

# **The Influence of the European Union on the Czech Company Pilana Tools**

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## **ABSTRAKT**

V této bakalářské práci se budu zabývat Evropskou Unií a jejím řešením problémů v oblasti zaměstnanosti a změn, které Evropská Unie přinesla společnostem v České republice. Teoretická část je zaměřena na vysvětlení principu fungování Evropské Unie a nejpodstatnějším institucím, skrz které je kontrolován chod Evropské Unie jako celku. Také se zaměřím na různé výhody, nevýhody nebo změny, které na Českou republiku působí od vstupu do EU. V praktické části budu analyzovat, do jaké míry Evropská Unie pomohla či nepomohla společnosti Pilaně a.s. a prostředí, v němž tato společnost podniká s cílem zjištění, zda je Evropská Unie přínosem.

Klíčová slova: Evropská Unie (EU), Česká republika, PILANA, členské státy, výhoda, nevýhoda

## **ABSTRACT**

In this bachelor thesis I will focus on the European Union and its solving of problems in the area of employment, and the changes which the European Union has provided to the companies in the Czech Republic. The theoretical part is focused on the explanation of the principle of how the European Union works and the most important institutions through which the functioning of the EU as a whole is controlled. It will also concern the advantages, disadvantages, or changes that have been influencing the Czech Republic since joining the EU. In the practical part I will analyse the extent to which the EU has helped or has not helped the company Pilana a.s. and the environment in which the company operates in order to determine whether the EU is a contribution.

Keywords: European Union (EU), the Czech Republic, PILANA, Member States, Advantage, Disadvantage

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# CONTENTS

<b>INTRODUCTION .....</b>	<b>10</b>
<b>I THEORY .....</b>	<b>11</b>
<b>1 THE EUROPEAN UNION - HISTORY AND INTEGRATION.....</b>	<b>12</b>
1.1 Key Developments of the EU .....	14
1.2 EU Treaties .....	15
1.3 Member States .....	15
1.4 EU Institutions .....	17
1.4.1 Institutional Triangle .....	17
1.4.2 Council of the European Union .....	17
1.4.3 European Commission.....	17
1.4.4 European Parliament.....	18
1.5 Competences of the European Union .....	18
<b>2 THE CZECH REPUBLIC IN THE EUROPEAN UNION .....</b>	<b>20</b>
2.1 The Membership of the Czech Republic in the EU .....	21
2.2 The Benefits of Being Part of the EU .....	23
2.2.1 The Financial Assistance .....	24
2.2.2 Rate of the Inflow of the Foreign Direct Investments .....	24
2.2.3 Foreign Investors .....	24
2.2.4 The Opening of the New Markets .....	25
2.2.5 GDP Growth Index .....	25
2.2.6 Single Market and the Export of the Czech Republic .....	26
2.2.7 EU Funds .....	27
2.2.8 Industrial Production Growth Rate .....	28
2.3 Euro as the Single Currency (€).....	28
2.4 The Disadvantage and Restrictions of Being the Part of the EU .....	29
2.5 EU10 in EU .....	30
2.6 European Social Dialogue .....	30
2.7 Reaction of the Czech Citizens and Europe 2020 Strategy .....	31
<b>3 SUMMARY OF THE THEORETICAL PART .....</b>	<b>34</b>
<b>II ANALYSIS .....</b>	<b>35</b>
<b>4 PILANA A.S. ....</b>	<b>36</b>



4.1	History and Present Time of PILANA a.s. ....	36
4.2	The Products .....	36
4.3	Company's Values.....	37
4.4	Key Costumers.....	37
4.5	PILANA TOOLS and the European Union .....	38
<b>5</b>	<b>METHODOLOGY OF THE ANALYTICAL PART.....</b>	<b>39</b>
5.1	General Part .....	42
5.1.1	Summary of the General Part .....	45
5.2	The Part Concerning Advantages and Disadvantages of the EU.....	46
5.2.1	Summary of the Part Concerning Advantages and Disadvantages.....	57
5.2.2	Summary of the Employees' Opinions.....	67
<b>6</b>	<b>FINDINGS OF THE SURVEY .....</b>	<b>68</b>
<b>7</b>	<b>RECOMMENDATION TO IMPROVE THE CURRENT RELATION WITH THE EU.....</b>	<b>71</b>
	<b>CONCLUSION .....</b>	<b>73</b>
	<b>BIBLIOGRAPHY .....</b>	<b>74</b>
	<b>APPENDICES .....</b>	<b>85</b>

## INTRODUCTION

The European Union is a political and economic union which is respected all over the world, but in the Czech Republic its reputation is getting lower. Even though the importance of the EU is significant for the Czech Republic, the enthusiasm that every citizen of the country used to feel is gone. In these hard times it is necessary for the Czech people to weigh up pros and cons and see the magnitude of the EU, the advantages that the EU has provided us with for almost seven years in the business field – how the EU influenced or changed the course of the everyday life in the company - how joining the EU has helped the employees and employers in the company PILANA TOOLS.

EU is trying to be another USA complex, having the same economical level, the same president and maybe one language in the future – however these ideas are not applicable to the European countries with such a different culture and history. Despite all of this, the EU is a good companion in these hard times; the European Union has brought a wind of Western culture into our homes, but is it really enough? Sometimes, people can feel the hurricane called EU around their house with all the disadvantages associated with the EU.

Therefore, the practical part will be oriented on the company PILANA a.s. via a survey that would reveal the opinions of the employees of the company and which will confirm or deny the advantages or disadvantages of membership of the EU mentioned in the theoretical part. Whilst the practical part is aimed at the solution from the employees' point of view, the theoretical part will introduce the issue concerning EU, all the advantages and disadvantages concerning the Czech Republic and the European Union to foreshadow the highly-anticipated results.

The employees of the company will be doing a survey to prove whether the EU has or has not helped the employees sufficiently and if the interaction of the company is effective. It will reveal what is right and wrong, thus there will be some recommendations for increasing the interaction and prosperity of the company and its employees by improving a selected method of informing about the situation which may lead to increased motivation and higher productivity of work.

## **I. THEORY**

## 1 THE EUROPEAN UNION - HISTORY AND INTEGRATION

Artis and Nixson claim that “The European Union (EU) formally came into existence on 1 November 1993 after final ratification of the Treaty on European Union (TEU or, colloquially, the Maastricht Treaty). The EU is an actor of huge importance in the global economy. Following its enlargement in January 2007 it comprises twenty-seven Member States with a combined population of almost 500 million inhabitants. Although the EU is primarily an economic actor its Member States work together in other policy areas as well: the environment, foreign policy, and on combating crime, terrorism, and illegal immigration. It was in part as a way of emphasizing this broader range of activities that the term ‘European Union’ was adopted in preference to the earlier term, the European Community (EC). However, European economic integration has always had political objectives.” (Artis and Nixson 2007, 5)

Artis and Nixson continue, “The peaceful integration of the European national economies has been a development specific to the post-1945 era. The integration of Europe was proposed as early as the fourteenth century, but it was not until the period of economic, political, and military reconstruction following the Second World War that it was put into practice. The form taken by integration was strongly influenced by the historical experiences of its founding fathers. Hence they sought to avoid the excesses of nationalism and of the nation-state system that had been demonstrated by the German Nazi regime. They also sought to open up the national economies as a means of avoiding the protectionism that had characterized inter-war Europe. Poor economic performance was widely perceived to have provided a climate of political instability conducive to the growth of Fascism in Europe.

Economic integration has also been rooted in a particular European geography. This too, has a historical explanation, namely in the division of Europe through Cold War. Thus the history of economic integration in the EC, until the 1990s, was *West* European history. Only with the collapse of Communism in Eastern and Central Europe at the end of the mid-1980s did the EC need substantively to develop economic relations with the other half of the continent. For their part, the new democracies of Central and Eastern Europe regarded accession to the EU as one of their principal objectives and a substantial group of these states joined in May 2004.

If the division of Europe has major contextual importance to economic integration, so in particular does the division of one state, Germany. After the Second World War France

was concerned that the revival of the German coal and steel industries might trigger expansionism. The principal objective of the European Coal and Steel Community (ECSC) was to allay fears of a ‘military-industrial complex’ fuelling renascent German nationalism. The roots of economic integration through what we may call the ‘Community method’ thus lay in the need to find a political solution to the turbulent past of Franco-German relations.” (Artis and Nixon 2007, 5-6)

Artis and Nixon explain that “In European integration – from the Schuman plan creating the ECSC to the present – a package deal satisfying all Member States’ national interests has been essential to each individual development. However, where the agreement amounts to a new treaty, even consensus between the member governments may be insufficient. Thus, in 2004 twenty-five Member States approved a ‘Treaty establishing a Constitution for Europe’. However in May/June 2005 electorates in France and the Netherlands rejected the treaty and its ratification was subsequently suspended, perhaps indefinitely. The need to satisfy domestic political concerns was also demonstrated with the Maastricht Treaty – the TEU.” (Artis and Nixon 2007, 6)

Artis and Nixon add that “The EU is not like the many other international organizations on the world stage. Uniquely amongst European and international organizations, it has supranational characteristics. There are concentrated overwhelmingly in the institutional arrangement concerning the economic ‘pillar’ of activity. It has its own body of law which has direct effect in the Member States, and takes precedence over national law. It has institutions with autonomy from the Member States. The most prominent of these are the European Commission, which serves as an executive civil service; a parliamentary assembly, which has been directly elected since 1979; and a European Court of Justice (ECJ), which makes rulings on matters of law. Balanced against these three are two powerful institutions representing the interests of the member governments, namely the Council of Ministers and the European Council. The former is composed of national ministers; the latter of heads of government or state. The EU is not like other international economic organizations in a further respect – namely, in the way that economic integration has been a continuing process of evolving goals from the first steps undertaken with the ESCS to the TEU and beyond.

Above all, however, it must be remembered that economic integration has never been an end in itself. It has always served as a means towards the end of political integration. The ESCS involved the integration of the coal and steel sectors as a means towards Franco-

German reconciliation and towards creating a new system of post-war European relations. Similarly, an important motivating factor for some states, in particular France, in negotiating the TEU was to strengthen integration in the context of German unification in 1990. The French government feared that a more powerful Germany might become less predictable in European Politics. Enlargement encompassing the new democracies of Central and Eastern Europe has involved a process whereby those states have had to meet targets in terms of political and economic stability but with the ultimate incentive of full accession to the EU. In this way the EU has in effect exported its economic and political model to these new states, assuring the development of peaceful relations in the process. Political objectives such as these set the path followed by the EU apart from those of more modest organizations, such as the European Free Trade Association (EFTA).” (Artis and Nixson 2007, 6-7)

According to the Official Website of the EU “The EU has developed into a huge single market with the euro as its common currency. What began as a purely economic union has evolved into an organisation spanning all policy areas, from development aid to environment.” (The Official Website of the European Union, accessed Jan 19, 2012)

The Official Website of the EU also informs that, “Thanks to the abolition of border controls between EU countries, people can travel freely throughout most of the continent. And it's also become much easier to live and work abroad in Europe.” (The Official Website of the European Union, accessed Jan 19, 2012)

The Official Website of the EU adds that, “Human dignity, freedom, democracy, equality, the rule of law and respect for human rights: these are the core values of the EU.”

(The Official Website of the European Union, accessed Jan 19, 2012)

## **1.1 Key Developments of the EU**

During the most than fifty years old history of the European Union there were many developments that have helped the European Union to improve the function and make the life of the citizens of the EU easier. The main developments are included in Table 41 “The Key Developments of the European Union:” attached as the appendix PI.

## 1.2 EU Treaties

The Official Website of the EU mentions “The European Union is based on the rule of law. This means that every action taken by the EU is founded on treaties that have been approved voluntarily and democratically by all EU member countries.

A treaty is a binding agreement between EU member countries. It sets out EU objectives, rules for EU institutions, how decisions are made and the relationship between the EU and its member countries.

Treaties are amended to make the EU more efficient and transparent, to prepare for new member countries and to introduce new areas of cooperation – such as the single currency.

Under the treaties EU institutions can adopt legislation, which the member countries then implement. The complete texts of treaties, legislation, case law and legislative proposals can be viewed using the EUR-Lex database of EU law.” (The Official Website of the European Union, accessed Jan 19, 2012)

**Table 1 The Main Treaties of EU**

Treaty	Signed	Came into Force
European Coal and Steel Community (ESCS)	1951	1952
European Economic Community (EEC)	1957	1958
European Atomic Energy Community (EURATOM)	1957	1952
Single European Act	1986	1988
Treaty on the European Union (Maastricht Treaty)	1992	1993
Treaty of Amsterdam	1997	1999
Treaty of Nice	2001	2003
Lisbon Treaty	2002	2009

Source: Data adopted from Andreas Staab. *The European Union Explained: Institutions, Actors, Global Impact.* (Bloomington: Indiana University Press, 2011), 9.

## 1.3 Member States

The European Union consists of 27 Member States, the founder States are Belgium, France, Italy, Luxembourg, Netherlands and Germany whereas Bulgaria and Romania are

the states that joined the European Union in 2007 as the latest enlargement. (The Official Website of the European Union., accessed Feb 22, 2012)

The integration of the European Union has not ended yet as it is one of the goals of the European Union to unify Europe (for example Croatia is preparing to join the European Union on 1 July 2013). (The European Commission, accessed Feb 22, 2012)



**Picture 1 “The European Union”**

Source: Data adopted from the Official Website of the European Union. Speaking for Europe - Languages in the European Union.



## **1.4 EU Institutions**

El-Agraa claims that “The EU has a unique institutional structure, which is not surprising, given that it is neither a federal state nor a purely intergovernmental cooperative venture – vital facts often forgotten, especially by EU sceptics comparing its institutions to their equivalents in single states. EU member states (MSs) pool sovereignty in specific areas and delegate them to independent institutions, entrusting them with defending the interests of the EU as a whole, as well as the interests of both its MSs and their citizens. The European Commission upholds the interests of the whole EU. The Council of the European Union upholds the interest of the governments of MSs through their ministerial representatives, and the European Parliament (EP) upholds those of EU citizens, who directly elect its members.” (El-Agraa 2011, 38)

### **1.4.1 Institutional Triangle**

El-Agraa says “The Commission, the Council and the EP, known as the ‘institutional triangle’, are flanked by the European Court of Justice (ECJ) and Court of Auditors, as well as five other bodies: the European Central Bank (ECB), the European Investment Bank (EIB), the European Economic and Social Committee (EESC), the Committee of the Regions (CoR) and the European Ombudsman. There are also many agencies, created by specific legislation, taking care of specialized concerns, which are of a technical, scientific or managerial nature – for example, the European Data Protection Supervisor (EDPS).” (El-Agraa, 2011 38)

### **1.4.2 Council of the European Union**

It is the legislative body of the European Union and it cooperates with the European Parliament. One of the main tasks is to coordinate the Agriculture Policy of the Member States and secondly to make treaties with one or more states or international organizations. The other policies in which the Council is involved are Budget Policy (together with the European Parliament) and Common Foreign Security Policy. The Council supervises the actions of the Member States and it adopts the provisions in the area of Security and Justice. (Had et al 2006, 17)

### **1.4.3 European Commission**

The European Commission is the executive body of the European Union and acts independently on the 27 Member States. Each Member State chooses one representative,

thus the European Commission consists of 27 representatives. The European Commission has its own duties – overseeing observance of the legislative of the Member States and realisation of the policies of the EU. The European Commission acts for the EU towards the Member States, third countries and international organisations. Another big duty is acting for the EU in the international relations and negotiates the international treaties in the particular area of trade and economic cooperation. (Had et al 2006, 19)

#### 1.4.4 European Parliament

European Parliament is the directly elected body of the EU; the members of EP are elected every five years. EP has three functions – two of them are shared with the Council of EU: The legislative powers – participation in European laws.

The budget powers – final approval of EU budget expenditures.

The EP oversees the European Commission, approves the appointment of the Chairman and other members of the Commission and exercises political oversight. (Had et al 2006, 19)

### 1.5 Competences of the European Union

The European Union and its institutions have only the powers which have been circumscribed by the treaties.

There are two types of powers that the EU possesses:

**Exclusive competences:** the Member States do not have any powers to intervene into the rules that have been determined – only with the permission of the EU itself.

- Common Commercial Policy
- The Common Customs Tariff of the EU
- Monetary Policy of the Eurozone
- Internal Market

**Shared competences:** the Member States are able to intervene and they have the rights to make the laws along with the EU.

There are many areas of activity which come under shared competences such as:

- Citizenship
- Environment
- Taxes

- Policies related to immigration, social affairs or economic policy (Had et al 2006, 26)

## 2 THE CZECH REPUBLIC IN THE EUROPEAN UNION

The Official Website of the EU provides the information about the largest enlargement. “On 1 May 2004 ten new countries with a combined population of almost 75 million joined the EU. The 25-member EU now forms a political and economic area with 450 million citizens and includes three former Soviet republics (Estonia, Latvia and Lithuania), four former satellites of the USSR (Poland, the Czech Republic, Hungary and Slovakia), a former Yugoslav republic (Slovenia) and two Mediterranean islands (Cyprus and Malta). This historic enlargement of the EU from 15 to 25 members is the culmination of a long accession process leading to the reunification of a Europe that had been divided for half a century by the Iron Curtain and the Cold War. It is therefore worth briefly reviewing the preparations for this fifth enlargement of the EU, and the challenges and prospects it brings with it.” (The Official Website of the European Union, accessed Jan 24, 2012)

The Official Website of the EU continues, “The fall of the Berlin Wall on 9 November 1989 marked the disintegration of the entire Communist bloc in the East. This event was the starting point for the process of European reunification. From then on the EU and the candidate countries worked tirelessly together to prepare the enlargement within the framework of bilateral accession partnerships between the EU and each candidate country. The partnerships set the priorities and precise timetables for the ground which needed to be covered to enable each country to take on the obligations involved in accession. From 1987 to 1996 thirteen countries submitted applications to join the EU: Cyprus, Estonia, Hungary, Poland, the Czech Republic, Slovenia, Bulgaria, Latvia, Lithuania, Malta, Romania, Slovakia and Turkey.” (The Official Website of the European Union, accessed Jan 24, 2012)

The Official Website of the EU adds “The EU supported their work to adopt the Community's rules through its pre-accession strategy. It gave them financial assistance for developing their institutions, infrastructure and economies.” (The Official Website of the European Union, accessed Jan 24, 2012)

**Table 2 Signing of Europe Agreement**

Country	Signing of Europe Agreement or Association Agreement	Date of application for accession
Czech Republic	06. 10. 1993	17. 01. 1996

Data adopted from the Official Website of the European Union. EU Treaties. (accessed Jan 24, 2012)

The Official Website of the EU also informs that “Accession negotiations began on 31 March 1998 with the six best-prepared countries (Cyprus, Estonia, Hungary, Poland, the Czech Republic and Slovenia), and on 15 February 2000 with all the other candidate countries (Bulgaria, Latvia, Lithuania, Malta, Romania and Slovakia) except Turkey.” (The Official Website of the European Union, accessed Jan 24, 2012)

The Official Website of the EU remarks that, “The Copenhagen European Council of December 2002 found that 10 of the 13 candidate countries (Cyprus, Estonia, Hungary, Poland, the Czech Republic, Slovenia, Latvia, Lithuania, Malta and Slovakia) fulfilled the conditions necessary for joining the EU. They therefore signed their Accession Treaty on 16 April 2003 in Athens and officially joined the EU on 1 May 2004 after the ratification procedures were completed. To become part of the EU, the ten candidate countries had first and foremost to be recognised as European States (Article 49 of the EU Treaty) and secondly to comply with the principles of freedom, democracy, respect for human rights and fundamental freedoms, and the rule of law (Article 6 of the EU Treaty). They also had to fulfil the economic and political conditions known as the *Copenhagen criteria*, according to which a candidate country should:

- be a stable democracy, respect human rights and the rule of law and protect minorities;
- have a working market economy;
- adopt the common rules, standards and policies which make up the body of EU law.”

(The Official Website of the European Union, accessed Jan 24, 2012)

## **2.1 The Membership of the Czech Republic in the EU**

Some people claimed that the only reason for enlargement was to take control of the markets in the new Eastern European countries and have a place to sell the products. The economic activity of the new ten countries is still lower than the activity of the EU15. To prove that the theory is wrong, the GDP per capita of the Eastern European countries is still around 40% of the GDP per capita of the Western European countries and this means that the purchasing power of these countries is low. The real reason to let the ten new countries to join the European Union was not an economical one, it was a safety and political one, the reason was to establish the Union in peace and to prevent conflicts in countries like Hungary and Slovakia. Stability is the crucial aim of the EU, which is why the EU supports the poor regions of Europe, modernises agriculture and contributes to lower unemployment - as a few examples. (Had et al 2006, 30)

Pros and cons of the enlargement:

- to secure stability
- unification of Europe
- to create a single market (Had et al 2006, 30)

**Table 3 EU Citizens’ Concerns about the Consequences of Enlargement (in 2001)**

The amount of immigrants who are looking for a job will rise	55%
The unemployment will be higher	53%
The costs to support the new countries would be extremely high	44%

Source: Data adopted from Miloslav Had, Stanislav Stach and Luděk Urban. Česká republika v Evropské unii: členství, přínosy, výzvy. (Praha: Linde, 2006), 33.

Chart gives information regarding the concerns that people from the EU had before the enlargement (it contains only the three highest concerns). Some of the concerns were justified, such as the first point about the amount of the immigrants. Many countries of the EU have been flooded by immigrants looking for a job, especially in the UK; people who are disquieted with the economic in their country. The Eastern countries are the main source of the immigrants.

Unemployment is an actual debate in 2012, the unemployment in the Eurozone countries hit 10.8% in February 2012 up from 10.7% in January 2012. (BBC News, accessed Apr 4, 2012)

**Table 4 The Benefits and Risks of Joining into EU according to Czech Companies**

BENEFITS	RISKS
<ul style="list-style-type: none"> <li>• No tariffs</li> <li>• New investment opportunities</li> <li>• Balanced business environment</li> <li>• Improved access to capital and public procurement</li> <li>• Availability of EU funds</li> </ul>	<ul style="list-style-type: none"> <li>• Increased demands on business ethics, ecology, technical norms</li> <li>• Tougher labour regulations</li> <li>• Increased competition</li> <li>• Better approach to marketing, presentation of the products, innovation, reliability towards the customers</li> </ul>

Source: Data adopted from Božena Plchová, Josef Abrahám and Mojmir Helisek. Česká republika a EU.(Praha: KRIGL, 2010), 9.

Terterov and Reuvid state the main business threats in the Czech Republic:

- “*Crime levels*: Czech police have recorded a rapid growth in criminal activities with an extremist subtext. There has been an increase in the number of people prosecuted in connection with political extremism.” (Terterov and Reuvid 2005, 25)
- “*Bureaucratic overburdening* – The Czech bureaucracy is often subject to heavy lobbying from established groups. This can lead to blackmail and extortion. The Czechs are signatories to the OECD’s charter on anti-corruption of public officials in international business transactions. However, its implementation in the Czech business sphere is another matter.
- *Legal safeguards* – an inadequate legal framework is among the biggest obstacles that the foreign investor faces in the Czech Republic. Businessmen lack faith in the ability of the judiciary and enforcement agencies to implement and enforce property rights, shareholder rights and contracts.” Add Terterov and Reuvid. (Terterov and Reuvid 2005, 25-26)

## **2.2 The Benefits of Being Part of the EU**

Czech Republic is a country in the Central Europe with the open economy and the export rate exceeds the import rate which makes the country being dependent on the partners such as Germany. Therefore, joining the EU is crucial for the Czech Republic from the business point of view. Czech Republic is no longer considered as the part of the poor and underdeveloped Eastern Europe but as the part of the large economic and political complex - the EU. (Had et al 2006, 36)

The benefits are appreciable in many areas after joining the EU, one of the areas is the international policy:

- strengthening the international position and security of the Czech Republic
- representation in the bodies and deciding jointly about the policies of the EU
- limitation of the risks arising from the geological position of the Czech Republic
- participation in a Common Foreign, Security and Defence policy of the EU
- participation in the creation of the area of freedom, security and justice in the Europe (Had et al 2006, 36)

The change in the position of the small and medium sized countries solves the problems that the countries had to face in the past and it makes the small and medium sized countries significant partners of the European policy. (Had et al 2006, 36)

Another significant benefit of the membership in the EU is the additional increase of the economic and the Financial Assistance, which is very important.

In the years 2004 – 2006 the amount of the Financial Assistance was about 747 million €. (Had et al 2006, 45-46)

In the years 2007 – 2013 – the available amount of assistance is about 26.3 billion €. (Euromanagers, accessed Apr 24, 2012)

### **2.2.1 The Financial Assistance**

The Financial Assistance has been helping the Czech Republic since it joined the EU thus the main purpose of the Assistance is to accelerate the economic growth of the country and to speed up the economic convergence with the developed Member States of the EU, the other aim is to converge the economic activity of the particular regions in the Czech Republic. (Had et al 2006, 43-46)

### **2.2.2 Rate of the Inflow of the Foreign Direct Investments**

Since 1999 the Czech Republic has been one of the most successful countries in Central and Eastern Europe in the rate of the inflow of foreign direct investments, the membership in the European Union helped to maintain this position and the amount of the inflow of direct investments is getting bigger. The international corporations still invest to the Czech Republic, mostly into the areas of science and research and almost 50% of the investments in companies' research are implemented by the companies with the foreign ownership. (Had et al 2006, 47-48)

### **2.2.3 Foreign Investors**

Foreign investors are very important in the field of modernization of the Czech economy. The manufacturing firms in which the foreign investors have any influence do manufacture around 70% of the all export in the field of manufacturing industry. (Had et al 2006, 47-48)

The majority of the foreign investors come from the EU Member States, mostly from Germany, the Netherlands and Austria, therefore the country has become more appealing to investing in the area of high-tech manufacturing industry and some other fields which has



helped in the growth of the industrial manufacturing after the joining to EU in 2004. (Marek and Baun 2010, 98)

#### 2.2.4 The Opening of the New Markets

Another crucial factor that highlights the benefit of being in the EU is the opening of the new markets which is for the countries with the focus on the export significant. Before joining the EU the markets were hardly accessible or closed, since joining the new EU Member States can penetrate those markets. The area is called European Economic Area and it contains all the Member States of the European Union and the associated countries – Iceland, Lichtenstein and Norway, it follows that the principles of the European Internal Market i.e. free movement of capital, goods, persons and services are applied. (Had et al 2006, 48)

Thanks to those new markets, Czech companies can learn from them and gain experience and inspire themselves to achieve partnership and reciprocal help in many areas.

#### 2.2.5 GDP Growth Index

The index of the helpfulness of the membership in EU could be considered as the real GDP growth index which confirms higher growth of the GDP in the Czech Republic after joining the European Union whereas during the economic crisis, the rate fell into negative values.

**Table 5 “Real GDP Growth of the Czech Republic”**

2003	2004	2005	2006	2007	2008	2009	2010	2011
3,6%	4,5%	6,3%	6,8%	6,1%	2,5%	-4,1%	2,3%	1,7%

Source: Data adopted from Global Finance. The Czech Republic Country Report: GDP data and GDP forecasts; economic, financial and trade information; the best banks in The Czech Republic; country and population overview. (accessed Jan 28, 2012).

In table 7 the development of the growth of the real GDP of the Czech Republic is shown. The forecast for the year 2011 was accurate and the real GDP growth was 1.7%. (Global Finance, accessed Jan 28, 2012).

### 2.2.6 Single Market and the Export of the Czech Republic

The Single Market has been very important benefit since the Czech Republic joined EU – the opportunity to trade with the old and new members of the EU. The regulations concerning the Common Customs Tariff made trading much easier and it caused an increasing rate of the cross-border market, looking at the situation from the point of view of the ordinary citizens the main benefit could be the removal of the border control. The export rate of the Czech Republic has increased by 25% and decreased the deficit of the foreign trade simultaneously in the year 2004 – the most intense increase. Czech export increased about 14% (2007) and 8% (2008). According to the available information the European Union is the most important Czech foreign trade partner – about 76% of the total foreign trade in the 2008. The interesting fact is that the Czech foreign trade with the old Member States (EU15) was lower than with the new members – the new countries have been experiencing reciprocal trade, preferring to trade with each other than with the EU-15. (Marek and Baun 2010, 97-98)

It may have happened due to the ability of new markets in the Eastern Europe which share the almost same price level, lower density of the market and lower supply and it is always easier to penetrate into the market in the Czech Republic or Poland rather than in Germany or France. The other advantage is joining the single market which has helped to improve the market structure; the Czech export provides the high-quality products on a higher technical level. Engineering industry has been improved the most due to the moving of the international companies to the Central Europe. (Marek and Baun 2010, 97-98)

The key export article of the Czech Republic is the engineering sector. The Czech Republic should support and promote this sector to keep the high export rate. Competitiveness plays a very important role in the Czech export since the promotion is highly linked with the competitiveness and the Czech Republic has to make an effort to keep its export rate. The key factor that may influence the industry sector is to be innovative, communicate efficiently, and have good infrastructure as some of the examples. (The European Commission, accessed Feb 3, 2012)

The exports as percentage of GDP is 69.5% in 2009, the major export partners are Germany, Slovakia and Poland. (Global Finance, accessed Jan, 28, 2012).

The EU has been helping a lot in strengthening the connections with the countries which are represented on the graph 2.1 causing the increased trade between those countries and helping the Czech economy. (The European Commission, accessed Feb 3, 2012)

**Table 6 Percentage of Employees Working in Industry**

EU – 24%	CZ – 37.1%
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Source: Data adopted from the European Commission. National Reform Programme – Czech Republic 2011. (accessed Feb 3, 2012)

Czech Republic is an industrialised country, which enables it to export its services and products into the European and world markets; on the other hand Czech Republic has to pay attention to new technologies to be even more competitive. (The European Commission, accessed Feb 3, 2012)



**Graph 1 The Main Export Partners (2007)**

Source: Data adopted from Global Finance, The Czech Republic Country Report: GDP data and GDP forecasts; economic, financial and trade information; the best banks in The Czech Republic; country and population overview. (accessed Jan, 28, 2012).

Czech Republic should focus on other countries besides EU Member States, such as Asia or Latin America since the markets might be penetrable for Czech companies with the right promotion.

**2.2.7 EU Funds**

EU provides many funds for the companies to use as the means for building, improving or increasing the satisfaction in the company or the people generally. For the entrepreneurial purposes the EU offers the Operational Program Enterprise and Innovation. (EU Funds, accessed Jan, 28)

According to the Official Website of the European Commission, “The European Commission approved on 3 December 2007 the operational programme "Enterprise and

Innovations". This programme involves Community support in the Czech regions except for Prague within the framework of the "Convergence" objective. The total budget of the programme is around EUR 3.6 billion and the Community investment through the ERDF amounts to EUR 3.04 billion (approximately 12 % of the total EU money invested in the Czech Republic under Cohesion policy 2007-2013)." (The European Commission, accessed Jan, 28)

### **2.2.7.1 The Purpose and Aim of the EU Investment**

The Official Website of the European Commission states that "In the future years, the economic and employment policies of the European Union should be oriented towards the amended Lisbon strategy. The Member States of the EU have been called on to execute the reforms to which they have been committed within the Lisbon process. The operational programme "Enterprise and Innovations" is the main programming document for the realisation of the policy for economic and social cohesion in the industry sector and an important tool for the realisation of the strategy for the development of small and medium-sized enterprises for the period 2007-2013 in the Czech Republic." (The European Commission, accessed Jan, 28)

### **2.2.8 Industrial Production Growth Rate**

Since joining the EU many factors in the Czech Republic have been increasing as the productivity of work. Low prices and the highest manufacture quality are the results of the increasing competition. Due to a decreasing rate of the proportion of production (towards GDP) the new Member States (in EU since 2004) achieve important proportions of production on the engineering products etc. The old Member States are inspired by the new Member States and they are trying to restore the production of engineering products etc. (Peltrán et al 2009 130-131)

## **2.3 Euro as the Single Currency (€)**

Along with joining the European Union the Czech Republic is obliged to adopt the euro in the future, till now the Czech Republic has not set any date of adopting the single currency of the EU, Slovakia has already adopted euro though. (Had et al 2006, 48)

The matter of euro in the Czech Republic is that the majority of the population is still against the adoption of the single currency according to surveys that have been submitted to the citizens of the country.

68% of the respondents are against the adoption of the Euro (mainly due to fear of the inflation or higher prices) whereas 21% would agree to have the single currency and 11% of respondents do not have any opinion. (Centrum Pro Výzkum Veřejného Mínění, accessed Jan 25, 2012)

## 2.4 The Disadvantage and Restrictions of Being the Part of the EU

There are two types of people in the EU, ones who support the EU and ones that dislike it and say that everything the EU is doing is bad – one of these persons could be the President of the Czech Republic, Václav Klaus, nevertheless the president is not the only one that is not satisfied with the EU. One of the survey made by Czech organization CVVM found out that 28% of respondents are satisfied with the membership in the EU whereas 30% are clearly against – nearly 40% of respondents are neutral, in comparison with the last year's survey the satisfaction was 36% and dissatisfaction was 21% which suggests that the next years' results could be even worse. The Czech people are not as satisfied with the European Union as they used to be. (Centrum Pro Výzkum Veřejného Mínění, accessed Jan 25, 2012)

*The main disadvantages:*

– *the limits of the state sovereignty* – the Member States voluntarily give up sovereignty in favour of EU and share it with the other Member States in order to reach the common goals of EU. (Had et al 2006, 62-66)

- *consequences of increased competition* - the European Internal Market i.e. free movement of capital, goods, persons and services provides the benefits and also disadvantages for the Czech Republic, one of the advantage of this benefit could be the challenging environment in which the company struggle to success. (Had et al 2006, 62-66)

- *the treaties* that were accepted before joining to EU are cancelled since the Czech Republic has to respect the policy and treaties of EU. (Had et al 2006, 62-66)

- the major issue for the citizens of the new countries is *the effort to equalize prices of the products and services*; the issue for the companies are *the costs of production* which have been increasing. EU is trying to equalize the standard of living of the all 27 Member States. The bright side of this “disadvantage” is the increasing rate of salaries in the Czech Republic: (Had et al 2006, 62-66)

- *small states do not have the same influence on the resolutions as the big states* – each Member State in the EU has its vote to assert their interests, the amount of votes depends

on the size of the country. The smaller states (19 of the 27 countries) have difficulties to assert their best intentions and interests with having fewer votes than the big ones. Big-sized countries do not have many problems with asserting their interests since they can rely on the other big countries. The big countries are the most influential ones because of their votes. (Panke, 2010)

- another disadvantage mainly for companies might be the *the brain drain*, which causes the lower qualification of the people in the country and subsequently the worse conditions for hiring qualified people. The brain drain has been happening due to new opportunities offered by EU. (Had et al 2006, 62-66)

- *more countries, more languages* – the level of the language skills in the Czech companies and their management is even more needed, which causes the company other costs on language lecturers for their companies. (Had et al 2006, 62-66)

## 2.5 EU10 in EU

EU10 is a collective of ten countries of EU consisting of Bulgaria, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia and Slovenia. There is also a term EU10+1 which includes the ten above mentioned countries and Croatia. The crisis hit the EU10 quite hard but despite that the EU10 has launched some investment programs financed by EU Funds to improve the growth prospect. Co-financing and some other factors have caused that the Czech Republic has restricted the investment plans. (The World Bank, accessed Feb 3, 2012)

One of the recommendations according to the World Bank - “European Council Recommendations on Structural Reform Agenda: the Czech Republic – Promote flexible forms of employment.” (The World Bank, accessed Feb 3, 2012)

## 2.6 European Social Dialogue

European social dialogue refers to discussions, consultations, negotiations and joint actions involving organisations representing the two sides of industry (employers and workers). It takes two main forms - a tri-partite dialogue involving the public authorities, and a bi-partite dialogue between European employers and trade union organisations. (The European Commission, accessed Feb 2, 2012)

European Social dialogue (ESD) - despite the endeavour the involvement of the Czech partners in the social area is mixed, the engagement differs depending on the sectors. ESD

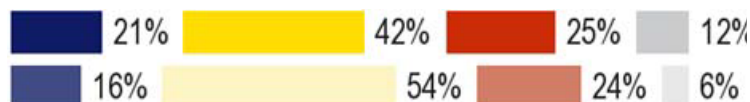
is still unfinished in the Czech Republic in spite of every effort that has been made during the years. (Mansfeldová and Kroupa 2008, 238-240)

### 2.7 Reaction of the Czech Citizens and Europe 2020 Strategy

The European Union annually provides the most recent surveys from all the Member States in the areas that are the most crucial to help the decision-making process and improve the situation in the EU – Eurobarometer.

- In the latest survey the respondents were asked to answer to the question whether the next year will be better, the same or worse.

The first line always represents EU 27 and the second line represents the Czech results. 16% of respondents answered that the situation will be better, 54% thought it would be almost the same and 24% were for worse. (The Official Website of the European Union, accessed Jan 26, 2012)



**Graph 2 “The economic situation in the EU”**

Source: Data adopted from the Official Website of the European Union. “Standard Eurobarometer 75”, (accessed Jan 26, 2012)

- Another question was about the trustworthiness of EU.

45% of people trust the European Union whereas 48% of people do not trust the European Union which is nothing extraordinary since the average rate is 41:47% in the EU 27. (The Official Website of the European Union, accessed Jan 26, 2012)



**Graph 3 Trustworthiness of EU**

Source: Data adopted from the Official Website of the European Union. “Standard Eurobarometer 75”, (accessed Jan 26, 2012)

- The crisis

The crisis has been in the European Union for a long time and the question was if the people believe that EU has acted in a positive way to reduce the impact of the crisis.

Czech people and the average rate in EU 27 is equal which means that the citizens of the Czech Republic are not sure whether the EU has helped or not. (The Official Website of the European Union, accessed Jan 26, 2012)



**Graph 4 The Crisis and the Acting of EU – Positive or Negative**

Source: Data adopted from the Official Website of the European Union. “Standard Eurobarometer 75”, (accessed Jan 26, 2012)

**Europe 2020 Strategy** - Hecke and Bursens inform about “*Europe 2020 Strategy*. At the end of the Spanish Presidency, the European Council had endorsed the Union’s new strategy for jobs and smart, sustainable and inclusive growth, the Europe 2020 Strategy. This strategy was meant to help Europe recover from the crisis by boosting competitiveness, productivity, growth potential, social cohesion and economic convergence, aiming at orienting policies away from crisis management to medium and long term reforms. The EU and its Member States set itself five headline targets: promoting employment; improving the conditions for innovation, research and development; meeting climate change and energy objectives; improving education levels and promoting social inclusion, in particular through the reduction of poverty.” (Hecke and Bursens, 2011, 135)



**Graph 5 “Three quarters of men and women between 20 and 64 years of age should have a job”**

Source: Data adopted from the Official Website of the European Union. “Standard Eurobarometer 75”, (accessed Jan 26, 2012)





**Graph 6 “The share of funds invested in research and development should reach 3% of the wealth produced in the EU each year”**

Source: Data adopted from the Official Website of the European Union. “Standard Eurobarometer 75”, (accessed Jan 26, 2012)



**Graph 7 “To reduce EU greenhouse gas emissions by at least 20% by 2020 compared to 1990”**

Source: Data adopted from the Official Website of the European Union. “Standard Eurobarometer 75”, (accessed Jan 26, 2012)



**Graph 8 “The number of young people leaving school with no qualifications should fall to 10%”**

Source: Data adopted from the Official Website of the European Union. “Standard Eurobarometer 75”, (accessed Jan 26, 2012)



**Graph 9 “At least 40% of the younger generation should have a degree or a diploma”**

Source: Data adopted from the Official Website of the European Union. “Standard Eurobarometer 75”, (accessed Jan 26, 2012)

### 3 SUMMARY OF THE THEORETICAL PART

The European Union is a complex concerning 27 Member States from all over the Europe aiming to unify the Europe economically due to several previous wars. The system resides in the institutes which are dealing with various fields and help the inhabitants of EU to improve the welfare.

EU as a community has an extensive history with the roots coming from 1951 and since its establishment it has been extending by joining another new Member States as Bulgaria, Romania or recently Croatia. Since the Europe needs to be united there are set various tools and methods how to reach the goal. They are divided into advantages and disadvantages. The Czech Republic has been in EU for almost eight years and still the country is successfully trying to reach the level of the Western European Member States.

The benefits such as the financial assistance, foreign direct investments, or single market have significantly helped to increase the effectiveness of the integration of the Czech Republic. On the other hand, there are disadvantages that emerge from the Czech Republic being a part of the EU such as increased competition or higher demands on learning languages but ‘every rose has its thorns’ - French/Italian saying.

Citizens of the EU have right to provide their opinions via survey that are held in various places all over the EU in order to make decisions based on the bigger picture. The surveys are called Eurobarometer.

## **II. ANALYSIS**

## 4 PILANA A.S.

The bachelor thesis is focused on the Czech company Pilana a.s. situated in Hulín and in Zborovice in the Czech Republic, and the employees' opinions regarding to the European Union and the development of their views to find out if they approve of the course of the membership in the EU. (The Official Website of Pilana a.s., accessed Mar 13, 2012)



Picture 2 The PILANA a.s. company, Hulín, (The Official Website of Pilana a.s., accessed Mar 13, 2012)

### 4.1 History and Present Time of PILANA a.s.

The company was founded in 1934 as “The First Moravian Saw and Tools Factory” by Mr Josef Studeník. The company first focused on the production of manual and circular saw and the manufactured products were later amended and the range of products was extended. Since 1992 the company has been using the name PILANA TOOLS. (The Official Website of Pilana a.s., accessed Mar 13, 2012)

PILANA TOOLS company is one of the biggest producers of tools in Europe, not only because of the range of products and the quality they have been offering since the founding of the company but also the huge number of employees. The current number surpasses 650 employees and PILANA TOOLS is an important employer in the Zlín region. (The Official Website of Pilana a.s., accessed Mar 13, 2012)

### 4.2 The Products

PILANA TOOLS' main products are the tools made of steel of the best quality following the standards of DIN (Deutsches Institut für Normung/German Institute for Standardisation)

and ISO (International Standard Organisation). (The Official Website of Pilana a.s., accessed Mar 13, 2012) (DIN, accessed Mar 13, 2012)

PILANA TOOLS is divided as follows:

- *PILANA TOOLS Wood Saws spol. s.r.o.* – mainly focuses on the production of the saw blades for wood and metal cutting and wood working tools.
- *PILANA TOOLS Knives spol. s.r.o.* – the main product are the industrial knives for wood processing, paper, agriculture or plastic industry and material recycling
- *PILANA TOOLS Saw Bodies spol. s.r.o.* – producing circular saw blades made of steel and knives in addition to saw blade bodies.
- *PILANA TOOLS Metal Saws spol. s.r.o.* – attention is paid to the production, sales and servicing of metal products as hand tools or metal cutting machines.

The biggest proportions of production are formed by industrial knives and circular saw blades for wood cutting. (The Official Website of Pilana a.s., accessed Mar 13, 2012)

### 4.3 Company's Values

- Increasing the efficiency of the production
- Long-term experience
- Very high quality
- Highly competitive prices
- Export rate 80% - 92 countries (The Official Website of Pilana a.s., accessed Mar 13, 2012)

The important company's value is the interaction with the clients and the public, thus the public opinion is relevant to PILANA a.s. and the most recent survey is about the logo of the company. Everyone can vote to show if the public is satisfied with the logo and if there is any change necessary. (The Official Website of Pilana a.s., accessed Mar 13, 2012)

### 4.4 Key Costumers

The company is aware of its competition and therefore pays attention to very high quality and highly competitive prices whose combination allows the company to expand, since the year 2004 the company has expanded to more than 20 countries all over the world, for instance China, Colombia, and Egypt. The export rate is about 80% - the biggest partners

are Germany, Russia, and Slovakia. PILANA TOOLS has expanded into many countries including Europe, Asia, Australia, America, and Africa. In the latter case is trying to accomplish the best result due to 2004's enlargement. Proof of the strong position in the market is the company's turnover which is published in the presentation of the company, the turnover for the year 2007 is 35 000 000 €, thus this is a sign of the success of the company. (The Official Website of Pilana a.s., accessed Mar 13, 2012)

The company possesses property shares in companies all around the Europe:

- "ARNTZ CZ s.r.o. – Czech Republic
- PILANA MARKET, s.r.o. – Czech Republic
- Pilana Tools Kft. – Hungary
- Enev-Pilana Ltd – Bulgaria
- OOO "Pilana Start Instrument" – Russia
- OOO TSC "PILANA" – Russia" (The Official Website of Pilana a.s., accessed Mar 13, 2012)

#### **4.5 PILANA TOOLS and the European Union**

The European Union provides many funds which are available for the companies to apply for. PILANA TOOLS has been a part of the European Regional Development Fund (ERDF) which as the Official European Union Website claims "The Fund aims to promote economic and social cohesion by correcting the main regional imbalances and participating in the development and conversion of regions, while ensuring synergy with assistance from the other Structural Funds" (The Official Website of the European Union, Mar 13, 2012)

Some of the on-going projects involving PILANA Knives s.r.o. for instance:

- Innovation of the knives production
- Comprehensive provision of energy saving
- Implementing the new information system (The Official Website of Pilana a.s., accessed Mar 13, 2012)

## 5 METHODOLOGY OF THE ANALYTICAL PART

The structure of the analytical part of the bachelor thesis is divided into two parts – the survey and the recommendation which is the main goal of this work.

The main purpose of the analytical part is to identify the current situation in the company concerning the relations with the EU, the interaction between the company and EU and the changes or improvement that EU has provided. The recommendation will be dealing with the available and applicable solutions to improve the current situation and thus to strengthen the motivation and the productivity of work.

*Main goal of the bachelor thesis:* It will emerge what is right and wrong, thus there will be some recommendations how to increase the interaction and prosperity of the company and its employees by improving selected method of informing about the situation which may lead to increased motivation and higher productivity of work.

*Main goal of the theoretical part:* the theoretical part will be dealing with the general information regarding EU, its intuitions, benefits and disadvantages with the aim to set the conditions to prove it via survey.

*Main goal of the analytical part:* the analytical part will be oriented on the company PILANA a.s. via survey that would reveal the opinions of the employees of the company which will confirm or deny the advantages or disadvantages of the membership of the EU mentioned in the theory part. It will also be aimed on the solution from the employees' point of view.

Hypotheses in the analytical part:

**Hypothesis no. 1 – The European Union is a respected complex, which offers various benefits, and thus increases the motivation and other factors of the employees.**

It is supposed that the hypothesis is right and it will be confirmed in some way during the survey since it is supposed to help and there must be some method or tool which is suitable.

**Hypothesis no. 2 – The most values benefits are Schengen Area, Foreign Investors or EU funds, whereas the disadvantages that need to be solved are immigration problem, unemployment and bureaucracy burdening (corruption).**

It is assumed that this hypothesis is right since employees will support preceding benefits to increase the profit of the company and for them, the same can be applied for the disadvantages, people need assurance that they will not lose their job and the company will do everything for them in the collaboration with EU.

**Hypothesis no. 3 – Employees are not satisfied with the European Union and the adoption of the Euro (€) is distant.**

This hypothesis is assumed to be confirmed since the Czech Republic is not going to adopt Euro (€) anytime soon and the Czech people are satisfied with the currency Czech Crown (CZK). The factors as the crisis connected to Greece and the debt crisis suggest that the people are unlikely to be satisfied and in favour of the adoption of Euro.

For the purposes of the bachelor thesis, the respondents were given a survey to get the results suited to their company. The aim of the survey was to find out whether the employees of the company are satisfied with the activities and influence of the EU.

The respondents were the employees of the company PILANA a.s. to provide the most reliable results. The employees were given the survey in a printed paper form to fill in the details and their opinions regarding EU with the explanation. The survey was held on 2 March to 4 March. The approximate time to fill in the survey was 5 – 10 minutes, depending on the respondents' knowledge of the EU.

*Number of respondents: 26*

*Number of questions: 15 + one additional*

- *Open questions: 2; 3 of the total number of questions were semi-closed – in case the respondents would like to add some reasons.*
- *Closed questions: 14; 3 of the total number of questions were semi-closed – in case the respondents would like to add some reasons.*
- *Scale questions: 2; the question number 5 is divided into two sections – advantages and disadvantages.*

All questions concerning advantages and disadvantages were taken from the theoretical part and mostly inspired by them to prove how the employees react.

The results were composed through the website <https://docs.google.com/> and MS Excel.



**Table 7 Time Schedule**

	10-11/11	12-01/12	01-02/12	03-04/12	05/12
Collecting the sources					
Analysis of the sources					
Preparation of the survey					
Survey					
Evaluation of the findings					
Completion of the bachelor thesis					

The bachelor thesis will be written during the set time schedule i.e. 10/11 – 05/12. The defence of the bachelor thesis is planned to be held in June 2012.

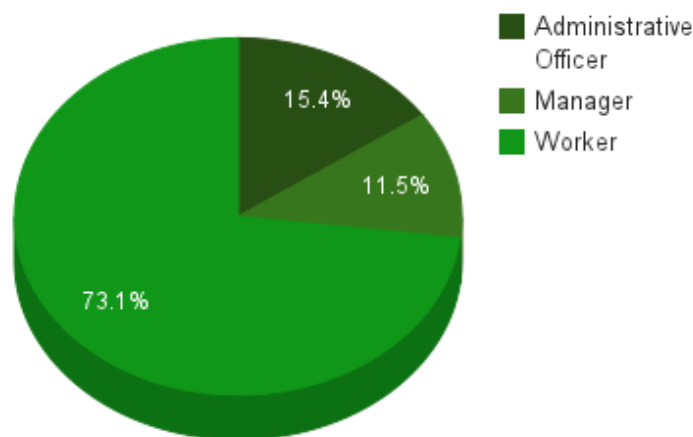
## 5.1 General Part

The first question was concerning the working position since it needed to be shown that the respondents are not only managers and administrative officers but also workers.

**Table 8 What Is Your Working Position?**

<b>Manager</b>	3	11.5%
<b>Administrative Officer</b>	4	15.4%
<b>Worker</b>	19	73.1%

The total number of respondents was 26 and they were asked what their working position is with the following results:



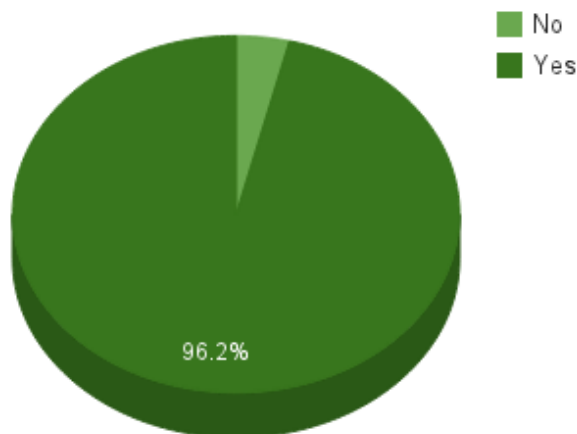
**Graph 10 What Is Your Working Position?**

The most common working position of respondents in this survey is worker – 19 of 26, whereas managers and administrative officers are represented by 3 and 4 respondents. The survey will therefore deal mostly with the answers of workers, which may differ from the opinions of managers or administrative officers.

The question concerning the awareness of EU was to confirm that the employees know about EU.

**Table 9 Are You Familiar With EU?**

<b>Yes</b>	25	96.2%
<b>No</b>	1	3.8%



**Graph 11 Are You Familiar With EU?**

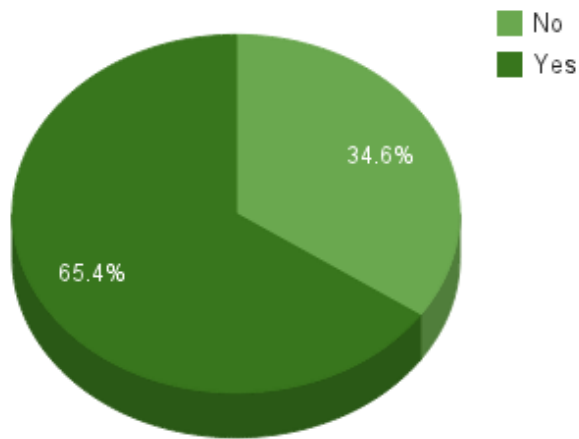
Second question was aimed to find whether the respondents know anything about the European Union to continue with knowing what is the survey going to be about. 96.2% (25/26) respondents recognise the European Union, therefore are capable of filling in the survey. On the other hand one person did not know much about the European Union but tried to fill in the questionnaire.

The question and its answers proved that people really know about European Union and its institutions and activities.

For this topic was necessary to ask employees whether they are interest in the issues of EU even if they know something about it.

**Table 10 Are You Interested in the Issues of EU?**

<b>Yes</b>	17	65.4%
<b>No</b>	9	34.6%



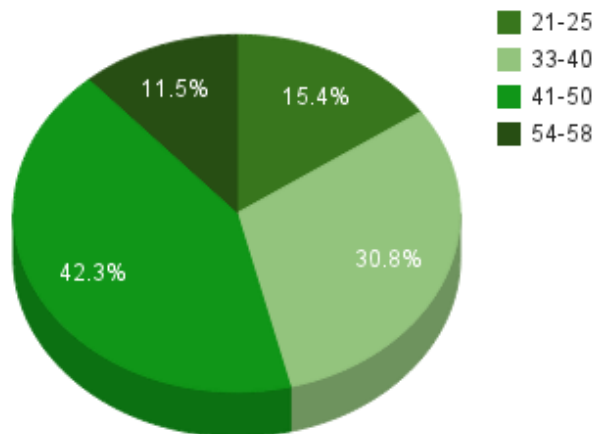
**Graph 12 Are You Interested in the Issues of EU?**

Majority of the respondents are interested in the issue concerning EU [65.4% / (17/26)]. Even though people know about the European Union it does not mean that they are interested in the issue which is proven by the remainder of the respondents – 34.6% (9/26).

**Table 11 What Is Your Age?**

21-25	4	15,4%
33-40	8	30,8%
41-50	11	42,3%
54-58	3	11,5%

Employees could enter their age, they were not limited by any options – respondents are divided into four groups according to their age.



**Graph 13 What Is Your Age?**

Majority of employees responding are in the range of 41-50 years (42.3%, 11/26) whereas the lowest amount of respondents is in the range of 54 -58 years which is comparable to the group of people from 21 to 25 years (11,5% and 15,4% respectively). The second largest group of respondents is from 33 to 40 years (30.8%, 8/26).

### **5.1.1 Summary of the General Part**

The general part was mostly predictable. The survey is mostly filled in by the employees working as workers which was assumed since the survey was offered mainly to people at this working position, the second question also lived up to expectations since almost every respondent is familiar with the issues regarding EU but only 65,4% are interested in such topic - which was also presumed. Not everyone is interested in a topic which is applicable on the whole Czech community therefore it is not a surprise. In the *Graph 13* concerning the age the biggest proportion is composed of the people in the range of 41 to 50, this was not presumed since it was not clear which group of respondents would be the biggest.

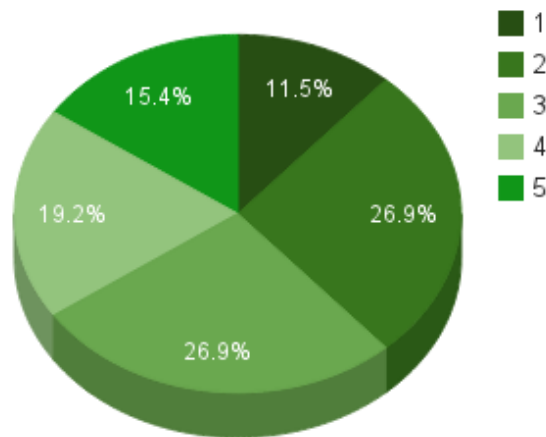
## 5.2 The Part Concerning Advantages and Disadvantages of the EU

ADVANTAGES - Order the following dis/advantages of being part of the EU according to YOUR opinion of importance as an employee.

1 – very important, 2 – important, 3 – I do not know, 4 – less important, 5 – unimportant

**Table 12 The Increasing Security of the EU and Strengthening of the International Position**

Choice	1	2	3	4	5
No. of resp	3	7	7	5	4
%	11.5%	26.9%	26.9%	19.2%	15.4%

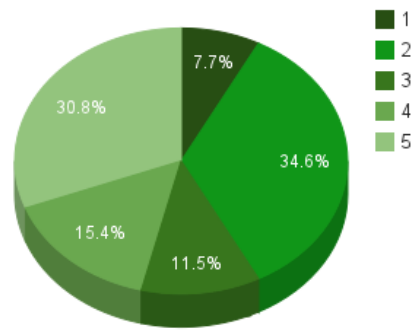


**Graph 14 The Increasing Security of the EU and Strengthening the International Position**

The opinions regarding the increasing security of the EU and strengthening the international position differ, approximately half of the respondents consider this advantage as important, on the other and the other half find it unimportant and 7 respondents (26.9%) do not know if it is important or not.

**Table 13 Unification of Europe**

Choice	1	2	3	4	5
No. of resp	2	9	3	4	8
%	7.7%	34.6%	11.5%	15.4%	30.8%

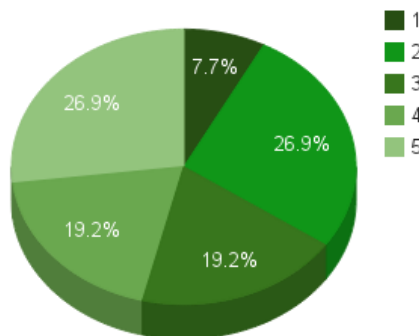


**Graph 15 Unification of Europe**

In the question concerning the unification of Europe respondents were not that sure if it is important for them or not, this reflects the fear of the crisis of immigration whereas also the great idea of the strong Europe which could be a competitor for USA or China.

**Table 14 The Creation of a Single Market**

Choice	1	2	3	4	5
No. of resp	2	7	5	5	7
%	7.7%	26.9%	19.2%	19.2%	26.9%

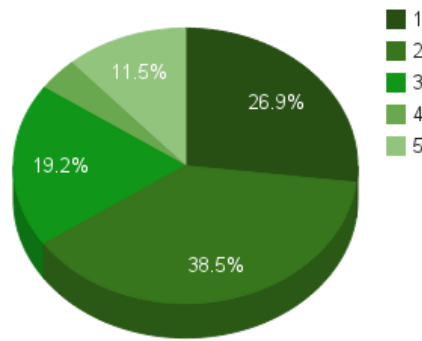


**Graph 16 The Creation of a Single Market**

The results are very tight which means that the respondents are not sure about the single market in a way that it is important for them or not. Single market is an advantage of the European Union but some people do not see it as important and therefore they prefer other advantages.

**Table 15 New Investment Opportunities**

Choice	1	2	3	4	5
No. of resp	7	10	5	1	3
%	26.9%	38.5%	19.2%	3,8%	11.5%

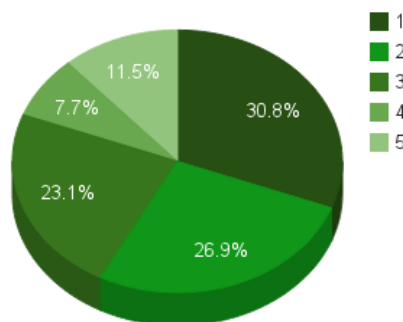


**Graph 17 New Investment Opportunities**

Regarding the new investment opportunities respondents answered that it is an important advantage and the EU is absolutely useful in this way. The respondents saw it as an opportunity for the company to get some investments and increase the prestige of the company.

**Table 16 Balanced Business Environment**

Choice	1	2	3	4	5
No. of resp	8	7	6	2	3
%	30.8%	26.9%	23.1%	7.7%	11.5%



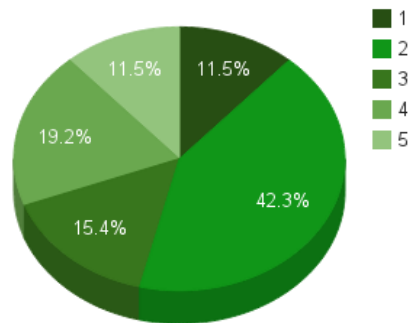
**Graph 18 Balanced Business Environment**



The majority of respondents agreed that the balanced business environment is crucial and therefore EU has been providing sufficient effort to make it really useful and strong advantage. 57.7% of respondents were positive towards the advantage whereas 19.2% of people considered it as not important for them, thus they indicated it as useless.

**Table 17 Availability of EU Funds**

Choice	1	2	3	4	5
No. of resp	3	11	4	5	3
%	11.5%	42.3%	15.4%	19.2%	11.5%

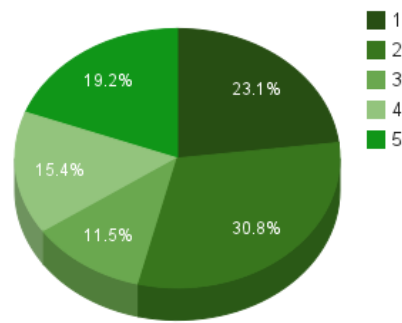


**Graph 19 Availability of EU Funds**

The availability of EU Funds proved to be a crucial advantage for the employees of the company. In the question below will be mentioned whether the company has used any funds. The respondents think that the EU funds are important but not as much as it would seem, the employee find them only important as it is not in their control to get the funds.

**Table 18 Schengen Area**

Choice	1	2	3	4	5
No. of resp	6	8	3	4	5
%	23.1%	30.8%	11.5%	15.4%	19.2%

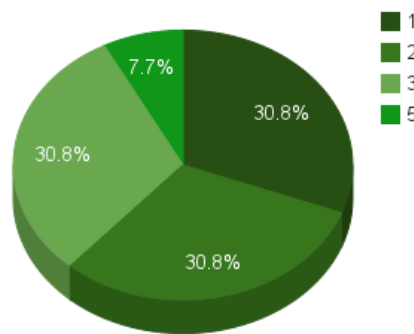


**Graph 20 Schengen Area**

The issue concerning the Schengen Area was the most surprising one. 53.9% of respondents appreciate the Schengen Area and find it important for the employees; on the other hand 34.6% of respondents consider it as useless and unimportant.

**Table 19 Foreign Investors**

Choice	1	2	3	4	5
No. of resp	8	8	8	0	2
%	30.8%	30.8%	30.8%	0.0%	7.7%

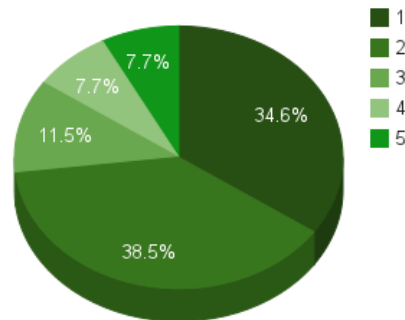


**Graph 21 Foreign Investors**

61.6% vs. 7.7% - the result of the question regarding foreign investors. Majority of the respondents consider foreign investors important for the company since it might bring higher employment and higher salaries or even better technology. 30.8% of respondents did not know what to think about it, if it is really important for them as employees or not.

**Table 20 The Opening of New Markets**

Choice	1	2	3	4	5
No. of resp	9	10	3	2	2
%	34.6%	38.5%	11.5%	7.7%	7.7%



**Graph 22 The Opening of the New Markets**

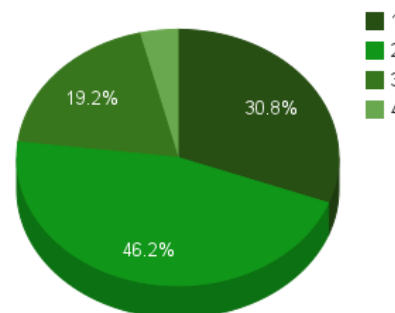
Due to joining the EU, the employees are able to work abroad and the new markets are also new opportunities for the company to export goods to increase the profit. Thus, the majority of employees consider it as crucial advantage that really helps them and will help them in the future.

**DISADVANTAGES**

1 – very important, 2 – important, 3 – I do not know, 4 – less important, 5 – unimportant

**Table 21 The Immigration Issue**

Choice	1	2	3	4	5
No of resp	8	12	5	1	0
%	30.8%	46.2%	19.2%	3.8%	0.0%

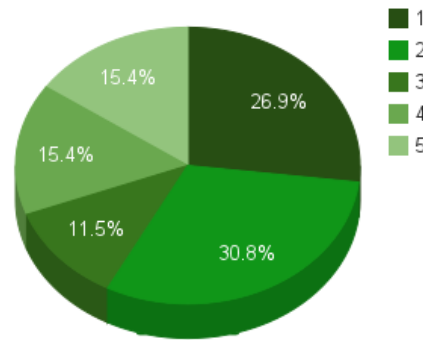


**Graph 23 The Immigration Issue**

Majority of respondents agreed that immigration in the EU is really stressful and needs to be solved, the employees find it tough and it endangers them directly since jobs can be taken by immigrants and they are often hired due to lower costs. Only one respondent found the immigration as not that important.

**Table 22 The Migration Issue**

Choice	1	2	3	4	5
No. of resp	7	8	3	4	4
%	26.9%	30.8%	11.5%	15.4%	15.4%

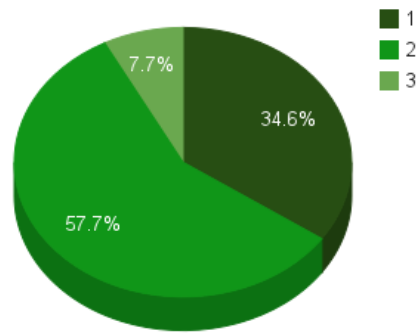


**Graph 24 The Migration Issue**

The migration issue is not that undesired as the immigration issue. Respondents did agree that it is quite serious topic and it is important disadvantage; on the other hand some of the respondents thought it is not something that would bother them.

**Table 23 Unemployment in the EU**

Choice	1	2	3	4	5
No. of resp	9	15	2	0	0
%	34.6%	57.7%	7.7%	0.0%	0.0%

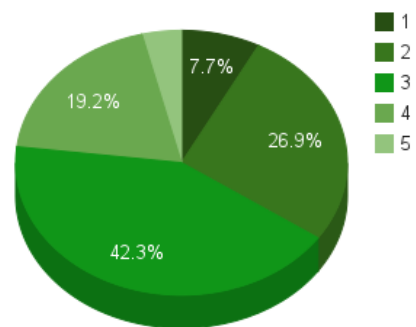


**Graph 25 Unemployment in the EU**

Unemployment in the EU is the biggest issue that the respondents agreed on. 92.3% of respondents (24/26) find the problem as important and needing to be solved since the employee could become one of the unemployed people as well and therefore they see the need to reduce unemployment.

**Table 24 Increased Demands on Business Ethics, Ecology and Technical Norms**

Choice	1	2	3	4	5
No. of resp	2	7	11	5	1
%	7.7%	26.9%	42.3%	19.2%	3.8%

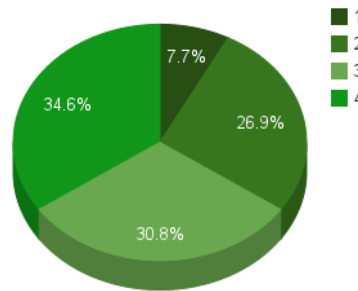


**Graph 26 Increased Demands on Business Ethics, Ecology and Technical Norms**

The majority of the respondents was not sure about this issue, whether the increased demands are good or not, some of the employees though chose important as well as unimportant, therefore this question concerning the increased demands on business ethics, ecology and technical norms stays unsolved and employees need to get more information about this issue to be able to distinguish the importance.

**Table 25 Tougher Labour Regulations**

<b>Choice</b>	1	2	3	4	5
<b>No. of resp</b>	2	7	8	9	0
<b>%</b>	7.7%	26.9%	30.8%	34.6%	0.0%

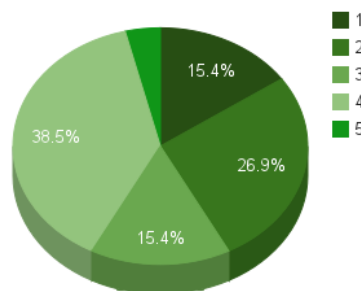


**Graph 27 Tougher Labour Regulations**

Tougher labour regulations are as much an advantage as disadvantage. The percentage of the respondents is the same, therefore employees either do not feel the change of the EU or they do not feel it as something that need to be change, on the other hand the employees might feel it as they are influenced too much by the EU.

**Table 26 Increased Competition**

<b>Choice</b>	1	2	3	4	5
<b>No. of resp</b>	4	7	4	10	1
<b>%</b>	15.4%	26.9%	15.4%	38.5%	3.8%

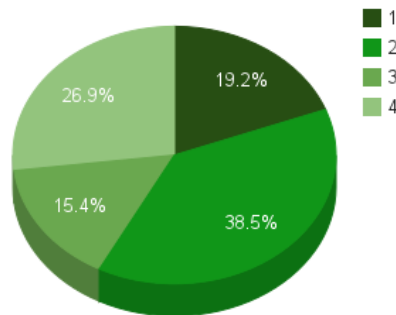


**Graph 28 Increased Competition**

The question concerning increased competition was quite balanced. Approximately the same amount of respondents answered that this issue can be an important disadvantage and also unimportant which depends on the situation.

**Table 27 Reliability towards the Customers due to Increased Competition**

<b>Choice</b>	1	2	3	4	5
<b>No. of resp</b>	5	10	4	7	0
<b>%</b>	19.2%	38.5%	15.4%	26.9%	0.0%

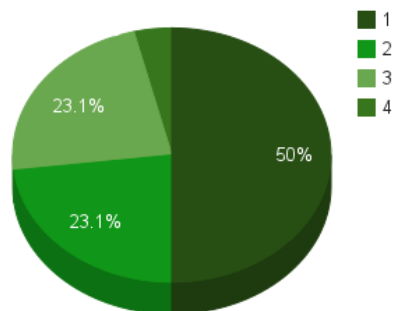


**Graph 29 Reliability towards the Customers due to Increased Competition**

The issue is being tagged as important disadvantage. The employees feel that since the competition is getting bigger the reliability has decreasing character and they are not that satisfied as they used to be. Some respondents though claim that it is not a big problem, just a small one which can be improved.

**Table 28 Crime Levels**

<b>Choice</b>	1	2	3	4	5
<b>No. of resp</b>	13	6	6	1	0
<b>%</b>	50.0%	23.1%	23.1%	3.8%	0.0%

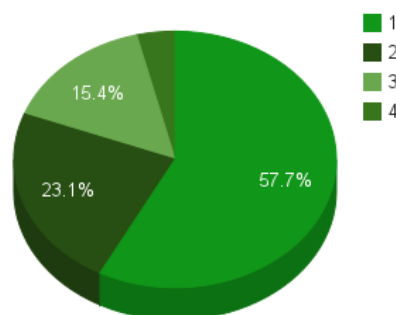


**Graph 30 Crime Levels**

73.1% (19/26) of respondents agreed that the problem of crime has to be solved and it is a big disadvantage, it might be because of immigrants or any other factor that might have influenced the people. Higher security is a must, therefore such a high consensus.

**Table 29 Bureaucratic Overburdening (for Example Corruption)**

Choice	1	2	3	4	5
No. of resp	15	6	4	1	0
%	57.7%	23.1%	15.4%	3.8%	0.0%



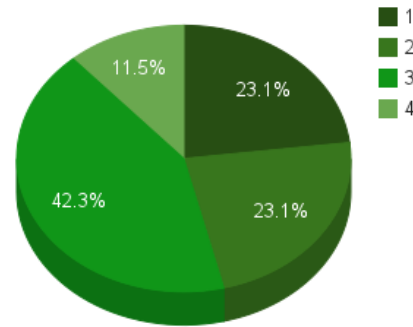
**Graph 31 Bureaucratic Overburdening (for example, Corruption)**

When it comes to the corruption, people are upset and therefore the employees as well and it is shown in the graph. The majority of people chose the option – very important or important since they are irritated and they see it everywhere in the EU and nothing has changed. The bureaucratic overburdening will be a problem and employees need to see a lower rate of corruption or the country and the EU will have a strong enemy.

**Table 30 Legal Safeguards**

Choice	1	2	3	4	5
No. of resp	6	6	11	3	0
%	23.1%	23.1%	42.3%	11.5%	0.0%





**Graph 32 Legal Safeguards**

Legal safeguard is an important disadvantage for 46.2% (12/26) of respondents. On the other hand 42.3% (11/26) of respondents did not know if it is a crucial problem or not.

### 5.2.1 Summary of the Part Concerning Advantages and Disadvantages

*Advantages:*

*Graph 14* and *Graph 15* were very similar but unpredictable since the assumption was that the respondents would be in favour of the unification of Europe and the increased security but the result were quite balanced and this proves that the employees do not pay enough attention to unification and the topic of enlargement of the EU.

*Graph 16* – Respondents did not seem to benefit from the single market as could be assumed, it is predictable that employees of the company do not have much to say about the single market issue, on the other hand there was an expectation of higher magnitude.

*Graphs 17, 18* and *21* were dealing with the investments and the business environment. Employees considered each statement important as they share the same goal as the company and they need to see a future for it, this brings many benefits as the increased profits or bigger chance on the market, therefore it was assumed that the employees would want the best for the company, thus the importance will outbalance unimportance.

*Graphs 19* and *20* – The prediction was correct as it was assumed that EU funds and Schengen Area are one of the main benefits of the EU and that it is something that people would appreciate. For the employees of the company is important to have the right or benefit to travel without passport or that the company has the possibility to use the funds. The seamy aspect is that the employees still chose the unimportance over the beneficial

part of the scale, this might be due to low transparency of the funds or that some of them do not use the opportunity of Schengen Area.

*Graph 22* – The opening of the new markets is very beneficial therefore employees highlighted the importance of such an advantage.

#### *Disadvantages*

*Graphs: 23, 24, 25, 30 and 31* concerning unemployment, immigration, migration, corruption, and crime levels are the most important for the employees of the company and have a devastating impact since people are dissatisfied with the EU and the political situation – the outcome is very predictable.

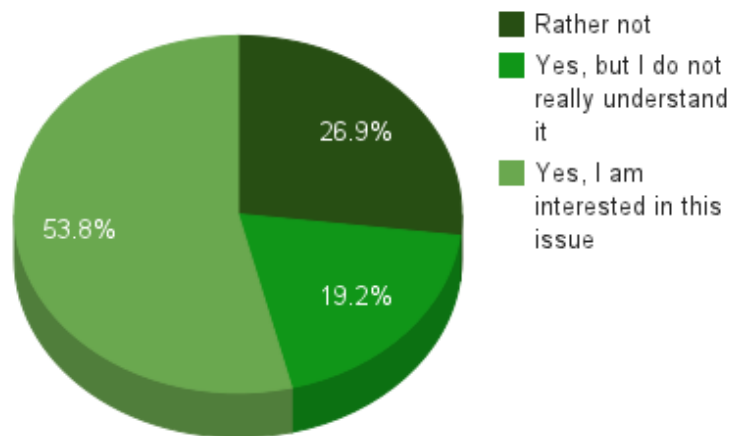
*Graphs 26 and 27* – The statements were related to the working environment but the result were surprising and proved that the company does not have sufficient bond with its employees, thus the majority of them chose ‘I do not know’, it emerges from it that the employees do not have enough information regarding EU, new directives, or the available funds.

*Graphs 28 and 29* – The problem of the increased competition is balanced, it was not assumed that this would be unbalanced therefore it lived up to expectations. Every employee has its personal view on increased competition someone may feel endangered or may gain new opportunities for doing business.

*Graph 32* – Respondents were mostly not sure or considered it as important, everyone needs to have some legal safeguards but some people did not assigned importance to the problem, the surprising part was that the employees actually care about the legal safeguards and consider it important.

**Table 31 Are You Interested in the Politic Situation of the Czech Republic Regarding EU?**

Yes, I Am Interested in this Issue	14	53.8%
Yes, but I Do Not Really Understand It	5	19.2%
Rather Not	7	26.9%
No, I Am Not Interested in at All	0	0.0%



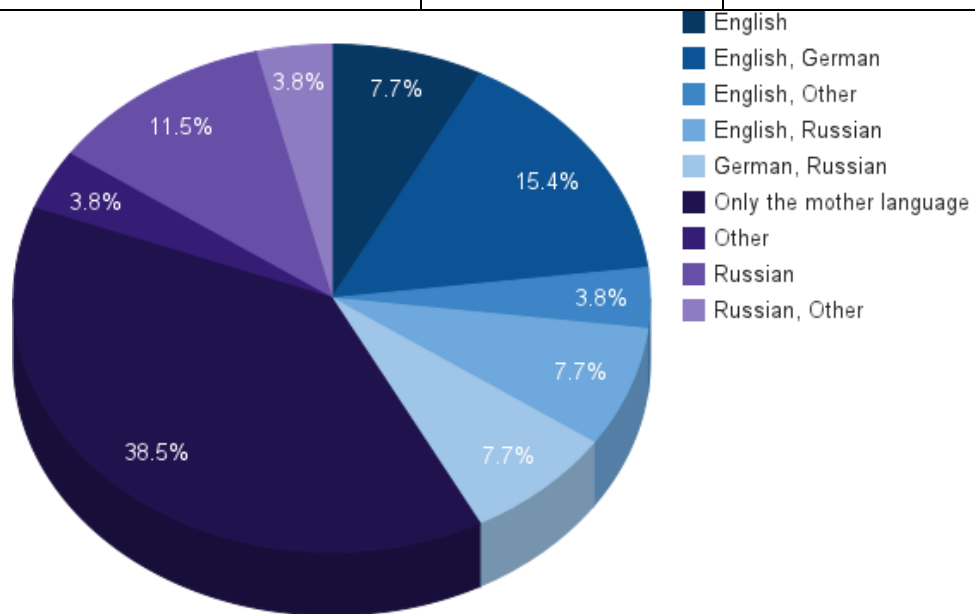
**Graph 33 Are You Interested in the Politic Situation of the Czech Republic Regarding EU?**

The majority of the respondents are interested in the politic situation regarding EU, half of them (53.8%, 14/26) actually care more about the situation and understand it, whereas 19.2% (5/26) of respondents care about the issue but do not understand it fully. Only 26.9% (7/26) of respondents do not really care, rather not. The people might be upset with the EU and therefore they are not interested in watching the news or any other media concerning EU.

The respondents had a chance to choose unlimited number of languages, here are shown the answers including the combinations of languages provided by the respondents.

**Table 32 How Many Languages Are You Able to Have a Conversation in?**

English	2	7.7%
English, German	4	15.4%
English, Other	1	3.8%
English, Russian	2	7.7%
German, Russian	2	7.7%
Only the Mother Language	10	38.5%
Other	1	3.8%
Russian	3	11.5%
Russian, Other	1	3.8%



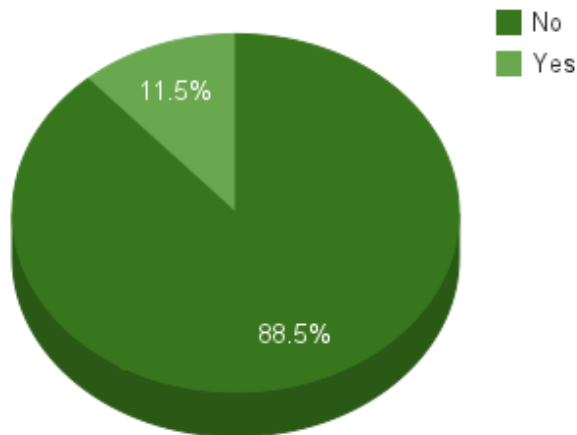
**Graph 34 How Many Languages Are You Able to Have a Conversation in?**

Almost half of respondents speak only their mother language, which is Czech or Slovak in this company. English has a very strong position in the company since PILANA a.s. is an export company, the same could be said about German and Russian which are the second and third most spoken languages among the employees. There are quite a lot of

combinations of languages such as English and German, which is the most widespread, followed by English and Russian, and German and Russian.

**Table 33 Are You Taking Any Courses to Educate (Train) Yourself Regarding the Needs of the EU and Your Company?**

Yes	3	11.5%
No	23	88.5%

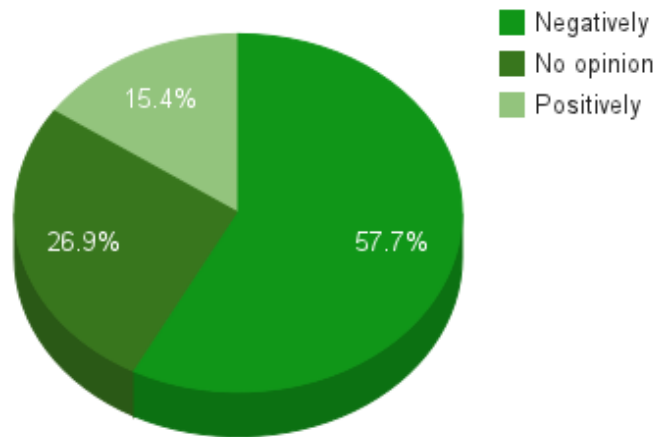


**Graph 35 Are You Taking Any Courses to Educate (Train) Yourself Regarding the Needs of the EU and Your Company?**

Despite the language knowledge the employees do not take any courses to improve themselves or any other ways to develop some abilities for the needs even though there are a lot of new technologies and opportunities which people have to adopt to.

**Table 34 How Do You Feel about the Czech Republic Being the Part of the EU?**

Positively	4	15.4%
No Opinion	7	26.9%
Negatively	15	57.7%

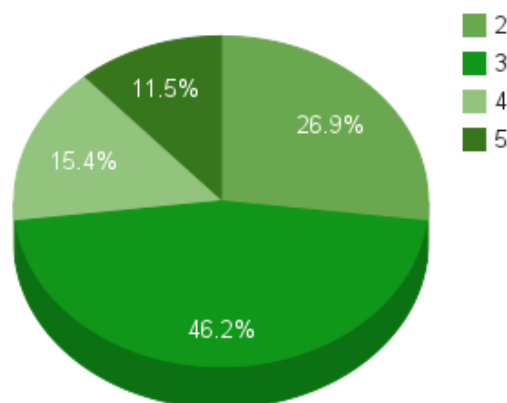


**Graph 36 How Do You Feel about the Czech Republic Being the Part of the EU?**

The employees of the company are not satisfied with the EU and the Czech Republic being the part of such a complex. Majority of the respondents (57.7%, 15/26) feel it negatively whereas 15.4% (4/26) do feel it positively, the rest of the respondents do not have any opinion concerning this issue.

**Table 35 The Interaction between the EU and Your Company and Vice Versa**

Choice	1	2	3	4	5
No. of resp	0	7	12	4	3
%	0.0%	26.9%	46.2%	15.4%	11.5%



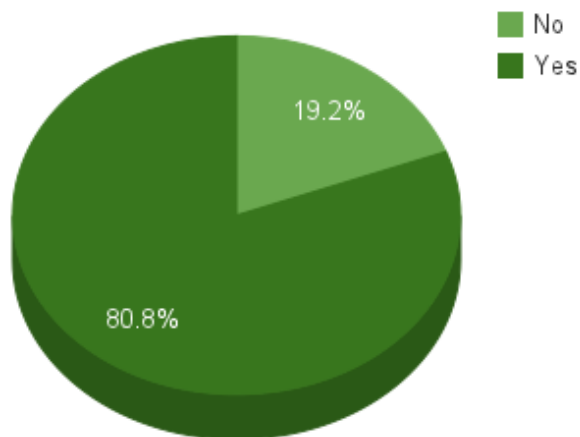
**Graph 37 The Interaction between the EU and Your Company and Vice Versa**

The employees of the company do not seem to be fully informed about the interaction of the company with the EU since 46.2% of respondents did not know if the

company interacts sufficiently or not. Both ends of the scale are balanced, some of the respondents believe that the company interacts in a good way, some of them are not that optimistic.

**Table 36 Has Your Company Ever Used Any Resources Provided by EU?**

Yes	21	80.8%
No	5	19.2%

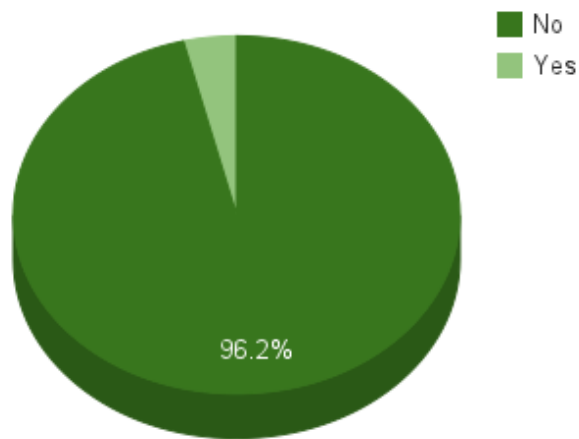


**Graph 38 Has Your Company Ever Used Any Resources Provided by EU?**

Despite the previous question proved that the employees are not well informed about interaction; the majority of respondents (80.8%, 21/26) are sure that the company has used some resource provided by EU, whereas 19.2% (5/26) answered no, which might have a connection to the previous question and they are not informed about the EU, thus they do not know if the company has ever used such a resource.

**Table 37 Has the EU Ever Helped You in Your Current Occupation?**

Yes	1	3.8%
No	25	96.2%

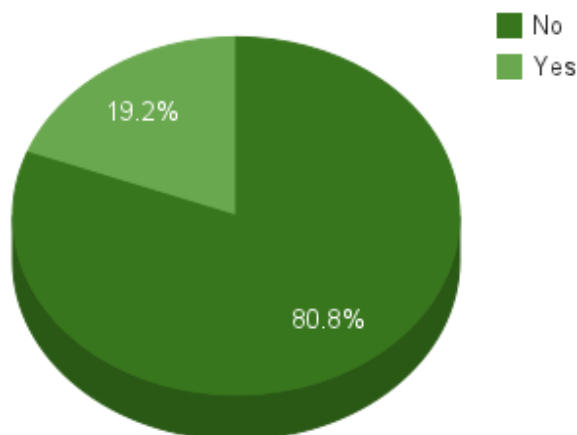


**Graph 39 Has the EU Ever Helped You at Your Current Occupation?**

The clearest question is about the helpfulness of the EU. The EU seems to be useless in the employees' current occupation and it is proved by 96.2% (25/26) of employees that the EU has not helped a single employee (filling in the survey) in the company. Only one respondent answered that the EU has helped him in his/her current occupation.

**Table 38 As an Employee/Manager Do You Agree with the Adoption of Euro?**

Yes	5	19.2%
No	21	80.8%



**Graph 40 As an Employee/Manager Do You Agree with the Adoption of Euro?**



Majority of the employees do not agree with the adoption of Euro: the presented reasons:

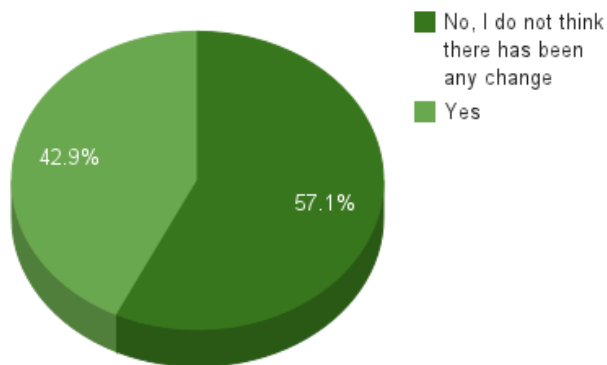
- Big price movement
- Disadvantage of Euro
- First to unify the salaries, then the Euro
- I am not a supporter of "EU"
- Inperspective
- Our market will suffer; less money
- The instability of Euro
- Useless
- We are not prepared.

Some people agreed and here are the stated reasons:

- The adoption of Euro stabilises the major exchange rate losses (for example the exchange Euro - CZK)
- Simplification of business
- Elimination of exchange rate fluctuations. Simplification of payment

**Table 39 Has your company changed since the joining the EU?**

Yes	6	42.9%
No, I do not think there has been any change	14	57.1%



**Graph 41 Has your company changed since the joining the EU?**

A question for the employees who have been working in the company for more than 8 years.

The question about the progress of the EU was quite surprising, only 42.9% (6/20) of employees feel changes in the company but the majority think there has not been any change since 2004.

Reasons why the employees think so:

Negative

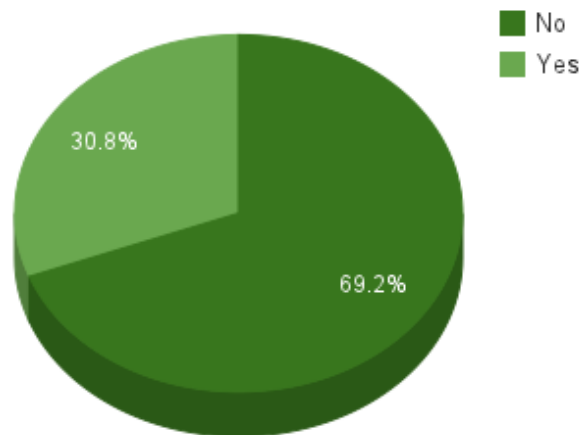
- Yes, in a negative way.

Positive

- Adoption of standards ISO
- Opportunity of EU funds.

**Table 40 Do You Support the EU?**

Yes	8	30.8%
No	18	69.2%



**Graph 42 Do You Support the EU?**

Employees of the company mostly do not support the EU and they also provided some reasons what they think about the EU.

- Bureaucracy, pointless norms, the complexity of the system.
- Does not support any companies of the Member States.
- Inequality among the Member States.
- It has not given me any sign of improvement.
- It is a big comedy. It is all about money, not the unification.... e.g. Greece

### 5.2.2 Summary of the Employees' Opinions

*Graph 33* – It was assumed that respondents would be at least interested in the political situation even though they might not understand it, the outcome was surprising, employees are really interested in such topic and there was not anyone who would not be interested in this issue.

*Graphs 34 and 35* – In the theoretical part there was a mention about increased demands concerning languages, it was assumed that the employees will know some language mostly English and German. The knowledge of Russian is a surprise since the other European languages are not spoken in the company (among the asked employees).

*Graph 36* – Even though everything would lead to the positive approach of the respondents toward the EU, the employees are mostly against the EU and feel the participation in the complex in a negative way. It was assumed that the approaches would be balanced.

*Graphs 37, 38, 39, and 41* – The statements concerning the interaction of the company and its employees and EU was quite disaster since people mostly did not know about the interaction and EU has never helped them in their position, on the other hand, what is interesting is that they are aware of the usage of the EU funds. Employees who have been working for the company for more than 8 years confirmed that there has not been any change. It was assumed that EU is doing the best for the employees and improves their working conditions but the assumption was wrong and people are clearly dissatisfied with the course of action from EU.

*Graph 40 and 42* – These graphs are primarily focused on the future of the EU and the opinions of the employees. Refusing the Euro (€) as a currency was not surprising and it emerges from the Graph 40 that employees have numerous reasons not to adopt the currency. The surprising outcome was about the support of the EU where the majority of employees asked are against the EU. It can mean that the future of EU for the employees of the company is not looking good.

## 6 FINDINGS OF THE SURVEY

The survey was taken by 26 respondents, the majority of them were workers - which is proved in Graph 10; another essential portion of respondents are managers and administrative officers. Thus, the workers are the basic part of the research. All of the respondents come from the company PILANA TOOLS. All these questions were divided into two parts – general part and part concerning advantages and disadvantages of the EU.

It is obvious that the employees of the company are familiar with the EU, what was surprising is that the respondents know about the institutions and activities in a good way. Half of the respondents who responded yes are not interested in the issues of EU, thus the company is not that effectively talking to their employees about the EU. There are no flags or any promotion leaflets or anything to promote the EU and increase the interest in their employees. On the other hand, the other half of the respondents is interested in the issue which is a good sign of some personal interference. The company consists of all age groups, which is shown in the Graph 13, from 21 to 58 years which means that the survey is not focused only on a particular group of people but on the whole company.

The part concerning advantages and disadvantages of the EU was divided into three parts, first of them is about advantages, second about disadvantages and the third one is the employees' opinion on the interaction of the company with the European Union.

The part about advantages had 9 sub-questions and the task was to tick 1-5 on the scale to find out the importance according to employees. People are not obviously so interested in the EU and it emerges from it that the the increasing security and strengthening the international position is not something they would care about. The unbalanced results are proof that some employees think that it is somehow important for them and the company but some of them disagree and do not think it is important advantage. With this topic is connected the unification of Europe which has almost identical results – unbalanced. Some people are afraid of immigrants but they also like a vision of strong Europe. It is not necessary for the company to insist on the unification of Europe. Employees have different approach about the creation of a single market finding it important for the company to get higher profit but also unimportant for the reason that they do not feel it on their skin – the change since joining a single market. Questions concerning new investment opportunities, foreign investors balanced business environment and availability of EU funds were positive; for the employees of PILANA TOOLS is crucial to obtain new investment opportunities which is connected to EU funds, both of the advantages can increase the

prosperity of the company and the profit and the balanced business environment is always needed since the employees desire nothing more but the equality when doing business.

One of the main advantages of the EU important for everyone is the Schengen Area, some of the employees though do not appreciate the project since it might be a threat for the companies due to higher competition, when the Czech Republic joined the Schengen Area the new markets were opened to allow people to work abroad or increase the export rate, which is useful according to the employees.

A big disadvantage of the EU is an immigration and migration, employees of the company find it very important - need to be solved; immigration is bothering them much more than migration, and they feel endangered by the immigrations that are looking for a job, which may resolve into a higher unemployment. This is connected with the graph 5.3 where 92.3% of respondents agreed that it is important for them and the solution needs to be sought.

The responses to the question regarding their working position are quite confusing, so are responses about the increased demands on business ethics, ecology and technical norms since they do not know if it is important or not. There is a diversity of opinions and the same applies for the tougher labour regulations. There arises a question of whether the employees are informed about the changes or whether they do not really know what has altered since it could stay the same and the changes were minimal.

The respondents see the increased competition both as a big disadvantage as advantage, very balanced, it suggests that it depends on the view of the employee, some of them might have felt some impact but mostly the respondents feel that the reliability towards customers has decreasing character.

People always point out the worst when it comes to the crime levels, bureaucratic overburdening, legal safeguards, and crime level or corruption, therefore the dissatisfaction is the highest out of the graphs.

The last part was aimed on the employees' opinions. It emerges from the survey that even though employees perceive the EU mostly negatively, they are interested in the EU and they are also interested in the politic situation in the Czech Republic in the connection with the EU. The company though do not provide enough information about their interaction with the EU to their employees because the majority of them do not know on what level is the interaction between them, despite this employees do know about some resources that their company has ever used as funds. Employees' participation in this

process is almost zero since the employees, in spite of their language knowledge, do not take any courses to educate themselves for the needs of the company or EU. It emerges from the survey that the company has not helped the employees in anything since the joining the EU and it is supported by the arguments of the employees who have been working in the company for more than eight years. The majority of the respondents do not support the EU, thus it means that the EU has not done any good in their company and therefore the employees are against the adoption of Euro, 80.8% of respondents do not want to use the currency and in the Table 38 are stated all the reasons for or against the Euro.

## **7 RECOMMENDATION TO IMPROVE THE CURRENT RELATION WITH THE EU**

The research concerning the influence of the EU demonstrated that the employees are not satisfied with the EU and the interaction of the company. To improve the current relation with the EU there is a need for some tools that would increase the satisfaction of the employees and therefore it could influence the motivation and productivity of the work.

Employees in the company are dissatisfied due to internal and external factors, the external factors are for example unemployment or immigration, the company does not have a power to influence these factors, thus it should focus on the internal factors since EU is not going to change its regulations day-to-day and the employees will still be dissatisfied. The internal factors are the interaction of the company with EU and company and employees.

### *EMPLOYEES' AWARENESS OF EU*

Pilana Woods should focus more on the employees and bring them information about EU. The company and the workplace itself do not have any material about EU provided to its employees. Therefore, Pilana Woods needs to inform its employees with brochures and maybe putting some flags at the workplace (not necessarily) to increase the awareness of EU – this would bring more questions from the employees and more ideas how to improve some problems and propose suggestions where the funds could be used. The motivation will grow and employees will feel part of the company and will know that they have a say in the problematic of the EU funds. Since the motivation will grow, the company will be much more prosperous because there will not be complaints about the lack of information from superiors, therefore productivity of the work will increase simultaneously.

To achieve such outcome it needs patience, endeavour, creativity and time. It is not money consuming and it is worth a try and it should be a key aim of the company to have good relations with the employees and work environment.

+ Increased productivity of the work, motivation, satisfaction.

- Negative opinions concerning EU and the company, decreasing satisfaction due to low interest of the company about the opinions.

### *TRANSPARENCY OF PROJECTS AND EU FUNDS*

Another recommendation would be to inform the employees about the funds, it emerges from the survey that corruption and similar techniques are unhealthy and employees recognise them, which leads to several problems. Pilana Tools should reveal the available funds or organise some e-mails for the employees, divide them into bigger groups – economic department or workers and send them e-mail concerning the funds, which will lead to transparency of projects and funding, thus the employee will see what the company is doing with the money and which area is going to be improved. After revealing the possible offers and improvements some short presentation or pros and cons should be included just to inform employees and give them feeling of sharing information and that they are valuable colleagues in this process.

Right after the funding is put into practice, the machines, buildings or anything that was constructed or improved with the help of EU should be labelled with a plate which is commonly used in a case of co-financing. The plate should include the flag of EU, the fund that was used, date and the contractor, another details might be added depending on what is required.

Having known about the projects and which area will be improved with the finalised labelled projects will lead to better communication with the employees. The crucial problem will be solved which is the influence of the EU on the company. The influence will not be negative anymore and the benefits will outweigh the drawbacks.

+ The company's image will increase as will the motivation and some other factors.

- The e-mails may not be the best solution because of the variety of the employees since older people do not have much experience with using e-mail or computers and might bring some problems with communication due to this obstacle. Plates might be expensive and some employees might not even notice them. Higher maintenance costs.

### *COMPARISON OF THE RECOMMENDATIONS*

Both versions are available for the company; the first recommendation is less money-dependent and requires less attention and brings a lot of benefits, whereas the second recommendation has the same outcome but the requirements such as endeavour, money, or time are higher. The decision is 'simplicity versus complexity'.



## CONCLUSION

The aim of the bachelor thesis was to find out if the employees of the company Pilana Tools support the European Union. The theoretical part was concerned on the structure of the European Union and most importantly on the advantages and disadvantages. Among all the characteristics the EU has been providing the companies the funds, which is the advantage but 'light is opposed to the darkness', therefore there are some threats flowing around which influence the employees' opinion, one to mention could be the situation concerning Greece and the crisis of the Eurozone.

The most important part of the bachelor thesis was the analytical part with the survey regarding EU concerning its interaction with the company and employees' point of view. The bachelor thesis demonstrated how ordinary people do not pay enough attention to the European Union because they are not the endangered target group therefore their interest is decreased. The questions in the survey proved that the employees do know something about the European Union but they are not fully engaged into the process since the company do not inform their employees about the interaction between the company and EU. Employees know that the funds have been used but the question is if they really know where the funds have been used. Thus, since employees do not know every detail concerning the funds the positive feeling about EU is disappearing. The majority of employees do not support the EU and do not want to pay with the common European currency Euro (€), even though there are also advantages, they are influenced by the environment.

The company is not efficiently dealing with the European Union and sharing the information with their employees, thus there should be a change to increase the awareness of the employees about the EU. The applicable solution might be to put some flags and brochures on the workplace about the EU and the funds that have been used during some period of time and also provide some upcoming changes to increase employees' knowledge which would lead to better communication and both sides would be satisfied.

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## **ABBREVIATIONS**

CoR - The Committee of the Regions

CVVM – Centrum pro výzkum veřejného mínění / Centre for Public Opinion Research

DIN – Deutsches Institut für Normung / German Institute for Standardisation

EC – European Community

ECB – The European Central Bank

ECJ – European Court of Justice

ECSC – The European Coal and Steel Community

EDPS - The European Data Protection Supervisor

EEA – The European Economic Area

EEC – European Economic Community

EESC - The European Economic and Social Committee

EFTA – The European Free Trade Association

EIB – The European Investment Bank

EP – The European Parliament

ERDF - The European Regional Development Fund

ESD – European Social Dialogue

EU – The European Union

EU10 – Member States that joined EU in 2004

EU10+1 - Member States that joined EU in 2004 + Croatia

EU15 – Member States before the year 2004

EU 27 – Total amount of the Member States

EUR - Euro

EURATOM – European Atomic Energy Community

GDP – Gross Domestic Product

MS(s) – Member State(s)

OECD - The Organisation for Economic Co-operation and Development

TEU – Treaty of European Union

UK – United Kingdom

USA – The United States of America

USSR - Union of Soviet Socialist Republics

## LIST OF TABLES

Table 1 The Main Treaties of EU .....	15
Table 2 Signing of Europe Agreement .....	20
Table 3 EU Citizens' Concerns about the Consequences of Enlargement (in 2001) .....	22
Table 4 The Benefits and Risks of Joining into EU according to Czech companies.....	22
Table 5 "Real GDP Growth of the Czech Republic" .....	25
Table 6 Percentage of Employees Working in Industry.....	27
Table 7 Time Schedule .....	41
Table 8 What Is Your Working Position? .....	42
Table 9 Are You Familiar With EU?.....	43
Table 10 Are You Interested in the Issues of EU?.....	43
Table 11 What Is Your Age? .....	44
Table 12 The Increasing Security of the EU and Strengthening of the International Position.....	46
Table 13 Unification of Europe .....	46
Table 14 The Creation of a Single Market.....	47
Table 15 New Investment Opportunities .....	48
Table 16 Balanced Business Environment .....	48
Table 17 Availability of EU Funds .....	49
Table 18 Schengen Area .....	49
Table 19 Foreign Investors .....	50
Table 20 The Opening of New Markets.....	51
Table 21 The Immigration Issue .....	51
Table 22 The Migration Issue .....	52
Table 23 Unemployment in the EU .....	52
Table 24 Increased Demands on Business Ethics, Ecology and Technical Norms .....	53
Table 25 Tougher Labour Regulations .....	54
Table 26 Increased Competition .....	54
Table 27 Reliability towards the Customers due to Increased Competition.....	55
Table 28 Crime Levels.....	55
Table 29 Bureaucratic Overburdening (for Example Corruption).....	56
Table 30 Legal Safeguards.....	56



Table 31 Are You Interested in the Politic Situation of the Czech Republic Regarding EU? .....	59
Table 32 How Many Languages Are You Able to Have a Conversation in? .....	60
Table 33 Are You Taking Any Courses to Educate (Train) Yourself Regarding the Needs of the EU and Your Company? .....	61
Table 34 How Do You Feel about the Czech Republic Being the Part of the EU?.....	61
Table 35 The Interaction between the EU and Your Company and Vice Versa.....	62
Table 36 Has Your Company Ever Used Any Resources Provided by EU? .....	63
Table 37 Has the EU Ever Helped You in Your Current Occupation? .....	63
Table 38 As an Employee/Manager Do You Agree with the Adoption of Euro? .....	64
Table 39 Has your company changed since the joining the EU?.....	65
Table 40 Do You Support the EU? .....	66
Table 41 “The Key Developments of the European Union:” .....	86

## LIST OF GRAPHS

Graph 1 The Main Export Partners (2007) .....	27
Graph 2 “The economic situation in the EU” .....	31
Graph 3 Trustworthiness of EU .....	31
Graph 4 The Crisis and the Acting of EU – Positive or Negative .....	32
Graph 5 “Three quarters of men and women between 20 and 64 years of age should have a job” .....	32
Graph 6 “The share of funds invested in research and development should reach 3% of the wealth produced in the EU each year” .....	33
Graph 7 “To reduce EU greenhouse gas emissions by at least 20% by 2020 compared to 1990” .....	33
Graph 8 “The number of young people leaving school with no qualifications should fall to 10%” .....	33
Graph 9 “At least 40% of the younger generation should have a degree or a diploma” .....	33
Graph 10 What Is Your Working Position?.....	42
Graph 11 Are You Familiar With EU? .....	43
Graph 12 Are You Interested in the Issues of EU? .....	44
Graph 13 What Is Your Age? .....	44
Graph 14 The Increasing Security of the EU and Strengthening the International Position.....	46
Graph 15 Unification of Europe .....	47
Graph 16 The Creation of a Single Market.....	47
Graph 17 New Investment Opportunities .....	48
Graph 18 Balanced Business Environment.....	48
Graph 19 Availability of EU Funds .....	49
Graph 20 Schengen Area .....	50
Graph 21 Foreign Investors.....	50
Graph 22 The Opening of the New Markets.....	51
Graph 23 The Immigration Issue .....	51
Graph 24 The Migration Issue .....	52
Graph 25 Unemployment in the EU .....	53
Graph 26 Increased Demands on Business Ethics, Ecology and Technical Norms.....	53
Graph 27 Tougher Labour Regulations .....	54

Graph 28 Increased Competition .....	54
Graph 29 Reliability towards the Customers due to Increased Competition .....	55
Graph 30 Crime Levels .....	55
Graph 31 Bureaucratic Overburdening (for example, Corruption).....	56
Graph 32 Legal Safeguards.....	57
Graph 33 Are You Interested in the Politic Situation of the Czech Republic Regarding EU? .....	59
Graph 34 How Many Languages Are You Able to Have a Conversation in? .....	60
Graph 35 Are You Taking Any Courses to Educate (Train) Yourself Regarding the Needs of the EU and Your Company? .....	61
Graph 36 How Do You Feel about the Czech Republic Being the Part of the EU?.....	62
Graph 37 The Interaction between the EU and Your Company and Vice Versa.....	62
Graph 38 Has Your Company Ever Used Any Resources Provided by EU? .....	63
Graph 39 Has the EU Ever Helped You at Your Current Occupation?.....	64
Graph 40 As an Employee/Manager Do You Agree with the Adoption of Euro? .....	64
Graph 41 Has your company changed since the joining the EU?.....	65
Graph 42 Do You Support the EU? .....	66

## **LIST OF PICTURES**

Picture 1 “The European Union” .....	16
Picture 2 The PILANA a.s. company, Hulín .....	36

## **APPENDICES**

Appendix P I: Table

Appendix P II: ISO Certifications

Appendix P III: Survey

## APPENDIX P I: TABLE

**Table 41 “The Key Developments of the European Union:”**

1951	<p>Treaty of Paris is signed, bringing the European Coal and Steel Community into effect from 23 July 1952.</p> <p>Membership comprised Belgium, the Federal Republic of Germany, France, Italy, Luxemburg, and the Netherlands.</p>
1957	<p>Treaty of Rome is signed, bringing into effect the European Economic Community and the European Atomic Energy Community from 1 January 1958.</p>
1965	<p>Merger Treaty is signed, with the effect of merging the principal institutions of the three communities from 1967. Henceforth the three communities are known collectively as the European Community.</p>
1973	<p>Denmark, the Irish Republic, and the UK join the EC on 1 January.</p>
1981	<p>Greece joins the EC on 1 January.</p>
1986	<p>Spain and Portugal join the EC on 1 January. The Single European Act is signed, coming into effect on 1 July 1987, and introduces the first systematic revisions to the founding treaties.</p>
1992	<p>February: Treaty on European Union is signed (following broad agreement in December 1991 at a meeting in Maastricht in the Netherlands). It entails systematic revisions to, and extension of, the existing treating.</p> <p>Following ratification, the TEU comes into effect on 1 November 1993. Within the European Union, the EC represents one ‘pillar’ of activities: the others relate to foreign and security policy; and justice and home affairs.</p> <p>May: the European Economic Area Treaty is signed and comes into effect in January 1994. The EEA extends important parts of economic integration to Member States of the European Free Trade Association, excluding Switzerland, which voted against in a referendum. As of 2006 the EEA includes Iceland, Liechtenstein, and Norway.</p>
1995	<p>Austria, Finland, and Sweden join the EU on 1 January.</p>
1997	<p>Amsterdam Treaty is signed, coming into effect on 1 May 1999.</p>
1999	<p>Stage 3 of Monetary Union, including the launch of the Euro, takes effect.</p>
2000	<p>Treaty of Nice is agreed, and signed in 2001. It comes into effect, following ratification, in February 2003.</p>

2004	May: Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia, and Slovenia join the EU.
2004	June: After preparation over a three-year period, the twenty-five states agree on the Constitutional Treaty, designed comprehensively to consolidate all existing EU treaties. The fate of this treaty is unclear following its rejection in two referenda (in France and the Netherlands, in May/June 2005).
2007	January: Bulgaria and Romania join the EU.

Source: Data adopted from Michael Artis and Frederick Nixson. *The Economics of the European Union: Policy and Analysis*. 4th Edition. (New York: Oxford University Press, 2007), 8.

## APPENDIX P II: ISO CERTIFICATIONS



# DET NORSKE VERITAS MANAGEMENT SYSTEM CERTIFICATE

Certificate No.: 57912-2009-AQ-CZS-RvA/Rev1

*This is to certify that the Management System of:*

**PILANA Knives s.r.o.**

Nádražní 804, 768 24 Hulín, Czech Republic

*has been found to conform to:*

**ISO 9001:2008**

*This Certificate is valid for the following product or service ranges:*

**Production and sale of industry knives.**

*Initial Certification date:*

10 August 2006

*This Certificate is valid until:*

10 August 2012

*The audit has been performed under the supervision of*

Michaela Zuntová  
Lead Auditor



*Place and date:*

Prague, 26 July 2010

*for the Accredited Unit:*  
DNV CERTIFICATION B.V.,  
THE NETHERLANDS

Tomáš Urban  
Management Representative

Lack of fulfilment of conditions as set out in the Certification Agreement may render this Certificate invalid.

DET NORSKE VERITAS CERTIFICATION B.V. Zwolseweg 1, 2994 LB Barendrecht, The Netherlands, TEL: +31 10 2922 688 - www.dnv.com / www.dnv.nl





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# DET NORSKE VERITAS

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## MANAGEMENT SYSTEM CERTIFICATE

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Certificate No.: 57535-2009-AQ-CZS-RvA/Rev1

*This is to certify that the Management System of:*

**PILANA Wood s.r.o.**

Nádražní 804, 768 24 Hulín, Czech Republic

*has been found to conform to:*

**ISO 9001:2008**

*This Certificate is valid for the following product or service ranges:*

**Production and sale of saws for wood processing.**

*Initial Certification date:*

31 August 2006

*This Certificate is valid until:*

31 August 2012

*The audit has been performed under the supervision of*

Michaela Zuntová  
*Lead Auditor*



*Place and date:*

Prague, 26 July 2010

*for the Accredited Unit:*  
DNV CERTIFICATION B.V.,  
THE NETHERLANDS

Tomáš Urban  
*Management Representative*

Lack of fulfilment of conditions as set out in the Certification Agreement may render this Certificate invalid.

DET NORSKE VERITAS CERTIFICATION B.V. Zwolseweg 1, 2994 LB Barendrecht, The Netherlands, TEL: +31 10 2922 688 - www.dnv.com / www.dnv.nl



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# DET NORSKE VERITAS

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## MANAGEMENT SYSTEM CERTIFICATE

---

Certificate No.: 57692-2009-AQ-CZS-RvA/Rev1

*This is to certify that the Management System of:*

**PILANA Saw Bodies s.r.o.**

Hlavní 51, 768 32 Zborovice, Czech Republic

*has been found to conform to:*

**ISO 9001:2008**

*This Certificate is valid for the following product or service ranges:*

**Production, sale and service of saw bodies, saws and tools.  
Purchase and sale of saw bodies, saws, tools and related materials.**

*Initial Certification date:*

31 August 2006

*This Certificate is valid until:*

31 August 2012

*The audit has been performed under the supervision of*

Michaela Zuntová  
*Lead Auditor*



*Place and date:*

Prague, 26 July 2010

*for the Accredited Unit:*  
DNV CERTIFICATION B.V.,  
THE NETHERLANDS

Tomáš Urban  
*Management Representative*

Lack of fulfilment of conditions as set out in the Certification Agreement may render this Certificate invalid.

DET NORSKE VERITAS CERTIFICATION B.V. Zwolseweg 1, 2994 LB Barendrecht, The Netherlands, TEL: +31 10 2922 688 - [www.dnv.com](http://www.dnv.com) / [www.dnv.nl](http://www.dnv.nl)

## APPENDIX P III: SURVEY

### SURVEY

#### THE INFLUENCE OF THE EUROPEAN UNION ON THE CZECH COMPANY

#### PILANA TOOLS

The survey concerns the issue of the European Union and its influence on the Czech company PILANA TOOLS. The aim of this survey is to find out whether the company's employees are satisfied with the activity of the European Union and if it has influenced their working conditions and the improvement of the workplace. Thus, this survey will also deal with the advantages and disadvantages connected to the European Union.

Please fill in every question mentioned below. The survey will be used only for the educational purposes – the bachelor thesis; and is anonymous.

#### GENERAL PART

1. What is your working position?

- Manager
- Administrative Officer
- Worker

2. Are you familiar with EU? \*

- Yes
- Ne

\* With the activities of EU and its institutions.

3. Are you interested in the issues of EU?

- Yes
- No

4. What is your age?

\_\_\_\_\_

#### THIS PART CONCERNING ADVANTAGES AND DISADVANTAGES OF THE EU

5. Order the following dis/advantages of being part of the EU according to YOUR opinion of importance as an employee.

1 – very important, 2 – important, 3 – I do not know, 4 – less important, 5 – unimportant

## ADVANTAGES

The increasing security of the EU and strengthening the international position

1  2  3  4  5

Unification of Europe

1  2  3  4  5

The creation of a single market

1  2  3  4  5

New investment opportunities

1  2  3  4  5

Balanced business environment

1  2  3  4  5

Availability of EU funds

1  2  3  4  5

Schengen Area

1  2  3  4  5

Foreign investors

1  2  3  4  5

The opening of the new markets

1  2  3  4  5

## DISADVANTAGES

The immigration issue

1  2  3  4  5

The migration issue

1  2  3  4  5

The unemployment in the EU

1  2  3  4  5

Increased demands on business ethics, ecology and technical norms.

1  2  3  4  5

Tougher labour regulations

1  2  3  4  5

Increased competition

1  2  3  4  5

Reliability towards the customers (due to increased competition)

1  2  3  4  5

Crime levels

1  2  3  4  5

Bureaucratic overburdening (for example corruption)

1  2  3  4  5

Legal safeguards

1  2  3  4  5

6. Are you interested in the politic situation of the Czech Republic regarding EU?

- Yes, I am interested in this issue
- Yes, but I do not really understand it
- Rather not
- No, I am not interested in at all

7. How many languages are you able to have a conversation in?

- Only the mother language
- English
- German
- Spanish
- French
- Russian
- Other

8. Are you taking any courses to educate (train) yourself regarding the needs of the EU and your company?

- Yes
- Ne

9. How do you feel about the Czech Republic being the part of the EU?

- Positively
- No opinion
- Negatively

10. What is your opinion concerning the interaction between the EU and your company and vice versa?

1 – excellent, 2 – very good , 3 – I do not know, 4 – sufficiently, 5 – unsufficiently

The interaction between the EU and your company and vice versa

1  2  3  4  5

11. Has your company ever used any resource provided by EU? (for instance the funds)

Yes

No

12. Has the EU ever helped you at your current occupation?

Yes

Give an example please:

---

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No

13. As an employee/manager do you agree with the adoption of Euro?

Yes

No

Why are you FOR or AGAINST the adoption of Euro?

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14. The question for the employees who have been working in the company for more than 8 years.

Has your company changed since the joining the EU?

Yes

If yes, give an example please:

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No, I do not think there has been any change

15. Do you support the European Union?

Yes

No

If you have any comment or idea regarding the EU – positive or negative, feel free to add it below:

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Thank you for your time in completing the survey.

Lukáš Skopal - student of the TBU, Faculty of Humanities