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## INTRODUCTION

Institute of International Business at the Faculty of Economics of the University of Gdańsk has prepared serial number of their Working Papers. The 22<sup>nd</sup> edition of Working Papers contains the results of the research on transition processes in Central and Eastern European countries and on different aspects of globalisation process in the world economy.

This publication comprises 46 papers which are based on research work carried out by staff members and graduates of the Institute of International Business as well as researchers working in other Polish and foreign universities, co-operating with the Institute. The papers presents findings and opinions of researchers from Russia (Moscow State Institute of International Relations – MGIMO), Lithuania (Kaunas University of Technology, Vilnius Gediminas Technical University), Germany (Hochschule Bremen), Slovakia (University of Žilina) and, of course, Poland.

- The publication consists of five parts:
- Economic Development and the Problems of Transition Processes in Central and Eastern European Countries,
  - Challenges Facing the Central and Eastern European Region in the Framework of Integration Processes in Europe. Problems of the EU Co-operation,
  - Transnational Corporations in Central and Eastern Europe. Activities of Companies Located in the Region Toward Foreign Markets,
  - Financial Markets in Central and Eastern Europe,
  - Other Aspects of Globalization in the World Economy at the Beginning of the 21 Century.

We hope that readers in Poland as well as in other countries will receive this book with interest and find the information useful.

We wish you pleasant reading.

wymagają największych kosztów dostosowawczych. Prawdopodobną przyczyną niżej sytuacji jest fakt skoncentrowania handlu wewnątrz UE na towarach o niskich barierach technicznych w handlu, a handlu z krajami trzecimi, na towarach, bariery te są niskie lub nie występują. W związku z tym, regulacje techniczne UE i w rzeczywistości prowadzić do przesunięcia handlu, jeżeli różnice w wydajności producentów UE i innych są istotne.

Niniejsze badanie analizuje strukturę eksportu nowych krajów członkowskich do „starej” Unii Europejskiej. Obliczono tutaj udział handlu z UE z jej nowymi członkami, które są przedmiotem poszczególnych typów polityki standardyzacyjnej UE, i analizowano również strukturę przewag komparatywnych nowych członków UE w różnych sektorach. Z obliczeń wynika, że struktura eksportu nowych członków UE się coraz bardziej podobna do struktury handlu wewnątrz UE-15. W związku z tym można się spodziewać, że kraje środkowej i wschodniej Europy skorzystają na korzyść jednolitej polityki standardyzacyjnej UE.

Ostatnia część pracy przedstawia wyniki badania ankietowego przeprowadzonego wśród polskich firm w grudniu 2004 roku, po rozszerzeniu UE. Wynika z niego, że zmiany dostosowawcze były umiarkowane i że proces adaptacji był w dużej mierze nieoczekiwany. Można zatem spodziewać się korzyści dobrobytowych dla nowych członków UE. W celu ich oceny przeprowadzono prostą symulację przyjęcia jednolitych standardów przy użyciu modelu równowagi ogólnej GTAP. Potencjalne korzyści są oszacowane na 1,0-1,5 % PKB nowych członków UE.

ALGIS JUNEVIČIUS, JURGITA KARŠYTĖ

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## THE SYSTEM ANALYSIS OF THE PRINCIPLES OF SUBSIDIARITY: LITHUANIAN CASE

### Introduction

Rapid integration processes of the European Union are marked by concomitant reorganization of institutional structure, containing relations between institutions of different status and level. Within 10 new countries of European Union the competence is necessarily reallocated between the main institutions of EU, not ignoring the weightiness of small countries, and trying to simplify mechanism of making decisions. Trying to provide new states with extraordinary conditions and exceptions, the ratio between the European Union and states is accordingly changing. Therefore, an increasing complicity of multicultural society is marked by changes in overall conception of cultural, social and economic independence<sup>1</sup>.

Implementing new structural and region development politics, the number of institutions increasing and their functions are often redundant, otherwise nomenclature of administrative unities (NUTS) is being changed in majority of states. In ordinary recommendations of European Commission the states, and especially new members of the EU, are prompted to delegate more competences to local government, motivating that decision implementing is the most efficient in structures liable to citizens. Citizens are the most conversant with actual problems and know the best alternatives to cope with them. This Approach is triggering the new changes of ratio between central and local government<sup>2</sup>.

Meeting the requirements of European Commission and Lithuanian Consul of Concurrence, aides for Lithuanian enterprises are precisely controlled and monitored,

<sup>1</sup> R. Sinnott, *Integration theory, subsidiarity and the internationalisation of issues: the implication for legitimacy*, Dublin 2002, p.23.

<sup>2</sup> D. Marshall, *Collegiality and Governance in the EU*, London, 1997, p.10, 2000. Available from:

having reassurance of equal conditions of concurrence as the basic purpose. The implication is, that the principle of Subsidiarity is the base of dealing with problems of different dimensions. Though this principle is the object of constant discussions, all the conflicts between different institutions and powers are pending utilizing the principle of Subsidiarity.

*The object of this work embodies the importance of the Principle of Subsidiarity in the context of integration processes of the European Union underlining the dimensions of regional policy. The methods of the research contain: the analysis of scientific literature, the comparative analysis and the case-study. The fundamental aim of this article is to analyse and determine the particularities of practical and theoretical experience proceeding regional policy in the context of integration process, using the Principle of Subsidiarity.*

"The importance of the Principle of Subsidiarity in the context of integration processes of European Union is the object of researches requiring multidimensional analysis. Therefore, this article contains juridical, cultural, politic, economic and social aspects, contributing to systemic understanding of this principle. Multiple structure of the object of researches characterises relations between institutions of different status and several levels during different periods of development of this principle. Analysis of models of regional policy in the EU and Lithuania substantiate the importance of the Principle of Subsidiarity. Evaluation of the newest reforms of public administration in France leads to accomplishing of the basic aim of this article.

### Development of the principle of Subsidiarity

The ground of the principle of Subsidiarity lies in conflicts between powers of Church and State. The Pope Pius XI used this principle in encyclical "Quadragesimo Anno" in 1931. To continue, the principle of Subsidiarity is considered as an important principle of federalism. Not surprisingly, it is settled in the 10th amendment of the American Constitution and in the German Constitution. Within integration processes of the EU this principle was firstly utilized preparing the speech about the possibilities to form European Union in 1975. In 1984 it was reminded by European Parliament, which proposed the project of the Treaty. Though the project was rejected, it was indirectly defined in United Act of Europe<sup>3</sup>.

Assuring the rights of national power and rational intervention to social and economic life of states, the principle of Subsidiarity is, firstly, implementation of Environment Protection Policy<sup>4</sup>. It is underlined, that European Community should interfere into decision implementation just in case if national power can't properly

accomplish the target. Finally the principle of Subsidiarity was anchored in the Treaty of Maastricht, in 1992. Trying to avoid reviews of the principle of Subsidiarity and to rid of misunderstanding and disproportions in different activities of EU, the Treaty of Amsterdam was supplemented by protocol concerning principles of Subsidiarity Proportionality. It is underlined, that Subsidiarity can't be the pretext to review the of EU<sup>5</sup>.

The treaty of Nice is a peculiar balance between the competences of the EU different states leading to trivial repartition of powers, delegating more competence national governments. Within 20 years of forming of federal structure, national governments consolidated their positions in the Treaty of Nice. The fact, that national governments have received more votes in the Council of Ministers, proves assumption that juridical, monetary harmonization is not decreasing the sovereignty of states. The contrary, integration tendencies are contributing to close cooperation among states in economic, politic, social and cultural policies and, especially, in system decision making and implementation. Concluding the development of the principle Subsidiarity, the basic stages can be underlined in such continuance.

Table I Development of the principle of Subsidiarity

Canon law
Confrontation between Church and Government
Encyclical 'Quadragesimo Anno' (Pius XI, in 1931)
10-th amendment of American Constitution and German Constitution
Attempts to form EU and the reports of European Commission about Subsidiarity in 1975
Single Act of Europe in 1984 (the domain of Environment Protection)
The treaty of Maastricht in 1992
The protocol of the Treaty of Amsterdam
The Treaty of Nice

Source: Made by authors.

According to the Treaty of Maastricht it is determined, that superior government must support and coordinate common welfare efforts unless lower-ranking institutions can not efficiently accomplish one or another task. Decisions implementation must precede as close to citizen as possible, anchoring principles of decentralism and democracy. Therefore this principle is utilized trying to broaden the rights of local government vis-à-vis central government and is often been operated by various regional European Parliament and regional committees.<sup>6</sup>

Though the importance of the principle of Subsidiarity is not neglected, the analysis of the cases at the Court of Justice reveals that it is tried to avoid of juridical regularity

<sup>3</sup> Graine de Burca, *Reappraising Subsidiarity's Significance After Amsterdam. Seminar and Workshop on Advanced Issues in Law and Policy of the European Union, NAFTA and the WTO.*

<sup>5</sup> G. Raymond, *Principe de subsidiarité. Termes juridiques*, 11 e édition, Paris: DALOZ 1994, 420.



gate more initiative to lower ranking institutions or to representatives of public administration is the positive strategic change because hard hierarchic type of finance doesn't vouchsafe harmonic partnership between different institutions. To slide, structural development model must be constructed just according to different political conditions.<sup>12</sup>

The problems of regional development are particularly complicated in Lithuania. In rural, plurality accomplishing regional development is formed from representatives of municipalities and regions, not involving the representatives of public administration, education and business centers, academic institutions, private consultants, jobcentres representatives of citizens. Therefore, it is impossible to achieve rational balance of priorities and development aims.<sup>13</sup>

Problems of local government conditioned by deep centralism and disproportions realizing local budgets leading to incapacity to adapt to rapidly changing conditions, giving concurrence. To wit, implementation of efficient governmental aides for enterprises is a necessary measure to decrease regional differences. On the other hand, governmental intervention to regional, local and micro levels are strictly regulated by the principle of Concurrence, whereas relations between institutions regulating policy of aides adjusted within the principles of Subsidiarity and Proportionality.

Governmental aides for small and medium enterprises are one of the most actual ones in the EU and Lithuania, because there are approximately 97 percents of small and medium enterprises in Lithuania. Therefore, determining proportionality and necessity governmental aide, selection criterions and conditions are systematically defined. Nevertheless, utilization of term 'Unimportant Aide' disfigures the limits of governmental aides for small and medium enterprises<sup>14</sup>. According to designed map, the result of Concurrence together with Lithuanian Government determines the intensity maximum allowed governmental aide in different regions. Notwithstanding that, there is a lack of local sector participants conditioned by centralism of governmentality of aides.

Implementing an efficient model of governmental aides and well-balanced ratio between executive institutions, conveyors and recipients have a right to appeal against decisions of Consul of Concurrence in Court. Lithuanian Government envisages the ways for efficient policy of aides and assures the right of controlling institution to receive necessary information from central, regional and local institutions in time<sup>15</sup>.

According to a size of the country and quantity of structural aides, there are different models of structural funds policy in the EU. It is possible to make an assumption, that, increasing aides of structural funds, the tendency of centralization strengthens. It is estimated as the best way to assure an efficient behavior of the system.

V. Šileikis, *Regionų vystymo institucinės problemos // Regionų ekonomika ir plėtra. Kaunas: Taisas laikas, 1999, pp. 137-139*; J. Čaplikas, *Lietuvos regionų tipizavimo projekto metmenys // Ekonomika ir plėtra, I Čaplikas, J. Keršytė, Taisas laikas, 1999, pp. 55-61*.

On the other hand, the ideas of centralism contradict to the principle of Subsidiarity and Democracy. Though European Commission often recommends initiatives to delegate more competences to local government, small countries, having no experience of regulation of structural funds policy, should implement centralized model of control.

According to a new resolution of Lithuanian Government, signed in 2003, institutional regulation of structural funds obtains more centralization features. The system of several paying institutions is transferred to the model of one paying and, at the same time, commanding institution. This function is delegated to Financial Ministry, designing eight intermediate institutions as controlling organs. To wit, implementation model of structural policy is simplified and remotely centralized.

In the case of Lithuania, it is recommended to implement a centralized model of structural policy. Such recommendation is motivated by the lack of regional development traditions and efforts to integrate subventions of the EU to procedures of national budget planning. To continue, centralized model of structural policy doesn't need a great number of institutions and allows an efficient operation of qualified personnel. Such structure simplifies coordination of activities and strengthens international cooperation.<sup>16</sup>

### Ratio between central and local government

Ratio between central and local government reveals a settle rate of decentralization. This ratio directly demonstrates how much of responsibility central government delegates to local institutions. Especially this analysis is important for new members of the EU, which are seeking to accomplish a great number of reforms, developing conditions of municipalities. In 1985, European Consul signed the Charter of Local Autonomy, which contained the basic principles of self-government. According to this charter, European Decentralization relies on several principles:

- State guarantees civil and individual security and similar level of living for all citizens;
- Problems must be solved in the most efficient and appropriate level;
- Functions, not requiring complicated constant regulation, should be delegated to non-governmental institutions.

As Lazdynas (2001) points out, the principle of Subsidiarity is revealed by the level of decentralization, which can be expressed as territorial administrative partition or financial independence of local government. Though the EU relies on common principles and aims, territorial structures largely vary according to different countries. For instance Germany, Switzerland, partially Italy and Great Britain, still have federal

<sup>14</sup> H. Brožaitis, *ES regioninės politikos pasekmę Lietuvai tyrinijamas, stojant į ES // ES Regioninės politikos pasekmę tyrinijamas. Taisas laikas, 1999, pp. 10-11*.

ures within parliaments of super regions. Another group of countries, such as e, Holland, Poland, including Lithuania, maintained strong, centrally regulated al organs. The thirds, such as Denmark, Sweden, Spain, possess independent s, but there are no any member-states, where municipalities are truly independent. ssively, euro-regions containing municipalities of several countries, or even its become more important implementing common policy and aims.

he basic aspect of fiscal decentralization is financial independence of local ment, considered as the right to form budgets, accumulate local taxes, proceeding and other financial operations. It is perceived, that gain from local taxes exceed of total revenue in the countries of EU<sup>17</sup>, whereas financial sources in Lithuanian palities are not efficiently utilized. This percentage unlikely exceeds 35%. inating juridical base of regional development with the base of local government, cessary to give a pending vote for local institutions vis-à-vis priorities of regional pment. Within larger competences forming local budgets, municipalities obtain pportunities to accomplish regional and local development projects in different and economic fields. Making a conclusion, more local government is financially ndent, more it has possibilities to influence regional policy.

According to the president of Association of Municipalities of France, Patrick t, reform of Public Administration relies on decentralization and social reforms. inating confrontation between independence of local government and financial iacy, trying to strengthen the role of departments within harmonization of ial and Human Resources policies, it is recommended to delegate more lences to municipalities, though competences of central government maintain its ance in such fields as Education or Health Protection. Decentralizing the system blic Administration in France, dispensing of institutional competences is sized as the domain, which requires of stiffening regulation and implementation ses. Trying to embody the principle of Subsidiarity and proportionally disperse s according the territorial aspect, it is necessary to identify social and economic n in different regions, departments and municipalities.<sup>18</sup>

Intervention of central government is accentuated in the fields, where it is egated to maintain the rational balance between economic, social indicators and s' demands. Implementing this aim, the rules of national aides for economic is are thoroughly controlled, delegating more competences to regional ions<sup>19</sup>. Orientation to balance between strengthening of local government and ing efficiency of regulation functions leads to the principle of 'Citizens' Society'. olicies of Justice, Education, Employment, Finances, Health Protection and al policy are the fields where functions of central government strengthen, ng importance of audit and control. Functions of departments are dilatible in the 1 of Social policy (social allowances, occupation of children and adolescents,

pensions, resettlement), whereas the role of dialogue with the EU, requesting better conditions to implement programs of local level, is delegated to regional institutions. Cooperation between regions and departments becomes an important link of public administration in France, to wit, guaranties of financial stability and independence of local institutions are basic dimensions of decentralization reform<sup>20</sup>.

Functions of Regional and Structural policies are strengthened in the level of regions. Maintaining several national airports and harbors, the Transport Policy is mostly exercised by regional institutions, not avoiding the possibility of privatization. Local institutions implement public policy, while central government makes decisions, involving all the stakeholders. According to results of Rauen congress (2003) in France, it is recommended to strengthen competences of departments and municipalities in the domain of Professional Education. The role of central government remains the basic in education system, whereas competences to form study programs and strengthen relations between universities and enterprises are delegated to regional institutions. Such repartition provides with a possibility to decrease unemployment rate among young people and orientates students to the most perspective specialties.

## Conclusions

According to the Treaty of Maastricht, superior government must support and coordinate common welfare efforts unless lower-ranking institutions can't efficiently accomplish one or another task. Decision implementation must be proceeding as close to citizens as possible, anchoring principles of Decentralism and Democracy. Revealing the importance of principle of Subsidiarity in Regional Development policy, the basic aspects can be underlined in such continuance:

- development process must be unrolled jointly with reforms of structural development;
- government is responsible for Regional Policy in the majority of countries of the EU;
- institutions of regional development are financed by subventions of local and central governments and can afford ex gratia services in countries of well developed democracies;
- institutions of regional development liable to commercialisation, sometimes digressing from the fundamental aim of strategy, in Central and Eastern Europe;
- in Lithuania regional government doesn't work efficiently and can't be equipoise for conception of centralized governance;
- decreasing differences between regions, Consuls of Regional Development involve institutions of local government, non-profitmaking organizations, non-governmental organizations, social and economic partners and entrepreneurs.

<sup>17</sup> Mattei, *Discours du Premier ministre* [cited 14.05.2003] 2003. Available from [www.premier-ministre.gouv.fr](http://www.premier-ministre.gouv.fr)

Concluding presented aspects of Governmental Aides Policy, the principle of Subsidiarity is often contravened within determination of proportionality and necessity of Governmental Aides for small and medium enterprises. According to the Law of Concurrence, inefficient participation of local government, determining the maximum intensity of governmental aides in different regions, is also a breach in Lithuania. On the other hand, conveyors' and recipients' right to appeal against decisions of Consul of Concurrence in Court demonstrate democratic tendencies in the policy of Governmental Aides.

New decentralization reform in France is an important condition for implementation of Subsidiarity and Proportionality, orientated not to territorial reforms, but to repartition of competences between institutions of different level and status. It is an intention to simplify French bureaucracy model, efficiently exercising social, cultural and economic policies. Competences are strengthened in the level of central government in the fields, where decisions are not efficiently accomplished in institutions of lower level (for instance Education or Health Protection). Decentralization reforms are partly implemented in new member-countries, underlining the importance of reaction to rapid social and economic changes, strengthening competences of regions and developing model of regional aides.

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## Analiza zasadų subsidiarumo: przypadek Litwy

Szybkiemu procesowi integracji Unii Europejskiej towarzyszy reorganizacja struktury instytucjonalnej, która musi uwzględnić relacje zachodzące pomiędzy instytucjami o różnym statusie i poziomie w hierarchii instytucjonalnej. Jednocze-

rodziła się. Podstawą powstania Komisji Europejskiej (CEP) stała się decyzja Rady Europejskiej, ważną kwestią jest wykazywanie braku odejmowania decyzji powinien zostać uproszczony.

W artykule dokonano analizy wagi zasady subsydiarności w kontekście procesów integracyjnych w ramach Unii Europejskiej. Podstawą zasady subsydiarności jest upewnienie, że decyzje podejmowane są na poziomie jak najbliższym obywatelom, na najbardziej efektywnym poziomie. Chodzi o to, by UE nie podejmowała działań, jeżeli one mniej efektywne od działań podjętych na poziomie krajowym, regionalnym lub lokalnym. Należy również wspomnieć, że zasada subsydiarności jest podstawą dla działania na wielu polach. Chociaż analizowana zasada jest przedmiotem ciągłych dyskusji w ramach różnych instytucji, nie została ona jeszcze ostatecznie rozstrzygnięta.

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## HUMAN RESOURCE MANAGEMENT AS A FACTOR OF POLISH SPORTS ORGANIZATIONS' COMPETITIVENESS IN THE EUROPEAN UNION

### *Sports organizations overview*

Sport has become a very powerful and dynamic part of the business world, for some time now. In the United States and western Europe, sports clubs become more like big entrepreneurship, rather than amateur associations set up for popularization of sport and recreation, as they were regarded before. The biggest sports organizations, became public limited companies, and their shares are coming on to the stock market, they have become natural members of the business world. Polish sports clubs face a need of seeking ways to achieve success on this very difficult market, by professionalizing their operations in the manner that was for years considered as suitable only for classical industrial organizations.

One of the most important areas of managing sports clubs are human resources (HR). Human resources have a great deal of importance for sports organizations, as their success relies greatly on achieving high results in competitions. And sport success relies as we might easily say on human performances. Success for entrepreneurship regarded in this article can be divided into different areas, areas that must be complementary in order to regard a sports club as successful one. Finding a difficult balanced among this areas is a challenge for sports managers worldwide. Three areas of success can be recognized. Sport success, which can be defined as achieving goals, such as winning national and continental competitions, financial success, which is getting profit from operations, and marketing success, regarded as building a brand of a sports club. Of course all areas are complementary and achieving goals in each one helps the other two. Nevertheless managers, face a problem of balancing the stress put on each areas, as in some cases one area requires a sacrifice in another (i.e. financial success and sports success can be opposite goals, as making profit in some cases can mean less