

Globalization and integration processes in Europe

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Abstract:

Research Question (RQ): In the article we highlight the issue of whether Integration processes in the European Union are only a manifestation of these Globalization processes and if there are differences in the the old member States EU (15) and the new EU member states in changed micro and macro environment?

Purpose: We wanted to determine how the old member States EU (15) and the new EU member states adapt to the new circumstances and other changes in the micro and macro environment.

Method: Analysing complexity of the changes of the state of economic system, and complex fundamental global processes, which have been occurred in long period of time, need to supplement the pure scientific approach with other types of research work, more holistic approach, which is commonly used in Comparative economics. We have taken such an approach in this article.

Results: In the article we studied the geopolitical changes in the micro and macro environment. We found that the development in the old EU member states EU-15 and in the new EU member states is different. EU haven't adopted the harmonised economic policy which will solve the »North-South« problem and cross-state cultural consensus and find a way to operate systemically in global environment.

Organization: The findings can be used to support understanding of micro and macro environment of the companies and contribute for better strategic planning and design of the entire supply chain.

Society: The findings can contribute to better understanding of integrative processes in the EU.

Limitations/Future Research: The complexity of the problem and the dynamic changes in the functioning of the global market requires in-depth studying of changes in the micro and macro environment of logistics companies.

Keywords: Globalization, integration processes in Europe, the transition process in Central and Southeastern Europe, effectiveness, efficiency.

1 Introduction

Globalization which consists of various institutionalizations of international political structures tries through decades support world trade to expand the markets. Globalization and global crisis is a consequence of the economic system regulated by competition. The process was inevitable; it was only the matter of time when will occur, depending of the dynamics of technological, social, political and economic development. Europe try to prevail geopolitical constellation and ideological differences, which was institutionalized in the military alliances of NATO and the Warsaw Pact after the Second World War and gain full potential of a mutually beneficial economic relationship with Russia and Central Eastern Europe, applying »managerialism« with policy of »Ostpolitik« and trying to establish the concept of greater self-reliance.

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The process of globalisation, which changes national markets into, a uniform global market is on its way. The enlargement of Europe can be recognised as one of the forms of transformation of approaches to globalization from multilateral collaboration to modern alliances, which are present on national and regional levels all over the globe. Public and private institutions in the new member states of European Union are faced with the challenge of developing policies and programs in new member states, which has become part of community after 2004 and old member states EU15.

New political and economic environment is often accompanied by new uncertainties and vulnerability of supply systems due to various factors arising from operating in the global market. This facts can be better recognised by analyzing the evolution of integration processes, which we are going to analyse in this article.

2 Methodology

The concept of globalization has many meanings. The complexity of the process, however, requires an interdisciplinary analysis of the literature in this area. We discussed theoretical frameworks and processes that have an impact on business policy, structuring the organizations and social systems.

Studying national economies and economic system brings tendency to find simple explanations and show numerous exceptions. The growing specialization of scientific disciplines, which put traditional boundaries between scientific disciplines and their fields, has only reinforced such an approach. Analysing complexity of the changes of the state of economic system, in complex fundamental global processes, which have been occurred in long period of time, need a different research approach.

Researchers realised that they should examine more variables in order to understand how complex and evolving systems works thru time periods. This brings the need to supplement the pure scientific approach with other types of research work, more holistic approach, which is commonly used in Comparative economics. We have taken such an approach in this article.

3 Origins of Globalization

The processes of globalization has many meanings, they are multidimensional. Globalisation is not a new phenomenon in socio-economic life, but it is just a continuation of socio-economic development. Globalization is related to the human activities for their survival and its existence. The tehnological development and higher grow of production raise the issue of the placement of the product. In economic terms the International Monetary Fund (IMF - International Monetary Found) defined globalization as "the growth or. increasing mutual economic dependence between the world countries in increasing volume and structure of world trade or transactions of goods, services, international capital flows and rapid transfer of modern technologies "(World Economic Outlook - May 1997).

Woodal (1995, p.p. 12), thinks that the key factor for the understanding of the globalization is "dynamics of international capital flows." In the analysed period they were sharply increased irrespective of the fact that some countries try to influence (limit) such flows. In 1973, the average daily value of transactions in international financial markets ranged between 10 and 20 billion \$ in 1983 amounted to \$ 83 billion in 1992 with \$ 900 billion.

Institutions such as UNCTAD - United Nations Conference on Trade and Development (United Nations Conference on Trade and Development), which operates within the framework of the UN - United Nations Organization (United Nations), the GATT - the General Agreement on Tariffs and Trade (The General Agreement on Tariffs and trade) and later the WTO - World trade organization (World trade organization), have been institutionally eliminated barriers to global trade and allowed easier entry into new markets. Pressure on the continuous growth and exploitation of new markets, enabling increased profits. This has led to the internationalization and sharp development of global trade. The expansion of markets and free movement of labor and capital further accelerate the creation of a global market.

The consequence of these processes is global competition (Levitt, 1983, p. 92), which has launched in recent decades technological change, social, political and economic developments and have, driven national markets in direction of a unique liberalized, homogenized, unified global market in terms of consumer tastes and product preferences.

We could say that our planet has become hierarchically organized economic system, which includes a national companies with a high degree of internationalization of their economic activities, the country with all its institutions, various forms of influential regional associations, which are included in global economic activities, interstate associations Union countries, the system of international institutions and transnational corporations. This was developed by global competition, which is reflected as technological, social, political and economic change.

These processes are inevitable and they can not be avoided, because they are a direct consequence of the operation and development of a market economic mechanism.

4 Technological factors as stimulus of globalisation processes

International business can be traced back to many of the earliest civilizations but the roots of globalization really lie in the eighteenth, nineteenth and twentieth centuries, when the technological aspect was very important. Technological aspect was in the period after 1780, during the industrial revolution, a very important, as well as in the nineteenth and twentieth century with the development of capitalism all the way to the information age. It is major technological, economic, social and political forces, some recent and others more distant, which have caused businesses to become global.

The huge technological development of information and communication technologies, which has changed the way of communication and logistic services based on technologies to

overcome distance, has been influenced on the structure and mode of mobility (Stamboulis & Skayannis, 2003, p. 36). By eliminating political and other obstacles have been enabled the accessibility and mobility of production factors on the globe and they acted as catalyst of development of new technologies and trading on a global level.

In a dynamic environment, the role of information and communication technologies to overcome distance and technologies for the provision of transport services with all logistic services is crucial. Today their role is probably more important and more decisive than in the past due to the globalization of supply systems. Global supply chain must ensure continuous operation in the context of increased uncertainty (Jesper, Aseem, Madsen & Rasmus, 2016, p. 27). Understanding the vulnerability of supply systems enables us to reduce the negative consequences of disorders due to various factors arising from operating in the global market (Simchi-Left, Schmidt & Wei, 2014, pp. 96-101). Traditional organizational structures and processes in supply chains that are continuously changing turbulent business environment, force companies to constantly adapt on a new situation (Bogataj, M., Bogataj, L. & Vodopivec, 2004, pp. 345-356).

International and national lobbies in global logistics constantly introducing measures which encourage large investments in transport. Often do not support regulatory measures internalized negative social and environmental costs, associated with these investments, and the problems that transportation brings (Janelle & Beuth, 1997 p. 200). This sharp global competition is increasing the interest of management for logistics activities. In global competition, the management of supply chains is amended to integrate the existing business activities to achieve economies of scale and economies of scope and thus achieve a lower average cost, enabling greater competitiveness.

5 The geopolitical constellation of the Europe

Changes in the functioning of the socio-economic systems that fundamentally alter the functioning of social institutions and economic conditions for individual economic entities may be affected by the new geopolitical situation of the study area. This may be due to a momentary (revolutionary) change or occurs as a result of evolutionary processes. In the first case, this is due to war, revolution, establishing a dictatorial regime and other drastic measures in power at the moment of changing the situation in the society. Evolutionary changes in newly emerging geopolitical constellation can be seen as a result of natural laws, but in fact it there are carefully planned and controlled long-term process with a completely clear strategic objectives and strategies of implementation.

From generally accessible historical sources can be seen, that as a result of wars and revolutions in Europe's geopolitical situation changed radically several times, the last such big change has happened in Europe after the Second World War and was created by the winning countries. Due to the differences of socio-economic systems and mainly political differences of

the system in wining countrys the result was the division of Europe into two political, military and economic blocs. Geographical winners have divided the continent into two parts.

Geopolitical area of Western Europe in 1948 consisted of countries that participated in the Marshall Plan, an initiative of the Government of the United States. Countries which will accede to the initiative will get selectively allocated funds for the reconstruction of the ruined country and thereby could promote faster economic development. With selective financing of individual countries acceding to the initiative gradually they were introducing new technologies in manufacturing processes, improve the general economic situation and enable faster economic development in some of the accession states. This initiative was (Convention for European Economic Cooperation, 1948). In addition, they formed military alliance NATO -North Atlantic Treaty (Sruk, 1995, p. 23).

Institutionally, these countries have set up an organization - OEEC (Organisation for European Economic Co-operation). Members were: France, Italy, Netherlands, Norway, Portugal, Sweden, Switzerland, the country's emerging West Germany, which was created in the areas of the three occupation zones (Great Britain, France and USA), United Kingdom, Free Territory of Trieste and Turkey. These were in relation to the economic activity of the most successful, in addition, also participated: Austria, Belgium, Denmark, Greece, Iceland, Ireland, Luxembourg (Convention for European Economic Cooperation, 1948).

Geopolitical zone of Eastern Europe was also established as a result of the Second World War and was formed by this countries: the Soviet Union, Albania (up to year 1960), Bulgaria, Czechoslovakia, Poland, Romania, Hungary, the newly formed state, the German Democratic Republic, which was formed in regions occupying zones of the Soviet union and Yugoslavia. Yugoslavia introduced so-called socialism as a political and legal arrangements, but not fully assumed central planning in the organization of economic activity and was a member of the Council for mutual economic assistance (CMEA), which was economic integration established in 1949 (Economics lexicon, 1995, p 815). At the same time was formed also a military alliance Warsaw Pact - the Warsaw Agreement of Friendship, Cooperation and Mutual Assistance (Sruk, 1995, p. 355).

The diversity of established socio-economic system and ideological conflicts have already shown within each block. These differences necessarily lead to the limitation of national economies in establishing optimal economic policies and homogenization of the measures taken within each block. This was demonstrated on both sides as the limitation of the operation of economic entities and their economically sub-optimal implementation of business strategies. At the outset were devised ideological, political, economic and administrative obstacles, which hindered cooperation between the two blocs and reduce the effectiveness of economic operators on both sides, so from the outset the creation of geopolitical bloc division of Europe work as a force of integration.

In the 1989 the geopolitical zone of Eastern Europe – eastern block dominated by the Soviet Union has broken up. Fragmentation of the Central and Eastern Europe was the consequence of the breakup of the Soviet Union, Yugoslavia and Czechoslovakia. Emerged new countries in this region are in Figure 1.

Figure1: Fragmentation of the Central and Eastern Europe in 1989



Source: Maps of the World.

6 Integration processes in Europe as a consequence of globalization

Globalization, which consists of various institutionalizations of international political structures, tries thru decades support world trade to expand the markets. Integration processes in Europe were in economic since inevitable; it was only the matter of time when will occur, depending of the dynamics of technological, social, political and economic development in Europe. The beginnings of the integration processes in Europe dating back to the fifties of the last century, when the idea was born of economic cooperation between France and West Germany. In the beginning it was meant only unification of political and economic cooperation between the two countries, but already in 1950 the French Minister for foreign affairs, introduced the idea of the fundamental rules, which would later founded the European Community (European Union, 2016). Thus was formed the European Coal and Steel

Community. Good economic results of operation of this community have encouraged further negotiations with other countries of Western Europe in the field of trade. In 1957, six Western European countries (Belgium, France, Italy, Luxembourg, Netherlands, West Germany) decided to sign a binding agreement - Rome Agreement (Treaty of Rome), which was established by the European Economic Community - EEC (European Economic Community) (Economics lexicon, 1995, p. 217).

The Agreement provides the abolition of internal borders, allowing free movement: of goods, persons, services and capital. It was necessary to eliminate customs checks at frontiers of signatory states and introduce uniform customs duties to non-Community countries. EEC has acted as economic integration. States EEC would with these measures as soon as possible create a single common internal market. EEC had a single economic policy in agriculture, transport and competition with the aim to standardize the conditions of operation of the common market; this is called harmonization process (European Union, 2016). Successful implementation of the measures, which have enabled the development of the common market and good economic results in the EEC accumulate considerable economic power, despite the EEC still act as an economic integration. Throughout the period of its institutional arrangements its economic and political power increased, so it has started to influence to the foreign policy of individual Member States, which has led to a tendency to standardize as well other fields of action: a common foreign policy, security policy, and justice and home affairs.

The approaches of individual countries have continued in 1973, when they joined the European Community, Denmark, Ireland and the United Kingdom, in 1981 it joined Greece, in 1986 the State became Spain and Portugal. In 1993, the European Council in Copenhagen two years later, in 1995, in Madrid set the following criteria for admission to membership of the European Union. The basic criteria were political. They require stable institutions that allow democracy, the rule of law and people's rights and protection of minorities. In economic performance were the requirements to establish a market economy and all the institutions that allow economic performance. Each country should demonstrate the ability of the country to adopt the obligations of membership and to pursue the objectives of political, economic and monetary union. In the field of the rule of law have been forwarded the requirements for the adoption of the *acquis* (the entire European legislation) and its effective realization through appropriate administrative and judicial structures. In 1995 the European Community joined Austria, Finland and Sweden.

The legal basis for the unification of those actions has been made in the Treaty on European Union I . It was taken in Maastricht in 1992. With the signing of this Treaty was created the European Union (EU), which is a customs and monetary union with a unified agriculture and economic policy or. full political and economic union. Contract the signatory countries launched in 1993 (Moussis, 1999, p. 36). Harmonization of processes, which were the basis for the integration of action of the signatory states of the original Treaty of Rome, continued with the signing of the Treaty on European Union II in Amsterdam in 1997 and the Treaty of Nice, signed on 26 February 2001 (Evropski parlament, 2016).

In 2004, it created an entirely new geopolitical situation in Europe, with the accession of ten central and Eastern European and the Mediterranean, some of which have previously served in the so-called socialist bloc. EU on 1 May 2004, joined by the Czech Republic, Estonia, Cyprus, Latvia, Lithuania, Hungary, Malta, Poland, Slovakia and Slovenia. In January 2007, the State became Romania and Bulgaria on 1 July 2013 as the 28th Member State to become Croatia (European Union, 2016), and the integration process has not finished yet.

7 Conclusions

Political globalization, which consists of various institutionalizations of international political structures, tries through decades to support world trade under the provisions of the World Trade Organization (WTO) and its predecessor, (GATT) the General Agreement on Tariffs and Trade. Political globalization is a consequence of the economic system regulated by competition. Integration processes in the European Union are only a manifestation of these processes.

European Union has been constituted as a consequence of globalization processes. A united system of different nations, states with historical colonial empires heritage and states, which have been for half of the sensory part of the Eastern block. Integration processes in Europe were successfully political including new member states in the heterogeneous confederation European community, neglecting the differences resulting from the different ways of reconciling the requirements, the production and the associated supply chains and different system arrangements of individual national economies of the new EU member states.

A single harmonized European economy is only possible with the technological and production association of individual national economies. This is made more difficult because of the uneven economic power of individual national economies and the cause of the polarization and the resulting uneven economic development of the European Union. By unification the power and competition of the states remained the same, but the integrated system hasn't solved »North-South« problem and cross-state cultural consensus and find a way to operate systemically in global environment. EU will not be able to compete with the United States and China, if will not take unified development strategy of logistics in the EU.

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Povzetek:

Globalizacija in integracijski procesi v Evropi

Raziskovalno vprašanje (RV): V prispevku smo izpostavili vprašanje, ali so Integracijski procesi v Evropski uniji le manifestacija teh procesov globalizacije in če obstajajo razlike v državah starih članicah EU (15) in državah novih članicah EU v spremenjenem mikro in makro okolju?

Namen: Želeli smo ugotoviti, kako se stare države članice EU (15) in nove članice EU prilagajajo novim razmeram in drugim spremembam v mikro in makro okolju.

Metoda Analiziranje kompleksnih sprememb stanja gospodarskega sistema in kompleksnih temeljnih globalnih procesov, ki potekajo v daljših časovnih obdobjih, zahteva dopolnitve čistega znanstvenega pristopa z drugimi vrstami raziskovalnega dela, bolj celovit oz. holističen pristop, ki se običajno uporablja na področju primerjalne ekonomije. V tem članku smo uporabili takšen pristop.

Rezultati: V članku smo raziskali geopolitične spremembe v mikro in makro okolju. Ugotovili smo, da je razvoj v starih državah članicah EU-15 in v novih državah članicah EU drugačen. EU ni sprejela usklajene gospodarske politike, ki bi rešila problem nerazvitosti oz. »sever-jug« problem in med državni kulturni konsenz. Najti je treba način za sistemsko delovanje v globalnem okolju.

Organizacija: Ugotovitve se lahko uporabljajo za podporo razumevanja mikro in makro okolja podjetij in prispevajo k boljšemu strateškemu načrtovanju in oblikovanju celotne dobavne verige.

Družba: Ugotovitve lahko prispevajo k boljšemu razumevanju integracijskih procesov v EU.

Omejitve/Nadaljno raziskovanje: Kompleksnost problema in dinamične spremembe v delovanju svetovnega trga zahtevajo poglobljen študij sprememb v mikro in makro okolju logističnih podjetij.

Ključne besede: Globalizacija, integracijski procesi v Evropi, proces tranzicije v Srednji in Jugovzhodni Evropi, uspešnost, učinkovitost.

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