be stated that the respondents who chose the response "it was my decision" (27 %) are sufficiently mature and are able to choose further direction of studies reasonably and responsibly. For them, it is not difficult to understand their needs, inclinations and possibilities, to realize the purpose of life and work.
Opinion of friends and peers when selecting the speciality is important (16 %). One can identify with them - it is difficult to leave the classmates. Perhaps it is more interesting to study with friends, but nonetheless, the young people should consider their future, heed their aptitudes and capabilities and regard their perspectives.
Besides the factors mentioned in the questionnaire, several respondents indicated grades (3 %). Those who had received lower grades have fewer possibilities to be admitted to the desired speciality.

Why did they choose the particular speciality?

From the data of the research it can be seen that the chosen speciality matches their interests – 43 %. It can be stated that the young people, when selecting the speciality, assessed themselves as individuals. For them, choice of profession was not coincidental. When replying to the questions, 21 % of respondents noted that the profession matched their capabilities. Those who responded that the profession was in demand in the labour market – 19 % - expected that upon graduation they would be able to find jobs. A small share of respondents indicated the possibility to go abroad 12 – %. Results of the research show, that continuation of the family or name dynasty is not important to many - 5% (Fig. 1).

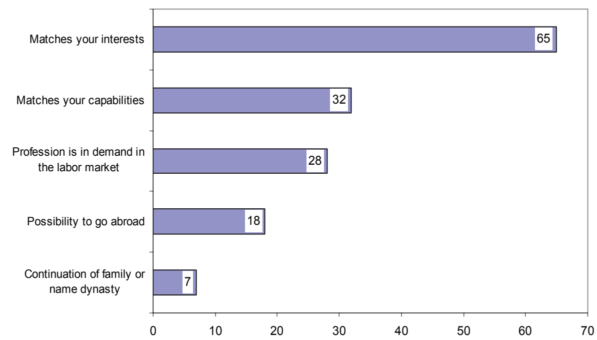

Fig. 1. Distribution of responses to the question "Why did they choose the particular speciality"

Everybody expects from the selected speciality a lot: to be interesting, in demand, to guarantee good earnings and provide the possibility for self-actualization. Needs, aptitudes and interests are perhaps the strongest motives when choosing a speciality (Padaigienė, 2006).
Replies of the respondents show that 50 % of young people selected the appropriate study program with hopes that the selected speciality would ensure a well-paid job. Another important motive, when selecting a study program, is the possibility to study close to the place of residence - 25 %. A large share of respondents, when choosing a study program, expected that the selected speciality would ensure permanent – 15 % and interesting – 8 % employment. Only 2 % of those surveyed wanted to simply continue education and the speciality was of no importance.

Sources of information about the chosen specialities.

In our society, information plays the most important role. Effective enhancement of professional awareness and vocational counseling may help the young people to acquire a speciality that is in great request as well as to effectively integrate them into the society. Young people have to weigh all pros and cons before selecting further way. The adults could help them to re-orient, if they see that the young people are guided by completely insignificant motives or intend to make a wrong decision. It is therefore very important to find out the young people's intentions and motives with regard to selection as early as possible, so that there is enough time to persuade them out of the doubtful decision.
When choosing the desired speciality, one of the main motives was to find out about it as much as possible. To avoid mistakes when selecting the speciality, 34 % of respondents indicated that they searched for information themselves, by reading the press. 22 % indicated that in order to find out more about the speciality and the educational institution they used to visit the websites belonging to the network of universities. A part of the respondents noted that they were told about the speciality by parents - 14 %. Much interesting and valuable information about the specialities in various educational institutions has been told by visiting representatives - 13 %. A small percentage of respondents selected the response about being informed by teachers - 12 %. It is a pity, that increasingly lesser numbers of youth

communicate with teachers. Vocational specialists help the individuals to make motivated decisions, by revealing personal potential, providing the necessary information and recommendations, while seeking to assist in making the decision about education, studies, work, and choice of vocation or speciality, acquisition of qualification. In western countries, many young people search for information in vocational counseling centers, which in our country are unavailable. From the responses, it can be seen that a very small number - 5 % - applied to the vocational counselor.

Influence of the location of higher school to the choice of profession.

Often, choice of profession is determined by place of residence (Table 1). A higher school, located nearby, in many cases is a factor, affecting resolution, seeing as if there is no need to commute, rent a flat or live in the dormitory, it is more convenient to choose the school, which is closer and to limit oneself with the specialities, offered by this school.

Table 1

Influence of the location of higher school to the choice of studies

Place of residence	Distribution of responses
At the parents‘ place	10 %
Closer to the parent‘s place of residence	11 %
Further from the parents‘ place of residence	16 %
In the spouse‘s place of residence	3 %
Other	26 %
This motive had no influence to the decision	34 %

According to the research data, when choosing a speciality, these are the most popular among the youth: management, business administration, economics, law, publishing, political sciences. The main motive, when choosing the most demanded professions, is the steadily increasing number of jobs. The turnover of staff is high and therefore upon graduation the probability to find employment is the highest.

Influence of examination results to the choice of speciality.

To the question “Did the examination results have any influence to the choice of profession?”, 49 % responded that these did not change their resolution, 24 % – did not have any influence, 15 % – were evaluated better that expected - 12 % – were evaluated worse that expected. During the research, it turned out that results of examinations did not change the choice of profession. The main motive is that the students assess themselves, their capabilities and possibilities correctly.

Conclusion

1. Speciality selection issue is actual and important quite to a large share of youth, when choosing a study program and institution of higher education.
2. Choice of profession is a too-important event to be trusted to somebody else.
3. There are many specialities, which change: new ones appear, the old ones are transforming or vanishing. There are not many sources of information explaining about specialities, which are needed in our country nowadays. The counseling work should be conducted by the representatives from educational institutions as well as by teachers and representatives of vocational centers.
4. It can be stated that students assess themselves, their capabilities and possibilities correctly and therefore the results of examinations have not changed their resolutions about the choice of speciality.

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Santrauka

Specialybės pasirinkimas – labai svarbus žingsnis kiekvieno žmogaus gyvenime. Vieni svajoja apie būsimą specialybę jau nuo vaikystės, mokosi siekdami įgyvendinti savo svajonę, tačiau yra tokių, kurie neturi aiškaus supratimo apie būsimą specialybę ir šį apsisprendimą atideda iki dokumentų pateikimo į aukštąsias universitetines mokslo institucijas. Straipsnyje analizuojama, kas įtakoja pasirenkant specialybę, kokiais informacijos šaltiniais apie pasirenkamą specialybę naudojasi stojantieji, ar turi įtakos aukštosios mokyklos lokacinė vieta, ir ar egzaminų rezultatai turi įtakos specialybės pasirinkimui.

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SCHOOL MANAGEMENT MODERNISATION: INTERNAL AUDIT IMPLEMENTATION PROBLEMS

Rimanta Pagirienė, Danguolė Genienė

Annotation

School internal audit is a novelty which helps not just to point out education establishment advantages and disadvantages but to seek quality in different activity fields.Theoretical school assessment aspects are dealt in detail, schools which are under internal audit share their experience but so far there hasn‘t been any deeper internal audit organization problem analysis. The article analyzes secondary school internal audit implementation problems at secondary schools of Panevezys.

Keywords
Education reform, new public administration management, activity assessment, internal audit, assessment field, activity assessment indicator, additional indicator, illustration.

Education Reform and School Activity Assessment

Changes in society make influence on all social systems including education institutions. Classical administration substituted by new public management education changes follow its own stages which are taken into consideration to ensure education policy which is brought to life through education reform.
[12, p. 8]
The reform being carried out for more than a decade has basically changed Lithuanian education, stating new value aims and tasks. It has contributed flexibility and openness to education system and enabled to answer the main social needs questions. Education financial reform and school network renovation enables the education to reach the level of free market mechanism, but education institutions are not perfect organizations being responsible for service quality and its results. On the way to the management decentralization one of the main aims is responsibility and openness to life practice of schools as learning communities. On expansion of school autonomy it is essential to set free school society creative power. Schools are obliged to take responsibility for their activity perfection. Essential education quality and perfection basis is objective, reliable, full, systematic assessment at all levels.
But in our country assessment is assossiated with control and fines but not with activity perfection. So the main education expansion task remains to ensure modern quality management as well as to create objective, reliable education assessment system enhancing education perfection.
Newly formed education internal and external audit system enhances school activity perfection, better education and teaching quality as well as better education policy and implementation. Modernized school management is based on information analysis and strategic planning. Internal audit system is related with national education monitoring system. Responsibility for education quality improvement is gradually taken up by school community and its enviroment: local authorities institutions and local community. Schools are interested in internal and external audit objectivity.
By implementing the latest public management statements one of the main factors is staff education. It should be kept in mind that education reform results are influenced by people taking part in it.
[12, p.32]
That is why a modern teacher should acquire good information and communication skills, modern social competence as well as to deal with education and reform development tendencies, and to be an active, independent citizen ready for changes.
In „General prgrammes and education standards“ school is defined as independent, democratically organized, striving defined aims community of students, their parents and teachers. A teacher influences not only school community life but the society as well. His/her qualification, self-learning activity influences education reform future. „So, schools won‘t change if a teacher is against it. Self-evaluation system could add up to school changes“ [5, p.44]
But school is one of those traditional social organizations, which is not willing to change well-established order and change as little as possible. Teachers do not urge to approve of assessment, thus giving excuse that „it takes much time and energy, may cause conflicts and assessment results may become authority tool for teachers‘ control“. [5, p.44]
While implementing the newest public management ideas in education institutions responsibility for education quality, perfection is gradually transferred to school community and its environment. At the second education reform stage special attention is given to internal audit system formation. Schools internal audit as a typical management cycle part helps not only to point out education system advantages and disadvantages but to seek quality in various occupation fields as well.

Model of General Education School Internal Audit

On the basis of performed education reform experience in England which is often defined “as an example of prompt and fundamental education change system” [12, p. 38] according to the adapted Scottish model General education school internal audit methodology was designed and approved February 28, 2002 by the order of Lithuanian Science and Education Minister № 302 and stated to apply in all state and local authorities general education schools. It is stated at Education law that a school leader “analyzes school work and management

resources state, initiates school internal audit work and is responsible for school results." [8, p.61.4]
In General education school audit methodology school internal audit in defined as "constant, meticulous, reflexive process engaging all school departments and co-workers, whose purpose is to analyze school work aspects, pointing out advantages and disadvantages and to adapt plans as well as to improve school work. According to education management theoretical teachers, it provides multiple benefit for a school.
- At evaluation stage selected information helps to choose better decisions.
- Constantly assessing itself a school is more successful at grasping new needs and possibilities which challenge its further development and perfection.
- Having assessed its activity a school is responsible to local community and society.
- Constant reflection enhances teachers' professional perfection. [1, p. 16]
Taking into consideration clients' needs, education policy goals, EU and EBPO indicators Lithuanian schools internal audit has chosen 7 activity fields: Education contents, Study achievements, Teaching and education, Pedagogic help to students, School ethos, Resources, School management and quality guarantee. [1, p.15]
Quality fields (7) have activity indicators (88) as well as supplementary indicators, which reveal in a more detailed way different assessment aspects and aid to assessment criteria. Unanimous system of action indicators enhances the definition of foreseeable results as well as measure school activity and assess its goals implementation and take decisions for its further activity perfection.
Every supplementary indicator should be assessed at one of four levels:
4 – Very good – achievements prevail
3 – Good – more achievements than drawbacks
2 – Satisfactory – serious drawbacks prevail
1 – Unsatisfactory – drawbacks prevail.
Levels can be identified by illustrations. Signs help to define each supplementary factor. They reveal real process in action. Signs can be given in different forms: questions, statements, possible affirmation, etc. Each school is liable to choose illustrations and factors according to the "school context".
School internal audit is a continuous process which is comprised of two main parts:
1. "Broad" audit, e.g. all school assessment chosen.
2. Deep activity analysis
At the first stage teachers intuitively assess all seven activity fields on the basis of their experience and opinion according to "General education schools internal audit table" [2, p. 22-24]
"Broad" audit supplies initial information about school situation, showing advantages and disadvantages as well as helping to choose the field for further analysis.
Analyzing chosen field, indicators are studied as well as additional indicators and illustrations features given at the level 4 and 2. [2, p. 25-46] Adapting illustrations and features to the school, teachers foresee assessment methods and its sources according to the General school recommendation methods. |2| Survey data , conclusions and proposals are made for perfection of concrete fields which are taken into consideration preparing school strategic plan.

Internal Audit Organization Research in Panevezys Schools.

Research aim is to analyze new model advantages of internal audit at secondary schools as well as disadvantages and implementation possibilities.
Research tasks
1. To assess internal audit successes and failures and their reasons.
2. To give proposals for perfection of internal audit organization.

Research objective – Organization of general education internal audit process according to Scotland's model at secondary schools of Panevezys.
Hypothesis. - The main reason for failures implementing Scotland's schools evaluation model in Lithuania is the reason that too little attention was paid to human factor.
Research methods – literature and documents analysis, observation , questionnaire analysis, talks.
Practical adaption of internal audit methods
As the article authors have taken part in internal audit group work in different Panevezys secondary schools, so we are ready to analyze the peculiarities of internal audit in different schools on the example of one school (further – x school). Observation when an observer is included into observation group will be used as an initial information choice method which permits to check research tasks and hypothesis at formation stage.
In 2005-2006 activity internal audit at x school was made for the first time while some other schools had several years' experience in this field. In spring 2005 all x school teachers took part in a two-day seminar on essential school internal audit organization principles. By the x school order a school audit group of 26 teachers was formed. The greater part (46 per cent) were teachers of the highest qualification, e.g. methodologists and experts. While performing school activity assessment some problems in work organization and motivation followed. First let us analyze motivation as one of the main factors.

Table1

Illustration of school situation on the basis of quality – of – work – life theory statements

Quality-of- work-life theory statements	Situation at school
Optimal work share and organization	School authorities do not know how to organize internal audit at best neither how to divide work. Work capacity is not clear.
Good job salary, additional salary	School budget does not possess enough money to pay workers for taking part in internal audit.
Normal work regime	Normal work regime is impeded because of increased work load
Democratic internal life principles and a possibility to take part in taking decisions	Decision about internal audit organization is adopted at Education and science ministry, not paying attention to the teachers' opinion.
Optimal micro-climate in the organization	Basic reaction is denied and it influences in a negative way the microclimate of the organization.

Lots of motivation theories are known. Let's remember one of them "Quality–of–work-life is so called "life organization quality theory "whose initiators were A. Kohen, H. Gedon, J. Rose and their statements that a worker will be motivated for activity and will be satisfied in organization. [15, p. 152] and let's make a parallel with a concrete situation. (Table 1).
From the given examples we can see that if there is no motivation in workers, so the activity level was low, and it negatively influenced work organization and later work results. The teachers consider the internal audit as if it is not "compulsory" for them. A two-day seminar was not useful because teachers were not interested in the aspects of theoretical audit organization.
The essence of organization is to choose people and form groups which could become active teams seeking implementation for the foreseeable tasks. [16, p. 52]. But active team was not taken into consideration while forming an audit group. The principal's order "For internal audit group forming" made the microclimate at school worse.
It is obvious that lack of motivation challenged serious work organization problems. Planning stage was especially complicated. Trials to form network timetable failed, because in lack of experience it was difficult to count concrete work duration. Calendar work plan was used, which was being perfected during the work. Audit group had some disagreements due to different aims. Majority of teachers doubted about the benefit of internal audit to school, they only cared how to finish one more unnecessary additional work paying no attention to its fulfillment quality. At the beginning it became clear that many teachers were not ready to fulfill school activity analysis. Teachers lacked knowledge n these fields:

- management,
- social research methodology,
- statistics and is appliance,
- computer skills.

It was problematic to keep to work planning. It was difficult because teachers were overloaded at work: lesson preparation, checking; class or methodological group leadership, syllabus preparation, term reports, methodological activity during students' holidays, credit tests ands exam organization in spring. It became clear that Lithuanian and Maths teachers couldn't physically manage any additional work but their help was essential in accomplishing data.
The example of x school shows that it was not properly prepared for the audit as part of a report project.
English authors P. Dalin, H.- G. Roeff and B. Kleekamp having studied school perfection and activity assessment on the basis of their long experience state in their book "Projects require its own budget; participants should be free from other duties and not to perform additional tasks. The main resource part is time" [4, p. 175]. According to the above mentioned authors change processes at schools are complicated – not technically but from the point of human relations.
The project will provide with concrete results in case teachers feel change motives and will engage in the process. School authorities should take responsibilities for being in charge of changes. Successful leadership is a coordinated process based on systematic change understanding. [4, p. 148-149].
R. Thom, A. Ritz in their book "Public administration" name five shortage forms which enhance opposition to changes in any organization. It is information shortage (knowledge barrier), qualification shortage (skills barrier), motivation shortage (will barrier), dissemination shortage (norms barrier, in other words "non-obligation"), resource shortage (systematic barriers). [13, p. 100] Observing insufficient teachers' motivation, lack of skills, knowledge and will, belief that they "are not obliged" to make internal audit and lack of finance we can state natural opposition to changes. It is obvious that it wasn't prepared for these changes and no necessary measures were taken.
Changes need new leadership understanding. Perception and manipulation of staff and changes management, as one of the main education reform factors, become the main challenge to school leaders as any reform project can be successfully implemented only when it is supported by its participants.
[13, p. 101]

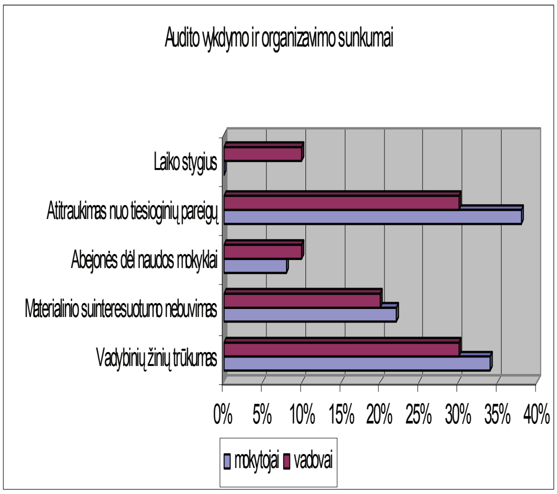
Panevezys Teachers Research Survey Results Analysis

Questionnaire survey method was chosen for school leaders' opinion research. In September, 2006 questionnaires by e-mail were sent to 23 Panevezys secondary schools. 10 answers were received (questionnaire return level 43 per cent).
In order to clarify teachers' opinion questionnaire survey method was applied but this time in order to achieve better return result distribution method was chosen. In September – October 7 schools were chosen at random order and 140 questionnaires were given to teachers. 100 respondents returned the questionnaires (questionnaire return level 71 per cent). After the research survey it can be stated that schools assess their activity individually according to internal audit methodology arranged by Education and Science Ministry. Sufficient experience is accumulated in this field as in 2005-2006 in majority of cities internal audit has been in progress for 4 years. Over these years 37 per cent of teachers took part in school assessment. Internal audit groups at school included from 10 to 63 teachers. i.e. from 15 per cent to 100 per cent of teachers working at schools. Average audit group included 25 teachers. The data assumes that at school audit groups the most active are methodologists and senior teachers, whose work experience is more than 15 years and they are women, methodologists (86 per cent), whose work experience is more than 15 years having graduated from Vilnius Pedagogic University. 1/3 of them possess management work experience. Teachers possessing less work experience (up to 15 years) and lower qualification category are less interested in school activity assessment.
The survey suggests that both school leaders and teachers are positive on internal audit use. Teachers are limited in their abstract answers stating that audit guarantees education quality, gives teachers a chance to take part in school management, as well as it assesses employees' competence and ensures responsibility to local community. School leaders point out concrete audit use.

According to them, school internal audit assessment brings out strong and specific school sections, helps to show school priorities in completing strategic plan. Local community opinion is also important for the leaders as well as communication and co-operation subtleties with colleagues, students, parents. Though teachers are sure about the use of internal audit for a school, but school activity assessment organization is not an easy task, that is why respondents renumerated a number of internal audit implementation problems.

<u>Internal audit organization difficulties</u>

- Lack of time
- Distraction form direct duties
- Doubts about use for school
- Absence of material interest
- Lack of management knowledge



Picture 1. School leaders and teachers' opinion about audit implementation problem.

From the scheme given we can notice that school leaders, as audit organizers, and teachers, invigilators, face the same problems, i.e. distraction from direct work and lack of management knowledge. School leaders pointed out lack of time, but it was not mentioned by teachers. Both respondent groups point out lack of material interest. It is obvious that our stated internal audit organization problems are particular not only to Panevezys city. These are challenges to be taken by teachers not only in Panevezys but in all changing world as well. Let us compare our research results with Canada schools experience which is discussed in the book ''Both teachers and times change'' by A. Heagreaves.

*Lack of time.*As the research has shown, every audit group member worked at average 10,5 hours. A. Heagreaves states that the time whose lack teachers often complain of is one of the main constituent parts of teachers' work. Teacher's work is constantly becoming more professional and more intensive with increase of his/her professional skills and novelties. [7,p.36] Because of administration and assessment tasks, a work day becomes longer, teachers lose a chance to work more creatively and this decreases work quality. [7,p.165]

Distraction from direct work is a problem directly connected with work intensity. According to A. Heagreaves, ''intensity thesis: teaching time is more suppressed, thus its consequences are menacing. [7,p.37]

Lack of management competence. It is important that teachers are willing to talk about their lack of competence. It shows the importance of the problem.'' Majority of teachers experience the so called initial worry because of competence lack. '' [7,p.204]They have requirements for themselves as the strictest professionals but avoid talking about their drawbacks in dread that somebody might think that they work badly [the same].

Absence of material interest. After the research it became clear that 63 per cent of teachers would gladly take part in some field of assessment in future if they were paid. Nevertheless, some teachers think that it is shameful to demand pay for their work. This attitude is specified by teacher's professional ethics.'' Teachers will not look for help in a simple way. They want it to be anonymous''[6,p.204] Research results showed that every fifth participant was awarded materially. School leaders try to adapt other forms of enhancement.(10 per cent of leaders state having awarded an excursion) , but having in mind Lithuanian economical situation it is obvious that material enhancement is one of the main motivation factors. [14, p.143]

This important problem is being solved. Since 2005 it is being achieved that teacher's pay should be in accordance with work, thus mixed and hour pay is introduced. Following Lithuania Republic Education and Science Minister Order № 1459 of July 15, 2005 ''For education system workers payment order'' it is stated to pay extra 1 hour(for 18 contact hours week) for additional work: planning, event organization, methodological work, project work, etc. which includes internal audit as well. [9.p.29.4]. So every internal audit group member can be paid for 50 hours of extra work and according to our calculations every member averagely worked 84 hours. Besides, every teacher aside from taking part in audit also performs some other work stated in the article but it is paid only for one of them.

Efforts to pay to teachers for their extra work should be valued positively but because of budget lack to education, pay for teachers work is not equivalent to the work..

Internal audit organization problems, according to the respondents, reveal insufficient preparation for the implementation of this project. That is why school leaders and teachers had constructive proposals for the perfection of internal audit perfection. It could be mentioned school leaders' suggestion to introduce internal audit full-time job, to pay for the audit group members for the factually done job, to hold more seminars about internal audit, to share good experience among schools, to ask sociologists for help in working out research data. According to school leaders, Scottish audit methodology was complicated one (70 per cent), so it was suggested to simplify it:

-to reject the field ''Resources'',''School management and quality guarantee'' assessment;
-to look through and consider formulations of additional indicators;
-to standardize research methods;
-to supply questionnaire forms.

Teachers' proposals were very similar. They stated:

1. Internal audit methodology should be not compulsory but obligatory.
2. There should be a person at school with adequate qualification, responsible for audit organization.
3. It is necessary to give more time to for activity assessment preparation:
   -internal audit group work should be led by a person with special management training;
   - to supply teachers with more information and to suggest more various literature about school assessment.
4. School activity should be assessed by volunteers with lots of free time.
5. Audit group should be constant and paid for the job.
6. Teachers should assesss well-known areas to them.
7. To announce audit results in the community with broader discussion.

All the above mentioned problems as well as teachers' proposals to support the hypothesis that the success of implementation of Scottish school assessment model first of all depends on human factor and the failures reasons of internal audit are the consequence that it was not prepared adequately for change, no measures were taken to overcome resistance changes. The ways of eliminating formal resistance changes are:

- In-service training of workers;
- Explanation of inevitable change of importance.
-Constant analysis , mobility of process and process analysis, flexibility.[14, p.72]

This is what audit organizers and proctors lack. Both school leaders and teachers are interested in the effect of school activity. In their opinion, Scottish internal audit model could be successfully implemented in Lithuania, properly being prepared for it and supplying more freedom to schools to work creatively. We approve of the respondents' opinion that there should be a state auditor possessing adequate qualification and being able to lead a school audit group work but as there is no such job profile at school it is necessary to qualify school leaders and teachers for such work. Besides, introduction of internal audit points out education system financial drawbacks. Financial questions should be discussed immediately because education reform success depends on it.

Conclusions and suggestions

Having analyzed education theoretical works, General education internal audit methodology, Education documents as well as research results it can be stated that Scottish internal audit model can make the school activity model better and can be successfully applied in Lithuanian schools. The following school assessment organization problems were stated in Panevezys:

1. The complexity of new audit methodology.
2. Lack of time and competence for aduaquate implementation of internal audit.
3. Teachers'lack of management knowledge.
4. Teachers' distraction from their direct work.
5. Absence of material interest.

In order to perfect schools activity assessment it is advised:

1. To pay more attention and time for internal audit audition. Teachers' qualification perfection should be orientated towards school needs:
   -to prove internal audit as education reform project importance and necessity;
   -to organize staff and change management teachings for school leaders;
   - to make more management, sociological research for methodological seminar teachers.
2. To simplify internal audit methodology;
   -to leave five activity fields for teachers' assessment, rejecting ''Resources'', ''School management and quality guarantee'' assessment ;
   - methods should not be compulsory but obligatory.
3. To solve internal audit financial questions:
   -to establish activity audit work place at school;
   -pay for teacher's work should substitute his work load.

Change requires new understanding of leadership. Staff and change management as one of the main factors of the reform factors becomes the main challenge for school leaders. A school takes responsibility for education quality perfection, it becomes interested in internal assessment perfection. But in school modernization one shouldn't choose the easiest way. A teacher is an active citizen who is ready for any change but he needs qualified help and support.

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Rimanta Pagiriene, Danguolė Genienė

Modernisieren des Schulmanagements in der Stadt Panevezys: Selbstevaluation

Zusammenfassung

Selbstevaluation ist eine neue Erscheinung in der Schulentwicklung, mit dem Ziel Vor- und Nachteile, Staerke und Schwaechen des Schullebens festzustellen, um nach der Qualitaet in allen Taetigkeitsbereichen zu streben. Die theoretischen Grundlagen der Bewertung sind von den Bildungsmanagementstheoretikern ausfuehrlich behandelt worden, die Schulen tauschen ihre Erfahrungen miteinander, aber es wird wenig ueber die Schwierigkeiten der Einfuehrung dieses Schulreformprojekts gesprochen. Die Autorinnen dieses Artikels versuchen, die Probleme des Organisierens der Selbstevaluation in den allgemeinbildenden Schulen der Stadt Panevezys zu analysieren.

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THE ATTITUDE OF SOCIAL WORKERS TO THE POSSIBLE SPHERE OF WORK, PROVIDING HELP FOR THE TEENAGERS FROM AN INCOMPLETE FAMILY

Dalia Perkumienė, Rasa Merkienė

Annotation

Children from the incomplete families often make a group of the increased risk, where may appear more drug addicts, alcoholics, law breakers and criminals. A social worker, working with the teenagers from incomplete families, could help them to specialize in the society, to improve their self-respect, and to strengthen their social status.
The main activity of the social worker, according to the problems of the teenagers from the preventive work with the teenagers, organizing the preventive programs for the drug addiction.
In this article we will try to reveal the views of social workers to the possibilities of work, providing help for teenagers from incomplete family, possibilities of work, teenager.

Keywords

Social worker, incomplete family, working opportunity, teenager.

Introduction

In the family, people not just receive the main images and traditions of the family life, but what is the most important – the personality is formed in the family. The relationship of father or mother with a child is different. So there will be no mistake in statement that it is not random that in traditional and modern family the role of a man is to solve wider social tasks, while the role of a woman is to solve family and daily questions. Traditionally a father represents a role of mediator between the child and the society. The social role of a child formats the public activeness of the child, it makes him to recreate and reform the society that is why a child, comparing himself with a father, interiorizes not just a social activeness, but social aspirations as well. The mother, according to E. Fromm, loves and accepts a child with no conditions, and a relation of a child and a father can be defined according to some duties of a child and a father. In this comparison with a father a child is learning to be a responsible member of society (Leonavičius, 1998).
There are more and more children from incomplete families that are living only with a mother, sometimes – just with a father. The spread of this phenomenon can be explained with the increasing number of the children, born not in a marriage and also instability in the families, when after the divorce, a child remains with one of the parent. The increasing number of the incomplete families is very painfully felt by our society, and is very concerned about it. It is clear, that this is one of the main problems of child socialization. As well considering the fact that, there appears more such families and more and more children encounters poverty, so solving this problem should be the priority (Stankūnienė, et al., 2003).
The issues of incomplete families in Lithuania are discussed and researched by I. Leliūgienė, J. Litvinienė, V. Stankūnienė and others.
With the increasing number of incomplete families in Lithuania, there appear many educational problems. Children from incomplete families usually appears to be in a group of increased risk, where appears more drug addicts, alcoholics, law breakers or criminals. (Žemaitis, 2005).
A social worker, working with the teenagers from incomplete families could help them to specialize in the society, to improve their self – respect, and to strengthen their social status.
The purpose of the work – to research, how the social workers evaluate their work possibilities, providing help for the teenagers from incomplete families.
Object of the research – the social worker work possibilities, providing help for teenagers from incomplete families.
Methods of the research – the science literature analyses, questionnaires, the analyses of statistical data, graphical models, details and summing up, and also logical abstraction.

Concept of the incomplete family

After regaining the independence, the statistical data of 1990 confirm that 16% of Lithuanian families had only one parent. Though it is difficult to say exactly, that is to provide statistical data about the incomplete families, as living together without marriage is quite popular now, where children are raised, and mothers receive allowance, for being a lonely mother. (Leliugiene, 2003).
As it is said in the Social security glossary (1999), incomplete family is a family, where a child is raised only by a mother (or a father).
Incomplete family, in our opinion, belongs to the category of families, where a lonely father or mother lives with one or a few children and carries responsibility for their education and care (Leliugiene, 2003).
K. Miskinis (1993) says that in economical, social, educational and psychological view, incomplete families are not the same as other traditional families. There can be separated 4 types of incomplete family.
– Incomplete family after divorce;
– Incomplete family after the death of one of the parents;

– Incomplete family having no children;– Incomplete family, after a woman used a man as a donor.

V. Žemaitis (2005) says that in Lithuania we can find more than one hundred thousand incomplete families. The incomplete family consists of one parent (usually a lonely mother). The incomplete families appear when one of the parents die or spouses divorce, and separates from the family. The other form of the incomplete family – is the family of the lonely mother.

The other authors describe such types of incomplete families:

– A family of a lonely mother;
– A family of a lonely father;
– Incomplete family after the death of one of the spouses (Nave – Herz, 2002).

The number of lonely mothers increased very much over the last decades. Social researches show, that lonely mothers even now belong to the risk group, because of their poor wealth.

Lonely mothership is not a planned state. Unplanned pregnancy forces a girl to make a decision, she decides to give a birth to an unplanned child, though she understands that this may complicate her relationship with a partner. This decision to raise a child alone cannot be easily made. More and more women decide to raise a child alone that means that a lonely mother feels quite firmly in our society.

The growth of a child, in a family of a lonely mother can also have positive impact. Growing child sees the self-renunciation of the mother, her belief in herself, in her strength, patience and he becomes more responsible, being able to take care of himself and others. Such child is more ready for any conflicts in the future, or for divorce (Nave – Herz,).

In the incomplete families, a child cannot solve one problem with a father and another with a mother, as it is possible in full families. In many situations a child's will to communicate with his father is very clear. If for any reasons this can not be done (father is unmoral, or is gone somewhere), a child very often looks for communication with a male, for example with the fathers of the other peers. The absence of the father is most felt by boys, who lack their attention. From a father a child learns such features as masculinity, courage, determinacy, honesty, and respect for a woman. In the families without a father, boys can become feminine. Especially it is important in one-sex incomplete families (mother, grandmother, aunt, and daughter) (Litvinienė, 2002).

A father can accept to take care of his children not as a free will, but as necessity to help their children. Sometimes a father appears in such situation without his will, he is pushed in such situation. It is interesting that a father formerly paying not much attention to the daily works does it more often and finds time for his children.

The family of a lonely child is more financially stable, and lonely mothers are usually in a worse financial position.

In the incomplete family, where one of the parents is dead, the social atmosphere is usually better than in other incomplete families.

Widows or widowers are more respected by other people than the divorced ones or lonely mothers. Family relations usually break in such families, as it usually happens after divorce. A grandmother or a grandfather, aunts, uncles, cousins continue communication with the spouse of their dead relative (Seliokienė, 2004).

The death of one of the parents is unexpected thing and affects more than a divorce. Earlier the women were living shorter for many reasons or birth complications, it was usual that a child did not know his mother or father.

The difference between families where one of the parents is dead and where the parents are divorced is that children (if the parents are divorced) believe that their parents will reconcile and start living together gain. After one of the parents dies, children need a psychological help to get back to reality.

The Incomplete Family as the Object of the Social Workers Work

The main social problems in incomplete families are connected with the lack of wealth, which depends on the ability of one member to earn the money. Woman's incomes are usually smaller than man's, and we do not even discuss the extreme cases, when family does not receive any income from any work and must live from welfare. There may appear complicated psychological problems, which are usual for personality and relationship between the family members of incomplete families, for example injustice or the lack of self-respect. This can appear in child's mind after the divorce of the parents. Quite often children consider themselves guilty for the divorce of the parents. The second thing is that the divorce makes woman feel guilty before her children that is why she takes even greater care of them. Woman, trying to adjust to the normal standards of the normal life, try to work endlessly, and working so much cannot give children so much time and attention. Or on the contrary – the sorrow for the broken family is expressed for children. A lot of problems than appear dealing with the issues of sexual identification and orientation, as well as the sexual role identification. In the incomplete families, especially if the family became incomplete at the early stage, or was incomplete at the beginning, the features of the children of both sex is formed in the chaos of stereotypes.

The problems in the incomplete families with a father are quite specific. This is not a model of traditional family, so the rules of the lie are not adjusted to such family. As well for a father with a child (children) it is easier to create a family, than for woman living with small children. So a lot of problems may appear in the relationship of children and the new wife and/or her children.

Not long ago there appeared the new category of incomplete families – that is extended incomplete families, which forms after the death of parents or when parents are in prison, or the parents have no right to take care of their children because of alcohol. Usually the grandparents take care of such children. The level of income in such families is low, the majority of them lives from social welfare, pension or grandparent's salary. A lot of problems may appear because of the health of the elderly people their flexibility is not that strong, and they can't adjust to everyday life.

Sometimes children cannot feel themselves in the right educational position that is why, children living with grandparents usually behaves in delinquent manner.

Socioeducational work, orientated to the stabilization of relationship of the family – this is the relationship between spouses, parents and children, family members and other people (Anheeir, 2000). The content of work with "difficult" children or teenagers, the diagnostic of family and child relation with school, the definition of the child's social net, it is needed to analyze his medical, intellectual and psychological state. Having the data received during this analysis the program is being made, where it is stated the way of solving problems of school attending children, making to join the young clients to a positive educational surrounding.

It is difficult to correct all the relationship in the family. Sometimes the bad things in the family can be foreseen even before it appears. Some difficulties may be removed in the early stage, because if there is no attention paid, the problem gets even worse. Despite a difficult relationship in the family, socioeducational worker has no right to consider this family as hopeless. Though we have to remember – that the solving of the problems – it is a result of free decision and free will of the family members themselves.

The Social Worker's Work Possibilities Solving the Problems of Teenagers from Incomplete Families

A social worker, providing help for the teenagers from the incomplete families is a helper, giving his strength and abilities to satisfy their need. Social worker educates communication skills, which are needed in order to receive the productive communication from a teenager and his family.

Such person was described by L.C. Johnson (2001) as:

Having a positive attitude to other people and their behavior;

Is honest, kind, trusty, friendly and sincere;

Works not for people, who needs help, but with them;

Calls the person's feelings, does not trust the use of any other methods;

Is mature, can make decisions, and is able to risk when helping others;

Evaluates the situation, can understand changes and time, which is needed to make any changes in the life.

A social worker, helping teenagers from incomplete families, try to make the difficulties of their lives smaller, to strengthen their social status and to improve the level of living, helps to adjust in the society, develop personal sociality.

The social worker first of all must to consider teenager's needs and try to work with the teenager's family. The social worker, working with such teenagers tries to use the systematical model of social work (Beacker, 2000).

The systematical view allows analyzing social situations, basing them on holistic perspective, and concentrating attention to the relationship between people. The task of a social worker is to set the network of the client, to find meaningful co systems and to adjust them to any changes, help or support (Howe, 1993).

The systematic analyses allow to evaluate the situation in structural aspect, that is to evaluate client's problem (micro system) as a bigger part of a macro system, which can help (or not) to any further changes.

Systematical view provides a possibility for a social worker to see all aspects of social situation, the dynamics of all development and perspective, this allows strategically thinking. This approach widens the limits of client's understanding. From rate individual, but as personality, providing all efforts to achieve changes and aims (Vitkauskaitė, 2001).

Social worker, providing help to the teenagers from incomplete families, has to consider the laws, which describe his rights teenager's rights, forms of the help for family, states the fields of his actions, possibilities.

Social worker usually works with the children from the incomplete families in the children day centers, children wealth centers, children foster home, and boarding houses.

One of the main aims is to satisfy the main needs of a teenager so a day center tries to provide the teenagers with partial care teenagers get partial free food. In the day center teenagers usually have possibility to have a shower, get clothes, things needed for school, they are being helped with their homework, in summer time there are different types of activities (camps and so on). The additional education of teenagers is also organized. They can take part in different excursions. During such activities young people learn different things, receives new skills, get to know themselves better. The day centers try to help teenagers to solve their problems. In organization young people can receive emotional support, educate their skills, character and positive ethical moral ideas, in many different ways they try to help teenagers to integrate into their surrounding, cultural and social life.

Day centers are usually attended by teenagers from the families group of social risk, where the main problems are alcoholism, unemployment, and poor health and hygiene conditions and so on. Usually the children are raised by a lonely mother (father), there are many families with a lot of children. A lot of attention is paid to the families of teenagers, they are provided with financial psychological and moral support, especially during the crisis period. In order to make this help more effective there are organized different meetings or celebrations together with the parents.

The Research of the View of the Social Workers Attitude to the Possibilities of Work, Solving the Problems of the Teenagers from Incomplete Families

Trying to make a research on a work of possibilities of a social worker, providing help for teenagers from incomplete families, we asked for help Kaunas region social workers. [3] The people were chosen with a purpose. All 23 social workers were questioned.

After making the empirical analyzes of the data, it became clear, that all social workers participating in the research thinks, that teenagers living in incomplete

[3] There are 23 region parts in Kaunas district.

families encounter many difficulties.
C. Sutton in her book "Social work, the communication of community and psychology" (1999) says: "… children, living in the families, having just one parent, - and the number of such families increases – it is possible that emotionally children are as healthy as children from the families with both parents. The troubles appear not because there is just one of the parents; but because of the social harm. For example the medium income of the family with only one parent is two times smaller than at the family with both parents. The family with one parent usually lives in a worse flat it is more isolated.
During the research it was found, what difficulties where met in the work of social workers, who work with the teenagers, living in the incomplete families.

Table 1

Distribution of respondent's answers on teenager's living in incomplete families' difficulties

Respondents' answers on teenagers' living in incomplete families difficulties	Distribution of answers (percentage)
Lack of father or mother	27
Bad material conditions	20
Negative attitude of others	7
Distrust of himself	6
Behavioural problems	23
Suppression of contrasting feelings for parents	10
Feeling of fault due to parents divorce	

Social workers name the main difficulty as the lack of father/mother – that was stated by 27% of respondents: 23% think, that teenagers, living in incomplete families, usually have the problems is the suppression of contrasting feelings for parents. 20% of respondents say that the main problem is not emotional, but the main are bad material conditions.
Negative attitude of others, distrust and feeling fault due to parents divorce are not considered the main difficulties, met by the teenagers that live in incomplete families. These answers were stated only by 6% and 7% of respondents.
The insulting of friends is not connected to living in incomplete families; this problem appears to the teenagers from full families as well. This answer was not marked by any of the respondents.
During the research, it was tried to find out which activities of social worker are most important solving the problems of the teenagers from incomplete families. The results are shown in the 1 figure.

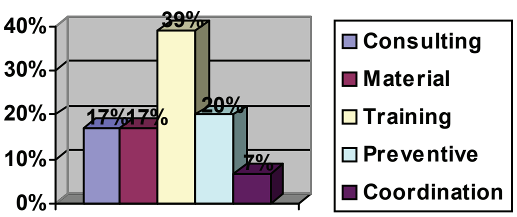

Figure 1. Distribution of respondents' opinion on the importance of the social work activity

The majority of respondents (39%) think that the main activity of the social worker working with the teenagers living in incomplete families is training. The smaller part of social workers (20%) considers preventive work as the main activity with the teenagers. Not the least part considers that the consulting (17%) and material (17%) support also important.
Not that important activity was chosen by 7% of respondents that is coordination. Social workers think that informative activities provide not many good things and are not very important. None of the respondents chose this answer.
The respondents were asked what consulting activities of social worker is most important working with the teenagers from incomplete families.

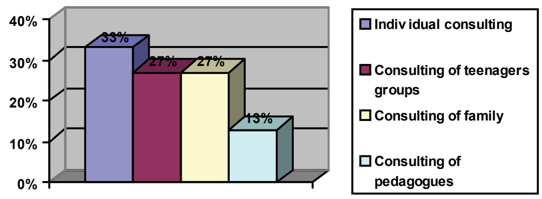

Figure 2. Distribution of the respondents' opinion on consulting activity

The answers of respondents are divided almost equally. The majority percentage of the respondents, social workers say, that the main consulting activities are individual consulting. 27% of respondents consider that the main activities are consulting of teenagers groups and consulting family.
The smaller part of social workers (13%) think, that it is needed to consult pedagogues, as through them is formed secondary consulting model when pedagogues are influencing teenagers. This model is very effective because pedagogues communicate with teenagers more often, and if there is need, can help teenagers to solve their problems more effectively.
During the research, it was tried to find out what training, preventive activities are the most important working with such teenagers. 31% of respondents, social workers state, that in training activities the most important are the seminars of self-trust, self respect. The smaller part of respondents (23% and 23%) says, that the most needed are interred help group organization seminars and seminars training social skills.
13% of respondents consider that the priority is the organization of drug prevention programs. Only 10% percent of respondents think that the most important training and preventing activities are the seminars of knowing personality and self-feelings.
During the research it was found out that the opinion of social workers on free time organization for the teenagers from incomplete families. The social workers that took part in this research told that the main free time activities are activities after the lessons. This is said by 33% of the social workers. 27% of the respondents consider that the main free time organization activities are during holidays. 17% of the respondents think that the priority is

excursions and trips to nature. The smaller importance is to art – work clubs (13%) and sport competitions (10%).
The most important activity of social worker is to work with the families of the teenagers.

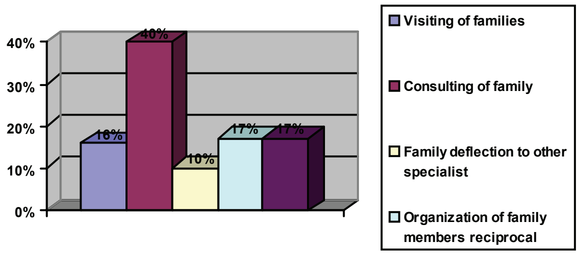

Figure 3. Distribution of respondents' opinion on work with teenagers' families

As it is seen from the data in the graph, the most important activities working with families – is family consulting. This was chosen by the majority of the respondents (40%). The visits of the families were chosen by 16% of respondents. Organization of family members' reciprocal groups and work with both parents is considered similarly important by the social workers. These answers were chosen by 17% of respondents. 10% of respondents think that the most important activity is family deflection to other specialists (psychologists, doctors and so on).
Social workers were asked, what are most important activities cooperating with other institutions.

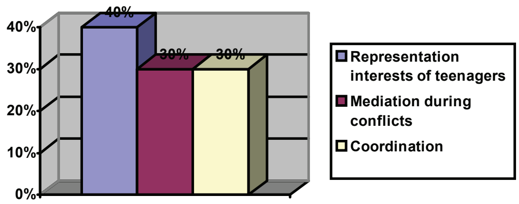

Figure 4. Distribution of respondents' opinion about cooperation on other institutions

The majority of respondents (40%) thinks that the most important activities of social worker cooperating with other institutions is representation interests of teenagers, 30% respondents state that the important field of social worker is coordination and mediation during the conflicts.
After analyzing the data of the research, it can be said that social worker should organize the inter help groups for incomplete families. Social worker, providing help for the teenagers should involve and other professionals – pedagogues, psychologists, social pedagogues and so on. Social worker should make researches and to find the teenagers views to the help of social workers.

Conclusions

Incomplete families belong to the category of families where a lonely father or mother lives with one or few underage children and is fully responsible for their education and care. The incomplete families appear when one of the spouses dies, or after divorce they go away from the family.
Teenagers, living in incomplete families, psychosocial difficulties in communication, isolation, fear to be responsible, tendency to criminal acts, the usage of drugs. The statistic also shows that children from divorced families with difficulties create a strong marriage and more often divorce themselves.
Social worker, helping teenagers from incomplete families, try to make those difficulties in their life easier to strengthen their social status and to make their life better, they help them to adjust to society and to develop personal sociality. First of all he must consider the needs of the teenagers and try to work with teenagers families.
The analysis of the research data shows these tendencies in the answers of the respondents:
Teenagers, living in incomplete families are more likely to suffer these difficulties: the lack of a father/mother, the behavioural problems, and poor financial conditions;
The most important activities of a social worker solving the problems of the teenagers living in the incomplete families, is training - seminars how to trust himself, to respect himself and preventive work with teenagers – organization drug preventive programs.
The important place in the work of social worker is the consulting of a teenager and work with his family.

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Dalia Perkumienė, Rasa Merkienė

Socialinių darbuotojų požiūris į veiklos galimybes, teikiant pagalbą paaugliams iš nepilnų šeimų

Santrauka

Vaikai iš nepilnų šeimų dažnai sudaro padidėjusios rizikos grupę, kurioje atsiranda daugiau narkomanų, alkoholikų, teisės pažeidėjų, nusikaltėlių.
Socialinis darbuotojas, dirbdamas su paaugliais iš nepilnų šeimų, galėtų padėti jiems adaptuotis visuomenėje, ugdyti paauglių savigarbą, stiprinti socialinį statusą.
Reikšmingiausia socialinio darbuotojo veikla, sprendžiant paauglių iš nepilnų šeimų problemas, yra ugdomoji – pasitikėjimo savimi, savigarbos ugdymo seminarai ir prevencinis darbas su paaugliais – narkomanijos prevencijos programų organizavimas.
Šiame straipsnyje siekiama atskleisti socialinių darbuotojų požiūrį į veiklos galimybes, teikiant pagalbą paaugliams iš nepilnų šeimų.
Šeimoje asmenys ne tik įgyja pagrindinius šeimyninio gyvenimo įvaizdžius ir įpročius, bet – svarbiausia – čia formuojasi jų asmenybė. Tėvo ir motinos santykis su vaiku yra skirtingas. Todėl nesuklysime teigdami, kad galbūt neatsitiktinai tiek tradicinėje, tiek šiuolaikinėje visuomenėje vyro vaidmeniui vis dar priskiriamas siekimas spręsti platesnius socialinius uždavinius, o moters vaidmuo labiau apribojamas šeimyninių ir buities klausimų.
Nepilnų šeimų tematika Lietuvoje domisi, tyrinėja ir rašo I. Leliūgienė, J. Litvinienė, V. Stankūnienė ir kt.
Gausėjant nepilnų šeimų Lietuvoje, ypač daug problemų atsiranda dėl vaikų auklėjimo. Vaikai iš nepilnų šeimų dažnai sudaro padidėjusios rizikos grupę, iš kurios atsiranda daugiau narkomanų, alkoholikų, teisės pažeidėjų, nusikaltėlių (Žemaitis, 2005; Valickas, 2000).
Socialinis darbuotojas, dirbdamas su paaugliais iš nepilnų šeimų, galėtų padėti jiems adaptuotis visuomenėje, ugdyti paauglių savigarbą, stiprinti socialinį statusą.
Atkūrus šalyje nepriklausomybę, 1990 duomenimis, Lietuvoje 16 % šeimų turėjo tik vieną iš tėvų. Tačiau labai sunku tiksliai nustatyti, t. y. pateikti statistinius duomenis apie nepilnas šeimas, nes šiuo metu paplitusios neįregistruotos santuokos, kuriose auga vaikai, ir motinos gauna vienišos motinos pašalpas.
Nepilna šeima priklauso tokiai šeimų kategorijai, kurioje vienišas tėvas ar mama gyvena su vienu ar keliais nepilnamečiais vaikais ir visiškai atsako už jų auklėjimą ir globą. Nepilnos šeimos atsiranda, kai vienas iš sutuoktinių miršta arba, santuokai iširus, pasitraukia iš šeimos.
Paauglių, augančių nepilnose šeimose, psichosocialinės problemos: emocinis nestabilumas, menkas savęs vertinimas, uždarumas, sunkumai bendraujant, izoliacija, baimė įsipareigoti, polinkis į nusikaltimus, narkotinių medžiagų vartojimą. Statistika taip pat rodo, kad išsiskyrusių šeimų vaikai sunkiau sukuria tvirtą santuoką ir patys dažniau skiriasi.
Socialinis darbuotojas, padėdamas paaugliams iš nepilnų šeimų, siekia palengvinti jų gyvenimo sunkumus, sustiprinti jų socialinį statusą ir pagerinti gyvenimo lygį, padeda adaptuotis visuomenėje, išvystyti asmenybės socialumą. Pirmiausiai jis atsižvelgia į paauglių poreikius bei stengiasi dirbti su paauglio šeima.
Tyrimo duomenų analizė atskleidžia šiuos respondentų atsakymų dėsningumus:

– paaugliai, augantys nepilnose šeimose dažniausiai patiria šiuos sunkumus: tėvo/motinos trūkumą, turi elgesio problemų, prastos jų materialinės sąlygos;

– reikšmingiausia socialinio darbuotojo veikla, sprendžiant paauglių iš nepilnų šeimų problemas, yra ugdomoji – pasitikėjimo savimi, savigarbos ugdymo seminarai ir prevencinis darbas su paaugliais – narkomanijos prevencijos programų organizavimas;

– svarbią vietą socialinio darbuotojo darbe užima tiek individualus paauglio konsultavimas, tiek darbas su šeima.

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ANALYSIS OF INTEGRATION POSSIBILITIES FOR THE SOCIAL MINORITIES OF THE REGION OF PANEVĖŽYS

Nijolė Sinkevičienė

Abstract

Possibilities for integration of ethnic minorities were analyzed. Social survey of participants of the program "Acceleration of integration process of citizens of the city and district of Panevėžys of employable age, belonging to ethnic minorities, while enhancing their competitiveness in the labour market“ was carried out. In the article, links between the education, age, knowledge of official language, profession and capabilities to master the training material intended for the program as well as other factors were examined.

Keywords

Ethnic minorities, training, integration.

Introduction

After restoring their independence, all three Baltic Republics experienced the problems of integration of ethnic minorities. The amounts and compositions of ethic minorities in them are different [1, 2, 3]. There are also significant differences in each city of the same republic. It is natural that each republic took measures for the integration of ethnic minorities into the society and all these measures vary, they are oriented according to the specifics of their ethnic minorities‘ composition and position [4,5,6].

The city of Panevėžys and its district in the Republic of Lithuania is distinguished among other largest cities of Lithuania for its small amount of ethnic minorities. The data of the city of Panevėžys and its district municipalities shows that there are 161966 people residing in this area [7, 8]. 5555 (3.43 %) people from this amount are people of other nationalities. After analyzing what kind of social groups constitute communities of ethnic minorities, it has been identified, that ethnic minorities may be classified under the following groups:

1. Minorities, permanently residing in the territory of the state and having historical roots in the state;
2. Work migrants, temporarily or for a longer time residing in the state and who came into the country because of the job they got (or were likely to get);
3. Foreigners, residing in the state, but having no citizenship of the state due to some personal or state, wherein they are residing, requirements of the regulatory enactments;
4. Refugees – citizens of other country, who made an illegal entrance into the state, the remaining of whom in the state is decided by the state within the affixed term in accordance with the legislative acts in force in the state.

In July, 2005 the unemployment in the labour market of the city of Panevėžys and its district amounted to 5.2 percent (4.6 percent in the city and 7.2 percent in the district). Within a year the amount of unemployed decreased by 3 percent. However this outwardly improving situation had almost no effect on the representatives of ethnic minorities, which constitute more than 30 percent of all unemployed. Approximately 80 persons whereof have no job for more than 5 years. It is particularly relevant in the rural area. Representatives of ethnic minorities, unemployed, live a secluded life and have poor knowledge of the Lithuanian language. It prevents them from finding a job and slows down the integration process. The project is intended for eliminating these negative phenomenons, starting the integration from teaching the Lithuanian language, the essentials of business, principles of computer literacy, necessary for the representatives of ethnic minorities in order to develop national business.

By learning (the Lithuanian language, computer literacy and essentials of business will be taught) representatives of ethnic minorities (long-term unemployed, women, who lost jobs due to insufficient qualification, etc.) will acquire knowledge, which is necessary in order to start their own businesses and the problem of the unemployment long-term unemployed-people of other nationalities will be started to be radically solved.

The main objective of the project is to accelerate the integration of ethnic minorities residing in the city of Panevėžys and its district, reduce the marginalization of the unemployed, which appertain to them and on the implementation of teaching programs, and increase the equal opportunities and competitiveness of these persons in the labour market.

Links between the education, age, knowledge of official language, profession and capabilities to master the training material intended for the program as well as other factors are analyzed in this article.

General data

Among the population of the city of Panevėžys and its district 3.43 percent of all residents are attributable to ethnic minorities (Table 1). These amounts rather significantly differ from the distribution of ethnic minorities of Lithuania [9]. According to the data of the census in the year 2000 there were 83.45 percent of Lithuanians, 6.74 percent of Poles, 6.31 percent of Russians, 1.23 percent of Belorussians, 0.65 percent of Ukrainians, 0.12 percent of Jews, 0.09 percent of Germans, 0.09 percent of Tartars, 0.08 percent of Latvians, 0.07 percent of the Romany, 0.04 percent of Armenians and 0.18 percent of people of other nationalities residing in Lithuania. The total of ethnic minorities in Lithuania amount to 15.6 percent, while this number in the city of Panevėžys and its district is only 3.43 percent.

For the implementation of the program for integration of ethnic minorities from the group of persons willing to participate, the total of approximately 250 people of various ages has been selected. 180 respondents have been surveyed. The results of the survey have been structured and presented in this article.

Table1

Distribution of ethnic minorities according to nationalities in the city of Panevėžys and Panevėžys district

Nationality	Panevėžys City	Panevėžys District	Total	
	pcs.	pcs.	pcs.	%
Lithuanian	114585	41826	156411	96.57%
Polish	232	116	348	0.21%
Russian	3443	562	4005	2.47%
Belorussian	241	58	299	0.18%
Ukrainian	427	98	525	0.32%
Jewish	22	0	22	0.01%
German	29	20	49	0.03%
Tartar	19	5	24	0.01%
Latvian	63	18	81	0.05%
Romany	141	61	202	0.12%
Total:	119202	42764	161966	100.00%
Ethnic minorities	4617	938	5555	3.43%

Representatives of ethnic minorities in the city of Panevėžys and its district, who are unemployed, amount to 30.4 percent of the total number of unemployed. Thus the unemployment of representatives of ethnic minorities is 10 times higher and this shows the relevance of their integration problem. Among the surveyed participants of the programs 110 respondents to the question "are you employed" responded positively, and 68 respondents stated that they are "unemployed". It must be noted that the number of unemployed increases proportionally to their age (Diagram 1).

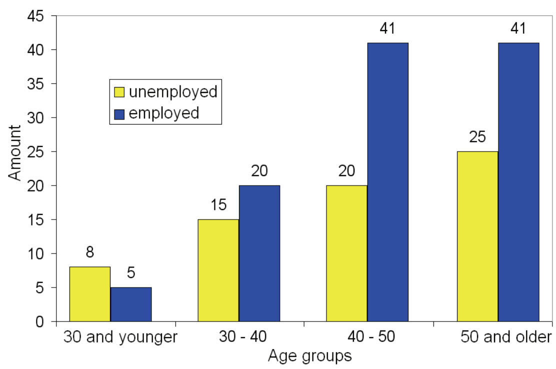

Diagram 1. Distribution of employed and unemployed participants of the program according to their age

The participants of the program entered the program voluntarily. There was no selection according to age, sex or education. There were 73.7 percent of women and 26.3 percent of men among those who expressed their wish to participate in the program (Diagram 2). It must be noted that during computer literacy and the Lithuanian language teaching women showed high degree of activity and interest in the subject they were learning.

The distribution of the participants of the programs according to their education was as follows: uncompleted secondary education – 2, secondary education – 54, non-higher professional education – 51 and higher education – 70. The number of respondents with the non-higher professional and higher education was predominant amount the people of senior age (Diagram 3). There was no research performed according to the directions of education – arts education or technical education.

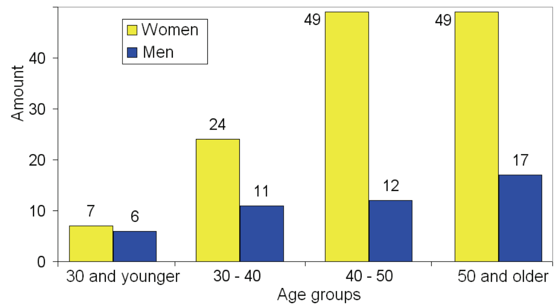

Diagram 2. Distribution of the participants of the program according to their sex in the age groups

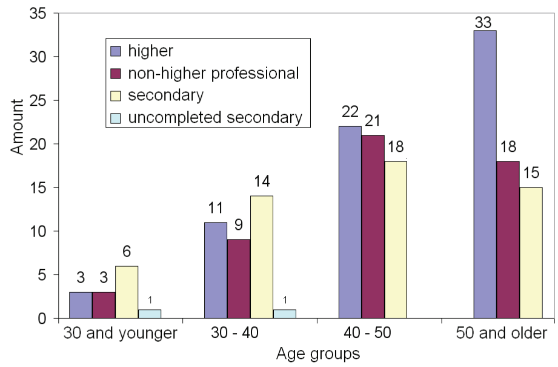

Diagram 3. Distribution of the participants of the program according to their education in the age groups

It has been determined that among the participant of the program 35.6 percent of women and 50 percent of men had higher education, 31.7 percent of women and 21.7 percent of men had non-higher professional education, 31.7 percent of women and 26.1 percent of men had secondary education (Diagram 4).

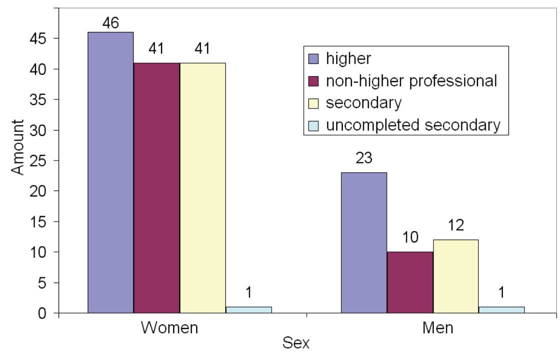

Diagram 4. Distribution of the participants of the program according to their education and sex

However non-higher professional and higher education still does not grant the job, which corresponds to their qualification. The questions on the nature of work were answered by respondents as follows: unemployed – 68, performs unskilled work – 47, performs work requiring qualification – 37 and performs work requiring high qualification – 23. The analysis of the survey results indicated that actually 44.3 percent of the participants of the program, who have non-higher professional and higher education, are unemployed or perform unskilled work (Diagram 5). Therefore in this case the education level alone does not grant the job corresponding to the qualification of the person. 83 percent of the participants of the program, who have secondary education, are unemployed or perform unskilled work.

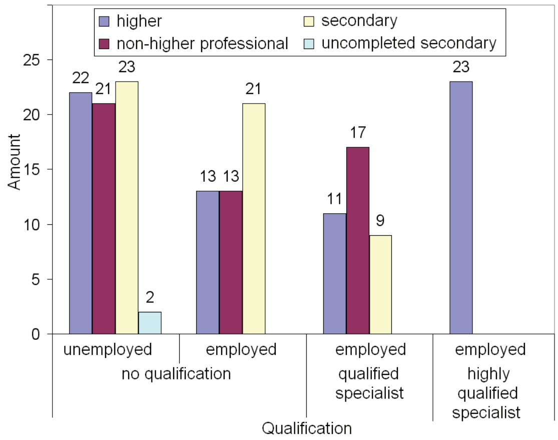

Diagram 5. Distribution of the nature of work of participants of the program according to their education

The influence of knowledge of the Lithuanian language

Such high rate of unemployment may be influenced by lack of a command of the official language or poor command of the official language. Respondents answered the questions about the command of the Lithuanian language as follows: no command of the language – 23, understanding, but no writing skills – 73, average command of language – 51, good knowledge – 28. The respondents evaluated their command of the Lithuanian language by themselves, their knowledge was not tested. While working with the participants of the programs it was discovered that there could be one more level of the command of the Lithuanian language available, i.e. able to understand, but has no speaking skills. The results of the survey indicate (Diagram 6) that the amount of the unemployed and employed among the people who have no command of the official language and who have good command of the official language is almost similar.

However there are twice as many employed than unemployed among those who understand language but are unable to write and those who have average command of language.

The command of the official language was also linked with the job qualification (Diagram 7). It was determined there were no people who had no command of the Lithuanian language among those who performed work requiring high qualification.

There was also a small amount of people who had no command of the Lithuanian language among those who performed work requiring qualification – only 13.5 percent. Presumably there are no opportunities available in the city of Panevėžys and Panevėžys district to get a job requiring high qualification with no good command of the Lithuanian language.

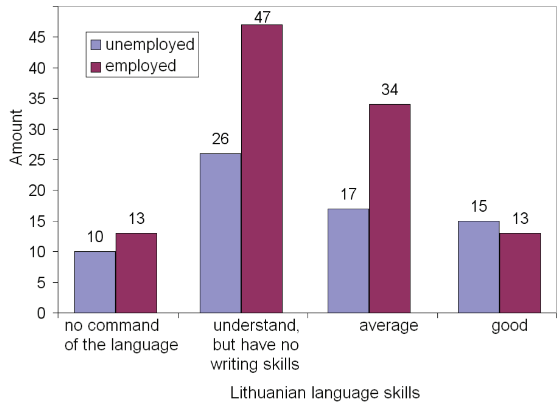

Diagram 6. Distribution of the participants of the program among the employed and unemployed subject to the level of the command of the official language

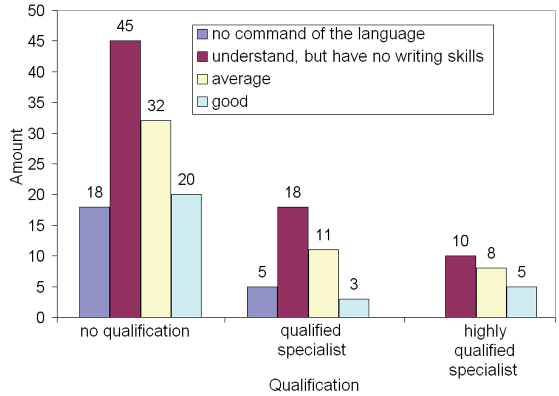

Diagram 7. Distribution of the participants of the program according to the command of the official language and job qualification

The influence of computer literacy knowledge

Another reason for unemployment is the nonconformity of the available qualification with the modern requirements and the lack of computer literacy knowledge. While surveying the level of computer literacy the respondents answered the questions as follows: no computer skills – 88, average computer skills – 77, good computer skills – 10. These answers were not tested using any computer literacy tests. However during the training it was noticed that the declared level of average computer skills in fact conformed to low computer skills and in fact no participants had the level of computer skills, which would meet the requirements of ECDL.

The analysis of the survey results indicated that the level of computer literacy knowledge was rather closely related to the age of the participants of the program (Diagram 8). It must be noted that independent acquiring of computer skills for the people of senior age is difficult to achieve and it is necessary to train them competently.

The analysis of the links between computer literacy knowledge and the nature of performed work was carried out. Among the employed, performing work requiring high qualification, people having good and average computer skills amounted to 74 percent, among the people performing work requiring qualification this number amounted to 51 percent and among people performing unskilled work or unemployed this number amounted to 39 percent (Diagram 9).

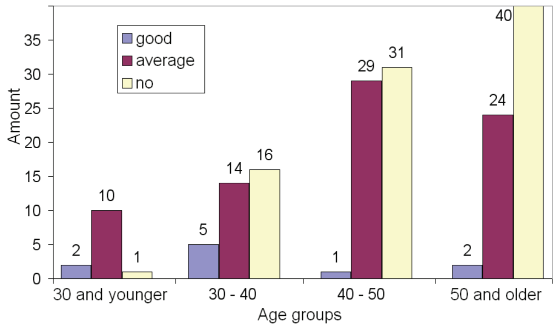

Diagram 8. Dependence of computer literacy knowledge of participants of the program on the age.

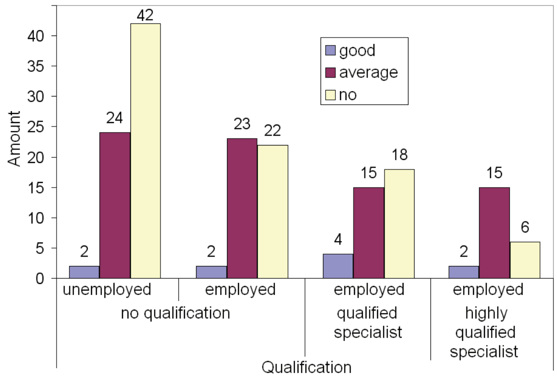

Diagram 9. Distribution of the participants of the program according to computer literacy knowledge and nature of work

It must be noted that a part of the respondents who had higher education and at the time of the survey had no jobs had been recently employed at the largest factory of the city of Panevėžys "Ekranas", which went bankrupt. Computer literacy knowledge of these employees is good or average however currently they are still unemployed.

After performing the analysis on the interdependence of computer literacy knowledge and education it was determined, that the respondents had average and good knowledge as follows: with higher education 96 percent, non-higher professional education – 33 percent and secondary education – 43 percent (Diagram 10).

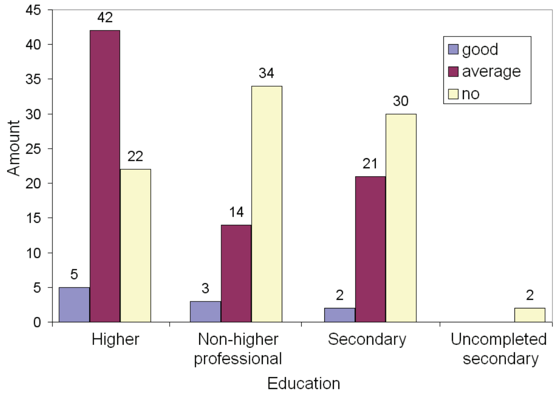

Diagram 10. Interdependence of computer literacy knowledge and education

Such high level of computer literacy among the respondents with secondary education is due to the fact that most of these respondents are of rather young age and have recently graduated from modern secondary schools, where they obtained this knowledge.

Conclusions

1. It was determined that representatives of ethnic minorities in the city of Panevėžys and its district amount to more than 30 percent of all unemployed.
2. It was identified that the level of the command of the Lithuanian language determined the possibility to get a job requiring high qualification.
3. It was determined that the problem of computer literacy is relevant to people of ethnic minorities of senior age.

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Nijolė Sinkevičienė

Analysis of integration possibilities for the social minorities of the region of Panevėžys

Summary

Possibilities for integration of ethnic minorities were analyzed. Social surveys of participants of the program "Acceleration of integration process of citizens of the city and district of Panevėžys of employable age, belonging to ethnic minorities, while enhancing their competitiveness in the labour market“ was carried out. In the article, links between the education, age, knowledge of official language, profession and capabilities to master the training material intended for the program as well as other factors were examined.

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CONCEPT OF SUPPLIER RELATIONSHIP MANAGEMENT

Aušra Skrudupaitė, Rita Kuvykaitė

Abstract

Every company seeking for better positions in the market has to adapt their product and service to the customers' needs. Nowadays client is intelligent, fastidious and seeking for individuality, optimal interest and quality as well as for the shortest terms of the purchase. Today it is not enough to maintain the relations with customers and to apply loyalty promotion means. To satisfy growing needs of the customers companies have to look for the new business management decisions. One of them is the creation and management of supplier relationship. This paper highlights the concept of supplier relationship management (SRM) as an important business approach for achieving competitive position on a market. The authors explain different definitions, content and future trends of supplier relationship management.

Keywords

Supplier Relationship Management (SRM), Supply Chain Management (SCM).

1. Introduction

Growing needs of customers, development of new products with short term of usage, sharp competition in the local and international markets force companies to pay attention to supplier chain management (SCM). SCM is the progressing business concept, which helps management business reducing the expenditure and loss as well as increasing the profit. The relationship with suppliers is definitely becoming a very important part in SCM.

The object of the paper is supplier relationship management.

The goal of the paper is to explain the conceptual basis of supplier relationship management.

The methods used in the article, having assisted in solving the above goal include analysis and summary of scientific references.

2. Definition of supplier relationship management

According to the analysis of scientific literature two main groups of SRM concepts can be defined. The scientific co-authors Appenfeller and Buchholz point out two groups of SRM definitions. The first group id related with the decisions of informational technologies:

- SRM is the decision of Software involving the suppliers into the main process of supplying. SRM decision has fully be automated the supplying process inside the company as well as with the suppliers (Barking, König, 2002, p. 23);
- SRM is IT decision, which lets minimize the costs of buying process and to make the best strategical decisions. SRM has a goal to combine different e-Business initiatives in the supplying area (Knörr, 2003, p. 15; www.peoplesoft.de).

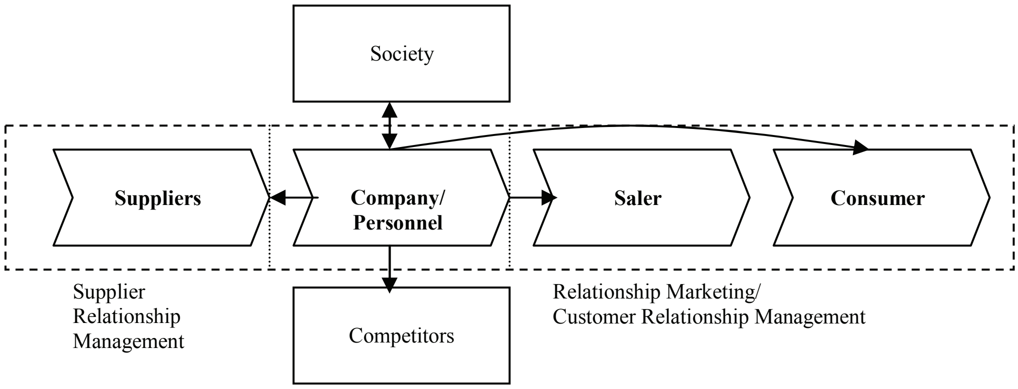
The main point of the definitions in the first SRM group is IT decisions. The second group involves SRM definitions which concentrate into the supplier management or strategical supply:

- SRM is proactive establishment of all relationships with suppliers on purpose to develop and produce product through the better cooperation with suppliers and through the lower costs of production. SRM deals with the area of process management with suppliers as well as decides the strategical tasks in strategic preparation (Corsten, 2001, p. 130);
- SRM is further development of continuous strategical supplier management and alive partnership with Key suppliers (Pechek, 2003, p. 26);
- SRM, as a part of supplier relationship management, which involves the planning, implementation and control of all external relationships, is concentrated into the relationship with external suppliers (Riemer, Klein, 2002, p. 7).

These definitions concentrate into the development of relationship with suppliers in the frames of strategical supply. Though the importance of IT usage is not directly expressed, but the authors point out its supporting role.

3. Essentials of supplier relationship management

Relationship Management is development and maintenance of relations with suppliers as a part of integrated management. The goal is to develop and sell a product or service with the lower costs and shorter time limit involving the better cooperation with suppliers. It means the usage of Customer Relationship Management concept with the backward direction. This value chain is shown in pic.1.



Picture 1. Integration of Supplier Relationship Management in Relationship Marketing
(Stötzle, W., Heusler, K.F., 2003, P. 182)

Supplier Relationship Management is the result of continuous strategical management and relationship with suppliers. The main role in relationship with suppliers plays not only the short-term optimization achievements as well as the further development of relationship with suppliers. Good relationship determines the supplier's struggles to supply material as better as possible. At the time of limited resources it is very important to companies to consolidate their potential in order to solve the problems. Information exchange, market research and mutual support in the negotiation are possible only through the intensive and reliable cooperation. One of the means to reduce the costs of material is the incorporation of needs and collective participation in the purchase market. And close cooperation in the product development area will let satisfy consumer needs. The influence of suppliers on customer satisfaction is shown in pic.2.

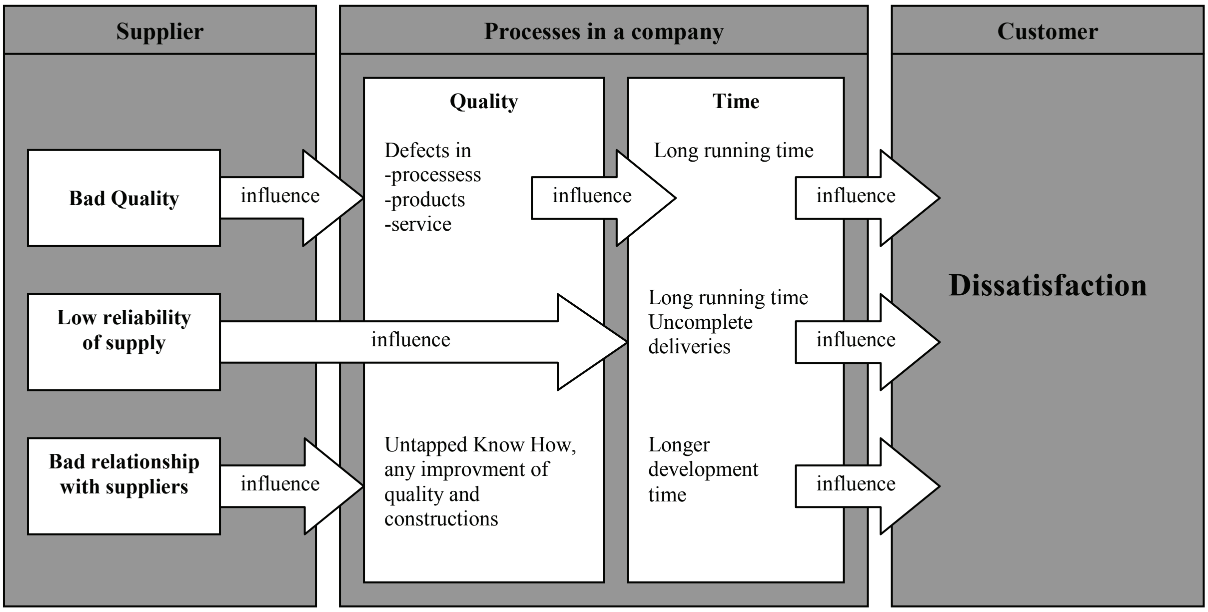


Figure 1. Key role of supplier in the chain of value development.
(Hartmann, 2004, p. 14)

As it is seen, only the struggle of a company cannot guarantee customer satisfaction. Inqualitative material, late supply, bad mutual communication create more complicated relationship with suppliers as well as influence on customer satisfaction. A mean supplier can determine loss, break relationship with customers, lost good image in the market. Then the importance and necessity of development and maintenance of strategical partnership or long-time relationship with suppliers appear. Strategical supply does not have ambition to make suppliers reduce the prices. Its purpose is to create the long-time relationship and reduce costs in the negotiation for both parties. P.Kidd points out these stages in the relationship with suppliers:

1. The development and maintenance of structure in relationship with suppliers.
2. The determination of cooperation borders:
   2.1. Suppliers‘ settling near a company
   2.2. The development of systemic structure of suppliers

    2.3. Capital investment
    2.4. Cooperation in research and development area
    2.5. Reducing the costs
    2.6. Service optimization and improvement
3. Observation and control.
4. Break of the relationship with suppliers.

In the initial development stage, having finished the planning works and reached out the contacts with suppliers, a company-buyer is responsible for the coordination of business relationship, order and rules. Next the maintenance of supplier is necessary for the further development of relationship in the problem solving, consulting, optimization of manufacture and logistic processes. Other important aspects in the relation development are communication and supplier education. The quality of relationship is determined by communicational processes, which guarantee the qualitative swap of information. Different means can be used for supplier education: good responds, bonus and presents, notice, complains, penalties, threats to change the supplier. Different opinions appear in every work and it can develop into the more serious disagreement or even relation break, so the aspect of Supplier Relationship Management is very important in the conflict management. To notice and solve problems it is necessary to create a clear communication process. According to P.Kidd the main factors influenced on the SRM success are these: trust, dependence, size of a company, relationship period, stability, congruence of goals, top management involvement, supplier' sales organization and buyer' purchasing organization. Eyholzer proves that the development of SRM will become much more important in companies and proposes the development trends in supply management (Picture 3).

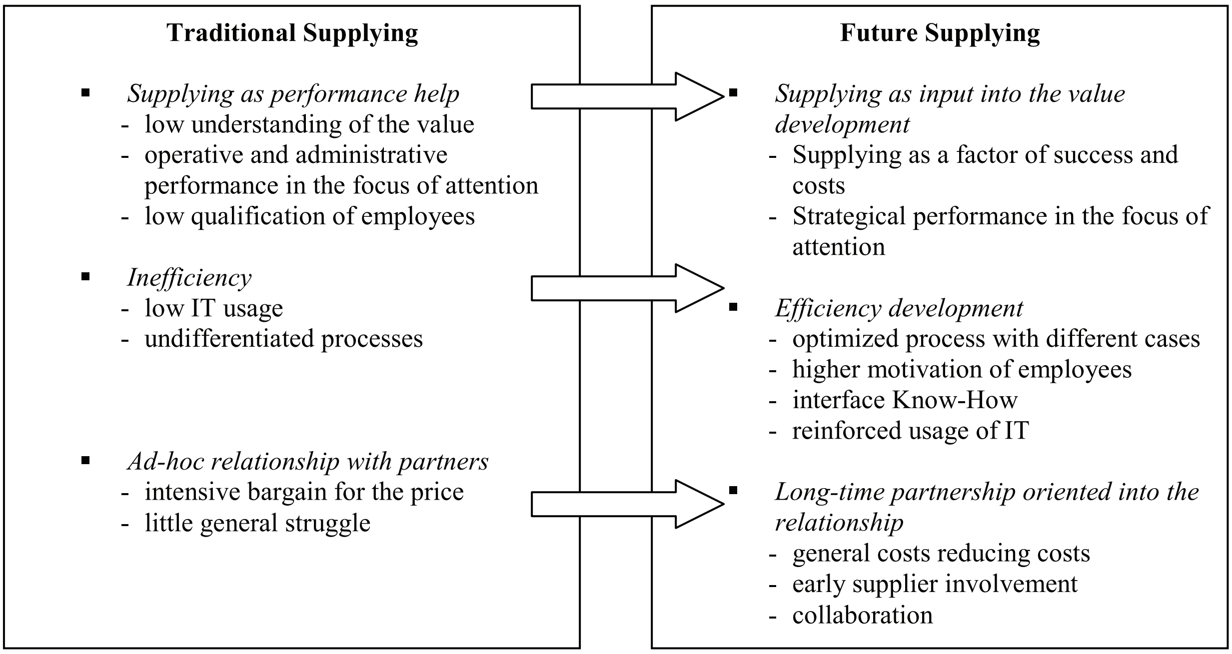


Figure 2. Development trends in supply management
(Appenfeller, Buchholz 2005, p. 2 acc. Eyholzer at al. 2002, p. 67)

The traditional understanding of supply and its functions is changed into the more modern outlook – when supply is defined as a very important link in the value chain and strategical performance, the means increasing performance efficiency and long-time partnership go into the focus of attention.

4. Conclusions

Having analyzed the scientific literature about the relationship with suppliers, the following conclusions can be made:

1. The studies of the scientific literature showed that the conception of Supplier Relationship Management can be understood and defined ambivalent. The first group involves the SRM definitions directly related with the IT decisions. The second group involves the SRM definitions concentrated into the supplier management or strategical supply.
2. According to the study it was estimated that Supplier Relationship Management is an important part of supply chain as well as the big influence on the consumer satisfaction and determines the relationship with customers.
3. Summarizing the tendencies of changes in supply management it can be claimed that during the last few decades supply functions have been expanded. Today supply is very important link in the value chain. High requirements for employee qualification, wide IT usage, optimization processes, long-time partnership let reach high results of performance efficiency.

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Santykių su tiekėjais valdymo koncepcija

Santrauka

Šiandieninis klientas yra sumanus, išrankus bei siekiantis individualumo, optimalaus naudos ir kokybės santykio ir trumpesnių prekės įsigijimo terminų. Kiekvienos įmonės, siekiančios geresnių pozicijų rinkoje, užduotis kuo geriau siūlomas prekes ir paslaugas pritaikyti klientų poreikiams Šiandien jau nepakanka vien tik santykių su klientais palaikymo bei lojalumo skatinimo priemonių. Siekiant patenkinti vis didėjančius klientų poreikius, įmonės priverstos ieškoti naujų verslo valdymo sprendimų. Vienas iš jų – santykių su tiekėjais kūrimas ir valdymas. Šiame straipsnyje atskleidžiama santykių su tiekėjais valdymo koncepcija kaip svarbi verslo valdymo priemonė siekiant užsitikrinti konkurencingą poziciją rinkoje. Apibendrindami mokslinių literatūros šaltinių analizės rezultatus, autoriai pateikia egzistuojančias dvi sąvokos „santykių su tiekėjais valdymas“ aiškinimo kryptis, santykių su tiekėjais valdymo esmę bei šios koncepcijos kitimo tendencijas.

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LOCAL QUALITY OF LIFE: ISSUES OF EMPIRICAL INVESTIGATION IN LITHUANIAN RURAL AREAS

Vlada Vitunskienė, Darius Jazepcikas, Gintarė Janušauskaitė

Annotation

The study is based on the concept of quality of life which is most comprehensive indicator measuring a progress of a society. Multidimensional analysis of quality of life in local areas was developed for identifying local problems and potential threats in rural areas. This empirical investigation was focused on evaluation of differences in economic and social development between Lithuanian rural areas (LAU2). Results of the investigation show significant differences in economic and social development between Lithuanian rural areas.

Keywords

Quality of life, ~~wellbeing~~, social development, economic development, rural wards, LAU2.

Introduction

Many institutions and politicians are using materialistic indicators to show a progress of the society. But during last 20 years scientist found many solid arguments why this approach to social progress is misleading and dangerous in long term perspective.

Therefore alternative indicators to measure the progress were developed. One of them is quality of life. Evaluation of quality of life requires a well organized system (set) of indicators from various dimensions of life. There were many attempts to develop the system (set) since early 1990's (Hernes and Knudsen, 1990; Fahey, Nolan and Whelan, 2003; EQLS, 2004; DEFRA, 2004; Mercer, 2005; UNDP, 2005; Audit Commission, 2005 etc.), but none of them was widely accepted with global accord.

Early attempts of measuring quality of life were developed for international level to evaluate difference of sustainable development, wellbeing and quality of life between the countries. Lately the measurement systems were extended to regional level with emphasis on local rural areas. This improvement of the measurement had critical importance because it revealed true stance of development and quality of life in local areas.

Quality of life in Europe report (2004) stresses that researches of living conditions and quality of life is not only the issue for scientists, but it also should fulfil interests and needs of a society (EQLS, 2004). Academic literature (e.g., Fahey, Nolan, and Whelan, 2003; Flynn, Berry and Heintz, 2002; Meacher 2001), applied studies (e.g. EQLS, 2004; Millennium Ecosystem Assessment, 2005, etc.) and monitoring programmes (e.g., UNDP, 2001; EQLS, 2004; EPSIM, 2000, etc.) propose to link *empirical importance* of quality of life researches to *political efficiency* and *commercial* purpose, from which their *scientific importance* would follow based on philosophic and methodological approaches. This idea is followed in researches of Mercer Human Resource Consulting (Mercer, 2005), which has a purpose to rank urban areas according quality of life in these areas.

The purpose of this paper is to analyze most important issues related with measurement of quality of life in local areas and to reveal problems encountered during an empirical investigation of measuring quality of life in Lithuanian rural areas.

The paper is organised as follows: first concepts of wellbeing and quality of life are analysed. Then there is a discussion on methodological problems of empirical evaluation of wellbeing and quality of life on local level (rural wards). In the third part authors present the results of empirical investigation on quality of life in Lithuanian rural wards (LAU2). The paper ends with conclusions and issues for discussion.

Conceptualizing quality of life

One of the universal goals of a society is to seek a constant progress in improving human wellbeing or quality of life. According conventionally used statistics, the goal seems to be satisfied: world economy is growing, people earn more money, and they use better technologies, thus they can do more than their grandparents.

But there is a rising doubt on such a progress in academic literature. Indicators which are used to measure the progress of the society are not adequate for this goal, because they are based on accountability of marketable goods and do not evaluate issues important for wellbeing or quality of life.

Problem of inadequate measurement of the progress is based on several reasons. Firstly there is lack of conventional understanding of the progress of the society. Findings in academic literature and applied researches indicate that the progress was perceived as an economic growth. The perception dominated till early 1970's when scientist began to search for a broader definition of the progress, but after more than 30 years the "old" perception is still widely in use.

Inspiration to develop index of wellbeing or quality of life came from insufficiency of materialistic indicators (e.g. gross domestic product per capita, individual or household income etc.) in measuring a progress of a society. Gross domestic product per capita was created as a measure of economic growth and now it is most commonly used indicator linked with quality of life in a country. But as World Bank states, growing economy can contribute to quality of life or degrade it (World Bank, 2003). Although increasing revenues or expenditures of the population is closely related with improving living conditions, GDP do not take into account social and environmental costs of expenditures and non-marketable goods, which are a backbone of a quality of life. Furthermore GDP encounters all activities neglecting social and environmental impact on a society and ecosystems. As research institute "GPI Altantic" puts it, the more people spend, the better (Collins, 2003). Growing number of crimes increases expenditures on investigations of crimes, police operations, court processes, imprisonment costs, etc. All mentioned expenditures increase GDP but they unlikely increase wellbeing or quality of life. Overeating requires additional food, additional natural resources, and more money to spend on marketing of the surplus food. Also number of overeating related health problems is growing and that induce more expenditure on medicaments. These activities do not increase quality of life while they contribute to GDP.

Additionally GDP neglects activities for which market does not exist. For example voluntary community work, value of natural resource, parental time with children, value of free time, etc. Value of time spent at home is poorly evaluated. People do less volunteer work and have less free time because it has no clear value in nowadays accounting system. If statistics measured the households not just as a source of consumption as taught in every economics textbook but as a productive economic unit researchers would discover that total paid and unpaid work has steadily increased leading to an overall loss of free time (Collins, 2003). As Collins says, Aristotel recognized that free time or leisure was a prerequisite for contemplation informed discussion participation in political life and genuine freedom (Collins, 2003). Also Collins quotes Pinter, "we measure what we value, but we also learn to value what we measure" (Collins, 2003) Collins noticed that "what people measure and count quite literally tell what people value as a society. If people do not count non-monetary and non-material assets they effectively "discount" and "devaluate" them. And what people don't measure and value in their central accounting mechanism will be effectively sidelined in the policy arena" (Collins, 2003).

Economists and sociologists argued (e.g., Allan-Prescott, 2003; Cooke, 2001; Hernes and Knudsen, 1990; OECD, 2001), that usage of materialistic indicators is limited because it does not include important aspects of wellbeing or quality of life. Following the idea a discussion about a universal index of human development started (Cooke, 2001). Scientists added environmental dimension to socioeconomic evaluation of human development at the end of XX century (e.g., EPSIM, 2000; Millennium Ecosystem Assessment, 2005; DEFRA, 2004; Audit Commission, 2005; Cooke, 2001). Necessity of socioeconomic and environmental dimensions is described by a metaphor of "Egg of wellbeing": environment surrounds and supports people much as the white of an egg surrounds and supports the yolk. Just as an egg is good only if both the yolk and the white are good so a society can be well and sustainable only if both people and the ecosystems are well (Prescott-Allen, 2001).

There are various compound indices to evaluate human wellbeing or quality of life: Human Development Index (HDI, 1990), Quality of Life Index (QOL, 1995), Genuine Progress Indicator (GPI, 1995), Weighted Index of Social Progress (WISP, 1997), Prescott-Allen's Indices of the Well-Being of Nations (HWI, 2001), Wellbeing/Stress index (WSI), Fraser Institute Index of Living Standards, Environmental sustainability index, Index of economic freedom, Community Well-Being Index (CWI, 2004), etc[4].

Since 1970's various concepts to define progress has been developed. There are attempts to evaluate progress using concepts of living standards, sustainable livelihoods, good life, welfare and others. Progress most commonly is understood as an increasing wellbeing or improving quality of life.

Well being is viewed as multidimensional concept consisting of material wellbeing, bodily wellbeing, social wellbeing, security, freedom of choice and action and psychological wellbeing (Senaratna, 2003).

Wellbeing is closely related to basic human needs. Senaratna says, that universal set of human needs is suggested by Max-Neef's (Senaratna, 2003). According Max-Neef human needs can be organized into two categories: existential (needs of being, having, doing and interacting) and axiological (needs of subsistence, protection, affection, understanding, participation, leisure, creation, identity and freedom) (Max-Neef),.

Using basic human needs approach concept of "wellbeing" include just one existential need - being. It is encoded in the very term ("well-being"). Concept "quality of life" encounters all existential needs. Also concept "quality of life" underlines the importance of qualitative development. Measuring progress qualitative development is more desired rather than quantitative one. Qualitative development as human internal development has more personalized view, because of clear focus on emotional dimension (psychology, perception of reality, etc.). Internal development is formed by various mind-driven factors, which depends on personal perception of surrounding environment, understanding it and individual decision making. So concept of "Quality of Life" seeks not just a better being or having more, but also better doing and interacting. Thus quality of life is more comprehensive concept than a concept of wellbeing. But it does not mean that concept "wellbeing" is worse to describe progress of the society than concept "quality of life".

Concept "quality of life" sometimes is used parallel with the concept of sustainable development (Meacher, 2001, DETR, 1999). Using this approach sustainable development is understood as a tool to ensure a better quality of life for each human being of present and future generations. This implies recognition that socioeconomic and environmental wellbeing is strongly interrelated.

Strong interrelation between socioeconomic and environmental wellbeing induces four objectives, declared in a strategy for sustainable development for the UK (DETR, 1999) to ensure progress of a society: 1) social progress, which recognises the needs of everyone, 2) effective protection of environment, 3) prudent use of natural resources, and 4) maintenance of high and stable levels of economic growth and employment.

So to measure progress of the society there should be developed adequate concepts and indicators. Concepts of "wellbeing" and "quality of life" are widely used for this

[1] More about these indices in Allan-Prescott (2003), Cooke (2001), UNDP (2005), OECD (2001) works.

purpose. Although theoretically "quality of life" is more comprehensive than "wellbeing" both concepts are valid measuring social progress.

Methodological approach

Previous section focused on the idea that concept "quality of life" is comprehensive. Since early 1990's methodology of measuring wellbeing or quality of life has improved significantly. Special attention is given to the following wellbeing/quality of life methodological features:

- *narrow* quality of life approach was changed to *wide* (understanding of human wellbeing based on consumption of goods was extended with the components like health, environment, natural resources, satisfaction of social needs, living conditions, etc.);
- *single indicator index* approach of wellbeing was replaced with *multidimensional index* approach;
- indices are based on *sets* of *socioeconomic and environment indicator's* (e.g. EQLS, UK government headline indicators, etc.) or systems of indicators (e.g. GPI, WI, HDI, etc.);
- *objective* understanding of quality of life (using national and regional statistical data) was extended/supplemented with alternative – *subjective* approach (it based on individual understanding of wellbeing/quality of life);
- *global level* of quality of life evaluation was extended to *national, regional or local areas*;
- continuous investigations are being organized and data basis with statistics of quality of life are created (e.g. EurLIFE , UK government's headline indicators) with the objective to monitor changes and progress through the time.

A set of quality of life indicators is based on the following methodological principles (Social Protection Committee, 2001):

- an indicator should capture the essence of the problem and have a clear and accepted normative interpretation;
- an indicator should be robust and statistically validated;
- an indicator should be responsive to policy interventions but not subject to manipulation;
- an indicator should be measurable and sufficiently comparable in the state and applied internationally;
- an indicator should be timely and susceptible to revision;
- the measurement of an indicator should not impose too large;
- the portfolio of indicators should be balanced across different dimensions;
- the indicators should be mutually consistent and the weight of single indicators in the portfolio should be proportionate;
- the portfolio of indicators should be as transparent and accessible as possible to the citizens of the European Union.

Multidimensional indices in order to be effective and informative require a careful selection of a set of indicators. The set have to be formed using *process-systematic analysis* approach. Each indicator is important by itself as an element of the system. Also indicators are related with each other. That is principal characteristics of systematic analysis. Number of indicators and correlation among them should be carefully worked out. But that is not enough. Set of indicators have to detect ongoing processes in the system and give signals about it to researcher. Only in that way set of indicators would be efficient and effective measure of wellbeing or quality of life.

Advantage of multidimensional indices is that they analyze various important aspects of wellbeing or quality of life and integrate all information into one index which could be used comparing countries or regions or local areas among themselves. On the other hand index can simplify the concept itself without giving any important information about components of wellbeing or quality of life (André, Dieudonné, 2001). After a approximation of the set of indicators into index, lots of valuable information would be lost. That would make final conclusions about a wellbeing or quality of life in the area not fully revealed.

The purpose of monitoring tendencies of wellbeing or quality of life in the local areas is to serve precise systematic information in time for government bodies and interest groups such as 1) social policy makers, 2) regional policy makers, 3) local governments, and 4) social (strategic) partners.

There are significant differences in conclusions of researches made at the country level, regional level and local area level. National or regional indicators of wellbeing or quality of life proximate too much information, thus proximate conclusions is made. Policies based on proximate conclusion could be misleading and not effective. Because of that indicators of local areas should not be replaced with regional or national indicators. As it stated in World development report, interaction between socioeconomic and environmental dimensions vary in different geographical areas, but problems across locations are linked (World Bank, 2003). Geography matters because of different socioeconomic and environmental characteristics especially when talking about cities and rural areas. Geography also matters because of connectivity and distance to central nodes and markets. Thus investigations based on different levels of geographic areas (i.e. international, regional, local areas) would bring different picture of wellbeing or quality of life.

Identification of the local wellbeing or quality of life is important not as a result, but as capability to target these results where needed (EPSIM, 2000). Accordingly indicators of local quality of life have to: 1) show level of quality of life, 2) identify most important problems, and 3) monitor how long-term strategic goals are being implemented.

Investigation results

Authors developed a model to measure quality of life in Lithuanian rural wards (Vitunskiene, Jazepcikas, Janusauskaite, 2007). The model building took following procedures: selecting list of rural wards, collecting available statistic data, preparing set of indicators, and calculating indices.

Rural wards selection was based on EUROSTAT list of Lithuanian local administrative units (LAU2). Some corrections were made by removing some of the LAU2 areas with a population attributed to urban areas. Those areas were identified using list of small towns from Lithuanian Statistic department.

During the investigation seven rural wards were eliminated because of insufficient statistical data (Birstonas ward (Birstonas municipality), Vilainiai ward (Kedainiai distr. municipality), Ginkunai ward (Siauliai distr. municipality), Lumpenai ward (Pagegiai municipality), Natkiskiai ward (Pagegiai municipality), Traksedis ward (Silale distr. municipality), Labanoras ward (Svencioniai distr. municipality)).

Set of indicators was formed according statistical data available in Lithuanian on LAU2 level. Indicators were selected according these criteria:

- indicators should be robust and statistically validated;
- indicators should be measurable and sufficiently comparable on various territorial levels (NUTS3, LAU1 and LAU2 – according to EUROSTAT Territorial statistical units nomenclature);
- data should be an official information from Lithuanian statistical department and/or other administrative institutions.

To avoid correlation between selected indicators, binary correlations were calculated. Indicators which strongly correlated (>0.6) were removed from the set.

Most of official statistic data in database of Lithuanian Statistical department and other administrative institutions is gathered on NUTS3 (national) and LAU1 (municipality) levels. Data on LAU2 level are collected only from two longitudinal researches Population and Housing Census (2001) and Agricultural census (2003). The rest of the data were gathered from Lithuanian Labour Exchange, Municipalities administrations and their social protection departments, State enterprise centre of Registers, National Paying Agency and administrations of wards. Limited official information on LAU2 level allowed measuring only two of three dimensions of quality of life – economic and social (excluding environment). For both of dimensions economic index and social index were calculated.

On the base of estimations of the indices rural wards were classified into five groups (see figure 1). Rural wards of the first group are those with average estimations of economic and social indices. The second group are rural wards with high estimations of economic and social indices thus relatively best developed local areas in Lithuania. The third and the fourth groups are rural wards with mixed pattern of development. The third group are developed economically, but has social problems and reverse in the fourth group where rural wards with good social stance but of less developed economic one. The fifth group is most problematic one with low economic and social development level (Vitunskiene, Jazepcikas, Janusauskaite, 2007).

There were 5% of rural wards with extreme estimations of economic or social index. Most of those wards are located near largest Lithuanian cities – Vilnius, Kaunas and Klaipeda. Because of close distance to the cities land value are significantly higher, population density is close to the density of the towns. Besides most of employees are working in the cities. Thus economic or social situation in such rural wards differs significantly from the national average and thus are removed from grouping.

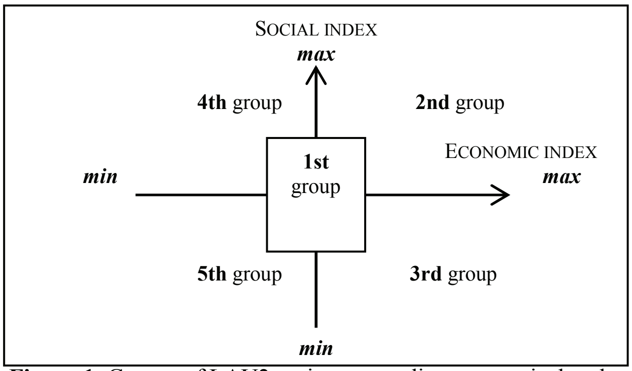

Figure 1. Groups of LAU2 regions according economical and social development

Analyzing differences between the rural wards (LAU2) of the same municipality (LAU1) Hirfindahl – Hirshman index (HHI) was used. The larger concentration of rural wards of the same group in the municipality is the bigger HHI. For example Druskininkai municipality is fully concentrated because all of its rural wards are of the same group (see appendix 1). Among least differentiated counties are Silute, Varena, Lazdijai. Mostly diversified municipality is Radviliskis. It has 11 rural wards 2 of which are well developed economically and socially, 4 rural wards have average estimations, 3 rural wards with good social stance, but relatively poor economy and 2 rural counties poorly developed economically and socially. Estimations on municipality level will not reveal this difference.

The results show that majority of counties have rural wards of three or more different groups (see appendix 1). That indicates that there is a remarkable difference in economic and social development on local area level. Thus estimating quality of life in rural wards (LAU2) is necessary in order to make right conclusions and to paint a true picture of economic and social development in Lithuanian regions.

Discussion and conclusions

Society faced a problem how to measure sufficiently a progress of its wellbeing or quality of life. The problem consists not only in conceptual or methodological level. Also there are various institutions and interest groups involved. Besides estimations of wellbeing and quality of life strongly depends on chosen set of indicators and level of geographical area (international, national, regional or local area).

It is necessary to emphasize the importance of monitoring system of local quality of life on development of the regions (LAU1 and LAU2). The system could lead to more effective and efficient action plan of local government institutions and social partners by: 1) regularly monitoring local situation, 2) identifying arising

problems and threats on time and 3) faster responding to economic, social and environmental changes.
According the results of empirical investigation significant differences between Lithuanian rural wards is found. Even rural wards which are in neighbourhood strongly differ in economic or/and social development. This fact should be kept in mind when implementing social and regional policies in the country.
Unfortunately there are not enough continuous researches or periodic statistic data in Lithuania under which issues related to quality of life in local areas could be monitored and improved. Thus social and regional policy in the country is built on detached materialistic indicators which of course could be misleading. Such approach to policy making is not efficient, do not match individual or societal needs and is very costly.
Authors states that there should be created two level (LAU1 and LAU2) quality of life monitoring system which should be adapted to the needs of communities, local government institutions and social partners. For creation this system two types of data have to be gathering and processed: a) data which would help to detect problems of local level on time, and b) data which could be comparable to NUTS3 and NUTS2 data and with data of Quality of life in Europe.

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Local quality of life: issues of empirical investigation in Lithuanian rural areas

Summary

This paper focuses on analysis of conception of quality of life and approaches to measure quality of life on international, national, regional and local levels. It is found that "quality of life" is most comprehensive concept describing progress of the society. Empirical investigation of socioeconomic differences of Lithuanian rural areas (LAU2) suggests that significant differences in economic and social development exist in Lithuanian rural areas.

Also a conclusion that evaluation and monitoring of both regional and local quality of life are of critical importance for systematic regional policy formation and local government strategic planning and implementation process is made.

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Appendix 1. Distribution of Lithuanian rural wards according socioeconomic development

Municipality (LAU2*)	Number of rural wards							Share of rural wards of the municipality							HHI
	I	II	III	IV	V	VI	Σ	I	II	III	IV	V	VI	Σ	
Druskininkai	0	0	0	0	2	0	**2**	0	0	0	0	100	0	**100**	10000
Silute	8	1	0	0	1	0	**10**	80	10	0	0	10	0	**100**	6600
Kupiskis	0	3	0	1	0	0	**4**	0	75	0	25	0	0	**100**	6250
Prienai	6	1	0	1	0	0	**8**	75	13	0	13	0	0	**100**	5938
Varena	0	0	0	2	5	0	**7**	0	0	0	29	71	0	**100**	5918
Lazdijai	3	0	0	0	7	0	**10**	30	0	0	0	70	0	**100**	5800
Kazlu Ruda	2	0	0	0	1	0	**3**	67	0	0	0	33	0	**100**	5556
Akmene	0	0	0	2	1	0	**3**	0	0	0	67	33	0	**100**	5556
Ignalina	2	0	1	0	7	0	**10**	20	0	10	0	70	0	**100**	5400
Salcininkai	1	0	0	2	7	0	**10**	10	0	0	20	70	0	**100**	5400
Marijampole	3	2	0	0	0	0	**5**	60	40	0	0	0	0	**100**	5200
Telsiai	6	2	0	0	1	0	**9**	67	22	0	0	11	0	**100**	5062
Pagegiai	0	1	0	0	0	1	**2**	0	50	0	0	0	50	**100**	5000
Silale	8	0	0	2	2	0	**12**	67	0	0	17	17	0	**100**	5000
Moletai	3	1	0	7	0	0	**11**	27	9	0	64	0	0	**100**	4876
Kaunas	3	3	0	0	1	13	**20**	15	15	0	0	5	65	**100**	4700
Jonava	0	5	0	2	1	0	**8**	0	63	0	25	13	0	**100**	4688
Kelme	5	0	2	1	0	0	**8**	63	0	25	13	0	0	**100**	4688
Zarasai	5	0	0	2	1	0	**8**	63	0	0	25	13	0	**100**	4688
Rokiskis	4	1	0	0	2	0	**7**	57	14	0	0	29	0	**100**	4286
Anyksciai	4	0	2	1	0	0	**7**	57	0	29	14	0	0	**100**	4286
Alytus	5	2	0	0	2	0	**9**	56	22	0	0	22	0	**100**	4074
Kaisiadorys	4	1	0	4	0	0	**9**	44	11	0	44	0	0	**100**	4074
Joniskis	1	4	0	3	0	0	**8**	13	50	0	38	0	0	**100**	4063
Kretinga	3	2	0	1	0	0	**6**	50	33	0	17	0	0	**100**	3889
Birzai	3	1	0	2	0	0	**6**	50	17	0	33	0	0	**100**	3889
Pakruojis	1	2	0	3	0	0	**6**	17	33	0	50	0	0	**100**	3889
Taurage	3	0	0	2	0	1	**6**	50	0	0	33	0	17	**100**	3889
Ukmerge	6	0	3	1	1	0	**11**	55	0	27	9	9	0	**100**	3884
Sirvintos	4	1	0	1	1	0	**7**	57	14	0	14	14	0	**100**	3878
Pasvalys	5	1	0	2	1	0	**9**	56	11	0	22	11	0	**100**	3827
Siauliai	5	2	1	1	0	0	**9**	56	22	11	11	0	0	**100**	3827
Panevezys	3	5	0	2	0	0	**10**	30	50	0	20	0	0	**100**	3800
Plunge	5	2	0	3	0	0	**10**	50	20	0	30	0	0	**100**	3800
Skuodas	4	0	0	2	2	0	**8**	50	0	0	25	25	0	**100**	3750
Rietavas	1	2	1	0	0	0	**4**	25	50	25	0	0	0	**100**	3750
Sakiai	6	1	0	2	2	0	**11**	55	9	0	18	18	0	**100**	3719
Svencionys	3	0	1	1	5	0	**10**	30	0	10	10	50	0	**100**	3600
Kedainiai	4	2	0	3	0	0	**9**	44	22	0	33	0	0	**100**	3580
Klaipeda	2	3	0	0	0	4	**9**	22	33	0	0	0	44	**100**	3580
Vilnius	2	2	0	12	3	3	**22**	9	9	0	55	14	14	**100**	3512
Kalvarija	1	1	0	1	0	0	**3**	33	33	0	33	0	0	**100**	3333
Mazeikiai	2	2	0	2	0	0	**6**	33	33	0	33	0	0	**100**	3333
Elektrenai	0	1	1	1	3	0	**6**	0	17	17	17	50	0	**100**	3333
Vilkaviskis	4	2	0	2	1	0	**9**	44	22	0	22	11	0	**100**	3086
Raseiniai	4	3	0	2	1	0	**10**	40	30	0	20	10	0	**100**	3000
Jurbarkas	3	0	2	1	3	0	**9**	33	0	22	11	33	0	**100**	2840
Utena	4	1	1	1	2	0	**9**	44	11	11	11	22	0	**100**	2840
Trakai	2	1	0	1	1	0	**5**	40	20	0	20	20	0	**100**	2800
Radviliskis	4	2	0	3	2	0	**11**	36	18	0	27	18	0	**100**	2727
Iš viso	**157**	**66**	**15**	**82**	**69**	**22**	**411**	**38**	**16**	**4**	**20**	**17**	**5**	**100**	**2439**

THE RESEARCH OF EFFECT AND EFFICIENCY OF COMPUTER LITERACY SERVICE FOR THE UNEMPLOYED IN CONTEXT OF LEARNING SOCIETY

Elvyra Zacharovienė, Sigita Glinskienė, Rita Laurikietytė

Annotation

In the practical character article the results of the research and data analysis are revealed which can let assess the computer literacy influence and efficiency on the employed in the context of the learning society. Having analyzed the data of the analysis it was estimated that the employed independent of different age want to learn, want to adapt in the labour market and work with modern technologies. It was estimated that the knowledge of computer literacy is one of the most important factors applying for the job.

Keywords

Learning society, continue learning for life, computer literacy, the unemployed.

Preface

The idea of learning society is typical among the adults learning all their life. Learning society is discussions about leaning organization, economics science and other trends, which goes outside of formal teaching environment and seek to find qualified teaching place individually as well as the element of the whole system [2].

Though the term 'learning all life' is not new, still its more active usage is associated with the last decade of XX century, which is coincident with the development of Europe Union, when Austria, Finland and Sweden joined the EU in 1995.

In 2000 European Commission declared "Memorandum of Learning All Life", which generalized and defined the conception of learning society and declared that this conception is related with quality of modern society: constantly increasing information flow (the feature of informational society) forces people to gain new knowledge and competence (knowledge society), and to gain them the need appears to study all life (learning society) [4]. People are the main characters in the knowledge society, where the most valuable is the man's ability to use this knowledge effectively and reasonably in the changing environment. On the other hand the changing environment and dynamic requirements force to learn all the time. Nowadays man is forced to learn in formal education system and to study informally to perform effectively in the whirl of changes[6,7].

Continual learning is possible only through changing the learning culture in society and other learning environments as well as motivating available and new competences [5]. Because of economical and labour market aspects in the context of continual learning all life are more and more emphasized in Lithuania, for this purpose Lithuanian Labour Exchange organizes the course of computer literacy for the employed to integrate into the society.

The object of the research. The employed who are attending the course of computer literacy.

The aim of the research. According to the data of sociological inquiry and report analysis to estimate the effect and efficiency of the knowledge of computer literacy on the employed in the context of the learning society.

Methodology of the Research Organization

The research was made using two means: 1) the questionnaire inquiry of the employed attending the computer literacy course was made [9]. The aim of inquiry – the opinion of the employed (the receivers of the service) about the benefit of the service and course (estimating the effect of computer literacy on the employed in the context of learning society); 2) the analysis of the employed after having graduated the computer literacy course made from the data from 2006 reports of the statistical data and labour market data, which were used to base the efficiency of computer literacy course.

The sociological research was done to get opinion about the effect and efficiency of computer literacy for the employed in the context of learning society. Different groups of the employed (different age and social status) were selected to make the research. The questionnaire with 17 different questions was used as well.

The questionnaires were given for the learners of the computer course. To form the objective selection eight groups of learners from different computer literacy course were selected. 100 learners were planned to examine. It could estimate and define the characteristics of research object and form conclusions.

The Analysis and Interpretation of the Research Results

Questionnaire inquiry. In 2007 sociological inquiry of the computer literacy course learners was done with the purpose to estimate the effect and efficiency of the computer literacy knowledge on the employed in the context of learning society. The questionnaire "The Effect and Efficiency of computer literacy course on the employed in the context of learning society" was used for this research. 129 respondents were examined.

The social – demographic characteristics of the people who took part in the research. 69 pre cent of women and 31 per cent of men expressed their opinion in this survey. Their age was following: 2 per cent of

respondents were 21-30 years old, 28 per cent – 31-40 years old, 47 per cent – 41-50 years old and 23 per cent – more than 51 years old.
The education of the respondents was following: 19 per cent – had a university degree, 5 per cent – not finished university degree, 51 pre cent – further education, 2 per cent – professional education, 14 per cent – special secondary education and 9 per cent – secondary education.
Generalizing social – demographic characteristics it can be claimed that the most respondents taken part in the survey, have further education (51 per cent) and are 41-50 years old (47 per cent).
Sociological research included three main aspects: the assessment of the knowledge and motivation of future computer literacy course learners, what their expectation are and their opinion about the learning all life understanding.
To base the first aspect it was necessary to assess the respondents' computer literacy knowledge. There were some questions about it in the questionnaire.
Having done the analysis of the results it was estimated that 81 per cent of the respondents attend the course for the first time and 19 pre cent of them – not the first time. 56 per cent of the respondents began computer course having some skills working with computer, 23 per cent – not having and 21 per cent – answered negative.

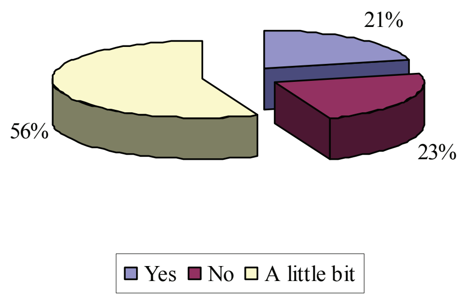

Figure 1. Computer literacy knowledge before starting the course

All the respondents were asked to answer the question 'Could you work with computer?' They assessed their computer literacy knowledge following: 61 per cent of them use e-mail, 31 per cent – have good unconfirmed computer knowledge and 8 computer literacy knowledge confirmed with ECDL certification.

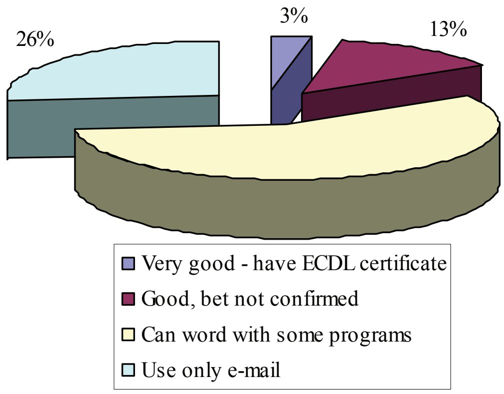

Figure 2. The estimation of computer literacy knowledge

Having done the analysis it can be claimed that the main motive choosing the computer literacy course is the wish to adapt to the labour market and work with modern technologies as well as to gain universal knowledge including computer literacy, which makes accordingly 48 and 47 per cent.

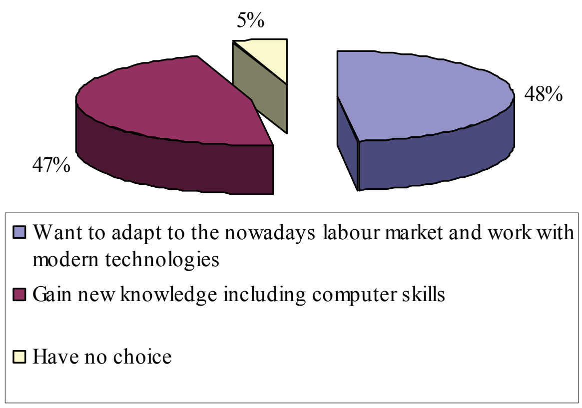

Figure 3. The main motives choosing computer literacy course

Attitude to the learning process was described by tendencies found during the research. In the research the structure of learning knowledge of the adults was estimated: the most learners have only minimal knowledge of computers and use only e-mail. The main and most important factor for the learning motivation is to adapt in the new labour market and ability to work with modern technologies.
The other aspects what the learners expect for is to prepare for the professional activity, which requires new knowledge and skills, even 49 per cent of all respondents pointed out this. 40 per cent of respondents expect to prepare for the new kind of professional activity and only 9 per cent – to get any kind of job in any professional area.
According to the results of the research can be claimed that the general efficiency of the learning is assessed high enough and this shows the usefulness of the course and the importance of the preparation for the new activity.

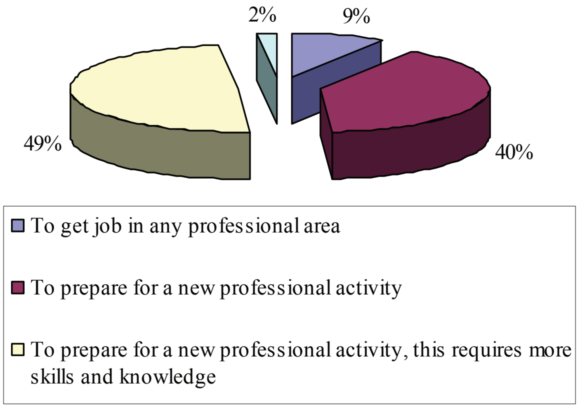

Figure 4. Respondents' expectation after finishing the course

The following picture shows that 86 per cent of respondents expect the computer knowledge help to be employed and only 14 per cent of them do not think so. 22 per cent pointed out the lack of computer skills one of the main reasons they can not find a job (after the age barrier, which made 26 per cent).

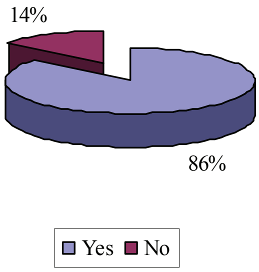

Figure 5. The importance of computer knowledge to get a job according to the respondents' opinion

The youth as well as senior people must adapt in the changing environment, though the challenges are not easy to accept, so having analyzed the data and estimated the employed expectation, we can claim that the most of them (86 per cent) think that computer course can help get a job and prepare for professional work, which needs more skills and knowledge. The others think that the course will help start a new activity.

The age factor is important in this research, so different age groups were involved into this survey. The respondents were from 19 to 60 years old. The most of them think that age has a big influence on the learning process (31 per cent), 45 per cent think that it is not very important, and 72 per cent of them accept the idea to learn all life.

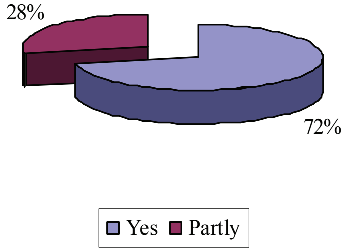

Figure 6. The respondents' understanding of the conception 'learning all life'

Having analyzed the data of sociological research it can be claimed that independent of the respondents' age, the respondents accept the idea to learn all life and hope, that computer literacy knowledge will help them adapt in the nowadays labour market and find a job in their professional area or start the activity in the new professional area.

The analysis of the results. To base the efficiency of the course the other mean was used – the reports of Lithuanian Labour Exchange and the analysis of statistical data. Having analyzed the data of Lithuanian Labour Exchange it was estimated that about 70,4 per cent of the employed who attended the course offered by Labour Exchange, got a job, 62,2 per cent of those who attended the computer literacy course find a job and the rest – 37,8 per cent of the employed – still cannot employ. The computer literacy course makes 10,5 per cent of all learning course programs [3].

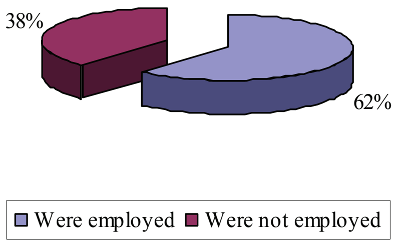

Figure 7. Employment of the employed after finishing the course

According to the data from Labour Exchange and Institute of Sociological Research, the employees who employed people after graduating the computer literacy course, assess their practical skills satisfactory or quite good for the job and it makes 51,9 per cent and 31,4 per cent [1]. These results show that computer course is effective and useful for people.

Having summarized the results of the second mean it was estimated that the computer literacy course has a big influence and efficiency on the employment. The research showed that the course learners see the usefulness of the course for the employment as well as for the social safety and motivation to improve.

Conclusions

Having done the research of effect and efficiency of computer literacy service on the employed in the context of learning society it was estimated that the respondents accept the conception of learning all life. The respondents noticed that:

1. The main motive to attend the computer literacy course is the wish to adapt to the labour market and be able to work with modern technologies.

2. It was estimated that independent of the age, the respondents think that finished course will help them to get a job.

3. having done the analysis of report data we can claim that the computer literacy course is effective and has a big influence on the employment as well as the improvement of the employed adaptation to the new conditions of nowadays labour market. It also motivates the outlook to learning and working as the cycle which continues all life.

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Santrauka

Praktinio pobūdžio straipsnyje pateikiami atlikto tyrimo bei duomenų analizės rezultatai, atskleidžiantys kompiuterinio raštingumo žinių poveikį ir efektyvumą bedarbiams besimokančios visuomenės kontekste. Išanalizavus tyrimo duomenis nustatyta, kad nepriklausomai nuo amžiaus grupės, bedarbiai nori mokytis, prisitaikyti darbo rinkoje ir dirbti šiuolaikinėmis technologijomis. Nustatyta, kad kompiuterinio raštingumo žinios yra vienas iš svarbiausių faktorių įsidarbinant.

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TOURISM DEVELOPMENT MANAGEMENT IN LITHUANIA

Vytautas Jonas Žilinskas, Loreta Petravičienė

Abstract

This article highlights strategy formation models and their application in tourism activity. Under the conditions of globalisation strategy and strategic thinking are becoming the goal activity management tool. *Poon* strategy model based on priority to consumers, the leader's position in quality field, application of radical innovations and strengthening of strategic position of tourism enterprise in activity value chain is being applied in tourism field. This model underscores the cyclical activity of tourism enterprise oriented towards consumers and market via the management of present resources of the enterprise and innovations. Tourism development management must be executed while coordinating state, regional and institutional levels. In case of tourism development the state must act as a coordinator while planning the supply with tourism conveniences and attractions, coordinating supply and demand, trying to ensure the accessibility of tourism objects in due time and due place, their conformity to standards and this activity should make the minimal negative and the maximum positive impact on Lithuania. Taking into consideration the underscored state functions (coordination, planning, legislation and law regulation, promotion) and perceiving the state as the relatively constant entirety of political institutions acting in the benefit of civil society, it is possible to affirm that the priority functions of National Tourism Organisations should be planning (of tourism system development) and coordination. The priority of these functions is determined by the status of represented institution. This status stipulates the possibilities to prepare regulations of interrelationship between the subjects of economy and state institutions determining synergy principals that will stipulate the effectiveness of conjunctive communication processes and decision making. But the analysis of *Poon* strategic model revealed that this model did not fix the feedback of strategic position and consumers - market. This feedback is very important, as strategic position demonstrates the attitude of enterprise – its attitude towards the occupied market – consumers. The strategic position of enterprise determines the place of enterprise in the market and helps to retain present consumers and to attract the new ones. That is why the feedback is necessary as monitoring – this way the enterprise could watch its own market and consumers' behaviour. While analysing the formation of tourism strategy of Lithuania it is worth to emphasise the importance of Poon model and diverse strategic levels. Tourism strategy of Lithuania should be formed at different levels (state, regional and institutional) that must correlate – the strategy of institutional level must correspond to the strategy of regional level and it must correlate with state level strategy. Only in this case when the strategies of all levels correlate it is possible to anticipate the more competitively superior image of Lithuania's tourism. But analysis of research results helped to reveal that tourism activity representatives are familiar with state and regional level strategies very superficially and their hardly coordinate their strategies with the strategies of higher level. In future the majority of tourism enterprise heads indent to try to coordinate the strategies of different levels, but the formation of tourism strategy is still out of control.

Keywords

Tourism, tourism development and management.

Introduction

Economical processes in Lithuania and the development of international relations worldwide make a great impact on international tourism development. Though Lithuania is a small Middle European country, its image in Europe depends directly on the strategy of economy of the selected country. Attraction of foreign markets induces the growth of the economy of the country, creation of new job places and the expansion of tourism competitiveness. But in order to attract foreign markets it is necessary to take greater interest in Lithuania's tourism and to form the image of Lithuania's tourism that is determined by diverse levels of tourism strategies: state, regional and institutional. As tourism development goals in the common structure of Lithuania's national economy make impact and are closely related to the strategies of other branches of economy, their factors and tools, the effective tourism development is possible only in the case of balanced structure of all levels and strong coordination links. Tourism service activity is growing rapidly in Lithuania, so the government of Lithuania and private sector should pay more attention to the formation of tourism development policy.

The research problem and relevance. Tourism is a comparatively new service in Lithuania and its regions, therefore the government of Lithuania and private sector has either little or has no at all experience in forming tourism development planning policy. Tourism planning policy may be determined by efficient application of academic investigations while determining prospective tendencies of Lithuania's tourism activity development. Due to the succession and correlation of tourism strategies the representative image of the whole country is formed in foreign markets and optimal results in tourism service activity are reached. Tourism strategy formation at different levels and its implementation make different impact on the ***relevance and timeliness*** of tourism activity development. Formation and correlation of Lithuanian tourism strategy at different levels require more comprehensive analysis of Lithuania's tourism development management. This determines the scientific problems of performed research– analysis of management correlation of Lithuania's tourism development strategy at different levels

Investigations of the theme. Tourism and tourism development issues in scientific literature started to be analysed more actively in the sixth century of the XX age. The structure of tourism system and its functional peculiarities were analysed by such foreign scientists as *Leiper (1990), Gartner (1996) and Christic, Morrison (1985)*. The majority of these authors emphasize the importance of tourism development planning and management in order to minimise possible tourism development impacts. Such issues as tourism, tourism activity organisation and management were comprehensively analysed by Lithuanian and Russian investigators (*Ligeikiene , 2003, Labanauskaite, 2004, Grecevicius, Armanaitiene, 2002, Zalys, Zaliene,* *Januliene, 2005, Папирян, 2000, Харрис 2000, Сенин, 1999, Квартально, 2001*) in scientific publications as well.

The object of the paper is the management of tourism activity development in Lithuania.

The goal of the paper is to analyse the management of tourism development in Lithuania accentuating the introduction of tourism development strategy in Lithuania to tourism enterprises.

Tasks:

- to analyse strategy forming models and their applicability in tourism activity;
- to analyse the levels and institutions of tourism development management
- to execute the analysis of management correlation of Lithuania's tourism development strategy at different levels.

The importance of research results. Received theoretical data promote the qualitative development of present tourism science branch. Results of this research are important to the solution of scientific problem, i.e. they support the necessity of investigation of tourism strategy formation at different levels in Lithuania. The received research results are important to practical problem solution as they provide possibilities to form and correlate state, regional and institutional tourism development strategies in a more focussed way.

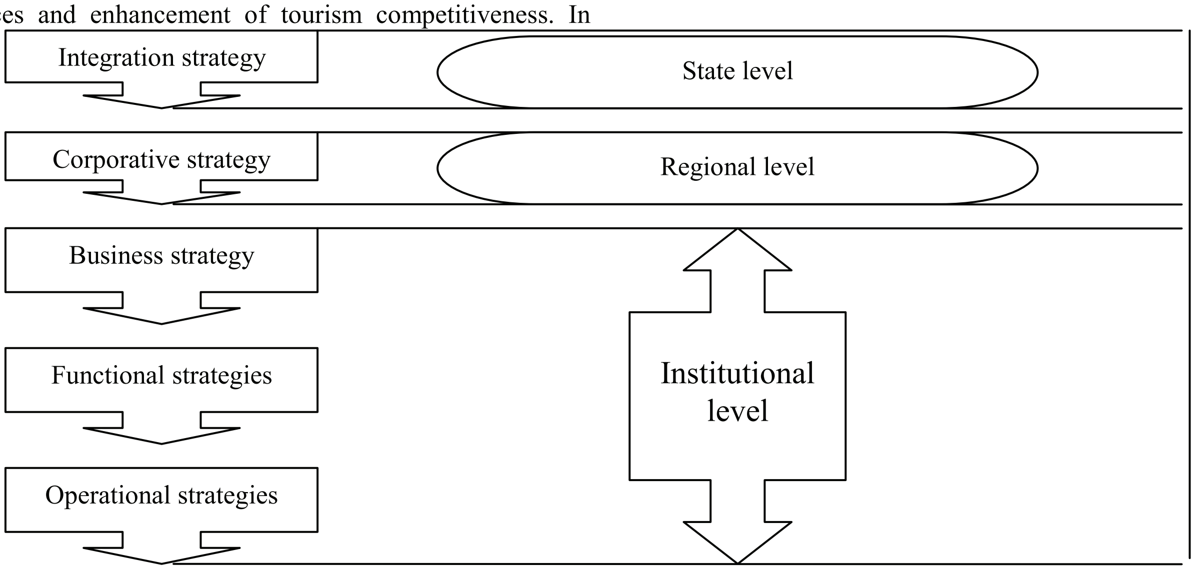
Research methods: logical comparative analysis and synthesis of scientific literature, inquiry, data systematization and generalization, descriptive method, statistical data calculation SPSS, ANOVA method.

Strategy forming models and their application in tourism activity

Having joined EU the role of Lithuania has been becoming more important not only in Europe but in other foreign countries as well. Attraction of foreign markets promotes the growth of country's economy, creation of new job places and enhancement of tourism competitiveness. In order to attract foreign markets to get interested in Lithuania's tourism it is necessary to form tourism image (*Januliene and others, 2004).* Therefore it is necessary to define tourism as the system functioning in certain environment. While analysing tourism management process *system approach* provides the possibility to reach important results. *Structure meaning internecine arrangement, interrelation and structure of parts (units), it is necessary to analyse the structure of tourism system as stabilizing one and capable to promote the development of the system. Therefore the system management should be treated as a very important system character as a prerequisite to ensure the compatibility of coordination of the activity of system units and decision making.*

Strategic planning helps to create rational management system, based on balanced development principles *(Arimaviciute, 2004, p.13).* Strategy, according to *Zakarevicius* (2002) can be described as the plan of prospective activity stipulating activity measures, stages, executors and resources for future prospective.

According to *Jucevicius* (1998) there are three most frequently submited strategy forming levels: corporative level, business unit level and functional level. But it is necessary to mention integration and operational strategies as well while talking about more comprehensive hierarchical division of strategic levels (see picture No.1). Integration strategy is the highest level strategy ensuring the activity of organisation as a collective society member. This hierarchical strategy level complies with strategy planning at state level or it may include state strategies (for example, Lithuania's tourism strategy). Integration strategy has nothing in common with the market itself or product/service, but its purpose is to help organisation to become integrated and more open system, that makes impact on environment and environment makes impact on integration. It is extremely important when the negative attitude towards activity can be observed or even when it is prevailing.



Picture 1. Hierarchical levels of organizational strategies

Source: charted by authors under Jucevicius R., 1998. Strategic development of organisations. Vilnius.

Strategy at corporative level is formed by the highest authorities. This strategy includes interests of more than one business unit and coordinates their activity (*Stoner el at, 2001).*

The key purpose of this strategy is (Jucevicius, 1998):

1. To select and manage the portfolio of business units,
2. To link and coordinate strategies of independent and particularly related business units,
3. To determine policy and priorities of resource acquisition and distribution to separate activities.

It is under discussion at the level of corporative strategy what business units are to be acquired and what are to be refused, how to create conditions for separate business units and how to manage everything better. Strategies of this hierarchical level comply with strategic planning at regional level where the main players are municipalities and other local authority structures. Institutional level strategies comprise the strategies of business unit, functional and operational ones, that in general Lithuania's tourism strategy cover the strategies of diverse tourism enterprises and their subdivisions. Business unit strategy is related to the management of a separate activity interests and activities. The purpose of this strategy is to obtain competitive advantage in its activity (*Jucevicius, 1998).*

Business unit strategy may be perceived as more integrated strategy of competition. The only difference is that in business strategy great attention is paid to coordination of internal processes and activities and assurance of their efficiency. Big organizations have broad interests in different business fields; therefore the creation of strategic business units that create their own strategy is the facilitation of organizational work
to the leaders. *(Stoner el at, 2001).*

The strategy of functional level determines different management functions of the leaders necessary for implementation of business unit and corporative strategies *(Stoner el at, 2001).* The heads of activity units make a great influence upon coordination of this strategy, because they are persons directly interested not only in the efficiency of every functional activity, but in the best coordination of these activities either.

Operational strategies are perceived as the strategies of separate structural departments and local activity units *(Jucevicius, 1998).* No strategic tasks are solved at this level. They are solved only in organizations. Every unit of organization reaching for efficient activity must create its own strategy. Though its selection possibilities and resources are limited, strategic options exist in any activity. *Hence, any activity unit, wishing to make impact on competitor's strategy and actions, may have its own strategy.*

While analysing business strategies, enterprise policy or state policy with its concrete goals is highlighted. Competitive advantage theory created by M. Porter, is based on the statement that any advantage is reached by providing a higher value to a consumer *(Knasas, 2001).*

Activity sector pays great attention to M. Porter's generic strategies *(Vasiliauskas, 2002*):

- cost leadership strategy,
- differentiation strategy,
- niche strategy.

The cost leadership strategy is based on technologies, human resources, activity organisation and management this way assuring the lowest costs in the activity of enterprise. *(Evans, 2003, p. 412). Hence, the advantage of cost leadership strategy is that the higher profit is reached due to lower prices and this, in turn, lowers the costs as well.*

Organisation applying differentiation strategy differentiates its production from their competitors in order to conform to different clients' groups and to sell products/ services under higher than average market prices *(Квартальнов, 2001).*This strategy focuses on positive features of product/service or forms the perception of consumers that product/service is of the top quality. In case of differentiation strategy enterprise sustains extra costs. Therefore expenditures on differentiated services are higher than average expenditure of competitors. (*Vasiliauskas, 2002).*

Enterprise applying niche strategy targets its activity on the concrete service segment, but not to the total market (*Основы менеджмента, 2002*).In such a way a purposefully created service is submitted to a concrete market niche *(Vasiliauskas, 2002).* Consumers of targeted segment are selected under diverse features: age, income, way of life, gender and other demographic characteristics. *(Папирян, 2000).* Tourism enterprise applying niche strategy may function quite successfully increasing price for top quality product or selling at lower prices products/services with comparatively low factory costs. Some enterprises apply niche strategy as easier way to get into the market, later they expand their activity and consumers scope. *(Vasiliauskas, 2002).*

By applying innovations any activity can successfully apply mixed strategy model that is oriented to deliberate leaders' decision to combine differentiation with price and costs control. *(Evans, 2003).*

Evans (2003) highlights the problems of Porter's strategy selection in tourism activity *(Evans, 2003)*:

1. *Cost leadership strategy is not a reason to sell service*. Decisions concerning acquisitions are made emphasizing proper service characteristics and price rather than service costs that are usually unknown to the consumer.

2. *Differentiation strategy is applied in order to enhance the scope of sales rather than to request the higher price.* Enterprise applying differentiation strategy may not boost the service price, but it can enhance sales scope at the stage of service introduction into the market.

3. *Price is often used to differentiate services*. Price can differentiate services rendered by enterprise. Price together with the image of enterprise, support and quality and design, may be the base of differentiation strategy.

4. *"General" strategy does not provide competitive advantages.* Activity of enterprise must be different as to compare it with the activity of competitors, but "general" strategy does not provide competitive advantages.

5. *Strategies accenting usage of resources and application of competences crowded out general strategies.* Strategy based on resource usage underscores "personal business competences providing competitive advantage" (*Сенин, 1999 and Харрис, 2000*).

While underscoring competitive advantage of the enterprise with regard to diverse business strategies it must be noted, that there are other approaches contradicting Porter's strategies. Many authors affirm that Porter wrongly specified dynamic aspects of factors making impact on the world, especially those related to globalization and possibilities of direct foreign investments that are not specified in Porter's model

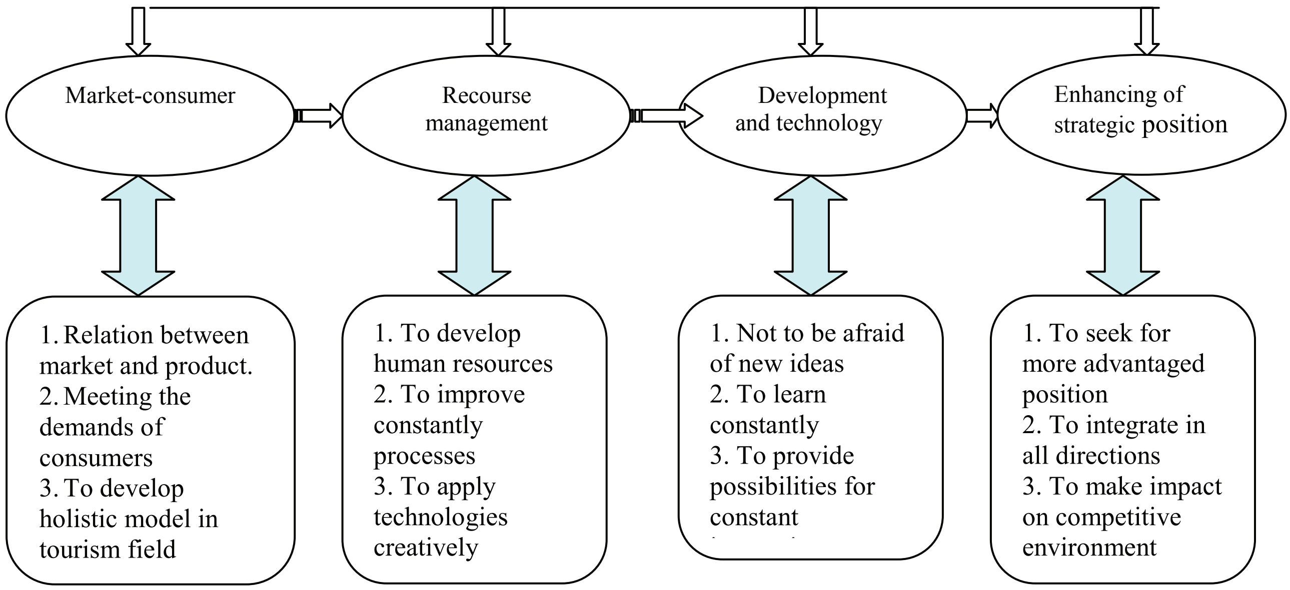
(Chulwon, 2005).

Rugman and Verbeke (1993) believe that relation dynamics between international enterprises in different countries radically make impact on the competitiveness of these countries. According to *Chulwon (2005)* they denied Porter's statement that foreign enterprises do not further the competitiveness of the country. *Rugman and Verbeke (1993)* note that Porter's model does not cover such criteria as technologies and international business change, labour costs and changes in international competitiveness, determining not only the competitiveness of the enterprise in the market, but the selection of due business strategy for business expansion as well. One more contradiction is that all these external factors can not be acknowledged as very important while identifying the reasons of long – term strategy of competitive advantage. Any such sort of advantage competitors can copy easily or outmarket it. (*Chulwon, 2005).*

Januliene, Zaliene, Zalys (2004,p. 89) assert that Porter's strategies can be applied in service sphere but they are inexpedient in tourism activity. With regard to that *Poon* (1993) provides a new strategy model adapted to tourism sphere. This model is based upon:

1. Orientation ad importance of industry services, focusing on service rendering quality, because service rendering is related to the development of human resources.
2. Increasing perception of tourism services consumers' segment, complexity of this segment.
3. Dispersion of information technology in industry.
4. Industry change requires constant application of innovations in order to ensure competitive success.

According to *Poon (1993)* in order to benefit successfully this strategy travel and tourism enterprises should give the priority to consumers, take the leader's position in quality field, develop application of radical innovations and enhance strategic position in business value chain. While developing competitive strategy tourism enterprises perform their activity in cyclic manner. *(Evans, 2003).*



Picture 2. Characteristic of Poon's competitive strategy model cycle
Resource: Januliené I., Zaliené I., Zalys L, 2004. Peculiarities of Lithuania's Tourism Strategy Formation // *Management of Organizations: Systemic Researches*. Nr. 31. K.: VDU.

In his competitive strategy model *Poon (1993)* does not underscore feedback from strategic position enhancing to market - consumer. As strategic position of organization is oriented to markets and consumers the feedback in this context is inevitable. State, as a big organization, is interested in enhancing of its strategic position that could help to attract foreign tourists from foreign markets via resource and innovation management. Searching for innovations or high technological level services is possible via certain strategies: service improvement strategy, service institutions development strategy and service range expansion strategy *(Mazeikaite, 2002)* that are selected for goal achievement.

Tourism strategy is formed at several levels: state, territorial/regional and institutional. As above mentioned strategy models do not accentuate these levels, the branch of country's economy (i.e. tourism) might be compared to any organization and forming peculiarities of tourism development strategies of Lithuania might be analyzed as separate business units. It is possible to state that formulation of mission as the element of a strategic planning and management is the background of total activity of the enterprise. The key elements of mission are as follows: consumers, products/ services, demands, markets, technologies, the philosophy of enterprise, goals, self expression, personnel and related activities. It means that mission determines its purport of existence – where it is now, what is its activity and this activity will change in future. That is why formulation of mission, strategy selection and implementation determine logical activity planning and pursuing of identified goals. *(Januliene, Zaliene, Zalys, 2004, p. 89).*

Strategy comprising vision and mission helps the enterprise to orient towards a consumer. The purpose of the enterprise must be expressed by the demands of consumers that are outside the enterprise. Usually the head of the enterprise approves that and tries to orient the priorities of the activity to what he is producing or providing. That is why, according to *Jucevicius (1998,* it is very important to form the marketing thinking that should express in - depth attitude towards actual consumer's demand. The strategy of enterprise defines the meaning and direction of activity, facilitating task for personnel formulation, execution and control. This creates conditions for the search of strategic possibilities.

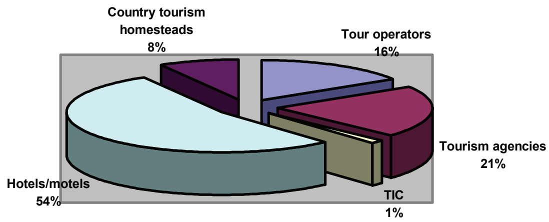
Strategic planning practice shows that the majority leaders of enterprises are too fond of pure processes. *(Andriuscenka, 2003).* But mere creative work while preparing the strategy of enterprise is not sufficient. That is why there is a necessity of a process in order to assess the structure of rational thinking and ensure a sufficient freedom for intuition and imagination. Rational thinking is the background for *rational exploitation of present resources*: material, organizational, human and etc. For example, strategic planning creates possibilities to benefit human capital more efficiently. *(Puskorius, 2002).*

Strategy prepared by the enterprise should help organization to function better than other in a *competitive environment*. It is necessary to ensure the advantage of the enterprise with regard to rivals by creating and forming the strategy, vision and mission of the enterprise and anticipating activity goals and measures. Any strategy is directed towards ensuring of the stability of economical activity of the enterprise and maintaining in sustained prospective. *(Kristopaityte and et al 2003).*

In summary it is possible to maintain that common globalizations, updated technologies, economical reformation turns strategy and strategic thinking into business enterprise management tool. Poon strategy model based on: priority to consumers, leadership's position in quality field, application of radical innovations and enhancing of strategic position of tourism enterprise in business value chain is applied in tourism sphere. This model accentuates cyclical activity of tourism enterprise oriented towards consumers and market via management of present resources and innovations of the enterprise.

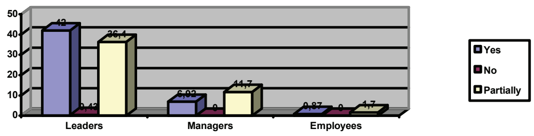
In January – February 2007 a research was performed in Lithuania in order to verify the above mentioned tourism development management model. Investigation hypothesis was that correlation of tourism development in Lithuania strategy management at different levels depended upon awareness of the representatives of tourism companies in Lithuania of the strategies of Lithuania's tourism development.

Inquiry goal was to learn to what extent tourism enterprises were aware of tourism development strategies at state and regional levels. The participants of investigation were tour operators, travel agencies, tourism information centers, hotels/motels, country tourism homesteads and other organizations. The respondents were categorized not under their activity kinds (inbound, outbound or internal) but under their position at the enterprise (heads, managers, simple employees). All these organizations could be contacted by e-mal and fax. The number of respondents is submitted in table No.3.



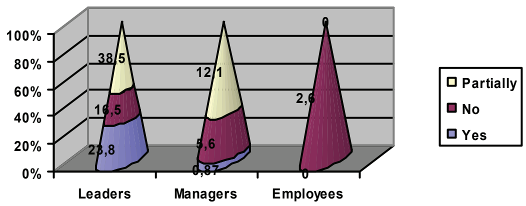
Picture 3. Percentage distribution of respondents
Source: charted by authors following investigation data

Analysis of the status of organization shows that the majority of them (54%) made hotels/motels. Less interest in investigation was expressed by tourism agencies (21%), tour operators (16%), country tourism homesteads (8%) and tourism information centres (1%).



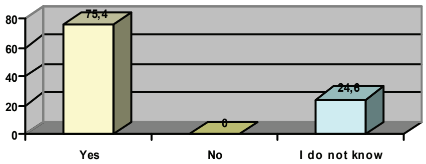
Picture 4. Distribution of respondents under their interest in long term strategies
Source: charted by authors following investigation data

Tourism activity in Lithuania is regulated by several long – term development strategies: a Long – Term Strategy for Lithuanian Economics up to 2015 and Tourism Development Strategy for Lithuania up to 2015. Inquiry data show, that the biggest part of respondents that showed interest in these strategies or at least had heard about them were the heads of tourism enterprises (42%). Interest of tourism enterprise managers (18,62%) and simple employees (2,57%) in long term strategies was rather low. Summarising it is possible to affirm that long term strategies generate interest mostly to the leaders of tourism organisations. It is possible to state that the main problem is that other employees of tourism organisations knew little about the tourism development strategy in Lithuania up to 2015, many of them were not aware of such strategy. It is possible to make a proposition that unawareness is one of the reasons explaining why many enterprises refused to participate in that inquiry.



Picture 5. Compatibility of strategic plans of tourism organisations and state strategies
Source: charted by authors following investigation data

While creating personal activity strategy every tourism organisation should consider tourism development strategies and programs of higher level (for ex.: state and regional level strategies) and coordinate its strategy with them with reference to established priorities, activity goals and goal achievement tools. But on discussing the research results it is possible to state that 25% of tourism organisations (or 57) participating in the research do not coordinate their activity with state and regional strategies. The key reasons are as follows: no attempt to coordinate three level strategies, it is not relevant to coordinate them or they are totally incompatible. Research results allow making a proposition that hierarchy of activity strategies formation is infringed.



Picture 6. Distribution of strategy coordination in future
Source: charted by authors following investigation data

It is rather hard to intercoordinate all three - level strategies (state, regional and institutional). Strategies of tourism enterprises are of the lowest level and they must be adjusted to tourism strategies of regional level or programs that are coordinated with state level strategies. State level strategies in Lithuania comprise General Programming Document, A Long - Term Strategy for Lithuanian Economic up to 2015, A Long - Term Strategy for Lithuanian Tourism Development up to 2015 and strategies of specialised tourism.

Generalising the results of questionnaire it is possible to claim that representatives of tourism activity are not aware sufficiently of state and regional tourism strategies and do not adjust their strategies to the strategies of higher level. *Results demonstrate the impact of interaction between tourism organisations, position of employees working in these organisations and tourism organisation indices of awareness of tourism development strategies and their appliance. There is a significant statistical difference in the results of tourism organisation employees according to their position (leaders, managers and other employees).*

Conclusions

Hence, it is necessary to highlight the importance of diverse strategic levels while analysing the strategy of Lithuania's tourism. The strategy of Lithuania's tourism must be formed at different levels (state, regional and institutional) that should correlate with each other – institutional level strategy must comply to regional level strategy, it must correlate with state level strategy. In future the majority of leaders of tourism enterprises intend to try to coordinate strategies of different level. But tourism strategy forming is still out of control. That is why it should be expedient to appoint responsible institutions that should perform compatibility control of different level strategies. Only in case if different level strategies correlate it will be possible to expect competitively superior Lithuania's tourism image. Tourism organisations coordinating different level strategies very often meet the following undesirable factors:

1. *Interests of tourism organisations are not coordinated with general strategy* – it means that every tourism organisation in order to keep in the market accentuates its personal interests primarily and very seldom considers general strategy.
2. *Differences in strategy preparation time and their authors' attitude priorities*.
3. *Underestimate of unique perspectives of peripheries*.
4. *Time deficit while studying different strategic levels.*
5. *Consultation deficiency* – respondents are not satisfied with activity of Tourism Department as it takes into account only big enterprises and consults them and organisations that do not belong to any tourism association are involved in any discussions.
6. *Differences between legislation of Lithuania and some foreign countries*.

Following the performed research and scientific investigation results of foreign authors it is possible to affirm that *Poon* model is the most appropriate tool for strategy forming. Key criteria of this model are service quality, market – management of consumers, resources and innovations and enhancing of strategic position. Analysis of *Poon* model revealed that the strategic position and consumers – market feedback is not fixed. This feedback is of great importance because strategic position shows the attitude of organisation – attitude towards occupied market – consumers. Strategic position of enterprise determines the place of enterprise in the market and helps to retain present consumers and attract the new ones. That is why feedback as monitoring is necessary; this way enterprise could watch its market and consumers' behaviour.

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Vytautas Jonas Žilinskas , Loreta Petravičienė

Turizmo plėtros valdymas Lietuvoje

Santrauka

Straipsnyje akcentuojami strategijos formavimo modeliai ir jų pritaikomumas turizmo versle. Globalizacijos sąlygomis verslo įmonių pagrindine valdymo priemone tampa strategija ir strateginis mastymas. Turizmo sričiai pritaikomas Poon strategijos modelis, kurio pagrindas yra: pirmenybė vartotojams, lyderio pozicija kokybės srityje, radikalių inovacijų naudojimas bei turizmo įmonės strateginės pozicijos stiprinimas verslo vertybių grandinėje. Šis modelis akcentuoja, ciklišką turizmo įmonės veiklą, orientuotą į vartotojus ir rinką per turimų įmonės resursų ir inovacijų valdymą. Turizmo plėtros valdymas turi būti vykdomas koordinuojant ir derinant valstybinį, regioninį ir institucinį lygmenis. Valstybė turizmo plėtros atveju turi veikti kaip koordinatorė, planuojant aprūpinimą turizmo patogumais ir atrakcijomis, derinant pasiūlą su paklausa, siekiant užtikrinti, kad turizmo objektai būtų prieinami reikiamu laiku ir reikiamoje vietoje, kad jie atitiktų standartus ir kad ši veikla Lietuvai turėtų minimalų neigiamą ir maksimalų teigiamą poveikį. Atsižvelgiant į išskirtas valstybės funkcijas (koordinavimą, planavimą, įstatymų leidimą ir reguliavimą, skatinimą) ir valstybę suvokiant kaip santykinai nekintančią politinių institucijų, veikiančią pilietinės visuomenės labui, visumą, galima teigti, kad prioritetinės Nacionalinio turizmo organizacijų funkcijos turėtų būti planavimas (turizmo sistemos plėtros) ir koordinavimas. Šių funkcijų prioritetiškumą lemia atstovaujamos institucijos statusas, sąlygojantis galimybes parengti ūkio subjektų ir valstybinių institucijų tarpusavio santykių reguliaminus, apibrėžiant sąveikos principus, kurie sąlygos jungiamųjų komunikacinių procesų ir sprendimų priėmimo veiksmingumą. Tačiau nagrinėjant Poon strateginį modelį pastebėta, kad nėra fiksuojamas grįžtamasis ryšys strateginės pozicijos ir vartotojų-rinkos. Šis ryšys yra svarbus, nes strateginė pozicija nurodo įmonės nuostatą - požiūrį į užimamą rinką - vartotojus. Įmonės strateginė pozicija apsprendžia įmonės vietą rinkoje bei padeda išlaikyti esamus vartotojus bei pritraukti naujus. Todėl grįžtamasis ryšys kaip monitoringas yra būtinas, tokiu būdu įmonė galėtų stebėti savo rinką ir vartotojų elgseną. Analizuojant Lietuvos turizmo strategijos formavimą, galima pažymėti Poon modelio ir įvairių strateginių lygių svarbą. Lietuvos turizmo strategija turi būti formuojama atskirais lygiais (valstybiniu, regioniniu ir instituciniu), kurie tarpusavyje turi derėti - institucinio lygio strategija turi atitikti regioninio lygio strategiją, ji turi koreliuoti su valstybinio lygmens turizmo strategija. Tik tokiu atveju, kai visų lygių strategijos koreliuos, bus galima tikėtis konkurenciškai pranašesnio Lietuvos turizmo įvaizdžio. Tačiau tyrimo rezultatų analizė padėjo išsiaiškinti, kad turizmo verslo atstovai yra paviršutiniškai susipažinę su valstybinio ir regioninio lygio turizmo strategijomis ir savo strategijas beveik nederina prie aukštesnių lygių strategijų. Ateityje dauguma turizmo įmonių vadovų ketina stengtis derinti įvairių lygių strategijas, tačiau turizmo strategijos formavimas iki šiol nėra kontroliuojamas.

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PECULIARITIES OF PRODUCTS' ASSORTMENT'S FORMATION IN THE JOINT-STOCK COMPANY „ GUDOBELE" AFTER GENERAL ELECTRIC AND MCKINSEY INCORPORATION'S MATRIX

Daiva Žostautienė, Agnė Galinienė

Abstract

A big part of the company's fortune augur the niche, so there is necessity to customize company's production and meet the requirements of the customers. The best way to attract potential and keep the old purchasers is to shape assortment of products, that could optimal meet their requirements.

On purpose to show peculiarities of products' assortment's formation after General Electric and McKinsey Incorporation's matrix, first of all were studied the necessity and the gist of the products' assortment's formation. It was tried to highlight peculiarities of G. E. matrix and products' assortment's formation, showing their beginning and advantages and practically apply G. E. matrix in the process of products' assortment's formation in the joint-stock company „ Gudobelė".

A company seldom sets a limit only on one product. The leadership of the company usually tries to diversify its work. Variety of products makes company's work economically secure. In companies with many sections the level of various products is unequal. In these companies profit of profitable products could be used for sponsorship of company's production.

If more than one product is produced, the leadership of a company faces many questions about products' assortment's formation, about efficiency of products, about introduction or recalling from circulation. The leadership of companies constantly has to revise and improve products' assortment, however it is made too seldom.

Properly chosen assortment of items influence on company's fortune. It is very important to settle optimal assortment of the products, that should be economically effective for the company , could meet the requirements of fussy present purchasers and , of course, attract new purchasers. For this reason marketing's theorists and practicians have created many models: B.C.G. analysis, contribution margin analysis, multi factoral analysis, quality function deployment and G. E. & McKinsey matrix. The use of these models lets to preclude the possibility of any strategic error.

In this article one of the most flexible and favourite by the leadership methods – matrix of General Electric& McKinsey Incorporation – will be analysed (further-G.E. matrix).

Methods of investigation: analysis of scientific literature and summing – up.

The aim of this article – to show peculiarities of products' assortment's formation in the joint-stock company „Gudobelė" on the ground of General Electric and McKinsey Incorporation's matrix.

Tasks of the article:

1. To show the necessity and point of the products' assortment.
2. To highlight peculiarities of the G.E. products' assortment's formation matrix showing their beginning and advantages.
3. To adapt G. E. matrix in formation of products' assortment in the joint – stock company „ Gudobelė".

1. The point of the products' assortment

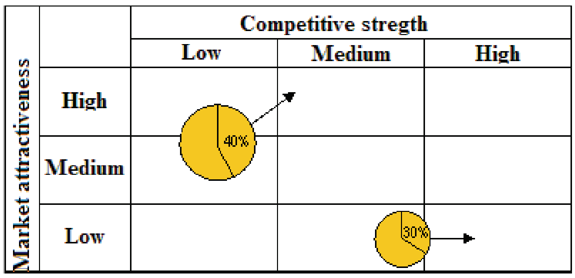
After analysis of the specialists' opinions, the assortment of products is described so: „ Products' assortment is the collection of all products and groups of products, that are sold by the company.

Optimal products' assortment is necessary for meeting the requirements of the customers, it is essential to regard purchasers' opinion. Optimal products' assortment allows to expand competitive ability. So we can avoid unnecessary means for „supporting'' failed products in the market. It allows us to save alternative means giving them to the more profitable areas of company's work.

2. Pecularities of G. E. matrix

Leadership of a company can use various models for making the products' portfolio, for example B.C.G. analysis, contribution margin analysis, multi factoral analysis, quality function deployment and G. E. & McKinsey matrix. These methods allow not only visually picture the situation, but also supply evaluate the place of company's products' assortment in the market, more precise interpret the company's products' condition and forecast solutions.

We can call B. C. G. analysis the predecessor of G. E. analysis. People of the marketing found free niches, that weren't studied by B. C. G. matrix. It stimulated scientists to create a new model. Gradually business people looked for new factors and criterions, that could allow to approach to more precise interpretations of the situation. General Electric and McKinsey Incorporation created the matrix of nine ranges called now General Electric and McKinsey matrix (1 picture).



Picture 1. General Electric & McKinsey matrix (http://www.valuebasedmanagement.net)

Often strategic business units are portrayed as a circle plotted in the G. E. matrix:

- the size of the circles represent the market size

- the size of the pies represent the market share of strategic business units
- arrows represent the direction and the movement of the strategic business units in the future.

Table 1

Factors of G. E. matrix that outline fascination of market and competitive strength

Typical factors that affect Market attractiveness	**Typical factors that affect Competitive strength**
Market size	*Relative brand strength*
Market profitability	*Strength of assets and competencies*
Pricing tends	*Market share*
Competitive intensity	*Market share growth*
Overfall risk or returns in the industry	*Customer loyalty*
Entry barriers	*Relative cost position*
Opportunity to differentiate products and services	*Relative profit margins*
Demand variability	*Quality*
Segmentation	*Management strength*
Technology development	*Access to financial ant other investment resources*

The list of factors that define attractiveness of market and competitive strength isn't finite.
Further are shown the main differences of B. C. G. matrix and G. E. matrix.

Table 2

Comparison of matrixes

	B.C.G. matrica	**G.E. matrica**
Proportion of the company	*Large*	*It doesn't matter*
Particularity of analysis' results'	*Medium*	*High*
Flexibility of the matrix	*Inflexible*	*Flexible*
Number of criterions	*Definite*	*Indefinite*
Chance to choose criterions	*No chance*	*It is a chance*

This G. E. matrix is more universal model of products' assortment's analysis. In the horizontal axis is given the advantage of the company, that could be evaluated by criterions (market share, position of prices or market in the industry), in the vertical axis- the business' advantages , that also could be evaluated by criterions (……….).
So G. E. matrix can be used for products' assortment's analysis in large and small companies. It is an important stress , because its predecessor B. C. G. matrix is suitable only for large companies with strong position in the market. B. C. G. matrix is more suitable for large companies with strong position in the market and G. E. matrix is more flexible and could be used not only by large companies.
The G. E. matrix is more sophisticated, because into dimensions of market attractiveness involved wider spectrum of factors. Market attractiveness replaced market growth as the dimension of industry. Market attractiveness includes a broader range of factors other than jus the market growth rate that can determine the attractiveness of an industry. Competitive strength replaces market share as the dimension by which competitive position is assessed. Competitive strength likewise includes a broader range if factors other than just market share that can determine the competitive strength.

4. Analysis of products' assortment in the joint – stock company „ Gudobelė" using G. E. matrix

Joint- stock company „ Gudobelė" is a company of Lithuanian capital that regards customers' needs and constantly resumes its assortment with exclusive delicious wares. We can separate 6 branches of baked production:

- brown bread;
- white bread;
- loafs;
- formed bread, cakes, twists, pulled bread;
- cookies;
- rolls of bread.

The length of brown bread's items' branch is 15, the length of white bread's items' branch is 26. This branch is the longest. The joint- stock company „ X'' produces 12 sorts of loafs, so the length of loafs' branch is 12. The branch of formed bread, twists, cakes, pulled bread consists of 8 items, so the length of this branch is 8. „ Gudobelė'' produces also 24 sorts of cookies. The length of rolls' branch is 10.
So the whole products' assortment in „ Gudobelė" is 95 sorts of wares. It was calculated like a separate sort when the mass of a ware is different also if the bread is sliced. In every branch are on the average 15,8 wares.
In 2006 from January till March was made a marketing research to evaluate the assortment in the joint- stock company „ Gudobelė". Ocassionally were surveyed 159 respondents. First of all was tried to find out the place of „ Gudobelė" in the market and reputation of its wares. Further were talked about good and bad products' features. The production of the joint- stock company „ Gudobelė" will be studied after G. E. matrix.
The branches of brown bread and white bread will be integrated and researched jointly, because characteristics of bread don't differ . The branches of cakes, formed bread, twists, pulled bread, cookies and rolls of bread are also integrated and called cakes wares.
It was chosen the pentapoint scale. The place in the scale was set on the ground of research'es conclusions. Three criterions were chosen in every axis of the matrix for evaluation of the branches.

Factors that affect Market attractiveness *(vertical axis)*:	**Factors that affect Competitive strength** *(horizontal axis)*:
- competitive intensity;	- customer loyalty;
- opportunity to differentiate products;	- relative cost position;
- consumers' concentration.	- quality.

The branch of bread

Table 3

Evaluation of the bread branch 'es attractiveness of market and competitive advantage

Market attractiveness			
	Low (1-2)	**Medium** (3-4)	**High**(5)
Competitive intensity			*(5)
Opportunity to differentiate products	*(2)		
Consumers' concentration	*(1)		
Competitive strength			
	Low (1-2)	**Medium** (3-4)	**High** (5)
Customer loyality		*(3)	
Relative cost position			*(5)
Quality			*(5)

Competitive intensity for the bread branch is high, because there are many producers of bread that direct compete with „ Gudobelė" for the extent of the market and for purchasers. There are medium facilities for differentiation of the bread branch and concentration of the purchasers is low. Evaluating the factor that describes competitive advantage- loyalty of the purchasers, it will be observed that after the research came into the open that purchasers are medium loyal to the producers of bread. Products of „ Gudobelė" are the most expensive, so the relative cost position is high.

After rating of the quality, the third factor that describes competitive ability , it was also appealed to the information of the purchasers' opinion research.

Loaves' branch

Alike is also evaluation of the loaves' branch'es market attractiveness and competitive ability, it is only a difference that the relative price is lower than in bread branch.

Table 4

Evaluation of the loaves' branch 'es attractiveness of market and competitive advantage

Market attractiveness			
	Low (1-2)	**Medium** (3-4)	**High**(5)
Competitive intensity			*(5)
Opportunity to differentiate products	*(2)		
Consumers' concentration	*(1)		
Competitive strength			
	Low (1-2)	**Medium** (3-4)	**High** (5)
Customer loyality		*(3)	
Relative cost position		*(4)	
Quality			*(5)

The branch of cakes

We can interpret evaluation of attractiveness of market so: because there are also many rivals in the market of cakes' items, competitive intensity is also high. Facilities for differentiation are described as medium, because possibilities to produce new items aren't infinite, there are technological confines . Concentration of purchasers remains the same, id est low.

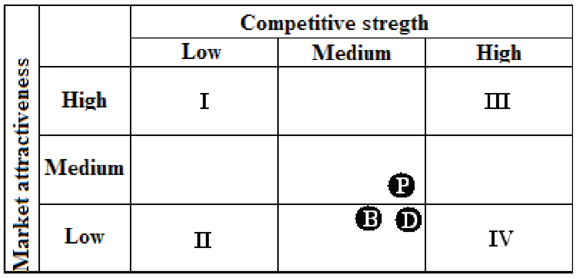
Evaluating competitive advantages, loyalty of purchasers is low. The second criterion – relative position of prices- is high. Quality of cakes' items according to results of the purchasers' opinion research is also high.

Table 5

Evaluation of the cakes' branch 'es fascination of market and competitive advantage

Market attractiveness			
	Low (1-2)	**Medium** (3-4)	**High**(5)
Competitive intensity			*(5)
Opportunity to differentiate products		*(3)	
Consumers' concentration	*(1)		
Competitive strength			
	Low (1-2)	**Medium** (3-4)	**High** (5)
Customer loyality	*(1)		
Relative cost position			*(5)
Quality			*(5)

After evaluating products in the joint- stock company „ Gudobelė" will be shown G. E. matrix. P stands for cakes' branch, B for loaves' branch and D stands for bread branch (picture number 2).



Picture 2. G. E. matrix for assortment of the joint – stock „ Gudobelė"

Currently branch of bread and loaves is in so-called „ stay or retreat slow" square, but the positions of these branches are moved to the „ invest or retreat" space and the cakes branch is in „ get the maximum benefit or retreat" square.

So, the joint- stock company „Gudobelė" could give more investment to cakes' branch for expansion of competitive ability. Additionally should be given means for intensification of the brand, it also expands competitive advantage.

Investment should be also given to bread and loaves items but it isn't worth to expand it signally, because the fascination of market should be increased. It isn't easy to increase the attractiveness of market, it is worth to look for possibilities of products' diversification and expand the market.

So we can see that the condition of the bakery's products isn't steady though it is removed from the II square, it is when investment isn't profitable. We can interpret the condition in the G. E. matrix so: bakery works in unattractive dynamic market where it has a large enough competitive ability.

5. Conclusion

If we try for economically motivated and steady business , we can't manage without modeling of products' assortment's formation.

1. Products' assortment is associated with necessary link of the company's business, because with its help we can attract new purchasers, meet the changeable requirements of present purchasers, expand competitive advantage, lower the chance of mistakes. Using economic models of the products formation it is possible to save alternative means, analyzing the assortment is saved the time and lowered the chance of passage of falsified products and false strategical solutions.

2. We can call B. C. G. analysis the predecessor of G. E. analysis. People of the marketing found free niches, that weren‘t studied by B. C. G. matrix. It stimulated scientists to create a new flexible matrix.To the dimensions of market‘s fascination of the G. E.matrix is a wide spectrum of factors involved, the competitive advantage in the G. E. matrix replaces the relative part of market in the B. C. G. matrix . With this improved dimension the position of every rival‘s product is evaluated , more factors are involved in the rivals‘ advantage. So in the G. E. matrix the influence of the rivals to every company‘s product is described not only by relative part of the market, id est G. E. matrix allows to reach more precise results and interpretations.

3. General Electric& McKinsey Incorporation matrix was adapted for analysis of products' assortment in the joint- stock company „ Gudobelė', so the leadership can see clear present situation of company's products. „ Gudobelė" works in very dynamic setting, so the company should expand the competitive ability for better position in the market. It is very complicated to expand fascination of market. It came out from the research that the trademark in „Gudobelė" isn't strong. The company should intensify the trademark, introduce new unique products in the assortment. So the competitive ability would expand.

G. E. matrix is a strong tool of the marketing that allows to design the picture of the company in point of the producible production through the prism of rivals' analysis.

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Peculiarities of products' assortment's formation in the joint-stock company „ Gudobele" after General Electric and McKinsey Incorporation's matrix

Summary

There is talking about features of General Electric & McKinsey Incorporation matrix in this paper. The aim of this paper is to show significance of assortment of products with help of G. E. matrix. Base tasks of this paper are to reveal significance and essence of assortment of product, the second task is to show features of G. E. matrix with taking about beginning and advantages of C. E. matrix. The third task of this paper is to use G. E. matrix in process in the company.

The process of the formation of assortment of products assortment gives less mistakes in planning of the base fields of company and decreases unlucky decisions in work of the company. The beginning of G. E. matrix is B. C. G. matrix, because this matrix was used just by big companies. G. E. matrix is more flexible, more perfect, it can help to make portfolio faster and easier to managers of company. In this paper going to show how can company make their assortment with using G. E. matrix. This matrix explain to managers of companies what will they do with one or another product: have they make more investment or have they remove product from their assortment.

G. E. matrix is hard tool of marketing, what can make view of company with analyze of products and competition.

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SL 344. 2007-10-16. 8 leidyb. apsk. l. Tiražas 40 egz.
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