

Otakar Němec, Martin Šikýř (*Department of Personnel Management, Faculty of Business Administration, University of Economics, Prague, Czech Republic*) nemeco@vse.cz, sikyrm@vse.cz

UNEMPLOYMENT AND OVERINDEBTEDNESS: SPECIAL ISSUES OF THE LABOUR MARKET IN THE PERIOD OF THE ECONOMIC CRISIS

Abstrakt

The current economic crisis is accompanied by the marked fall in consumer demand that leads to restriction of surplus production, cutting unnecessary jobs, firing of redundant employees and increasing of unemployment. Because of the unemployment many people feel lack of money to meet their everyday needs and just the loss of regular earnings leads many people to undesirable wasteful, injudicious and irresponsible indebtedness and overindebtedness. This overindebtedness in conjunction with continuing unemployment consequently negatively influences the labour market, because it usually leads to illegal employment and many other unfavourable effects. The paper analyses the obvious connection between unemployment and overindebtedness in the context of the current economic crisis, especially causes and impacts of unemployment and overindebtedness, groups of people the most endangered by unemployment and overindebtedness as well as ways of prevention and solving problems of unemployment and overindebtedness. The paper is written on the basis of available literature and authors' knowledge and experience.

Introduction

The current economic crisis, that is accompanied by the marked fall in consumer demand and difficulties in acquiring financial means for necessary investments and everyday operations, leads employers to make radical organizational changes, restrict surplus production and search possible economies. In this case, many employers cut unnecessary jobs and fire redundant employees which of course increase unemployment. In this situation, many redundant employees are not able to find another job not only because there is general lack of available jobs on the labour market, but mainly because there is discrepancy between requirements of employers and expectations of employees. Due to low education, poor qualification, weak motivation, insufficient mobility and reduced flexibility on the labour market, many redundant employees join the long-term unemployed.

For many people, the long-term unemployment (unemployment for more than twelve months) means above all the lack of money to meet their everyday needs. The necessity to pay for common and extra household expenses (housing, clothing, food, electric, gas, water, television, internet, phone, car maintenance, medical care, education, entertainment, luxuries, credit accounts, loans, savings, insurance and others) leads many people to undesirable wasteful, injudicious and irresponsible indebtedness and resulting overindebtedness. This overindebtedness in conjunction with persisting long-term unemployment consequently negatively influences the labour market, because it usually leads to illegal employment and many other unfavourable effects for the society and illegally employed people (dissimilar conditions of employment and business, ineffectiveness of the state employment policy, disobedience to law, minimum legal protection, criminality, loss of qualification, loss of work

habits, mental problems, health problems, social exclusion and others). It is necessary to prevent all these problems connected with unemployment and overindebtedness.

The goal of the paper is to analyse the obvious connection between unemployment and overindebtedness in the context of the current economic crisis, especially causes and impacts of unemployment and overindebtedness, groups of people the most endangered by unemployment and overindebtedness as well as ways of prevention and solving problems of unemployment and overindebtedness. The paper is written on the basis of available literature and authors' knowledge and experience.

Unemployment and overindebtedness

Unemployment is a fundamental qualitative characteristic of the existence and effectiveness of the market economy. It means a stable disequilibrium between labour supply (employees willingness to work at each given wage rate) and labour demand (employers willingness to employ labour at each given wage rate) on the labour market in the sense of a surplus of labour supply over labour demand. In the statistics, unemployment is usually measured using the **unemployment rate**, which is defined as the number of unemployed divided by the available labour force (the number of employed and self-employed plus the number of unemployed). The **unemployed** are those who are out of work but want to work, are actively looking for work and are available to start work.

According to the **causes of unemployment**, there are usually distinguished following types of unemployment on the labour market:

a) **Frictional unemployment** that occurs when employed people voluntarily move from one job to another to find a more suitable job.

b) **Seasonal unemployment** that results from periodic fluctuations on labour demand in certain industries where production depends on weather and season (agriculture, forestry, building industry, tourist industry and others).

c) **Structural unemployment** that occurs when labour supply in certain industries, professions and regions is higher than labour demand in those industries, professions and regions and when people do not possess qualifications for employment in other industries, professions and regions.

d) **Cyclical unemployment** that results from cyclical changes of the economy and rises during economic recession when labour demand falls due to fall in consumer demand for most goods and services.

According to the **period of unemployment**, there are usually distinguished **short-term unemployment**, for a few weeks or months and **long-term unemployment**, for more than twelve months (according to EUROSTAT).

Unemployment (especially long-term structural and cyclical unemployment) accompanied by low education, poor qualification, weak motivation, insufficient mobility and reduced flexibility on the labour market, is a main cause of undesirable wasteful, injudicious and irresponsible indebtedness and resulting overindebtedness of many people.

Overindebtedness is a serious problem for people who get into debt (often wastefully, injudiciously and irresponsibly) and consequently have not enough money or property left to repay their debt. They usually try to get out of debt by borrowing extra money from various lenders (relatives, friends, banks, financial institutions and others), but this only increases their debt and they fall into the debt trap.

The problem of undesirable wasteful, injudicious and irresponsible indebtedness and resulting overindebtedness is a necessary concomitant of modern lifestyle. At the present time of seemingly unlimited opportunities and possibilities, **live on credit** and borrow money from banks or finance companies for anything (from dream houses and practical household appliances over necessary cars and longed-for holidays to style consumer electronics and other more or less important goods and services of short-term and long-term consumption) is quite normal and many people get used to this way of life typical of advanced market economies. To many people, buying on credit is an easy way to immediately change the standard of living. But living on credit may lead to serious problems, especially if debtors are not able to repay their debt. In this case, debtors take a risk of permanent indebtedness and overindebtedness.

Indebtedness and overindebtedness may raise other problems. The inability and failure to repay debts may result in sale or execution of assets. The inability and failure to pay for housing and utilities may result in eviction. The lack of money to pay for common and extra household expenses may result in a drop in the standard of living. A desperate effort to overcome existing problems may result in a desperate decision such as borrowing easy money. Sooner or later, people find themselves heavily in debt. The difficulty may lead people to dependency and crime. People lose their jobs, family and friends, find themselves outside the society, in a state of social exclusion and material need. Those people are dependent on the state assistance and social benefits. But if people do not make an effort to earn enough money by working, this help will never be effective. People who get into debt must do their best to find and keep a suitable job to earn enough money to get out of debt and to earn enough money for living.

However, for many people (especially for long-term unemployed people) it is not easy to find and keep a suitable job because of their low education, poor qualification, weak motivation, insufficient mobility and reduced flexibility on the labour market. If people are not able to find and keep a suitable job to earn enough money for living (to pay for common and extra household expenses such as housing, clothing, food, electric, gas, water, television, internet, phone, car maintenance, medical care, education, entertainment, luxuries, credit accounts, loans, savings, insurance and others), they tend to earn money through illegal employment, especially if they are overindebted. Overindebted people frequently keep away from legal employment for possible execution of wages or salaries. They prefer to live on social benefits and earn extra money through illegal employment.

Overindebtedness (especially in conjunction with persisting long-term unemployment) negatively influences the labour market and leads to **illegal employment** and many other unfavourable effects for the society and illegally employed people (dissimilar conditions of employment and business, ineffectiveness of the state employment policy, disobedience to law, minimum legal protection, criminality, loss of qualification, loss of work habits, mental problems, health problems, social exclusion and others). It is necessary to prevent all these problems connected with unemployment and overindebtedness

Groups of people endangered by unemployment and overindebtedness

In view of above mentioned facts and circumstances, unemployment (especially long-term unemployment) accompanied by impossibility, inability and unwillingness to find another job is a main cause of overindebtedness and simultaneously overindebtedness in conjunction with unemployment (especially long-term unemployment) negatively influ-

ences the labour market and leads to illegal employment and many other unfavourable effects. To successfully prevent and solve problems of unemployment and overindebtedness, it is necessary to identify groups of people endangered by unemployment and overindebtedness. In this context, among the most endangered by unemployment and overindebtedness belong:

- people of pre-retirement age,
- people of middle and lower social class,
- people with low education and poor qualification,
- people with insufficient mobility and reduced flexibility,
- people long-term unemployed who are tired of finding another job,
- people dependent on social benefits who used to be unemployed,
- people stricken with illness and afflicted with physical disability,
- people with low earnings and high living costs,
- people with problems in personal and family life,
- people affected by bad family and social behaviour patterns,
- people who tend to borrow easy money and financially illiterate.

It is important to pay special attention to all mentioned groups of people while preventing and solving problems of unemployment and overindebtedness.

Prevention and solving problems of unemployment and overindebtedness

Prevention and solving problems of unemployment and overindebtedness must be based on **personal responsibility** of people endangered by unemployment and overindebtedness. Everyone must be led to personal responsibility for one's own decision making and behaviour that includes both finding a job to earn money for living and getting into debt to improve the standard of living. To be responsible for their own decision making and behaviour, people need appropriate knowledge, skills and other abilities. Accordingly, prevention and solving problems of unemployment and overindebtedness must be based on **systematic lifelong learning** of knowledge, skills and other abilities needed for successful life and work in the society, including necessary **employment and financial literacy**. The systematic lifelong learning must be peculiar to both people endangered by unemployment and overindebtedness and employees of institutions a organizations responsible for prevention and solving problems of unemployment and overindebtedness (civil servants, social workers, consultants, volunteers, policemen, judges, lawyers, executors, teachers, trainers and others). Prevention and solving economic and social problems of unemployment is the target of the **state employment policy**, which is a part of the social safety net and includes:

- **passive employment policy** – defining amount and conditions for providing unemployment support and other social benefits for the unemployed,
- **active employment policy** – stimulating labour supply and labour demand through retraining, supporting creation of new jobs, investment incentives, publicly beneficial work, socially beneficial jobs, transport contribution for employees and others.

Above mentioned measures and instruments of passive and active employment policy are ensured and enforced by **labour offices**, which should also be more active in prevention and solving economic and social problems of overindebtedness.

Presently, the services of social workers, civil consulting centres and other non profit-making organizations play a leading role in prevention and solving economic and social problems of overindebtedness. The services include above all financial counselling and financial

literacy courses for general public. They improve **financial literacy** of people immediately or potentially endangered by undesirable wasteful, injudicious and irresponsible indebtedness and resulting overindebtedness. It is necessary to lead people to personal responsibility for their debt and educate them to get into debt reasonably, advisedly and responsibly.

Conclusion

Unemployment accompanied by economic recession, general lack of available jobs and low education, poor qualification, weak motivation, insufficient mobility and reduced flexibility on the labour market is a main cause of undesirable wasteful, injudicious and irresponsible indebtedness and resulting overindebtedness of many people. Simultaneously, undesirable wasteful, injudicious and irresponsible indebtedness and overindebtedness in conjunction with unemployment negatively influences the labour market and leads to illegal employment and many other unfavourable effects for the society and illegally employed people (dissimilar conditions of employment and business, ineffectiveness of the state employment policy, disobedience to law, minimum legal protection, criminality, loss of qualification, loss of work habits, mental problems, health problems, social exclusion and others).

To successfully prevent and solve problems of unemployment and overindebtedness, it is necessary to identify people endangered by unemployment and overindebtedness. Among the most endangered by unemployment and overindebtedness belong people of pre-retirement age, people of middle and lower social class, people with low education and poor qualification, people with insufficient mobility and reduced flexibility, people long-term unemployed who are tired of finding another job, people dependent on social benefits who used to be unemployed, people stricken with illness and afflicted with physical disability, people with low earnings and high living costs, people with problems in personal and family life, people affected by bad family and social behaviour patterns, people who tend to borrow easy money and financially illiterate.

Prevention and solving problems of unemployment and overindebtedness must be based on personal responsibility of people endangered by unemployment and overindebtedness. People must be led to personal responsibility for their own decision making and behaviour that includes both finding a job to earn money for living and getting into debt to improve the standard of living. People must be educated to find and keep a suitable job and to get into debt reasonably, advisedly and responsibly. Accordingly, prevention and solving problems of unemployment and overindebtedness must be based on systematic lifelong learning of knowledge, skills and other abilities necessary for successful life and work in the society, including necessary employment and financial literacy.

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Vlastimil Karel Vyskočil (*University of Economics Prague, Czech Republic*)

FACILITY MANAGEMENT – EFFEKTIVE MANAGEMENT OF SUPPORTIVE PROCESSES

ВВЕДЕНИЕ

В контексте с экономическим ростом общества специализированная литература представляется в рамках видовой стоимостной цепи в основном ту деятельность, которая приносит эффекты в соответствующей среде, в которой работает людской капитал, управляемый процессным способом. В данной среде большей частью срабатывает широкая шкала вспомогательных работ, которые представляют собой значительные расходы. И именно данная область экономически оценена как область образования издержек, которая, не смотря на свою многозначительность и более или менее сложное значение, является областью для поиска сбережений на поставках. Поэтому эта область стала целью метода реинжиниринга (преобразования) и пространством значительного внимания менеджмента во всех уровнях управления. Результаты этих стараний приносят интересные сведения для аргументации решений тех работ, которые до этого времени обеспечиваются собственными силами, чтобы как можно быстрее изменить своих представителей и быть еще в данной специальности способным держать шаг с мировой верхушкой и приносит себе, но и другим, ради которых работают так отыскиваемую конкурентоспособность. Конкурентоспособность стала выходцем стратегических намерений предприятий. Немногие понимают, что руководство, направленное на постоянное получение конкурентных выгод, должно было запастись к тому новыми познаниями; что предприниматель, акционеры и верховное управление должны очень подробно заниматься новым предпринимательским феноменом в интегрированном менеджменте с помощью управления вспомогательными процессами в рамках стоимостной цепи деятельности предприятий.

ЦЕЛЬ

Проблематика значительного снижения накладных расход в предпринимательских субъектах представляет в данное время значительное побуждение, которое побу-