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# The Happiness Gap in the EU Strategy: The Globalization Goals

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**Abstract.** This paper will outline the EU member states characteristics in the globalization context, following a comparative analysis of the welfare state models from a social perspective. This approach was structured starting from the human resources involvement in all spheres of life, from economic to moral field, requiring an adjusted sense of global citizenship, private and public responsibility. Assuming that the social development is a key issue in the globalization process, the labour force being in the same time both the architects and the passive victims of its composition, the global extension will be considered in accordance with the economic effects of migration, the human development index trend and the demographic considerations. The present paper proposes a complex case study on the European social models in order to provide a link between the social integration and the global benefits, emphasizing in the same time the major losers of the global change. The main results of the analysis strengthen the positive impact of a well-balanced link established between CSR and the state responsibility, identifying also the deficiencies of sharing a common EU agenda that supports the financial returns without a clear focus on the component people in the welfare state dynamism.

## 1. Introduction

This paper strives to find the cohesion link between the globalization process and the human resources development, sustaining the idea of private and public responsibility. The dynamism of the social progress will be outlined in accordance with the Europe 2020 agenda, strengthening the unsatisfactory results on the labor market, in terms of migration issues, the EU human development index trend and other demographic figures.

The main question that arises is whether it can be achieved a secure social globalization, with a positive impact both on the economic and the moral perspectives. The happiness gap in the EU strategy translates in a development model of rich countries with poor citizens, deprived people that live below the poverty line. Even if the happiest people are not necessary those from the richest states, due to the fact that they can experience positive emotional outcomes, this paper focus on the financial happiness, an approach that target the financial-related impacts such as health services, educational needs, labor conditions and occupational safety.

The migration circumstances are described in accordance with the direct interaction between North and South that have strong correspondence in financial imperatives. Thus, the brain drain has significantly influenced the economic position of some countries, through the external balance situation and the total remittances. On the other hand, the globalization phenomenon has profoundly changed the population structure, being affected in the same time the competitiveness level of the national economies.

The comparative analysis of the main European social models will outline the globalization indicators in the social sphere. It will be used a complex case study with the champions from each model,

being considered both the private and the public responsibility. Deeply implemented in the global arena, the EU strategies suggest the major priorities for the social welfare, exploring new challenges in the European composition.

More insights into the global context provide clear interest in recovering the welfare state in Europe, even if the people-oriented actions are less efficient and outline discrepancies in practice, every country being affected in the same time by the migration phenomenon and the demographical downturns. The main results create a basis for the social globalization process, taking into account the synergy between the economic and human development, aligning the efforts of private and public institutions in regaining the human capital freedom.

## **2. The Social Perspective of the Europe 2020 Strategy**

Due to the current dynamism of the globalization process, there are several antagonisms between the social, cultural, political, economic or environmental issues. Starting from the assumption that the state cannot solve all the problems, providing only the financial resources to manage the restructuring context, the business world can be viewed as an alternative option for the state structure, through a voluntary corporate responsibility plan. On the other hand, the consolidation of the European Union mechanism and the convergence challenges have increased the interest for sustainable performance goals, a special emphasis being placed to the common EU agenda in the globalization design. Currently, the sustainability topic is more than a pressing issue for the modern world, due to the convergent discussions that stress its practical importance.

Created in the context of widespread crisis, the Europe 2020 strategy sustains three major priorities: (1) smart growth, in which a special attention is placed to the innovation and knowledge society in order to obtain the economic performance; (2) sustainable growth, that promotes the efficient management of natural resources and competitiveness; and (3) inclusive growth, which is more related to the social cohesion objective [1, p. 3]. This paper will outline this final priority, which allow us to understand the people potential to facilitate an easier transition to a global economy, empowering the working force to fight against the poverty.

The partnership between private and public institutions presents multiple advantages for the fulfillment of strategic goals, the CSR option being considered a useful tool for the sustainable development. There is a lack of consistency in the Europe 2020 strategy for synchronize the social and financial goals, the CSR policies and the people dimension being insufficiently promoted to achieve the objectives targeted. In particular, this document proposes to reduce the social disparities through improving skills and increasing the employment level, but there are ignored a set of demographical and social problems, even more pressing.

Following the current trend, the Europe 2020 text is focused on the financial outcomes of the social welfare, being avoided the results expressed in terms of social happiness. The vision of Bhutan's gross national happiness (GNH) mechanism is an example of real progress measure, suggesting that "current indicators of progress like GDP do not adequately capture welfare" [2, p. 44]. A similar tool is the Human Development Index (HDI), the United Nations Development Programme (UNDP) approach based on three key dimensions: long and healthy life, knowledge and a decent standard of living. Thus, the composite index reflects three correspondent indices, such as: the life expectancy index, the education index and the gross national income (GNI) index.

Another extent suggests the creation of a specific Europe 2020 Index [3], primarily focused on the top priorities of the mentioned agenda: the smart growth, the sustainable growth and the inclusive growth. According to the Europe 2020 strategy, the social dimension is more emphasized in the last priority, establishing a link between the employment rate, the lifelong learning, the improvement of the basic skills, the effort to fight the risk of poverty and the challenge of the demographic evolution. Considering these particularities, a more specific point introduce the inequalities problem, ensuring the appropriate conditions for a competitive labor market. "With the Europe 2020 strategy, the European fight against social exclusion was given fresh impetus" [4, p. 12], by addressing the legal effects of social inclusion in the EU policies.

Even if the Europe 2020 strategy focus on the social dimension, there is a gap in the measurement of social benefits and the happiness degree, as a key instrument to reinforce both the satisfaction level and the economic objectives. For the purpose of this paper, social indicators will be compared in order to reveal the significant gaps in the literature regarding the EU social aspirations, between different European social models that situates the European area below its optimistic social target.

**3. Research Methodology**

In order to create a correspondence between the social benefits and the welfare models, it will be developed a case study, taking into account one representative case for each model. Considering the literature of the welfare state and the differences established between the European Social Economic models, it can be emphasized four model versions [5]: the Continental model (Germany, France, Belgium, Austria), the Anglo-Saxon model (United Kingdom), the Mediterranean model (Spain, Portugal, Greece) and the Scandinavian model (Sweden, Norway, Netherlands, Denmark, Finland).

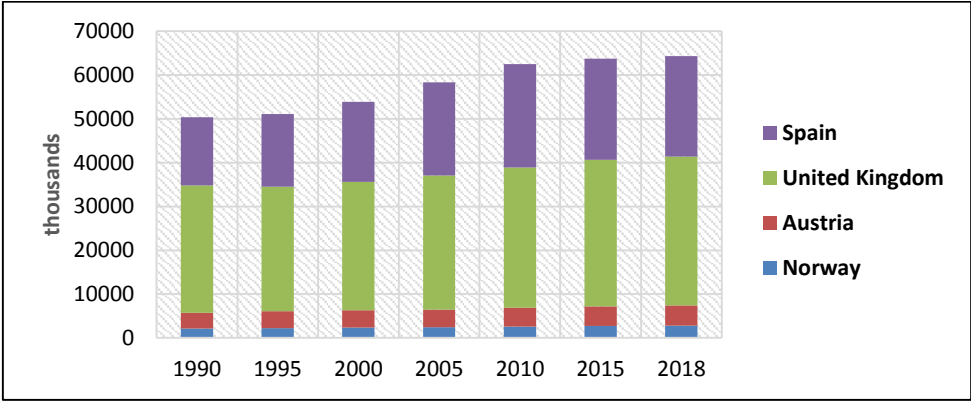
Thus, in accordance with the best-in-class approach, following the literature in this field that emphasis four main European social models and taking the gross domestic product (GDP) per capita as outliner, the analysis will be focused on these countries: Norway (the Scandinavian model), Austria (the Continental model), United Kingdom (the Anglo-Saxon model) and Spain (the Mediterranean model).

The estimated data for the year 2017 provided by the United Nations Conference on Trade and Development (UNCTAD) expressed in US dollars at constant prices (2010) per capita, suggests the economic performance of the countries from the Nordic model and the poor financial efficiency of the countries from the Mediterranean model. Norway has the higher value of GDP per capita (90.715 dollars/capita), while Greece has the lowest value (22.192 dollars/capita), a situation that is emphasized by the global financial downturns which deeply affected this state.

The analyzed sample will be correlated with the human resources potential, supporting the social economic models structure by the people approach. The comparative research will outline this challenge in terms of employment rates, human development index or demographic trend, proving in the same time the corporate capacity to manage financial benefits, the social responsibility premises and the European common agenda.

**4. The People Approach in the European Welfare State**

The main reasons for focusing on people in the welfare state interpretation is that the human resources are building the economy, designing the activity sectors in accordance with their needs and proposing new issues for the real social performance. Considering that the final objective of the human actions is the social welfare, through the educational and health systems efficiency, the human development measurement creates the basis for the social understanding of the European models.



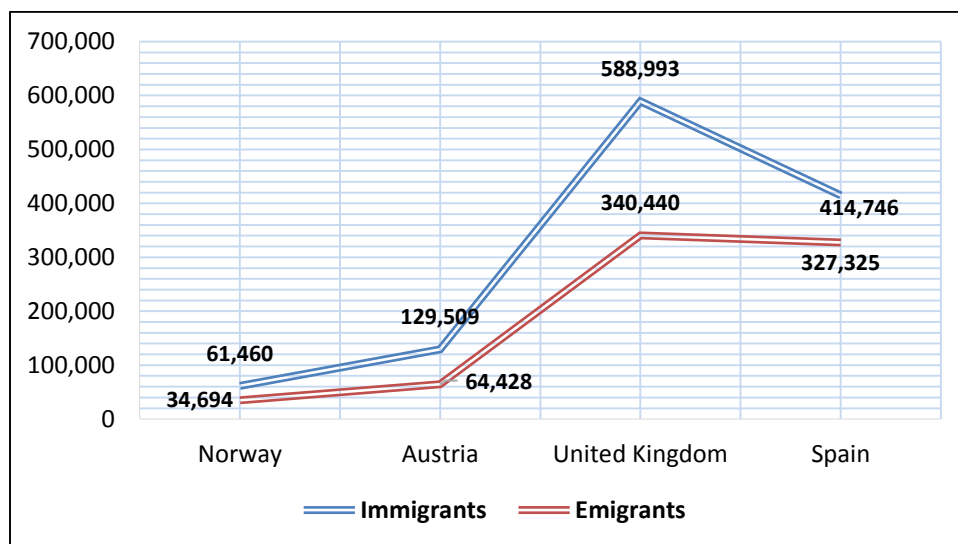
**Figure 1.** The labor force evolution for the period 1990 – 2015 (thousands)  
 Source: author processing based on the data provided by [6]

The data related to the labor market (Figure 1) suggest a constant evolution of the labor force indicator in the analyzed period, the major difference being observed in the case of Spain. The figures indicate a raise with 46.62% in the Spanish labor force and only 17.12% growth for United Kingdom. Moreover, if we establish a relationship between the demographic trend and the labor force progress, it must be outlined the Spain particularity, in which even the total population has raised from 38.867.322 people (1990) to 46.572.028 people in 2017 (+19.82%), the labor force has raised much more (+46.62%). This situation can be explained by the international mobility of the labor force, Spain being one of the centers with large migration flows.

Including in the analysis the migration phenomenon as a key factor in the social globalization, it can be outlined the strongly correlation between North and South. In the last decades, people are more mobile and have the courage to overcome the national borders, sometimes with the whole family. This behavior is conducted by both the financial imperatives and the personal or professional development needs, increasing the global mentalities that take the place of the local citizen.

In this regard, it can be noted the North – South interdependence, as countries with different levels of development that manage their needs in accordance with a complementarity system. This hypothesis reinforce the idea sustained in the Human Development Report 2013, by which “the South needs the North, and increasingly the North needs the South” [7, p. 2]. Thus, the developed countries are important refuge areas for the immigrants who want improved life and working conditions, as positive financial returns. On the other hand, they bring a new perspective to the labor market in the host countries, translated in efficiency and productivity indicators.

Their competitive advantage which makes their economies to prosper sustains on the cheap and qualified labor force, becoming in the same time immigrant-dependent. On the other hand, the South knows “the brain drain” phenomenon, suffering a huge underdevelopment drop. Despite these characteristics, their economies are reinforced by the total remittances of those working abroad, succeeding to positively influence the external balance.



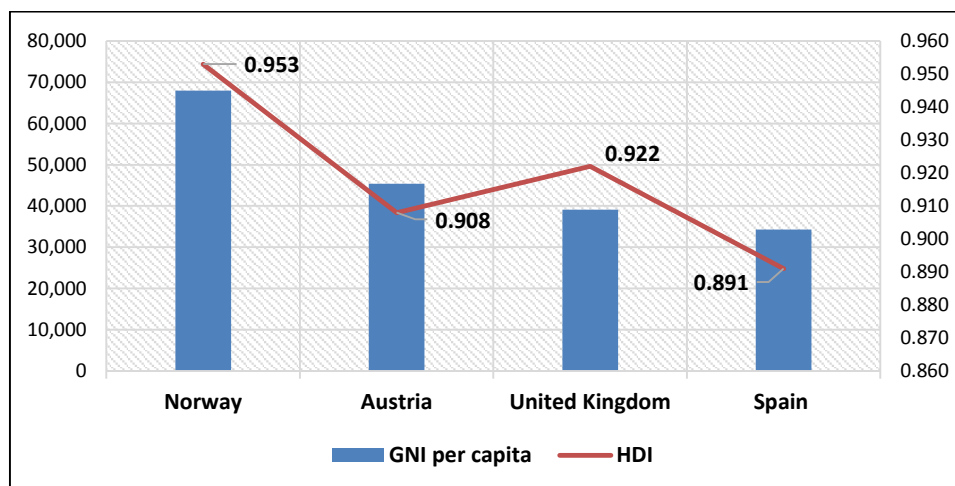
**Figure 2.** Total migration for the analyzed sample, 2016  
Source: author processing based on the data provided by [8]

Europe has changed its face towards the migrant flows, reporting 3.0 million emigrants that have left one EU Member State and 4.3 million immigrants to one of the EU countries [8], while the flow of refugees was only at its infancy. The current situation of people seeking entry to Europe has outlined the gaps in the EU strategies and the risks of those flows. The Eurostat data for 2016 suggest that the largest number of immigrants were reported in Germany (1029.9 thousand people), followed by the

United Kingdom (589.0 thousand people), Spain (414.7 thousand people) and France (378.1 thousand people).

By contrast, in the same period, Germany reported the highest number of total emigrants (533.8 thousand people), followed by the United Kingdom (340.4 thousand people) and Spain (327.3 thousand people). According to the Figure 2, in the analyzed countries the number of immigrants outnumbered the number of emigrants. This situation was also highlighted in 2014, except Spain. This country reported more emigration than immigration flows, being in the same time in the top ranking by this indicator. The transition from immigration to emigration in Spain was influenced by the crisis effects, when the GDP growth started to slow down. The emigration potential was also suggested by the accelerating outflows, due to the changes in the economic conditions.

Significant is also the huge difference between the number of the immigrants and the emigrants in the United Kingdom. In this sense, this country is seen as major host country for more than 589.0 thousand immigrants (2016), due to the improved working conditions, the remuneration policies and the quality of life. Accordingly to this assumption, the public concern puts a special emphasis on the real rise of the total immigration flows, being amplified by the media coverage debates. In a comparative study about the integration impact of the immigrants and their descendants before the crisis, Algan et al. reveals that “for net earnings, and conditional on education, potential experience and regional allocation, the UK stands out as having particularly large differences for the first generation but also much improved outcomes for the second generation” [9, pp. F25-F26].

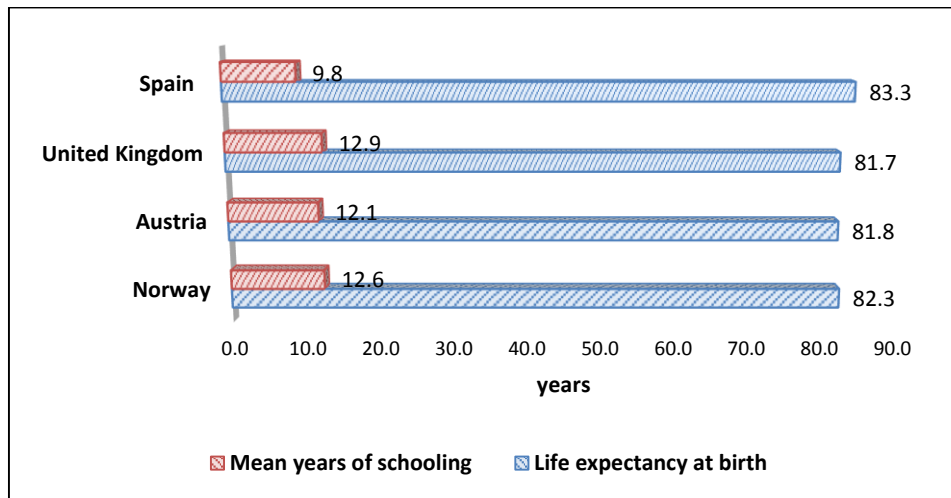


**Figure 3.** The HDI and GNI per capita, 2017

Source: author processing based on the data provided by [10]

On the other hand, the Human Development Index (HDI) takes into account three major dimensions: (1) long and healthy life, which can be best reflected in the life expectancy index; (2) knowledge, as a key construct in the educational sphere; and (3) a decent standard of living, primarily measured by the gross national income (GNI), total and per capita. The mentioned index stimulate a continuous debate on state policies, proposing a summary measure of human development outcomes for each of the three main fields, which are then reflected in a composite index by using a geometric mean.

Considering these characteristics and their corresponding indices included in the Figure 3, it can be noticed that the analyzed countries have very high human development indices, in the top of the ranking being Norway, with a HDI value of 0,953. Relying the Human Development Index with the macro economic performance suggested by the Gross National Income (GNI) per capita at 2011 Purchasing Power Parity (PPP) in dollars, the evidence suggests a direct link between these figures (2017), with a special position of the United Kingdom in the uncertain context of Brexit.



**Figure 4.** The HDI components, 2017  
 Source: author processing based on the data provided by [10]

Moreover, the data provided by the United Nations Development Programme outline similar levels of HDI components, like: the mean years of school and the life expectancy at birth (Figure 4). In terms of life expectancy at birth, the top position is occupied by Spain, while the United Kingdom reports the highest level of mean years of schooling. Considering these figures, the educational system is seen as a major catalyst in the happiness accelerator, due to the direct effects associated on the labor market, the remittances of the foreign workers in their home-country and the social impact on the current life.

In the last decades, the corporate social responsibility mechanism has started to fill in some social gaps, reinforcing the power of the private institution in the dynamic and globalizing world. Thus, various CSR projects have been directed to educational or community causes, like alphabetization projects or initiatives for the deprived people. The relationship established between the community and the corporations is a win-win relationship that supports both the competitive advantage and the social development, demonstrating its argued profitability.

## 5. Conclusions

The globalizing economy and the dynamism of the social structure lead to the imperative claim for a common EU agenda, involving both the financial and the social constructs. The Europe 2020 strategy become a tool in the human development measurement, striving to synchronize the smart, sustainable and inclusive growth. The major outcome of this paper highlights the happiness gap in the global design, starting from the particularities of the health services, educational needs, labor conditions and occupational safety.

This approach sustains the welfare state structure through a comparative analysis of the main European social economic models, requiring a new understanding of the People dimension in the public and corporate social responsibility context. Assuming that in the modern society, there must be a well-balanced link between public and private initiatives, this paper puts the social dimension in the top priorities of the global construct. Moreover, the data included in the analysis suggest the disputable effects of social indicators in the human development framework, with a special emphasis on the migration phenomenon, the educational system and the HDI approach.

The Mediterranean model represented by Spain has low rates of social performance, with the lowest GDI per capita and Human Development Index (2017). The growing evolution of the labor force in Spain is also a consequence of the migration flows, but the high rate of human mobility does not translate into the social happiness indices, as it can be observed from the present analysis. The Nordic model represented by Norway seems to be the most efficient, both in terms of HDI (0.953) and GDI per capita (68.012 dollars per capita). The educational interest and the constant labor market, together with superior

number of immigration flows suggest the positive effects in the people perceptions, due to the improved working conditions, the educational priorities, the health services, the wages and the quality of life. The present paper identify the People-component as a key factor in the welfare state construction, and the similar HDI levels for the analyzed models as a sign to include a social basis in the European social economic models worldwide.

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