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## ECONOMICS

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## EUROPE 2020 STRATEGY: EVALUATION, IMPLEMENTATION, AND PROGNOSSES FOR THE SLOVAK REPUBLIC

**ABSTRACT.** The European Union represents a unique example of the most complexly developed and the most comprehensive model of regional economic integration. This is characterized by high dynamics of the integration process, while in its current form, even under the influence and action of the whole range of factors having a negative impact; it is indicating a gradual transition to the deployment phase of a political Union. For a relatively long period of time, the European Union remained as of one of the three main pillars of world economy and it has been trying to maintain this position even in this turbulent period. In this direction the European Union proceeded with the implementation of two major development strategies, affecting the whole of its interior space of the Lisbon Strategy and the Strategy Europe 2020, as well as the entire spectrum of so called macro-regional strategies (the European Union Strategy for the Danube Region, the European Union Strategy for the Mediterranean Region and the European Union Strategy for the Baltic Sea Region).

In this paper we will focus mainly on the analysis of the range of the process of implementation of the Strategy Europe 2020 in the Slovak Republic as one of the EU member states.

**JEL Classification:** I18, I25,  
R58

**Keywords:** strategy, reforms, education, health, unemployment.

### Introduction

After completion of the complex and demanding implementation of the Lisbon Strategy, the European Union acceded to implement another important development of the “The Strategy Europe 2020”, which can be viewed as another major policy document seeking an indication of possible alternatives for the further development of European integration area in the next decade. The implementation of the Strategy Europe 2020 takes place in a rather difficult and turbulent period marked by the particularly the negative impact of the global financial crisis, which significantly affected the further development of the project to build economic and monetary union in the European integration space. The negative impact of the

crisis has considerably influenced the Euro-zone itself, at the core of economic integration. The global financial crisis and its wide-range negative impacts are assessed in terms of the Europe 2020 strategy as a factor that significantly affects the further development of the entire global economy, the economic area of the European Union and its individual nation states. The strength and intensity of the negative impact of the global financial crisis has highlighted a range of structural weaknesses and problems, which the European economy will have to tackle in turn (see e.g. Čajka *et al.*, 2014). The issue of structural reform was already raised within the European integration area during the implementation of the Lisbon strategy, but even after the expiry of the implementation of its renewed and revised versions no substantial progress occurred in this area. Besides a negative assessment of the impact the current crisis has, the Strategy Europe 2020 also accentuated the positive impact that lies in the necessity of implementation of fundamental changes across the spectrum and actions that will lead to a gradual stabilization of the situation and then initiate a new growth and further development (Balitskiy *et al.*, 2014). To the group of most problematic spheres where the European Union has struggled for a long time to tackle the problems we can include foremost a lower rate attained by the average level of economic growth compared with other key players in the global economy; lower rate attained by the average employment rate in case of the age group 20-64 and also in the category of older workers in the age group 55-64. Another problem arises from the negative impact of the changes in demographical development of the population, evident mainly in the ageing of the population consequently leading to increasingly higher number of people in post-productive age (Announcement of the European Commission, Europe 2020, 2012).

In the context of European integration space there is a problem of lower rate of economic growth driven mainly by significant differences in productivity. Differences in achieving productivity levels are determined mainly by the existence of differences in size, structure and organization of individual economic units, especially in the category of businesses and companies, combined with the lower and in some cases significantly lower level of investment into research, development of innovations and the use of modern information and communication technologies. Tackling the achieved lower productivity rates in the European Union already constituted an integral part of the Lisbon strategy, but as you can see, after the period of its implementation desirable progress in this space has not been achieved (European Commission, 2020, 2012).

Based on comparison of the achieved average employment rate of the European Union as a whole with three major players in world economy, namely the US and Japan, it may be noted that the European Union is characterized by a certain degree of backwardness in this area. The employment rate for people in the age group 20-64 years of age has within the European Union reached level of 69% in the pre-crisis period, which is considerably lower level compared to attained level of the same indicator in the US and Japan. The indicators of the average attained level of employment of older workers in the age group 55-64 was suggesting that the attained employment rate of the population in the European Union was 46%, while in the US and Japan it reached 62%. Monitoring the average number of working hours in each staff category also pointed out that within the European integration area, the average number of working hours was 10% lower compared to the average number of hours worked in the US and Japan (Eurostat, 2012).

The problem of an ageing population in the European integration space during the monitored period is getting more intense. In the period prior to the implementation of the Strategy Europe 2020 gradual population growth in the category 60+ of age was recorded. Compared to the period before 2007, rapid growth of the elderly population over 60 years was recorded in the initial phase of implementation of the Strategy Europe 2020, where the annual

growth stood at around two million inhabitants<sup>1</sup>. The trend of representing changes in the fundamental characteristics of demographic development of the European Union is reflected mainly in increasing demands on the performance and effectiveness of the pension, health and social security. The implications of this development trend, as well as the expected further developments are creating conditions to focus attention on the area of the so-called building of silver economy, which would require a whole range of changes in the different stages of education systems and vocational systems, particularly in the context of the focusing on the area of lifelong education and lifelong raising of the level of qualification, expertise, competencies and skills.

In addition to the action of the above-mentioned factors and the characteristics of the internal environment of the European Union, the European economic and political sphere must also deal with the full range of global challenges, whose strength and intensity are currently rising markedly. It is particularly the significant acceleration of the process of globalization, which brings an increase of links and interdependence of the various geo-economic units, not only at the regional level, but especially at the global level. The economies of the member states of the European Union are characterized by a high degree of interconnectivity. Bad timing and lack of consistency in the implementation of various types of structural reforms in member states have made room for significant negative impacts of external influence on the area of their growth and development. The European Union therefore must inevitably cope with these shortages from previous periods and also must be able to flexibly adapt to the current developments of the world economy, which suggests the necessity of rebuilding the traditional economic foundations, which were related to building a model industrial society, towards building the knowledge society and knowledge economy. Significant regional actors characterized by such dynamic economic growth and development, which makes them suitable for taking a significant position in the area of the world economy such as China and India are increasingly turning to uplift of shares of investment to science, research and new technologies leading to increase in their rate of economic growth and development and also to achieving better position in the level of competitiveness.

Thus, the external environment of the European Union, as well as its internal environment is now significantly influenced by the impact of the global financial crisis, as well as by efforts to find and implement various anti-crisis instruments and also instruments for preventing the possible emergence of similar crisis phenomena. The main attention is aimed to creating effective and sustainable functioning financial and monetary systems.

Like other economies, the European Union and the economies of individual nation states must address fairly fundamental issues related to climate change and increasing depletion of non-renewable energy resources (Strielkowski *et al.*, 2013; or Lisin and Strielkowski, 2014). It is therefore a commitment to ensure environmental and energy security of the interior of the European Union at least at a reasonable level.

## **1. The implementation of the Strategy Europe 2020 in the Slovak Republic**

In the context of the objectives of the Strategy Europe 2020, the Slovak Republic as a member state of the European Union has also set out a whole series of its own national targets contained in the basic strategy documents referred to as the National Reform Programmes, bound by particular time periods. The content and the main structure of programmes is built on the basis of assessment of development and level of fulfilment of objectives set in the previous period and of a brief analysis of macroeconomic developments and initial conditions for further continuous implementation of the NRP.

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<sup>1</sup> The average annual growth of population in the age of 60+ reached one million inhabitants within the European integration space before 2007 (Announcement of the European Commission, Europe 2020, 2012).

National Reform Programme of the Slovak Republic for the period 2011 – 2014 is a basic strategic document, which defines the objectives and main directions and orientation of the reforms that need to be implemented, or it is important to continue their implementation for the purpose of achieving the set out national objectives.

In the introductory part of the National Reform Programme of the Slovak Republic for the period 2011 – 2014 it is stated that this programme represents a summary of the main measures to be implemented by the Government of the Slovak Republic in the course of its mandate, in the context of efforts to achieve the most efficient implementation of the objectives outlined in the Strategy Europe 2020.

The main priorities of the National Reform Programme of the Slovak Republic for the period 2011 – 2014 are (National Reform Programme of the Slovak Republic for the period 2011 – 2014, 2011, p. 5):

1. health and sustainable management of the state,
2. the fight against corruption, zero tolerance of corruption and ensuring access to justice,
3. creation of new job opportunities and reduction of the risk of poverty and social exclusion,
4. creation of a quality business environment,
5. educational growth of the population and also support of the development of innovative society,
6. a guarantee for quality health care.

The process of implementation of measures and reforms outlined in the National Reform Programme of the Slovak Republic for the period 2011 – 2014 were significantly affected by the global financial crisis that affected the macroeconomic development of the Slovak Republic. In 2009 a significant decline in economic performance by almost 8% occurred. This negative trend was reversed and the performance of the Slovak economy grew by 4% already in 2010. The remaining problematic area in 2010 was mainly the area of employment and labour market. In 2010 there was an increase in the unemployment rate, which reached 14.4%. Long-term unemployment and the increase of the rate in 2010 to the level of 59.4% did not create suitable initial conditions for the fulfilment of the set goals, too (Statistical Yearbook, 2011).

Some of the Lisbon's strategy priorities were human resources and education. The government in a free market economy can support the competitiveness of the country as well as individual regions by creating adequate conditions for education, science and research and development of innovative potential. As critical appears to support active strategies to insure human potential development as a crucial factor of the regional development (Liptáková, 2008, p. 4; Belas *et al.*, 2015).

The priority objectives of the National Reform Programme of the Slovak Republic for the period 2011 – 2014 were broken down to specific sub-goals. The priority was aimed at health and sustainable management of the state and is reflected in the definition of the objective oriented at lowering the value of the indicator of long-term sustainability (GAP) in 2020 to 0. In this key priority there was also defined the target for achieving efficient charging of VAT to 74%. Other priorities were reflected in the objectives defined within the five priority areas of structural areas (National Reform Programme of the Slovak Republic for the period 2011 – 2014, 2011, p. 18):

1. education, science and innovations,
2. employment and social inclusion,
3. business environment,
4. transparent environment and law enforcement,
5. health.

Within the area focused on education, science and innovations the objectives oriented on regional schools, higher education, science and the area of innovations were defined. Within the regional education the main goal was oriented on maintaining the rate of early school leaving at 6% while improving the quality of education and in particular in the context of efforts to achieve significant progress in the evaluation of the OECD – PISA 2018 aiming to achieve average number in this evaluation at the level of 505 points.

For the area of higher education and science the objective was to achieve increase in the proportion of the population in the age group 30-34 years with a university degree at least to the level of 40%. Within this area the objective of increasing the share of expenditure on research and development to 1% of GDP by 2020 was added to the calculation of the main objectives. The support of education and science should be reflected also in the increase of the number of citations per researcher at level of 70% of the EU average, which is another objective in this structural domain.

The main objective of the second structural priority area defined in the National Reform Programme of the Slovak Republic for the period 2011 – 2014 is a goal oriented to increase in the employment rate of men and women aged 20-64 of age to a level of 72% with a reduction of long-term unemployment to 3%.

For the area of social inclusion a goal oriented to achievement of a high degree of social inclusion of the population. A range of actions aimed at reducing poverty should contribute to its achievement, while an effort to reduce the number of people exposed risk of poverty and social exclusion by at least 170, 000 has been declared in the National Reform Programme of the Slovak Republic for the period 2011 – 2014.

More groups of implemented measures, the use of which was linked to the fulfilment of several objectives, should contribute to increase of the quality of business environment. The first goal of this group was focused on improving the quality of business environment in the Slovak Republic in order to achieve a better rating within international comparison in the area of evaluation of the business environment indicators. Therefore, a national target aimed at improving the position in the World Bank's Doing Business indicator framework was set for this area so that the Slovak Republic wins the first position in the first Fifteen until 2020. Following this objective another national target oriented to achieve better evaluation carried out on the basis of the OECD Product Market Regulation Index was set to achieve the level of 1.2 point.

The level of quality of business environment is closely related to the efficient performance of public administration in particular in the context of relations between operators on the one hand, and public authorities on the other. The objective for this area in the National Reform Programme of the Slovak Republic for the period 2011 – 2014 is aimed at achieving greater use of information and communication technologies in the direct performance of different competencies by the public authorities. The primary objective defined for this area is increasing of the use of information and communication technologies in public administration so that the Slovak Republic has increased the level of e-government index to a level of 90%.

Another group of structural priority areas identified in the National Reform Programme of the Slovak Republic for the period 2011 – 2014 is a priority focused on creating a transparent environment and achieving greater law enforcement. The objective within this area is to significantly reduce corruption and crony-ism in all spheres of life, to increase transparency and law enforcement so that by 2020 the Slovak Republic has improved the level of corruption index to 80%.

The last of the main priorities of the National Reform Programme of the Slovak Republic for the period 2011 – 2014 is a relatively important area of public health and the level of health care provided. The objective for this priority area aims to improve health care,

so that by 2020 there is an increase in the expected number of years of healthy life without disability or severe disability at birth to 60 years (National Reform Programme of the Slovak Republic for the period 2011 – 2014, 2011).

## 2. Assessment of the level of fulfilment of selected national targets

There is expected annual growth in GDP in the European Union at the level of approximately 1.6% over the period from 2014 to 2020, according to the so-called winter economical prognosis of the European Commission. Compared to achieved levels of annual growth of GDP in the European Union in the period before the outbreak of the crisis, which stood at 2.3% during this period, it is possible to point out that the prognosis indicates only mild growth of the rate of economic performance (Statistical Yearbook, 2013). In the context and direct result of this fact are logically discussed pros and cons of different ideological platforms of so called euro-optimism versus euro-scepticism in particular. It is impossible to found objectively relevant answer as it is a dichotomy in the very nature of the search for response to options A or B (Masár, 2014, p.110).

The global financial crisis and its negative impacts in the area of the European Union, particularly in the Euro-zone, affected the economic performance of the Slovak Republic (Török, 2014, p. 125). It is obvious from monitoring the values of level of economic performance, which suggests that in 2013 there was a decline in economic performance from the achieved level of 1.8% to a level of 0.9%. In this period we note also a downward trend in domestic demand, falling household consumption and investments as well. Economic growth was significantly supported mainly by net exports (Statistical Yearbook, 2013).

The area of unemployment still remains problematic in this period. A given area is characterized by the following characteristic features during the period. On the one hand, we note maintaining a relatively stable level of employment and 65%, on the other hand, we observe a continuous increase in unemployment, which reached the threshold of 14.2% in 2013. In the European integration area it can be described as above-average unemployment. Long-term unemployment represents a problematic factor in this area. The severity of the problem of long-term unemployment can briefly but succinctly be described on the example, which shows that in the period approximately two out of three unemployed were out of work for a time period exceeding one year. We record growth of nominal wages (by 2,4%) and also of the real wages (by 1%) in the tracking period (Statistical Yearbook, 2014).

The prognosis of economic development for the following period foresees a gradual economic recovery and overall acceleration of economic growth. The prognosis further assumes positive development of all monitored parameters and particularly growth in domestic demand, growth in household consumption and investment growth, which should be directed mainly at improving and upgrading the level of transport networks in particular due to the construction of highways. This positive development should also be reflected in accelerated growth of GDP levels, which should reach the level of 3.4% in 2017. The positive development is expected to continue in the employment area, particularly in the context of growth and increase of the number of newly created jobs. Gradual acceleration of employment implies that in 2017 the employment rate will approximately reach the levels recorded during pre-crisis period (Statistical Yearbook, 2014).

The main objective of fiscal policy in this period remains a particular effort to ensure the efficient use of public finances and ensure their long-term sustainability. Also indicator of the budget deficit level falls into category of main indicators and on its base it is possible to monitor the achievement of fixed objective. In 2013, the amount of the budget deficit ranged at the limit of 2.77%. For 2014, to maintain fixed budget deficit level, the objective was set to achieve deficit of 2.64% and keep budget deficit level from 3%. By monitoring the

developments of the budget deficit level, target values for the budget deficit were set for the period 2015 – 2017 as follows: for 2015 at 2.49% of GDP, for 2016 at 1.61% and in 2017, the amount of budget deficit should reach 0.54% of GDP (National Reform Programme of the Slovak Republic 2014, 2014, pp. 21-22).

In this part of state, we will take a closer look at the implementation of the individual national targets set in the context of efforts to fully implement the recommendations and the achievement of the objectives set out in the Strategy Europe 2020.

One of the main structural priority areas is the area of education, science and innovation. In education, the objectives of the Strategy Europe 2020 are focused on increasing the level and quality of education of the population of the European Union.

Under the objective to reduce the number of people aged 18-24, who have dropped out of education or special training and who do not participate in further education or special training to less than 10%, the Slovak Republic has established its national, intrastate objective, under which it aims to reduce the number of people aged 18-24, who dropped out of education or special training, and do not participate in further education or training at the level of 6%, by 2020. Appraisal of the achievement of this objective in the Slovak Republic points out that this objective can be achieved, however, it will be necessary to implement a wide range of measures in the given area. In this context “even though the universities have different values, the extent of the autonomy and the level of financing create space for competitiveness as investment for the future” (Ježovicová, 2011, p. 112). In the period before the implementation of the Strategy Europe 2020, the Slovak Republic showed the following values under this objective: in 2005, the proportion of people aged 18-24, who dropped out of education or special training reached the limit of 6.3%, in 2006, this proportion increased about three hundredths of a percentage point to 6.6%, in 2007, we only chart the slight progress represented by decrease of this value about one-hundredth of a percentage point and reached the level of 6.5%. Since 2008, we have been gradually charting a significant decrease in observed values, which can be specifically present by the results achieved. In 2008, the proportion of people aged 18-24, who dropped out of education or special training was amounted to 6.0% in 2009, this proportion reached the level of 4.9% (National Reform Programme of the Slovak Republic 2014, 2014, p. 36).

Therefore, in 2010, during the first phase of implementation of the Strategy Europe 2020, the proportion of people aged 18-24 years, who dropped out of education or special training reached the level of 4.7%. Since 2011, we have been gradually charting the increasing trend in given area. In 2011, the proportion of people aged 18-24, who dropped out of education or special training reached the level of 5.1%, in 2012 we charted a growth of about two hundredths of a percentage point to the level of 5.3. In given area, the year 2013 can be regarded as a turning point, when under the objective pursued we have charted an increase in one percentage point to 6.3% (Statistical Yearbook, 2014).

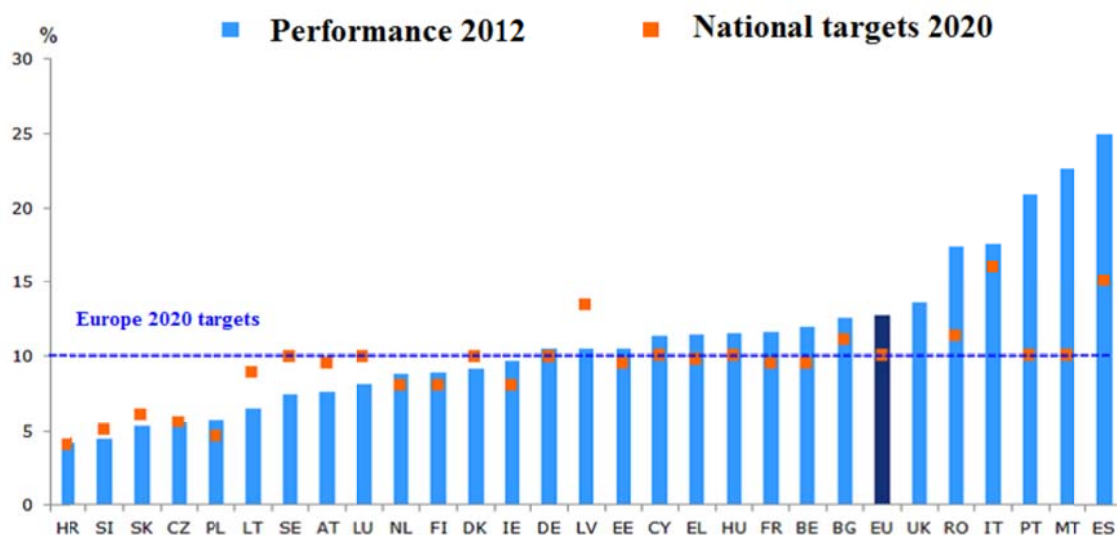


Figure 1. People who dropped out of education and special training in EU member states (aged 18-24, with at most lower secondary education without further education or special training)

Source: Appraisal of the implementation of Europe 2020 strategy, p. 24.

Legend: In 2012, the average proportion of people who dropped out of education and special training was at the level of 12.7%, while the objective for 2020 has been set at 10%.

\* EU-28, DK, DE, LU and SE: < 10%; LT: < 9 %; SK: < 6%. UK did not set an objective.

As it can be seen from the figure presented, based on observed performance of the objective focused on reducing the number of people aged 18-24, who dropped out of education or special training, the Slovak Republic ranked at 3<sup>rd</sup> place at the level of fulfilment of this objective within the European Union, in 2012, while achieved level of 5.3% is about 7.4 of percentage point lower than the overall average achieved during the period observed, which in 2012 reached the level of 12.7%. The figure shows that the Czech Republic and Poland reached approximately the same values in 2012. The Czech Republic finished at the 4<sup>th</sup> place and Poland reached 5<sup>th</sup> position. Comparison of the fulfilment of this objective within member states of V4 revealed that during the period observed, only Hungary reached higher values that went beyond the limit of 10% and was placed on 19<sup>th</sup> place in the appraisal (Ondria, Kollar, 2011).

Another objective falling into education is the objective focused on increase of population proportion aged 30-34, who completed higher education to a level of at least 40%. During the implementation of the Strategy Europe 2020, the Slovak Republic tries to implement this objective fully and set its national, intrastate objective at the level of 40% in this area. Before the implementation of the Strategy Europe 2020, the amount of high-educated people aged 30-34 ranged between 14-17% (in 2005 – 14.3%; in 2006 – 14.4%, in 2007 – 14.8%; in 2008 – 15.8%; in 2009 – 17.6%). Since 2010, we have been charting progressively stronger growth of the proportion and this year, the proportion of the population in the age group of 30-34, who have completed higher education achieved in the Slovak Republic level of 22.1% (National Reform Programme of the Slovak Republic 2014, 2014, p. 36). We charted growth of this proportion to the level of 23.4% again in 2011. In 2012, this indicator reached the value of 23.7% and in 2013 it increased about 2.5 percentage point and reached the level of 26.2% (Statistical Yearbook, 2014).



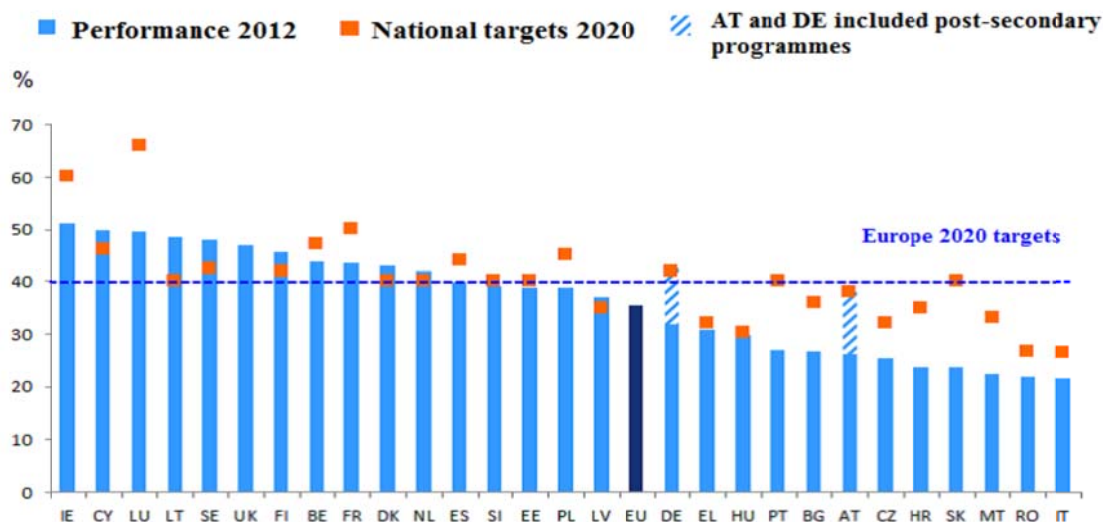


Figure 2. Proportion of people with completed tertiary education in EU member states (population aged 30 – 34 with completed tertiary education – of level ISCED 5 and 6)

Source: Appraisal of the implementation of Europe 2020 strategy, p. 27.

Legend: In 2012, proportion of EU inhabitants with completed tertiary education was at the level of 35.7%, while the objective for 2020 has been set at 40%.

\* EU-28, DK: at least 40%; DE: 42% including ISCED 4; IT: 26-27% (26.5% assumed); LV: 34-36% (35% assumed);

NL: more than 40%; AT: 38% including ISCED 4/4a; SE: 40-45% (42.5% assumed); UK did not set an objective; FI: 42% (more limited delimitation); FR: population aged 17-33 years.

As the figure shows, in comparison with other EU member states, the Slovak Republic ranked at 25<sup>th</sup> place in fulfilment of this objective in 2012. Values achieved in the context of this reference indicator in 2012 show that the Slovak Republic with the value of 23.7% was situated about 12 percentage points below the average reached in 2012 in the European Union, which averaged to 35.7% limit. The comparison of the values achieved in implementation of this objective in V4 member states can point out that only Poland (15<sup>th</sup> place) was located just before fulfilment of this objective in this period. The Czech Republic (23<sup>rd</sup> place) had approximately the same values as the Slovak Republic, slightly better results in this area were reached in Hungary (19<sup>th</sup> place), in 2012.

The area aimed at increasing the level and quality of education is directly related to the area of science and research. The implementation of basic and applied research is followed by a gradual transfer of new knowledge from scientific research sector to the whole range of sectors and areas of economic and social practice. Level, quality and volume of new knowledge and speed of their generation and subsequent transfer, as well as the ability to respond properly to the dynamics of the current development and also in the production of new knowledge is an area of key importance, especially in the context of long-term efforts to build a knowledge society and knowledge economy (Kazanský-Adašková, 2010). These efforts are directly related to the objective focused on increasing proportion of GDP expenses on science and research. In the context of the Strategy Europe 2020, the estimated target value is set to 3% of GDP, under this objective. In the Slovak Republic, and in view of the earlier process of implementation of the Strategy Europe 2020 and the National Reform Programme of the Slovak Republic for the period 2011 – 2014 drafted on its base, this national, intrastate objective is defined much more modest and emphasizes that the Slovak Republic aims to achieve target value of at least 1.2% of GDP by 2020, under this objective.

From the comparison of the development of GDP proportion expended in the area of science and research in the period before the implementation process of the Strategy Europe

2020 can be concluded that, for example, in 2005, the Slovak Republic spent 0.51% of GDP on science and research (Kačírková, 2007, p. 83). Since 2006 to 2009, this proportion decreased and during this period, the proportion of GDP spent on science and research was as follows: 2006 – 0.49% GDP, 2007 – 0.46% GDP, 2008 – 0.47% GDP, 2009 – 0.48%. The year 2010 is a milestone in the evaluation of the objective when the volume of GDP proportion expended on science and research sectors reached the level of 0.63% of GDP, while in a subsequent period it increased. In 2012, which for the purposes of the study we consider as a reference period of assessing the level of fulfilment of the objectives set in the Strategy Europe 2020 and selected national objectives, the value of GDP proportion directed to science and research sectors reached level of 0.82% of GDP (Statistical Yearbook, 2012).

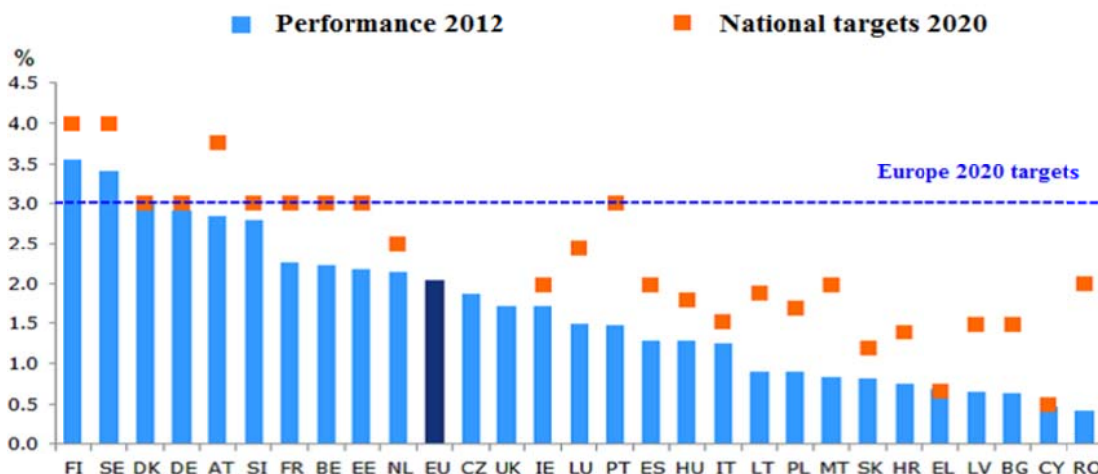


Figure 3. Investments to S&R in EU member states shown in % of GDP

Source: Appraisal of the implementation of Europe 2020 strategy, p. 10.

Legend: In 2012, intensity of S&R in EU reached the level of 2.06% of GDP, while the objective for 2020 has been set at 3%.

\* LU: 2010.

\*\* CZ (only in case of public sector) and UK did not set any objectives. IE: objective is 2.5% of GNP which is estimated to 2% of GDP. LU: objective is between 2.30% and 2.60% of GDP (2.45% are assumed). PT: objective is between 2.70% and 3.30% of GDP (3% are assumed).

As it is apparent from the figure, in 2012, the Slovak Republic belonged to the group of member states of the European Union, which showed only slow progress towards achieving their national objective. With respect to reached amount of GDP proportion of expenses on research and development, it significantly lags behind the target value of 3% of GDP and also behind the overall average reached in 2012 in the European Union, which at this time can amount to 2.06% of GDP. In comparison to the average reached in the European Union, the Slovak Republic lagged behind the European Union average about 1.24 percentage points.

As the figure shows, in comparison with other EU member states, the Slovak Republic ranked at 22<sup>nd</sup> place in assessment level of the objective fulfilment focused on increasing the volume of GDP expenses on science and research, in 2012.

The comparison of the fulfilment level of national objectives of other V4 member states in 2012 shows that the values achieved in the Czech Republic were approaching the EU average. The Czech Republic ranked 11<sup>th</sup> place in the assessment form 2012. Hungary reached 17<sup>th</sup> place and it was slowly approaching to fulfilment of its national objective in this area. Poland ranked the 20<sup>th</sup> place in the overall assessment of the level of achievement of this objective. The value of its national objective is higher to that of the Slovak Republic.

The group of priority areas outlined in the National Reform Programme of the Slovak Republic for the period 2011 – 2014 includes the employment and social inclusion sectors. In employment, the Strategy Europe 2020 focuses attention on increasing employment, in order to increase the employment rate of the population in the age group of 20-64, at least to 75%. Further to this objective, the Slovak Republic set in this area its national objective oriented to increase the employment rate of its population in the age group of 20-64 to 72%. Assessment of the level of objective fulfilment in the period prior to the implementation of the Strategy Europe 2020 indicates that from 2005 to 2008 the employment rate gradually and continuously increased for people falling into the age group of 20-64 and reached the following values: 2005 – 64.5%, 2006 – 66.0%, 2007 – 67.2% and 2008 – 68.8%. In 2009, turning point takes place in this area when the employment rate of the population in the age group of 20-64 reached 66.4% and from this time we have charted a decreasing tendency in the development of this indicator (National Reform Programme of the Slovak Republic 2014, 2014, p. 41). In 2010, the Slovak Republic reached the decline in the employment rate of the population in the age group of 20-64 by 1.8 percentage points and reached 64.6%, in comparison to 2009. Between 2011 and 2013, the value of this indicator fluctuated at 65%. In this area, the Slovak Republic is struggling in a long term particularly with the problem of unemployment of young people (in 2013, unemployment among young people under 25 reached the value of 33.6%, which represents a value higher by 10.1 percentage points in comparison to the EU average – 28 that totalled 23.5% ), as well as the elderly people and also with the problem of long-term unemployment, while one of the fundamental problems is a long-term youth unemployment after completion of education or special training. In 2013, long-term unemployment rate reached 10%, which in comparison to the member states of the European Union (EU 28) represents one of the highest rates of long-term unemployment (Statistical Yearbook, 2013). Particularly adult continuing education plays an irreplaceable role by allowing adults to improve their ability to adapt to changes in the labour market and in society, especially as regards low-skilled and older workers. Further education is the only practical way to increase their skills or retrain those affected by unemployment, restructuring and career change, while significantly contributing to social inclusion, active citizenship and personal development (Jankurová, 2014; Abrahám, Horváthová, 2010).

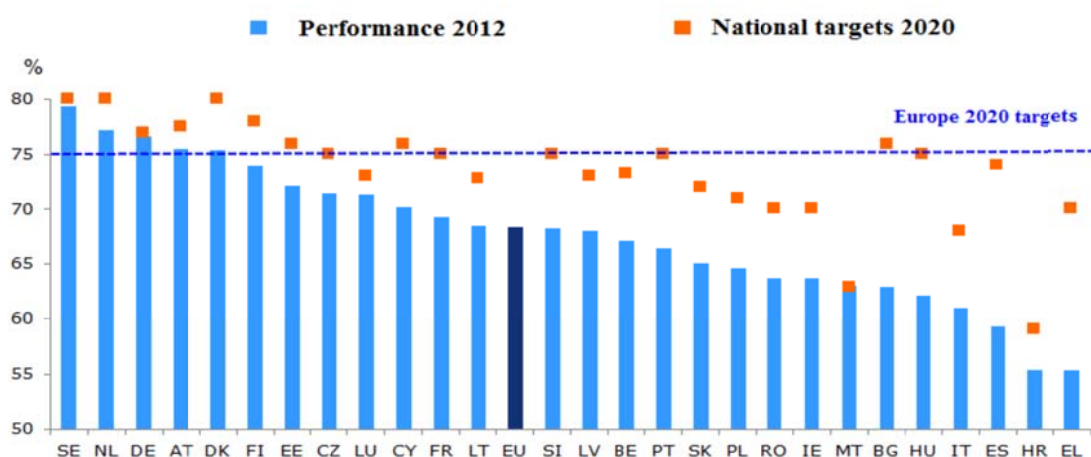


Figure 4. Unemployment rate in EU member states (proportion of employed people, age group 20-64)

Source: Appraisal of the implementation of Europe 2020 strategy, p. 6.

Legend: In 2012, unemployment rate in EU was at the level of 68.4%, while the objective for 2020 has been set at 75%.

\*UK did not set any objective. SE: objective was markedly above 80%. IE: 69-71% (70% assumed); IT: 67-69% (68% assumed); CY: 75-77% (76% assumed); AT: 77-78% (77.5% assumed).

The figure shows that the Slovak Republic reached a value lower by 3.3 percentage points, in numerical terms 65.1%, when compared to the EU average reached under the indicator of unemployment rate 68.4% in 2012. The Slovak Republic ranked at 17<sup>th</sup> place in the assessment of the indicator level achieved in the European Union, in 2012. From the figure and number comparison, we can conclude that the Slovak Republic proceeds really slowly in reaching its national objective set up for the specific area. The comparison of the values achieved under the employment rate indicator of population in the age group of 20-64 in 2012 showed that Hungary and Poland are also lagging behind the European Union average in this area. In the overall assessment from 2012, Poland was placed just behind the Slovak Republic at 18<sup>th</sup> place and Hungary was ranked 23<sup>rd</sup> place.

As we have already mentioned above, in the National Reform Programme of the Slovak Republic for the period 2011 – 2014, the area of employment is directly linked to that aimed at gradually reducing the risk of poverty and social exclusion within the European integration area and its individual member states. Under the Strategy Europe 2020, the objective has been set for this area to reduce the menace rate of the European Union population by poverty and social exclusion in order to reach reduction 17.2% of the total population of the European Union by 2020. In this area, the Slovak Republic set its national objective, which indicates that by 2020 it will work in this area to reach the level of 19.4%.

In the context of assessing the fulfilment level of this objective in the period before and then during the direct implementation of the Strategy Europe 2020, we can point out that the Slovak Republic has long been trying to continually reduce the proportion of people threatened by poverty and social exclusion. During 2005 – 2009, in terms of proportion indicator of people threatened by poverty and social exclusion within the Slovak Republic following values were showed: 2005 – 32%, 2006 – 26.7%, 2007 – 21.3%, 2008 – 20.6%, 2009 – 19.6% (National Reform Programme of the Slovak Republic 2014, 2014, p. 41).

From 2005 to 2009, the proportion of people threatened by poverty and social exclusion declined in the Slovak Republic by 12.4 percentage points, e.g. from 32.0% (2005) to 19.6% (2009). Since 2010, reached level of this indicator correlates with values at the level of 20.6% (Statistical yearbook, 2013).

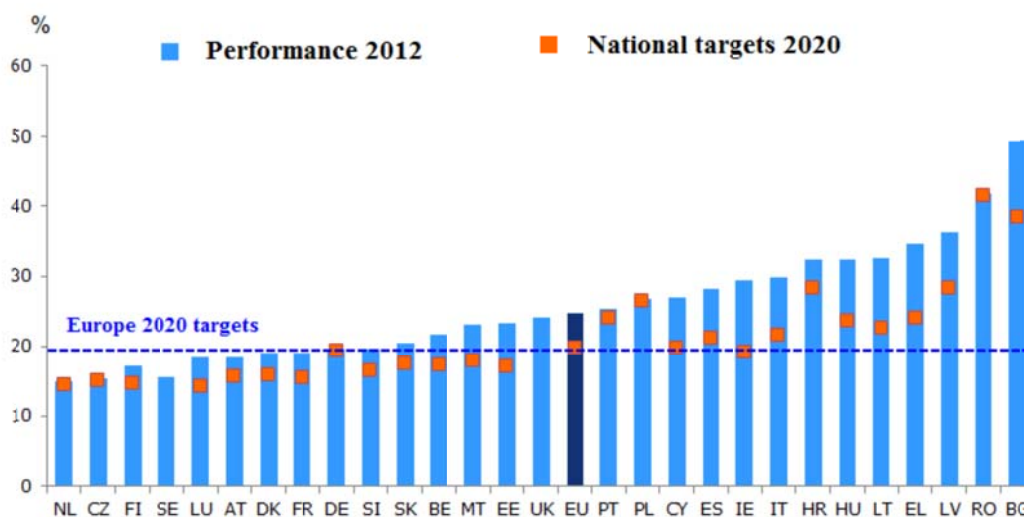


Figure 5. People at risk of poverty or social exclusion in EU member states\* (% of population)

Source: Appraisal of the implementation of Europe 2020 strategy, p. 31.

Legend: In 2012, 24.8% of population were at risk of poverty or social exclusion, so about 5 percentage points more than it was set in Europe 2020 strategy.

\*Objective for 2020 concerns the menace rate by poverty or social exclusion. If it is reached by 2020, the UK and SE would not be involved because of peculiarities of their national objectives. IE: 2011.

The figure proves that the Slovak Republic is slowly approaching to fulfilment of this objective set in the Strategy Europe 2020 and it managed to reach the national objective set. In 2012, the average of European Union's indicator aimed at reducing the proportion of population at risk of poverty and social exclusion reached 24.8%, while the Slovak Republic got at the level of 20.5% of this indicator in the reporting period, e.g. a difference is 4.3 percentage points. When compared to other member states of the European Union, the Slovak Republic ranked 11<sup>th</sup> in fulfilment of the objective oriented to the problems of poverty and social exclusion, in 2012. In comparison with other V4 member states, we can point out that the Czech Republic was ranked at 2<sup>nd</sup> place in overall assessment of successfulness of this objective fulfilment in the European Union, in 2012. Poland and Hungary lagged behind the European average, while in the case of Poland it was only a slight delay, in the case of Hungary it is possible to point out more significant lag, as is evidenced by the location of these two member states in the overall assessment – Poland was ranked at 17<sup>th</sup> place and Hungary at 23<sup>rd</sup>.

The Specific priority area, which is in the National Reform Programme of the Slovak Republic for the period 2011 – 2014 is the area of business environment, focusing on the improvement and achieving a higher degree of transparency. The quality of the business environment, its transparency supported by an appropriate legal framework, is one of the basic conditions for the development of business activities of the domestic population, but it also represents one of the key areas of markedly influencing localization decisions of large domestic and foreign investors about opportunities to place their investments or to implement their investment plans in the relevant geographic area. The Slovak Republic has set an objective for this area. By 2020, it aims to improve its position in the assessment of the World Bank created through the Doing Business indicator, so that it would be ranked at 15<sup>th</sup> place in the rank. The assessment of the Slovak Republic's position in the rank compiled on the basis of Doing Business indicator indicates that in 2007 the Slovak Republic was ranked at 37<sup>th</sup> place, while in 2008 it moved up two positions in the overall assessment and gained the resulting 35<sup>th</sup> place. In 2009, the Slovak Republic has seen a significant drop in the placing within the rank and was ranked at 40<sup>th</sup> place. Between 2010 and 2013, the total placement of the Slovak Republic within the rank compiled on the basis of Doing Business assessment indicator ranged between 43<sup>rd</sup> – 49<sup>th</sup> place (2010 – 43<sup>rd</sup> place, 2011 – 46<sup>th</sup> place, 2012 – 43<sup>rd</sup> place, 2013 – 49<sup>th</sup>) (National Reform Programme of the Slovak Republic 2014, 2014, p. 49).

The so-called index of product market regulation PMR (Product Market Regulation) falls into the group of indicators, on which the assessment of the business environment quality is based. It is a composite indicator, serving primarily for the purposes of monitoring the regulation evolution of trade in goods within OECD countries. Monitoring the development of this indicator is used as a basis for processing of OECD Economic surveys and also for a wide range of recommendations to the member states published in the report Going for Growth. In this area, the Slovak Republic has set an objective to reach overall score of 1.2 points under this indicator, by 2020. The monitoring and comparing of development of the Slovak Republic total score with the use of product market regulation indicator shows that the Slovak Republic charts a gradual improvement of the total score in this area. In 2008, the Slovak Republic reached score 1.57 points within product market regulation index while the assessment from 2013 shows that the Slovak Republic improved by 0.26 point and reached 1.31 points. When compared to OECD product market regulation indicator assessment, the average reached 1.51 points in 2008 and 1.41 points in 2013 (National Reform Programme of the Slovak Republic 2014, 2014, p. 49).

The quality of business environment is closely connected to the area of quality and rate of the transparency environment. Within the National Reform Programme of the Slovak Republic for the period 2011 – 2014, the indicator of corruption was included into a group of

result indicators oriented to assessment of progress in the field of creation of a transparent environment and law enforcement guarantee. The assessment of the corruption development in the Slovak Republic indicates that since 2005 we have been charting a negative trend represented by slight deterioration of this transparency indicator, in this area. In 2005, the Slovak Republic achieved the level of 59% in the corruption rate assessment and by 2007, it succeeded to maintain it. In 2009, there was a slight improvement by 2 percentage points in this area but the year 2011 brought deterioration in the value of this indicator by 5 percentage points to the level of 56% (National Reform Programme of the Slovak Republic 2014, 2014, p. 49).

For comparison, we can mention that within the European Union as a whole this indicator improved in the period observed, while a slight decrease was charted in 2011. Within the European Union as a whole, the average values of this indicator reached following values in the period observed: 2005 – 67%, 2007 – 78%, 2009 – 80%, 2011 – 77% (Eurostat, 2013).

The business environment quality is impacted by the level and quality of public administration, as well as the quality of activities and services provided by public administration entities. In this area, the Slovak Republic has set an objective to increase the rate of information and communication technologies utilization in public administration, by 2020, with the aim of increasing the value of e-government index at least to the level of 90%. In assessing the shift of development in this area it is possible to note that the Slovak Republic succeeds in increasing the level of e-government index. In 2004, the e-government index in the Slovak Republic stood at 25.5%, in 2006 it increased by 11.8 percentage points to 37.3%, in 2007 the repeated increase in e-government index of 5 percentage points to 42.3% was charted, in 2009 the e-government index increased again to the level of 58.6%, while in 2010, the index reached 62%. In comparison to the European Union as a whole, the average of e-government index reached 69.1% in 2010 (National Reform Programme of the Slovak Republic 2014, 2014, p. 54).

The last structural priority area defined in the National Reform Programme of the Slovak Republic for the period 2011 – 2014 represents the area of health care quality and the health level of Slovak population. For this area in the National Reform Programme of the Slovak Republic for the period 2011 – 2014, the objective for 2020 to improve the level and quality of health care was defined to increase the number of years of healthy life expected without disability or grave medical invalidity of babies and people over 60. Based on monitoring the development of the assessment indicators of healthy life it can be stated that since 2005, there has been a gradual deterioration in this area. While in 2005 this indicator reached 55.9 years, in 2012 it stood at 53.3 years. For comparison, the average achieved level of 61.6 years within the European Union in 2012. It should be pointed out that the Slovak Republic is characterized by retardation by almost ten years of healthy life, according to the overall assessment of healthy life year's indicator within the European Union and three other V4 member states (Eurostat, 2013).

Also the objectives related to environmental sustainability and energy fall into the group of objectives defined in the Strategy Europe 2020 and are also reflected in the National Reform Programme of the Slovak Republic 2014.

The first of these objectives in the Strategy Europe 2020 aims to reduce greenhouse gas emissions by at least 20% in comparison to values achieved in 1990. The Slovak Republic has set its own national objective to slightly increase this indicator to the level of 13% in this area. Since 1990, we have been charting significant reducing of greenhouse gas emissions in conditions of the Slovak Republic. There is a successful implementation of a process called decoupling thus achieving economic growth without a significant increase in greenhouse gas emissions.

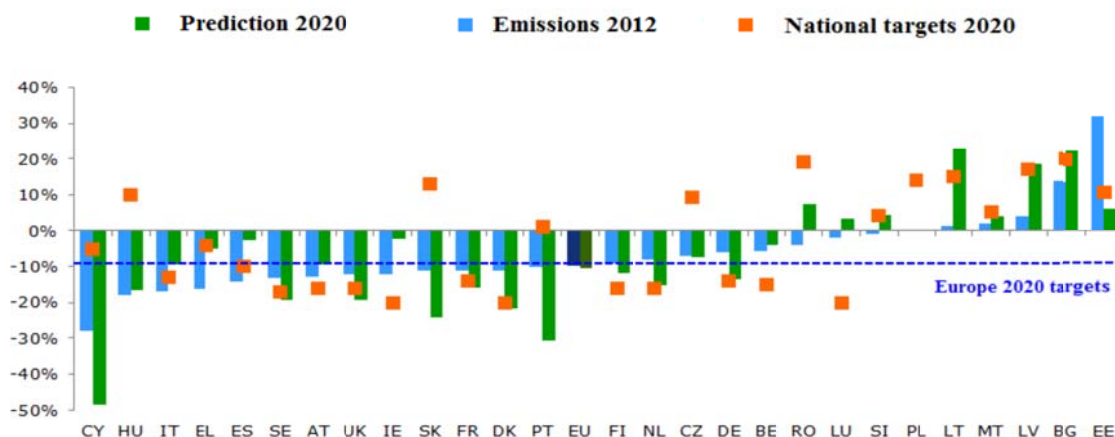


Figure 6. Change in greenhouse emissions in sectors not covered by the scheme ETS in EU member states

Source: European environmental agency.

The figure shows that in 2012, the European Union reduced greenhouse gas emissions by 10% in sectors not covered by the ETS scheme, in comparison with 2005. The comparison of values of greenhouse gas emissions achieved in the European Union shows that the Slovak Republic ranked at 10th place in the group of these countries. When compared with other V4 member states, Hungary was ranked at 2<sup>nd</sup> place, the Czech Republic at the 16<sup>th</sup> place and Poland ranked 22<sup>nd</sup>.

The second objective is focused on increasing the proportion of renewable energy resources in final energy consumption, in which the European Union has set the objective to increase this proportion to 20%, by 2020. For this area, the Slovak Republic established its national objective, which assumes increasing the proportion of renewable resources of energy in final energy consumption to 14%. Monitoring of development in fulfilment of this objective implies that the Slovak Republic is gradually succeeding in increasing the proportion of renewable resources of energy in final energy consumption. From 2005 to 2009 there was a gradual increase of this proportion from the value of 5.5% (2005) to 9.3% (2009). In 2010, proportion of renewable resources of energy in final energy consumption decreased and reached 9.0% but already in 2011 it increased to the level of 10.3% and in 2012, the proportion of renewable energy resources reached the level of 10.4% in the Slovak Republic total consumption (National Reform Programme of the Slovak Republic 2014, p. 70).

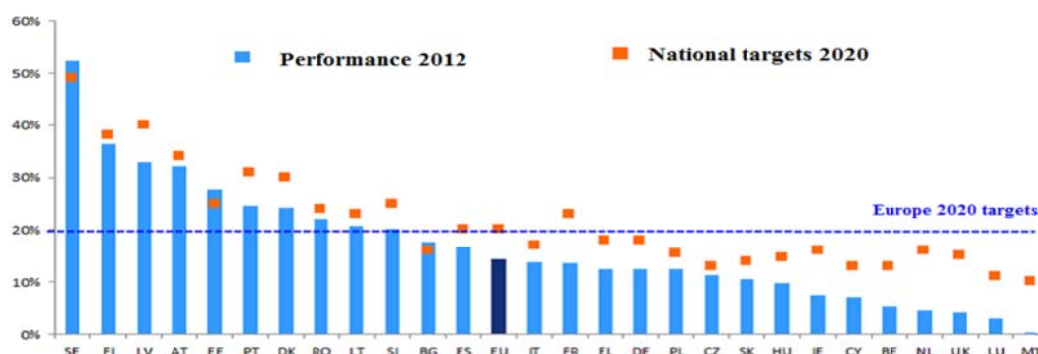


Figure 7. The proportion of renewable energy in EU member states (% in rough final energy consumption)

Sources: European Commission, EurObserv'ER.

Legend: The proportion of renewable energy in EU consumption amounted to 14.4% in 2012 while the objective for 2020 was set at 20%.

The figure indicates that the Slovak Republic was placed on the 19th place within the European Union in filling the objective oriented to increase the proportion of renewable energy in final energy consumption, while the average of those achieved in 2012 in the European Union lags by 4 percentage points. In comparison, Poland was ranked at 17<sup>th</sup> place in the context of this assessment; the Czech Republic ranked 18<sup>th</sup> and Hungary was placed 20<sup>th</sup> (Tichý, 2013, p. 73).

The third objective defined in the Strategy Europe 2020, falling within this area, aims to increase energy efficiency in the European Union by 20%. In fulfilment of this objective, priority attention is focused on the evolution of the final energy consumption rate within the EU member states, when compared to the average rate of final energy consumption reached in the period 2001 – 2005 (Lasicová, Ušiak, & Dobřík, 2008, pp. 132-133). Under this objective, the Slovak Republic set its national one focused on the reduction of final energy consumption in comparison to an average of the energy intensity achieved in the period 2001 – 2005 by 11%. Monitoring of changes in energy intensity indicates progress of the Slovak Republic in this area. In 2012, final energy consumption decreased by 9.6% in the Slovak Republic, when compared to the average reached in the period 2001 – 2005 (National Reform Programme of the Slovak Republic 2014, 2014, p. 70).

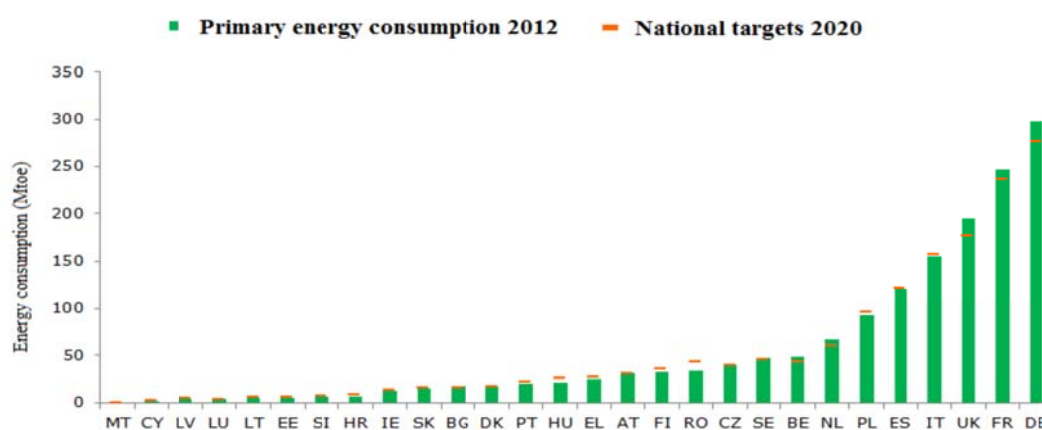


Figure 8. Primary energy consumption in EU member states

Source: Appraisal of the implementation of Europe 2020 strategy, p. 20.

The figure shows that the Slovak Republic ranked 10th in the assessment of primary energy consumption rate in 2012. In 2012, within the rank compiled on the basis of monitoring of primary energy consumption level, other V4 member states were placed as follows: Hungary was placed 14<sup>th</sup>, the Czech Republic 19<sup>th</sup> and Poland ranked 23<sup>rd</sup>.

## Conclusions

The Strategy Europe 2020 in the context of the global financial crisis works in three basic scenarios of economic development of the European integration space (Announcement of the European Commission, Europe 2020, 2012). The first scenario expresses the possibility of maintenance of *sustainable recovery*. The scenario is based on the assumption that the European Union will be able to achieve economic growth at the pre-crisis levels and will also be able to make use of and to increase the potential for their further growth and development after overcoming the impacts of crisis.

The second scenario emphasizes the assumption of *slow recovery*, indicating that the negative impacts of the crisis are going to affect the economic development of the European Union significantly, while the stabilization of the situation and regaining of economic growth



will pose a challenge. This scenario suggests that the future economic growth of the European Union will be built on disturbed foundations.

The third scenario represents a relatively pessimistic prognosis of the development, which speaks of *a lost decade*, pointing to a permanent loss in wealth and also suggests that the European Union will not be able to restore its potential for future growth.

On the basis of a statistical survey and monitoring of the prognoses of further economic development of the European integration space it can be pointed out that recent developments indicate a tendency towards meeting the second development scenario predicting a slow recovery.

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