

# THE PRESENT TRENDS IN MANAGEMENT OF THE SLOVAK ECONOMY

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Half a century long and economical development, after second world war, was known by weakening of the main elements of the rationalism, which were created in the time before the second war, and by increasing of pressure of the traditional and mostly of the ideological values. Main arguments of the enemies of socialistic economy were - showing on real very low efectivity and the absence of racionality in the development of the economy. Even the main leaders of the political parties and national groups, which won the elections and took over the government and began the transformation of the Czechoslovakia, led Slovak economy to the free trade economy after the ‚velvet‘ revolution, agreed with that idea.

But first steps, on the way to the free trade economy and its makro-economical and micro-economical decisions, were mostly traditional, belonging to the previous period, instead of racional. Not the economical profitability and racionality, but political and ideological goals of the socialistic period of time became dominant not even in a political life, but also in a economical decisionmaking process and it's way of doing it in the real life. Also in some cases, where some values of previos socialistic period were rejected, were used archaic values of national movement from the period of the old Austrian - Hungarian state. In a period of time, mostly during the government of the prime minister Meciar, these values were completed by the elements of the paternalistic and autoritative ideology.

West free trade economy was taken as an example of changes only by it's theoretical characteristics, mostly from the view of private ownership. High efectivity of the west economy was known for it's privat own companies. The efficiency of organisation structure of the west free trade economy, the system of economical relationships, high profitability of the companies etc., were not taken as a difference in a economical infrastructure and in economical decisions of managers, and these particular elements of the racional behavior of people and cultural surroundings, which as Mr.M.Weber said, were taken as an westeuropean model of the capitalism (1, s.273-555).

So the main structure of formation the free trade economy in a economical life is the using private own companies, as more efective way of doing economy. But during the period of time, realisation of the private own companies is becoming not only a self - goal, but also a political goal, and later, for example during the government of the Prime minister Meciar, a national and political interest. Process of dividing private owned companies and realisation of the programs for private owned companies and their principles, which are changing in each new government, is becoming a main structure of the transformation of not even the economy, but also of the political life (2, s.94-95). In this case it is not about the using the function of the economical efficiency, which is one of the most important characteristics of the private owned companies. Main goal of the political decisions of the government is the percentage of state owned companies which became an private owned companies, and not their profitability and economical efficiency.

Relating to the rules of dividing state owned companies to private owners, there were mostly national, political and corporative thoughts. The most important thing was not to sell companies to the foreign countries. Later – don't give them to the representative of the national groups but divide them between the Slovaks. Among Slovaks, „good“ Slovaks. And among those an „excellent and most honest“ ones only. And best Slovaks belonged to the members of ruling political groups and parties. That, a little bit difficult scheme of the transformation of the economy was, a certain period of time, valid in the economical policy of the state.

New political and economical elite, which won the elections after the „velvet“ revolution, preferred political goals and devote declarative values of the modern democracy from economical goals of society and the wealthiness of population. For example, the statement of the important member of government, like in a socialistic times, about the preferences of exporting peaceful values instead of exporting weapons. This preference is becoming as an impulse for the radical and ridiculous liquidation of not even the factories for the army equipment but the whole machinery industry with very negative impacts for the whole economy with great social and material problems of thousands of people.

The analysis of the economical and political position of the society, after the liquidation of the central economical systems, did not become an important point for the activity of new ruling elite. Irrational and economically unefficient ways of dividing the state owned properties to the private owners, could not and did not make an competitive movement on the market and infrastructure which belongs to the free trade market, as a substitution of central planning. New political and economical situation, new position of the economy in the open world market did not make an impulse for new rational and special decisionmaking process to find its place in the international sharing of work.

What was and still is an very important and strategic question for the Slovak economy? Mostly, it was the analysis of the new economical situation and the position of Slovak economy in a new competitive and tradeable surroundings. After the political changes, Slovak economy have lost its east european and partly domestic markets and became unprepared to west european and world markets. It was because of working technologies in previous socialistic time were very backward from the top west european and world technologies.

Today, in highly developed west european countries, it is recently in process of reproduction, named as the fifth technological structure (development of micro electronics, telecommunications, construction materials, aircraft, consumption of the gas), and there is a development of the sixth technological structure, which will dominate in the first third of the period in the future century such as development of the systems of artificial intelligence, bio - cosmic technologies, internet, safe atomic energy industry. There is only the third technological structure in Slovakia such as railway, universal machinery industry, steel industry and using the coal in the energy industry, and the fourth technological structure such as development of the organic chemistry, polymerism, car traffic, oil industry, which west countries developed till the end of its possibilities in the middle of '70.

After long years of transformation process of the economy, whose main issue was the competition among the political groups and parties, was used that kind of possibility which was needed for corporative interests of the main political groups. There was a big complication for Slovak republic about its position on the european market. Slovak economy have lost its chance to place the investments on the very attractive markets. This chance was used by its neighbours - Czech republic, Poland and Hungary. It is demonstrated by Foreign direct investments-FDI. For example, after 1997 there was an amount of FDI

in Poland - 20 bil. USD, in Hungary - 17 bil. USD, Czech republic - 8.2 bil. USD, Slovakia - 1.2 bil. USD. Recounted per one person, it was two times less than in Poland, three times less than in Czech republic and eight times less than it was in Hungary (3, s.32).

It means that the position of Slovak products on the market decreased, even if their comparative advantage was high enough. And, today the possibility of taking foreign investors shrank. The reason was that foreign investors took the market in the middle of Europe as one big market and investments to one of these economies made it possible for them to place their production on one region in the middle of Europe.

Government did not take a chance of integrating the Slovak economy to the West European markets. Its economical goal was the percentage of the private owned companies and not the process of itself, as a basic idea for the free trade economy: „competition - motivation – production“. This idea is among countries introduced as a „theory of relative advantages“. Every country has such advantages, because in different industries such as machinery, science etc. produces better indexes and higher profits than other countries (4, 124). The competition forces every country to look for its possibilities and make its economical policy suitable to them and this is the way how to survive on the market. This is the only way how to find foreign investors with their new high technologies and to join the reproductive modern informational and technological movement

There were made very irrational and very unusual economical decisions by the managers of the market subjects - firms and companies, in that conditions. Management of the companies did not see any long perspective future, so its decisions were totally economically inefficient but absolutely suitable for the owners and managers of the companies - meaning to achieve the highest profit as possible at any price. It was in fact the continuing of the economical philosophy of the government – „ownership at any price“ (5, 86). „Tunnelling“ - stealing money from their own companies is unreasonable in the world, but not in Slovak economy. It is considered as a normal appearance.

On the other hand, though, there were certain private companies which, from the beginning of the transformation process, were using rational policy about running the company. These mostly companies are joined by foreign investors. Their foreign business partners were using modern knowledges about management and marketing and they were running the companies rationally and effectively. Their philosophy was not to achieve highest profits as possible at any price for a very short time, but to stay on the market and achieve proper profits with the main goal to satisfy consumers, for a long time. In fact, this is a very important trend for Slovak companies in a transformation process, because they can have rational values instead of traditional. Thanks to that activity, companies can make very healthy and competitive surroundings for domestic producers from the view of free trade market. This is one of the ways how to force other companies to use rational and economically effective ways and how to run their companies. As an example of using the rational and effective ways in a management in Slovak companies, we can say, as the time went, more of them use modern management and marketing. For example, in our research of 65 companies and firms in the East Slovak region in 1996, 24% of them had specialized marketing departments or specialists for such activity (6, s.378). By the end of 1998, 57% of that companies were active in that specialization. But companies which are orientated on foreign markets, have foreign investments and they feel the pressure of competition, had marketing and management attributes even two years ago.

The impulse for rational and economically effective decisions of managers of companies is increasing competition on the domestic market. So, two years ago only 8% of these companies

were running their bussiness under the preasure of competition , in 1998 there were 47% of those companies.

There are better conditions of that trend in a policy of government, nowadays. Its decisions, in the econimical policy, are made economically effectively and with greater pragmatism.

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