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Full Length Research Paper

Synergies among different parts of sustainable development

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Sustainable development became an important paradigm in new EU countries. In new member countries can be seen the development of tools for measuring sustainable development. Sustainable development can be measured on many ways. In the paper we will show the evaluation of main determinants of sustainable development. Normally more developed countries have a higher sustainability readiness. In the paper the next hypothesis will be tested: First hypothesis: we need a wider set of sustainable development indicators, if we want to measure synergies among different parts of sustainable development. Second hypothesis: land used policies have an important influence on sustainable development. Third hypothesis: by analysing the indexes of sustainable development we can find the main development steps for improving our position. In the paper it will be shown why we must analyse different parts of sustainable development. Sustainable development is usually measured by the system of indicators. We must take into account also the paradigm of the knowledge based economy. The creation of a knowledge-based economy and society, and the preparation of respective action plans presuppose that the situation of the developed economies be analysed and give deeper insights into the current basis of economic development gained. Only this basis can serve the planning of future in a way that would guarantee rapid economic development and the harmonisation of the average wage level with that of the European Union. This entails both economic and social objectives, according to which Europe seeks to become the most competitive and dynamic knowledge- based economy in the world, capable of sustainable economic growth with more and better jobs, and a better social cohesion.

Key words: Economic development, benchmarking, development strategy, environmental economics.

INTRODUCTION

Sustainable development means integrating the economic, social and environmental objectives of the society, in order to maximize the people's well-being in the present without compromising the ability of future generations to meet their needs. The management evaluation of sustainability determinants will have an important new value compared to the existing studies about sustainable development on the European level. Some companies are not taking the sustainability concept in their programmes and policies. Many businesses are realizing benefits from corporate social responsibility initiatives with quantified improvements in revenue and market access, productivity, and risk-management. While emerging-market companies tend to focus more on the short-term cost savings and revenue gains, intangibles, such as brand value and reputation issues, are more significant for the companies that try to increase the sustainable readiness. Companies create external effects through their operations or actions. These effects can be positive for example spill over effects from research and income multiplier effects in local communities or negative, a classical example being pollution. It is expected that governments or other entities that are external to the market relevant costs if the impact of the externalities is not acceptable to important stakeholders, for example the investment and the operational costs of pollution, control equipment (Steger, 2004). On the business level, we can see the balance between investors, suppliers, consumers, local community, and competitors. Being socially responsible is not only fulfilling legal expectations, but also going beyond compliance and investing more into human capital, the environment, and the relations with stake-holders. The experience with

investment in environmentally responsible technologies and business practice suggests that going beyond legal compliance can contribute to a company's competitiveness. Going beyond basic legal obligations in the social area, for example, training, working conditions, or management-employee relations, can also have a direct impact on productivity. It opens a way of managing change and of reconciling social development with improved competitiveness. The effects of corporate sustainability management are of great interest to both companies and society. In particular, its micro level economic effects are often the subject of debates and studies discussing the importance and robustness of a business case for corporate sustainability. In the paper the next hypothesis will be tested: First hypothesis: we need a wider set of sustainable development indicators and indexes, if we want to measure synergies among different parts of sustainable development. Second hypothesis: land used policies have an important influence on sustainable development. Third hypothesis: by analysing main determinants of sustainable development we can find the main development steps for improving our position.

The business sustainability is an important challenge of sustainability research. Through their operations and actions, companies create external effects, which can be positive (e.g. spill over effects from research and income multiplier effects in local communities) or negative, a classical example of which being pollution. It is expected that governments or other entities that are external to the market relevant costs if the impact of the externalities is not acceptable to important stake-holders, for example the investment and operational costs of pollution control equipment (Steger, 2004). It can be seen that the most competitive countries in the EU also have a good position in Sustainable Development. We cannot achieve a high sustainable position without favourable conditions for the business sector. The correlation between competitiveness and sustainable development is strong. The Scandinavian countries rank high by the IMD and WEF's competitiveness index and by the ESI sustainability index. Observing the OECD countries only, it is obvious that the high performance of environmental quality, GDP per capita, and competitiveness, as defined by the WEF are connected. Porter and Esty state that, “The countries that have had the most aggressive environmental policies also seem to be the most competitive and economically successful”.

Needless to say, the economists starting from general equilibrium models do not agree with Porter’s hypothesis. In a general equilibrium model, there is no such thing as a free lunch, and Jaffe et al. (1995) conclude, “Just as we have found little consistent empirical evidence for the conventional hypothesis regarding environmental regulation and competitiveness, there is also little or no evidence supporting the revisionist hypothesis that environmental regulation stimulates innovation and improved international competitiveness.” We believe that a more sophisticated use of the environmental indicators and statistical tools to develop systematic and objective ways to gauge results offers a constructive way out of the current stasis. This essay is built on our previous effort to statistically investigate the underpinnings of environmental performance, and on using the findings to rank countries in terms of environmental outcomes and policies. In particular, we seek to explain differences in national environmental results—as measured by the levels of air pollution (particulates and SO2 and energy use—based on national policy choices in environmental regulation as well as in broader economic, political, and legal structures). We also empirically explore the question of whether strong environmental performance must come at the expense of competitiveness and economic development, as traditional economic theory has suggested (Jaffe et al., 1995). More broadly, we aim to put the environmental decision-making on a firmer analytic grounding, and to encourage further efforts to generate better data and improve statistical methods. Although hampered by imperfect data, a lack of time series data that would permit more definitive tests of causality, and the need to use relatively crude methods, we find substantial evidence that environmental performance varies systematically with both the quality of a country's environmental regulatory regime and its broader economic and legal context. We use our model to create a framework for measuring the quality of national environmental regulation, and to rank countries on both the quality of regulation and environmental performance. We find a significant correlation between income and environmental performance, suggesting that alleviating poverty should be seen as a priority for environmental policymakers. However, dramatic differences in environmental performance occur even between the countries with similar economic levels. This finding implies that environmental improvement is not merely a function of economic development, but benefits from carefully constructed policy choices. Our analysis also suggests that a country's broader economic, legal, and other institutional underpinnings are also important determinants of environmental performance. On the trade-off between being green and being competitive, we have found no evidence that improving environmental quality compromises economic strength. In fact, higher levels of environmental performance appear to be correlated positively with competitiveness.

Sustainable development stands for meeting the needs of present generations without jeopardizing the ability of futures generations to meet their own needs – in other words, a better quality of life for everyone, now and for generations to come. It offers a vision of progress that integrates immediate and longer-term objectives, local and global action, and regards social, economic and environmental issues as inseparable and interdependent components of human progress. Sustainable development will not be brought about by policies only: it must be taken up by society at large as a principle guiding the

many choices each citizen makes every day, as well as the big political and economic decisions that have. This requires profound changes in thinking, in economic and social structures and in consumption and production patterns. The European Council of June 2006 adopted an ambitious and comprehensive renewed SDS for an enlarged EU. It builds on the Gothenburg strategy of 2001 and is the result of an extensive review process that started in 2004. The renewed EU SDS sets out a single, coherent strategy on how the EU will more effectively live up to its long-standing commitment to meet the challenges of sustainable development. It recognises the need to gradually change our current unsustainable consum-ption and production patterns and move towards a better integrated approach to policy-making. It reaffirms the need for global solidarity and recognises the importance of strengthening our work with partners outside the EU, including those rapidly developing countries which will have a significant impact on global sustainable development.

Land used policies

Land used policies (housing, agriculture, forests and urbanization) are becoming more important by implementation of sustainable development concept. Before implementation of sustainable development the land used policies were created on their own. Now they have to put into account the social and also the environmental development. They are created from the long term perspective. European integration process has fostered the privatization process of stated owned companies. Privatization process of stated owned companies has changed the land responsibility in new member countries. Development process is different in urban areas than in rural areas. Without efficient use of land we cannot reach the sustainable development. One goal of sustainable development is to balance the competing demands for the finite quantity of land available. We have to minimize the loss of rural land to development and to maintain the vitality and viability of towns' centres with people living close to work place. The sustainable development assessment could be the basis for land used policies. Land used policies are taking the sustainable development concept hardly into account. As a source of sustenance, resources and wealth, land is the basis upon which all human societies are built (Caldwell and Shrader -Frechette, 1993). Most of the profound changes in the physical and social conditions of human existence have had important land-use dimensions, including, over a long time span, the shift to sedentary agriculture, large scale urbanization (strongly associated with the rise of formal, public, land-use planning) and the globalising influence of information technology. Land has been the subject of persistent political struggle, and we might expect the governance of land use change to present a challenging set of issues for the practice of sustainable development. Land used policies are becoming an important part of sustainable development in recent years. Development must take into account the qualitative view of improvement. It is a process of human improvement. It deals with the quality of life. Quality of life is becoming the important ob-jective of each country. Assessing the development posi-tion of countries takes more in the view the quality of life, because the people needs are the motor of development process. There are many possibilities to measure quality of life, especially in the last years. So, it is not just the environment-economy relationship, but also the social development. Sustainable development means integrating the economic, social and environmental objectives of society, in order to maximize human well being in the present without compromising the ability of future generations to meet their needs. Our sensibility is that we need a more encompassing definition of sustainable development. It would include programs and policies that promote a more equitable distribution of new jobs and income while boosting a national capacity to innovate. It would foster economic stability and increase the economic and political empowerment of the citizenry. It includes more equal roles for women and minorities, improved health and raised levels of educational attainment, access to better housing, a more effective public transport system, safer workplaces, greater energy and minerals efficiency, and decreased toxics usage among producers (Pyle and Forrant, 2002). If we observe the national competitiveness from a wide perspective, the most important weights have management and government, because they have an influence on other determinants. With a higher weight of sustainable development the theory concept of national competitiveness is observed from the long term view. We can explain this by analysing competitiveness by main groups as domestic economy, internationalization, government, financial markets, infrastructure, management, science and technology, human capital and environment conservation. All groups have the same weight. From a long term perspective, qualities of government and management have a stronger weight, because they influence on other determinants. Policies and strategies on governmental and enterprise level are becoming more important.

In the independence research among determinants of sustainable development we have created and own system of indicators. In the research we found the biggest development gaps of Slovenia to EU average. In the Slovenian, system of indicators has an important share. Land presents problems for the more sanguine, ecomodernist interpretations of sustainability, which see salvation in improving eco-efficiency, or »doing more with less«. While it is demonstrably possible to reduce the energy or materials intensity of the economy, relationships between economic activity, land and environmental change make analogous assertions about land-use intensity much more problematic (Owens and Cowell, 1994). One aspect of the growing interest in land use pla-

nning as an instrument of sustainable development has been the expanding range of social, ecological and political objectives that planning systems are deemed capable of promoting. Seen collectively, these aspirations amount to a potentially overwhelming brief for institutions with something of a mixed record in meeting public and political desires (Cullingwirth, 1997) . Land-use policies can sometimes provide a reassuring institutional alternative to measures with more immediate effect, such as green taxes; and when they do bite, local authorities, rather than central government, face the political repercussions. In such circumstances, it is convenient that advocates of sustainable development call for greater local autonomy. Planning undoubtedly has been, and continues to be, used in such ways, as we show in relation to environmental assessment, transport and other issues.

Measuring sustainability

Benchmark selected countries by economic, social, environmental and institutional indicators show us where we have to act in the way of improving competitive position. By acting as if all regions and countries must follow basically the same stages on their route towards perfection, policy makers do, for instance, sometimes try to enhance the economic development of an area by producing an imitation of the local capabilities, not of the laggards, but of what they believe to be the economically most advanced regions or countries, thereby hoping to become attractive themselves to more lucrative and rewarding industries. Productivity growth will be further enhanced by the transition of new member states to a knowledge-based economy, which is at the centre of the EU Lisbon strategy. Also, the European initiative for growth underlines the importance of investments in networks and in research as crucial steps to boost growth, better integrate an enlarged Europe and improve productivity and competitiveness. For the new member states, R and D diffusion and technology transfers are as important as R and D investment as a tool for accelerating the transition towards higher value-added activities. Sustaining a high level of foreign direct investment is essential in this endeavour, as is an increased responsiveness of the education and training systems to the changing needs of the labour market. Reforms of the education and training systems would also help to encourage the move to more innovative and knowledge intensive activities. In our paper we will made an impact assessment of land used policies (housing, agriculture, forests and urbanization) on sustainable development. The evaluation of sustainable development is the basic approach to the assessment of the development path of the particular country. The selected indicators serve the government/society as the framework for long term policy making. Environmental, social, institutional and economic developments are strongly linked. They are crucially important for the well being of the current as well as future generations. But environmental and social policies are sometimes formulated without due regard to their economic consequences. The term sustainability evokes the image of an economic system able to evolve without deterioration from its current state into the long term future, being in balance with nature. This balance may be as much psychological as material and energetic (O'Connor, 1998). Lee (1991) has remarked:

> Sustainable development has become the watchword for international aid agencies, the jargon of development planners, the theme of crowded conferences, the topic of learned papers, and the slogan of developmental and environmental activists. It appears to have gained the broad-based support that earlier development concepts such as eco-development lacked, and is poised to become the developmental paradigm for the 90s.

One of the main theories is that we must be first competitive if we want to reach sustainable development. European Union has made its view on sustainability. Measuring sustainability reduces to the problems of measur-ing quality of life or human welfare and of measuring environmental impact. We can also plan the sustainable position in the future. A planning and control system is essential for the diffusion of the principles of sustainability. The majority of those systems, today, do not seem to have fully embraced the philosophy of sustainable development. For some, it is because they are limited by measurement systems that were developed to gauge economic/financial performance, and are not equipped to measure social and environmental performance like the Balanced Sco Other frameworks, while accepting all three dimensions as equal, continue to favour the economic/financial performance dimension over the environmental and social dimensions. Over the last years the modelling approach is very common. But we cannot measure the sustainable development with modelling approach. We can plan some development years in the energy sector. We have to recognize that the relationships between different parts of development process (Figure 1).

If the countries can go in the step with productivity of main competitors, some results can be seen in incomes level. The modern countries are oriented on the new development paradigm. Concept of sustainable development brings the long term view on development determinants. Measuring CSR (Corporate Social Responsibility) implementation by questionnaires is from the view of future expects very understandable. The combination of statistical and questionnaire indicators give us the best evaluation of sustainable readiness. Measuring sustainability reduces to the problems of measuring quality of life or human welfare and of measuring environmental impact. We can also plan the sustainable position in the future. A planning and control system is essential for the diffusion of the principles of sustainability. The wellbeing of a community or nation can be measured in many

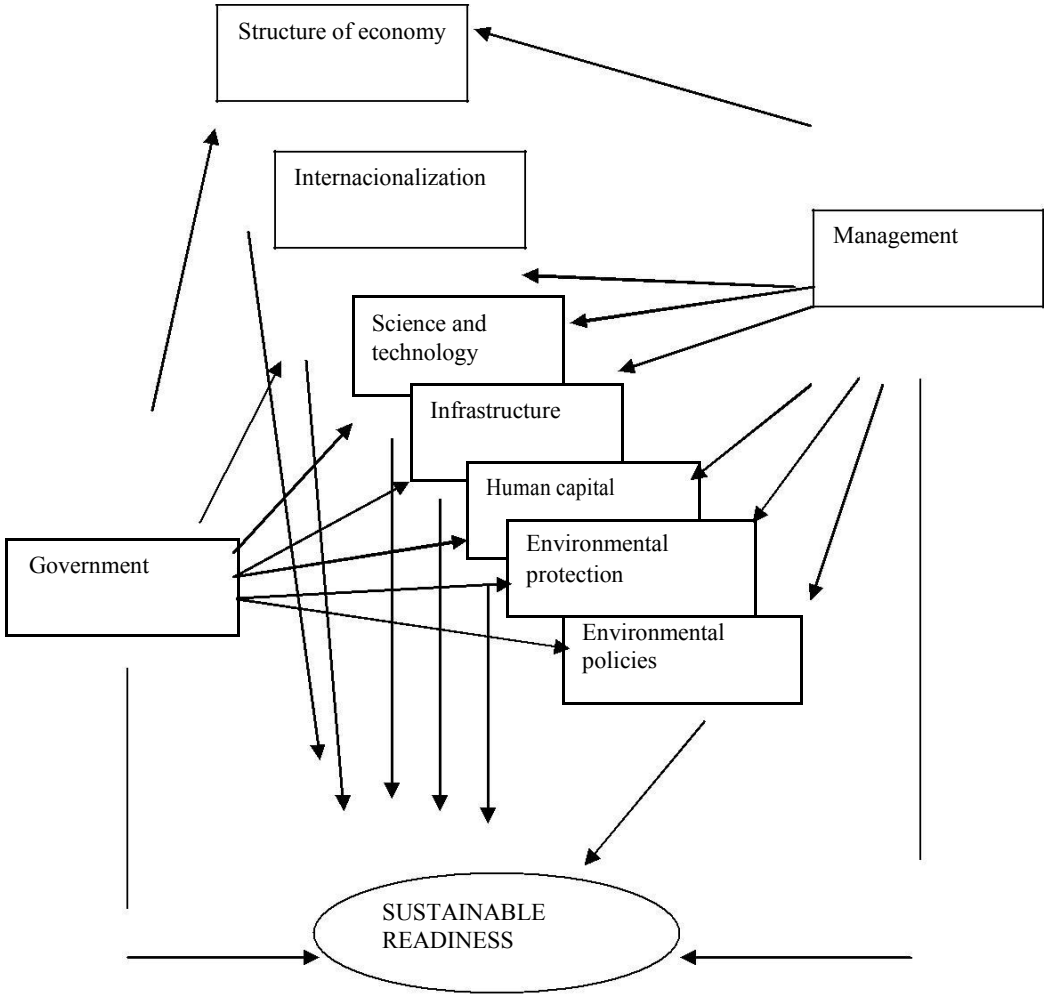

Figure 1. Model of the influence of government and management on long term sustainable development determinants. Source: Own model.

ways. Traditional measurements often analyze a single issue by itself, such as the number of new jobs in a particular com-munity. But such an approach is one-dimensional, and does not reveal the quality of those jobs or their impact on the local economy. More meaningful than simply new jobs, measuring the number of children living in poverty indicates the relationship of social health to local econo-mic performance. As Staher (1995) has pointed out, when we speak of sustainable development, we have to not only consider the material and economic aspects, but the multidimensional and multifaceted conjunct that com-poses the development phenomenon: its political, social, cultural, and physical aspects. The sustainability of the whole can lean only upon the combined sustainability of its parts.

These factors and their respective balances rely on qualitative factors, as the degree of social and political polarization, the values of society and the level of system entropy. Based on experimentation and lessons from the field, the SD approach has been operationalized in some interactive steps:

1) Identification of the risks, assets, entitlements, lively-hood activities, and knowledge bases of communities and individuals through the use participatory research techni-ques.
2) Analysis of macro, micro and sectorial policies which impinge on people's society.
3) Assessment and determination of key technology con-tributions to SD.
4) Identification of existing investment (e.g., micro-fi-nance) opportunities.
5) Making sure that the Lisbon strategy and the national development strategy are implemented.

A framework is needed; one which brings together SD's various elements: coping and adaptive strategies, poverty reduction, sustainability and issues of process. The framework which emerges can then be treated as a heu-ristic tool or template (by the actors involved in implemen-

ting the SD approach) for identifying the linkages between the different elements, developing indicators for them, and evaluating outcomes. A possible option for a conceptual framework within which to place SD concept is the building the own system of indicators. Such a framework integrates the concepts of sustainable development and sustainable society. It is best conceptualized as a diagram merging two interactive triangles, one representing the cornerstones of sustainable development (economic efficiency, environmental integrity, and human well being) and the other showing those of sustainable livelihoods (local knowledge, science and technology, and policy structures). It is opined that elements and issues that make for sustainable society lie at the critical interface of human-environment interactions. Political, cultural, religious, social, economic, biological and geo-physical factors simultaneously interact with and in combination with each other to produce a variety of functions, processes and products, which shape the way a community makes a living in a given ecozone. Analysis of these factors allows policy-makers and practitioners to formulate appropriate and context-specific programmes and projects that aim to promote the sustainable development. Having made the case that one way for devising an SD programme or creating indicators for sustainable livelyhoods is by outlining vulnerable livelihoods, we need some kind of theory to ground the variability and dynamism of livelihood systems and adaptive strategies.

The identification of human well being as the goal of sustainable development requires indicators which point to how well policies in the economic, environmental, social fields are performing in relation to the main goal. The first step of summarising existing information that focuses on well being is to select a core set of indicators addressing key issues of sustainable development. This core set approach has the benefit of using indicators that are common to different countries, that respond to different uses, and that be meaningfully compared across countries. Despite the fact that the choice of indicators may be somewhat subjective, this approach does allow key aspect of sustainable development to be considered in a simple way. However, aggregating a variety of indicators from the various dimensions, it becomes difficult to characterise whether overall economic developments are sustainable or not. The criteria of sustainability suggest that unique advantages of location, which have a characteristic of a public good for local firms but are scarce from the perspective of firms located in other systems, can provide a sustained competitive advantage for local firms. Such hard work imitate framework conditions may involve any parts of competitiveness and growth framework; productive resources (unique education system), technologies (national innovative system), organizational arrangements (national networks or organising principles), product market structures (unique demand or supply conditions), international business activities (historical network of foreign contracts), institutional framework (unique regulatory framework and culture) and the government policies (special support and policies) and the land used policies (housing, agriculture, forests and urbanization) . Despite many of its failings, conventional poverty lines conti-nue to be the conceptual and operational foundations for current anti-poverty policies. This being said, however, there are a number of alternative measures of poverty that are gaining momentum. These methods look more at the social and human dimensions of poverty as opposed to economic imperatives. At the heart of this process is the recognition that people go in and out of poverty and it is essential to look at the causes of poverty in addition to its measurement. Human development is defined by the expansion of capabilities. Unlike income, capabilities are ends, and they are not reflected in inputs, but in human outcomes-in the quality of people's lives. Human depriva-tion should not be defined in terms of all capabilities, but only essential or "foundational" capabilities. Capability po-verty occurs when people are unable to reach a certain level of essential human achievement or functioning (that is, malnourishment, illiteracy, poor health). Examples of ba-sic capabilities are leading a life free of avoidable morbid-dity, being informed and educated, well nourished and having access to satisfactory levels of resource and asset bases. Being able to function on the basis of these es-sential capabilities is an objective, observable phenol-menon; it is not a matter of subjective perception, nor is it culture specific. Measures of capability should be used to complement an income measure of poverty, but should not be aggregated as conventional poverty lines because of the dimensions of deprivation (i.e., different levels of deprivation between different individuals). A potential so-lution is to use the percentage of the population below an expenditure-based poverty line as a point of reference, and compare this to the percentages of the population deprived in other non-income dimensions. For example, the percentage of people who are illiterate could be con-siderably higher than the percentage of those below the poverty line.

Sustainablity indexes

The EU countries have accepted concept of sustainable development in their documents and also in programme directions (Strategy of sustainable development). For accession some countries means the EU accession also the implementing the strategy of competitiveness and sustainable development. New members have implemented the all *acquis communautaire*. The most developed part of EU finances now the development process of the other one. New member countries are forced to implement the higher cultural and ecological standards. EU is mounting pressure on new members in many ways. Building new infrastructure and improving the quality of business development are the basic elements for economic growth. Market must be integrated with some elements of regulation, which takes into account the human,

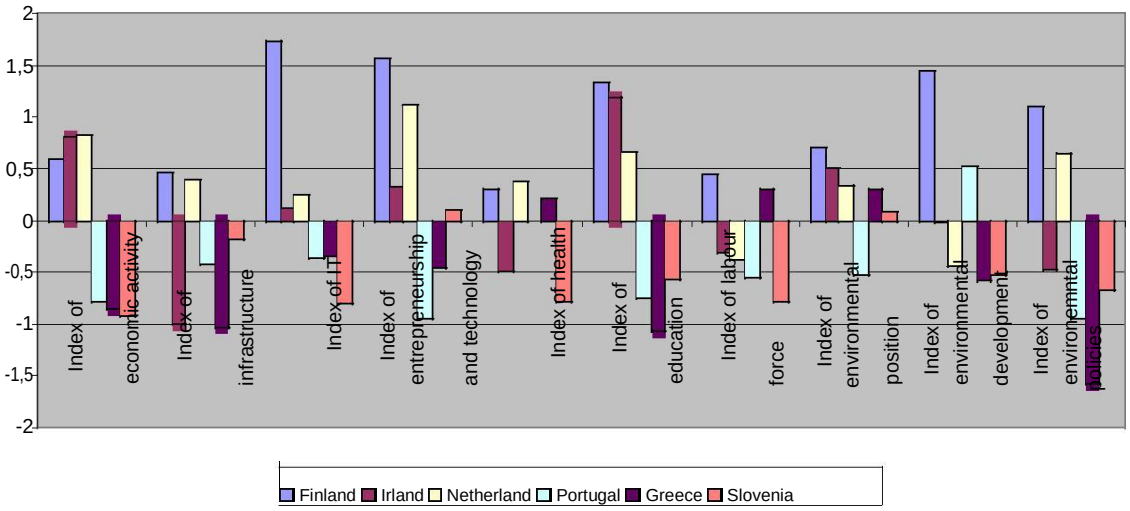

Figure 2. Position of countries by indexes. Source: own calculation.

cultural and environmental field. Eco-social model of economy is the most important element of sustainability. Slovenia has implemented not only the European legal system, but also the eco-social model of economy. Enlargement of the EU has bought the current priorities and future direction of EU environmental policy sharply into focus. Achieving enlargement while ensuring high standards of environmental protection and social development is the ultimate objective and failure is not an option. Significant environmental investments are necessary and the new members need to speed up their preparation to implementing the Gothenburg strategy "sustainable strategy". Future index is calculated by standard method of deviation. It measures the relative difference between the economies' performances; therefore, each country's relative position in the final rankings is more accurately assessed. First, for each criterion, the average value for each population group is being computed. Then the standard deviation is calculated using the following formula:

$$S = \sqrt{\frac{(x - \bar{x})_2}{N}}$$

The STD is calculated by subtracting the average value of each population group from the economy's original value and then dividing the result by the standard deviation. The STD value for criteria is calculated as follows:

$$(STD\ value)_i = \frac{x - \bar{x}}{S}$$

Where:
x = original value
$\bar{x}$ = average value of population group
N = number of economies
S = Standard Deviation

Future index is calculated as an average of ten subindexes: (1) index of economic activity, (2) index of infrastructure, (3) index of information society, (4) index of entrepreneurship and technology (5) index of health, (6) index of education, (7) index of labour force, (8) index of environmental condition, (9) index of environmental development and (10) index of environmental policies (Figure 2).

Index of economic activity

This is calculated by aggregation of three indicators: GDP per capita, GDP per capita and share of investment in GDP. The higher GDP per capita level shows that economy has better starting point for reaching the sustainability. This also brings the higher level of consumption behaviour. Investments in buildings, machines and in equipment are very important for maintaining the wealth. If the managers of companies are optimistic about a future than the share of investments is higher.

Index of infrastructure

This is calculated by aggregation of three indicators: density of railroad network (survey), maintenance and development of infrastructure (survey) and efficiency of infrastructure (survey). Sustainable infrastructure is the efficient infrastructure which takes into account the environmental problems. From this point of view we must put more weight on qualitative than on quantitative part of infrastructure development process.

Index of information technology

This is calculated by aggregation of four indicators: number of hosts per 100 inhabitants, user of internet per 100

inhabitants, users of mobile phones per 100 inhabitants and availability of IT experts (survey) . Companies that want to have high prosperity in near future needs an internet strategy. Information technology allows us to use human knowledge more usefully. By exploitation of information technology possibilities we can increase the value added in companies. Availability of IT experts in some countries shows the qualitative progress to sustainable community.

Index of entrepreneurial activity and technology level

This is calculated by aggregation of four indicators: number of patents in force per 100.000 inhabitants, management ant the entrepreneurial orientation (survey), availability of venture capital (survey) and expenditure on R and D as percentage in GDP. If we want to reach the sustainable development then we must change the structure of economy.

Index of health

This is calculated by aggregation of four indicators: expenditure for health as percentage of GDP, quality of health infrastructure (survey), number of physician per 100.000 inhabitants and life expectancy at birth. By ageing of population we need a higher level of health system. So the health system can provide the balance between generations.

Index of educational level

This is calculated by aggregation of four indicators: educational system and the needs of the competitive economy (survey), university education and the needs of economy (survey), higher education achievement and public expenditure on education as a percentage in GDP. Today is the really challenge to bring the educational system closer to economy.

Index of labour force

This is calculated by aggregation of four indicators: share of employment in service sector, youth and older persons unemployment. The sustainable economy needs a higher share of services. So the labour market must transform to satisfy the needs of modern economy.

Index of environmental position

This is calculated by aggregation of four indicators: the industrial pollution of water, emission of SO2, emission of CO2, emission of NOx and communal waste. The environmental degradation is the threat for future generations. So we must preserve the environment from negative damage from economic and human activity.

Index of environmental development

This is calculated by aggregation of three indicators: production of energy from renewed sources, ISO 14001 certifications, share of agriculture land under the organic use). By this indicator we can measure the environmental capita that is important for development process.

Index of environmental policies

This is calculated by aggregation of three indicators: share of protected land, collaboration with economy (survey) and transparency of environmental policy (survey). Environmental policies must do more for the competitive economy. Environmental regulation can increase the competitiveness of business.

Benchmarking the Slovenian sustainable level is done with five countries: Finland, Ireland, Netherland, Portugal and Greece. These countries have the size that is close to Slovenia. It can be thought that Slovenia can reach the higher sustainable level than Portugal and Greece. Finland and Ireland economies have reached the higher sustainable progress in last ten years. Netherland is close to EU average. Finland is the most sustainable country under calculations, with higher ranges in the index of information technology, by index of entrepreneurship and technology and by index of environmental development. Finland ranks low by index of health, by index of labour force and by index of infrastructure. Ireland ranks the highest by index of education and by index of economic activity. The Ireland ranks low by index of infrastructure, by index of health and by index of environmental policies. Slovenian readiness for the future in comparism by 19 EU states is not satisfactory. Slovenia ranks well by in-dex of entrepreneurship and technology, by index of infrastructure and by index of environmental position. From the view of future readiness is Slovenian position low by index of economic activity (-0, 94) by index of labour force (-0, 79), by index of information technology (-0,81) by index of health (-0,79) and by index of environmental policies (-0,68) (Figure 3).

The calculation of indexes has shown that Finland is the best prepared for the future (index 0, 97). After Finland are Denmark (index 0, 57) and Sweden (index 0, 54) The Finish position on the first place can be explained as a well developed system of information technology, high entrepreneurship and technological level and a high level of environmental capital. On the other side are Poland (index -0, 70), Slovenia (index -0, 50) and Czech R. (index -0,46) states that are not well prepared for the future. Slovenia has some problems on the sustainable way that are connected with low level of economic activity, slow development of information society, low functioning of environmental policies and low balancing of the environmental capital with economic and social development

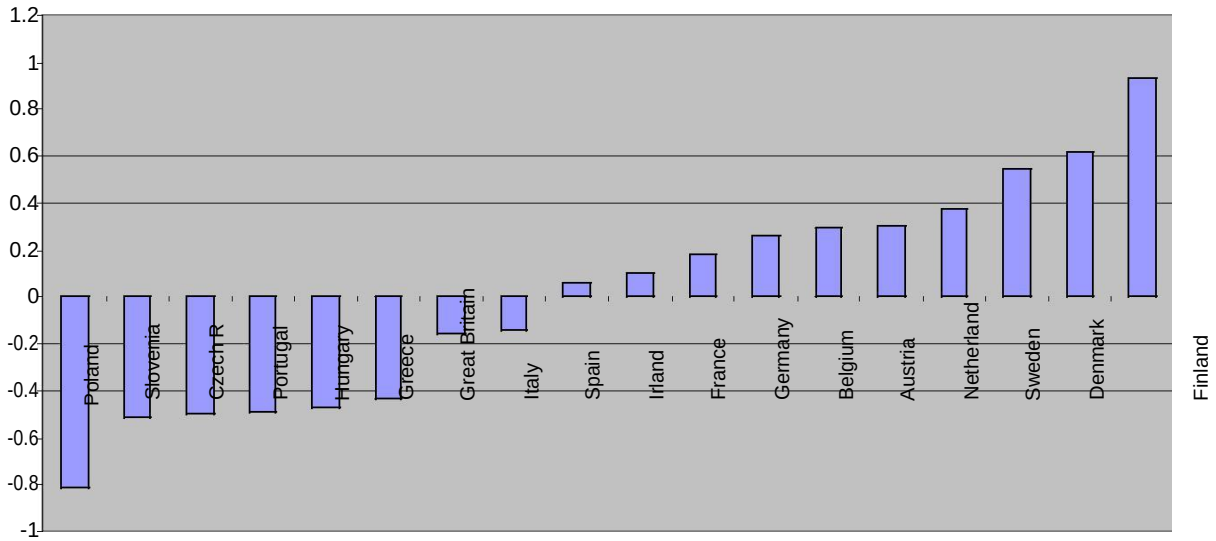

Figure 3. Index of future readiness. Source: own calculation.

Conclusions

In the next years the system of indicators will improve. Questionnaire will be more common tool for sustainability evaluation. Questionnaire indicators give a more qualitative view on competitiveness. The modern way of measuring national competitiveness by using questionnaires allows us to evaluate the dynamic evolution of one economy, the qualitative competitiveness and the expectations of the business managers. Managers often evaluate the quality of business environment in which they operate. They also try to forecast the economic situation of the country in the near future. The concept of sustainable development is hardly integrated in national development policy. The implementation of the Lisbon's strategy will also improve some parts of sustainable development. Slovenian system of indicator has shown the most important development steps in the future. From the system of indicators can be seen that our progress is not integrated enough. Indicators serve as valuable tools for sustainability benchmark. An indicator is something that helps you understand where you are, which way you are going and how far you are from where you want to be. This is the main reason why we are going to select indicators for five years period. Indicators allow you to see where the problem areas are and help show the way to fix those problems. Sectors of the economy generate wealth and welfare for households. Enterprises, government and other actors, economic activity, and indeed households themselves, can however create pressure on the environment, through consumption of resources and output of pollutants. The quality of the environment in turn can impact on the welfare households and individuals and other actors. The actors respond to changes in the state of the economy and of the environment, through behavioural and policy changes which either directly affect the environment, or alter the pressures on it from the economic sectors. Rather than developing a single index of sustainability, for which important measurement difficulties exist, the identification of a confined set of indicators-focusing on each of the three pillars of sustainable development and linked through an organising framework appears as a more useful approach.

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