

NATIONAL UNIVERSITY OF PUBLIC SERVICE  
Military Sciences Graduate School

PETRA SZALAI

*- The impact and management of crises in the area of defence -*

author's review of Doctor of Philosophy (PhD) thesis

Supervisor:

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# THE ELEMENTS OF THE CONTENT PART

## 1. THE FORMULATION OF THE SCIENTIFIC PROBLEM

Our countries situation is not ideal, however it is before reforms and developments and one of the main opportunity lies in Zrinyi 2026 Defense and Military Development Program with which modern military and international alliance aims can be fulfilled (for example on military spending). Although about the military powers there are lots of critics it can be seen in Hungary during the COVID 19 situation an outstanding performance (medical tasks, aid in medical institutions, disinfection etc) heightened the public's view on the military.

Can the economy struggling with the crisis phenomena be an appropriate basis for national security? Are the key defence documents all right? Has the defence force got the necessary capabilities, budget and technical standards? And generally, is the reliable protection currently ensured to the country? Is the balance between mission engagement and the country's defence appropriate? What enjoys priority in a political, economic, military sense: our intensive engagement in missions to meet the North Atlantic Treaty Organization (hereinafter referred to as NATO)<sup>1</sup> needs, or our country's defence? Do we have an adequate and reliable defence vision? Is the essential defence planning system up-to-date? Do we use the otherwise in real terms steadily declining, but still summing up to hundreds of billions defence budget well and efficiently? Is the importance of defence reflected in government priorities and in social perception? Is the military career, the situation of the corps reassuringly settled? With regard to the national economy and its defence preparation, it is also timely to do research amongst the issues of structure, reserving, the system of decision-making and planning.

The answer to the problems raised is clear: we are facing a set of problems which are fundamental and shall be settled urgently. As a solution it is not sufficient to plan for long-term (i.e.: for 10-15 years), appropriate action should be taken in these days, urgently. The thesis strives to make **comments** in a non-exhaustive, but **timely and substantive way and produce scientific results in these areas.**

## 2. RESEARCH OBJECTIVES

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<sup>1</sup> North Atlantic Treaty Organisation, in Hungarian: Észak-atlanti Szerződés Szervezete

Based on the introduction and the formulation of the scientific problem I formulate the research objectives of this thesis as follows:

- **To examine** by a comprehensive situation assessment Hungary's exposure to crises, including the possibilities of crisis management and the development of methodological proposals. All this primarily from the point of view of national security, including national defence and national economy defence preparation which plays a more and more important role nowadays and which is read more widely, provisioning;
- **To present** by a situation analysis the situation, contradictions and problems of national defence and national economy to be solved, which basically determine national security;
- **To explore, research** the psychological foundations of the decision-making system affecting the operation of crisis management, in order to formulate proposals for the improvement of the system;
- **To present and interpret** the reality, the enforceability of purposes and tasks formulated in the basic documents on national security (directives, concepts and strategies) and after drawing conclusions **make proposals** for their more effective implementation, operation;
- **To explore** the methods of crisis management, to demonstrate their practical usefulness and make a proposal to apply them.

I considered a **research criteria** of the topics to be elaborated to carry out the modern interpretations of the effects and management of crises in the field of defence, the applications of source criticisms, the inclusion of relevant diagrams and tables in the content page, the examination of consequences of crises, **in line with the relevant legislative environment, in accordance with the relevant provisions of HHK NKE Doctoral School of Military Science** and in the light of its scientific orientations.

As a diminution, on the one hand, because of the logical structure of the thesis, on the other hand, due to space limitations, I did not explain some issues in detail. I do not fully extend my research to crises, varieties of crises (e.g.: the economic ones), their process, their detailed analyses, supported by extensive statistics, indices, including full details of the relevant and recognized work of researchers. My aim was to analyse the main ranges and features, as an introduction, preparation and not least in supporting the phrasing of my message. I can say the same for example about the analysis of the defence budget, where it was not my intention to discuss in detail the doctoral dissertations recommended by many, because as for my

endeavour, the demonstration of the government priorities, I fully disposed of proper inputs, thus the detailed discussion could have been not only unnecessary, but disturbing, too. It is also worth mentioning that while I analysed the engagement in Georgia in connection with the Hungarian Army's missionary activity, it was not my intention to demonstrate the complete and later Russian military policy (Ukraine, Baltic States, NATO-Russia relations), also due to the above mentioned content and space limitations. I can acknowledge that quotations from the daily press (Portfolio, HVG, parliamentary events, etc.) are not relevant from a scientific point of view, but I strongly contest that they are therefore not evidentiary. Due to the characteristics of the subject (e.g. resource prognosis, force development) often state leaders, politicians and analysts have their say and not only because of the actuality, freshness of the topic there is no guarantee that the information would be available in scientific journals in the foreseeable future. Overall, I hope that if someone pays attention to my thesis, it looks at what is in it, and not what he or she wants to see.

#### **FORMULATION OF RESEARCH HYPOTHESES**

In the light of the scientific problems set out above, the hypotheses for my research objectives are as follows:

- **In my opinion** despite our country's success in the real economy it is still heavily exposed to crises, thus it is still in need of crisis management. Renowned economists (Péter Róna, Magdolna Csath, László Csaba) also agree that the Hungarian economy is not stable. For example, taxation of the existing EU funds and multinational companies somewhat assured the balance of the Hungarian economy, but our competitiveness gap, low added value ratio in production, inefficiency of the fight against corruption and for example the HUF's exchange rate risks are still there as a threat even compared to our narrower environment. I assume that if these sources of revenue are significantly reduced or exhausted in the near future as well, with the current assets (increase in budget revenues through taxation, spending cuts) it will not be possible to maintain the economic balance. Inevitably, the need for increased efficiency arises, the relationship of which with the skill and task-based planning and accrual accounting I intend to prove in the thesis when discussing crisis management, national defence and defence preparation of the national economy;

- **I suppose** that even today there are serious shortcomings in the whole government's approach to defence, despite the fact that the National Security Strategy specified this as an essential task years ago. **In my opinion**, the whole government approach is not yet sufficiently strong, action was made mainly on regulatory levels, but in practice the activity is absolutely sector-centred, the government control of the implementation is not sufficiently consistent, it has deficiencies. I assume that the negatives mentioned above should be treated at the planning level, by elaborating a development methodology for a modern, specific, task-based planning system;
- **I presuppose** that the psychology of the management, the decision-making system plays a key role in the management of the national economy, in the national defence and its economic aspects and in the defence preparation of the economy. I assume that, based on my previous studies scientific results can be produced on this subject by doing research in the field of the government crisis management, the value judgment, recognition and support of the national defence, and the security and defence preparation of the national economy;
- **I suppose** that events in these days in our micro- and macro-environment (for example, the migration crisis), the resulting crises, threats increasingly draw the government's attention to the questions and problems of national security, military defence, security of the economy and defence preparation. In my opinion, results of scientific value can be achieved by carrying out extensive research, evaluation and elaborating specific, practical-value development proposals in these areas.

### 3. RESEARCH METHODS

Insisting on the title of the thesis, I used a variety of research methods in order to fulfil the research objectives built on it and to prove the hypotheses:

- **I set up** an individual study and research plan so that they enhance the best possible way the achievement of my scientific priorities, the demonstration of my hypotheses (elaboration of basic research);
- **I collected and studied** the relevant domestic and authoritative international literature, online resources, available publications, studies, manuscripts, legislation, results of the latest research on the subject, the experience of which I included in my relevant chapters.

I examined the effects of the crisis on the defence area using the analysis and comparative analysis;

- The literacy overviews was done through archive search method which consisted of the following: Web of Science, Science Direct open access. Next step was „impact of crisis” keyword search results are shown in images 1-3. The more concrete literature was done through keyword search and chosen through of citation of top 10 publications.
- **I determined the events, happenings, the possibilities of crisis management** related to this thesis by **analysing** the questions of politics, security, wars, economy and crises;
- I used general **examination methods** - including comparisons and generalizations, as well as a comprehensive historical (chronological) examination;
- **Analysis - A detailed and comprehensive analysis of the situation, situation assessment**, (based on analyses and syntheses) with drawing of conclusions, formulation of proposals;
- **Processing** (in notes), **publication** (in professional journals), *lectures* at conferences (coaching) of partial research results;
- Participation in domestic professional forums, study tours and conferences, the experience of which I compared to my scientific results achieved so far, and I drew consequences;
- I **interviewed** several internationally recognized security experts and talked to researchers, practitioners in order to develop a broader insight into the topic (see Annex 1);
- **Regular professional consultation:** with current and former leaders (Chief of Staff, Deputy Secretary of State for Defence Economy, heads of departments) of the Ministry of Defence (HM), former head and co-workers of the Secretariat of the Governmental Coordination Committee in the Ministry of Local Government and Regional Development (ÖTM KKB); head of the relevant departments in the Ministry of National Economy (NGM), leaders of BM OKF (head of department for critical infrastructure protection, former senior manager at fire department), lecturers of the Zrínyi Miklós National Defence University and then, the National University of Public Service;
- **Site visits** (headquarters and Ferihegyi road base of the National Directorate General for Disaster Management, Ministry of the Interior, Lovasberény base of Ministry of National Economy, headquarters of the Ministry of Defense).

My research was hindered by the fact that the majority of repositories, reports, analyses and evaluation works related to my subjects arising from the elaborated title are classified or difficult to access. Because of my civil position, I did not have these materials at my disposal in adequate quality and quantity.

A further complicating factor was that no professional materials of scientific value, publications or workshops were prepared based on the documentation referred to above that supported my researches. Regarding the structure of the thesis, this is the reason why dividing the chapters into 49-97-41 pages. Since these materials are difficult to access, the greater proportion of the second part's elaboration was justified and increased with a holistic approach by other sources, references, interviews, analyses, inclusion of evaluations (in order to achieve my research objectives.)

#### **4. BRIEF DESCRIPTION OF THE STUDY CARRIED OUT BY CHAPTER**

The structure of the thesis based on research goals and tasks arising from them is the following:

I have built up my thesis on three main chapters.

**In the first chapter**, I present issues arising from the title of the thesis, taking into account the specific national implications through the analysis of world events in a way that that I can give a wide overview of their domestic impacts, importance and participation. I am about to *position* Hungary within the global environment in space and time regarding safety, security and economic aspects forming its part. In order to achieve this, I will *examine* the global security system, issues of international stability, relationship networks of states, crises and crisis management events after the millennium, the situation of the real economy. Following this I demonstrate 2020's most significant health challenge the new Corona virus the COVID-19 economical impact, the damage decreasing Hungarian national interference, The EU's crisis management civil defense mechanism. Then *analyse and evaluate* their domestic related aspects, which logically provide a basis for the **deep analysis** of protection-related chapters in a way that they logically create opportunities for specific crisis management proposals **to be developed**.

**In the second chapter, I will analyse** the impact of crises on armed defence. Starting with the experiences of our international participations, missionaries. Subsequently, starting with an assessment of the situation of armed defence I **evaluate** the contents of the material documents determining protection (Ministerial Directives, National Military Strategy), the adequacy of their functionality, the vision reflecting in them, and I **describe** the brief history, situation and deficiencies of defence planning being a priority in terms of vision. I **analyse** the social and governmental reputation of defence (e.g. via a historical review of the defence budget, and military career situation assessment). After the analysis, due therefrom I **define** perspective steps of the main tasks.

**In the third chapter,** I examine the security of the national economy being critical regarding defence by the assessment of defence preparation and reserving, by exploring deficiencies and by the practical implementation issues of the overall government approach. After analysis, I will offer suggestions of both theoretical and practical importance in respects of decision making, sector-level regulation, protection reserving and funding. I elaborate in the form of a proposal – based on practical experiences of the defence planning system's system development realized in 2005 – the methodological foundations for further development of potential and task-based design system long planned but yet unrealized on governmental level.

The individual chapters include the detailed formulation of the problem, a description of the relevant standards, details of the proposed method and finally a summary of the chapters, a deduction of partial conclusions as well as a formulation of the final conclusions.

## 5. SUMMARY CONCLUSIONS

The tone of my studies, findings and conclusions is critical. "*You can write politely, but for what*" I recall Péter Esterházy's manifestation during a radio interview, which I can identify with. **I hope that the lack of well-manners was not at the expense of professional content, and the thesis will see no damages out of it. Because in both armed defence and defence preparation many problems or questions waiting to be answered, resolved can be traced back to crises.** Unfortunately, there are many problems which had to be dealt with because of



the seriousness of the subject. First of all, **in order to improve practical efficiency**. Because if sometimes the theory is even right (for example, there is a good concept or strategy), the implementation – quite often by citing various reasons (e.g. lack of resources), but also often without allusion (e.g. jurisdictional disputes, bureaucratisation) – is its total contrary. The crisis indisposes everyone (people, economy and society alike), so our target may be that at least we **shall do everything we can to achieve our targets, interests, reachable results or reducible losses. This was my basic motivation in writing the thesis.**

Today, the world and both our macro- and microenvironment is changing rapidly. **For the challenges loaded with forced crisis management, the answer has to be investigated and given. Not within the more comfortable medium and long-term "solutions" but in today's scale, in a measure of today's conditions, within a reasonable time.** The issue of national security has become much more complex. The nature of the activities of the armed forces is expected to change fundamentally. The role of non-armed security becomes much more powerful, more complex. As drafted in the National Security Strategy, a total governmental approach is required. Partly an end of sectoral autonomy has come, which can also be called separation. **Only by joint, coordinated effort one can achieve efficiency and results. Today, we are clearly badly off - especially regarding the specifics, the practical implementation - in this field. I strived to write my thesis by considering all these and targeting awareness raising.**

The task-based design methodology is clearly more efficiently used both as a method of crisis management, military defence and during defence preparation of the national economy instead of the current 'pay-as-you-go' (distribute-impose-type) design methodology.

**The renewal of existing planning system introduced in 2005 would be needed in the field of national defence, in addition this renewal must be synchronized with the introduction of accrual accounting on a governmental budget level. In preparation for defence preparation of the national economy, an overall system development is justified, for which I elaborated an idea in the dissertation.**

I find the following **research result and problem insight a novelty: today the introduction of accrual accounting in our country was given the green light, but the development of the skill and task-based planning at state level does not have the same weight in appearance.** The two are inseparable from each other, moreover accounting "only"

is a tool to support the formation of the new methodology design. So the urgent task is to "play the hand that's dealt them" to make up for a severe shortfall compared to our environment, to set both the state administration's and the public finances' task-based design methodology on a straight course as the force expected being one of the most powerful in crisis management.

**I introduced and emphasized the need for the establishment of a real priority, improving the social status of the area of armed protection** (e.g.: by improved presentation of propagation of achieved results) and **the destructive impact that changes occurred in recent years** (e.g. transformation of service retirement, prohibition of dual supply, lack of protection of the field of interest and of the corps) **carried out in the corps' conscience, in its internal and external perception.**

When analysing the situation and problems of the armed defence I revealed deficiencies not yet been officially published of documents defining the future **and the fact that despite the current geopolitical, military-political changes there is no clear vision for the future.** This analysis is not inseparable from the planning system's problems treated with special attention. In the area of economic security I have not yet encountered any statement calling that **the legislature (National Security Strategy, the lack of sector strategies) and the practical implementation is apparently torn apart.** This truth is difficult to be questioned. Economic security is one of the biggest challenges of our time, it would deserve more attention, concentration. Therefore, I made proposals to move forward.

## **6. NEW SCIENTIFIC FINDINGS**

1. Based on a wide analysis and examination of traditional, static (increasing revenue, reducing expenses) methods of crisis management, creating opportunities for real reforms and practical alternatives to the application of skill and task-based planning methodology I **stated** that the renewal of the existing planning system introduced in 2005 is required in the field of defence.
2. Based on the system development of the Defence Planning System and its experiences I **developed a concept** on the development of the skill and task-based planning methodology determining the national economy defence preparation's efficiency.

3. In the thesis I **stated** that the introduction of accrual accounting being also developed at the level of the public finance is essential for quality defence planning. **I have proven** that at the level of public finance, the development of a modern accounting system cannot be autotelic, but it shall serve task-based planning.
4. **I investigated** psychological factors in the decision-making system, based on the results of which I **stated** deficiencies in crisis management and **made proposals** on the elimination of their negative consequences. **I developed my suggestions** to improve governmental communications, as well as regarding the development of real values and a human strategy. Based on my investigations and research relating to the security of the national economy, **via the analysis of psychological factors I proposed a methodological solution** to the practical feasibility of field management.
5. In the thesis, **I made an overall analysis** on the components of the armed security and the national security of our age, now equivalent to those of the national defence, especially the economic security. Based on my **analysis I worked out specific and detailed problem solving proposals** in a systematic frame in both areas.

## 7. TESTIMONIALS

I recommend the thesis:

- Mainly with the intention of enlarging professional aspects of the areas of expertise involved for decision makers, offering them a broader range to discuss.
- Some parts of it I recommend to scientific researchers, to workshops for further development. For example, the discussion of issues arising from changes in the mission tasks, foundation of the Hungarian Defence Forces' vision, further specification of the NGVTR as well as further development of the relationship between the skill and task-based planning and accrual accounting.
- The thesis I would recommend to higher educational institutions as a supplementary literature, where efficiency measurement, skill and task-based planning is being taught.
- To use it for other basic research.

## **8. THE PRACTICAL APPLICABILITY OF RESEARCH RESULTS**

- Support of decision-making for executives responsible for the professional field.
- It can contribute to the decision-makers' change of attitudes.
- The results of my thesis can be used by the Ministry of Defence, Ministry of National Economy and the Hungarian Defence Forces for the modernization of their internal regulations (special instructions).
- It includes information supported by statistics, data for teachers and researchers dealing with the topic.
- It can serve as the basis for skill and task-based planning, for researches regarding the elaboration of the national economy's defence preparation development, for analysing and evaluating work examining the psychology of decision-making system.

## **9. THE LIST OF PUBLICATIONS OF THE DOCTORAL CANDIDATE RELATED TO THE TOPIC**

### **Articles published in peer-reviewed journal in Hungarian**

- 1) Petra Szalai: Correlation between the Economic Crisis and the security
- 2) Petra Szalai: European Defence capabilities and the Global Economic Crisis. *Katonai Logisztika*, Volume 18, 2010, No. 1. pp. 200-214. ISSN: 1588-4228. <http://www.mkle.net/products/a2010-1-szam/>
- 3) Petra Szalai: Consequences and experiences of the of the Russian-Georgian war in 2008. *Felderítő Szemle*, Volume IX, No. 3-4., September-December 2010, pp. 25-31. ISSN 1588-242X EN <http://www.kfh.hu/hu/letoltes/fsz/2010-3-4.pdf>
- 4) Petra Szalai: Consequences and experiences of the of the Russian-Georgian war in 2008. *Honvédségi Szemle* 2010, No. 6, pp. 28-30.)

- 5) Szalai Petra: UN, PEACEKEEPING, MISSION PERFORMANCE OF HUNGARY. Hadtudomány, 2011, No. 2. pp. ISSN 1588-0605. [http://mhht.eu/hadtudomany/2011/2011\\_elektronikus/2011\\_e\\_5.pdf](http://mhht.eu/hadtudomany/2011/2011_elektronikus/2011_e_5.pdf)
- 6) Petra Szalai: Chances of crisis management - Hadtudomány 2012-1
- 7) Petra Szalai: Crisis, crisis management - Hadtudomány 2012-1
- 8) Petra Szalai: Preparation for Economic Security Protection - Új Honvédségi Szemle
- 9) Petra Szalai: Analysis of reform, design and efficiency via the possibilities of crisis management. In Bolyai Szemle, 2017. Under reception in the online edition version. ISSN 1416-1443
- 10) Petra Szalai: THE SAFETY OF THE NATIONAL ECONOMY, ECONOMIC COMPONENTS OF CRISES In Katonai Műszaki Közlöny, 2017. Under reception. ISSN 2063-4986

#### **Peer-reviewed journal articles published in English**

- 11) National Defence Strategy – KBH szakmai Szemle (2011/2)
- 12) Petra Szalai: Alternatives for Crisis Management. Tradecraft Review Special Issue – Periodical of the Military National Security Service, 2012/2. pp. 110-118. HU ISSN 2063-2908. [http://knbsz.gov.hu/hu/letoltes/szsz/2012\\_2\\_spec.pdf](http://knbsz.gov.hu/hu/letoltes/szsz/2012_2_spec.pdf)
- 13) Petra Szalai: The Safety of the National Economy, Economic Components of Crises. In: Védelemtudomány, 2017. Under reception. ISSN 2498-6194
- 14) Security and national security challenges from the perspective of the Hungarian Disaster Management. Nemzetbiztonsági Szemle (ONLINE) 6: 3 pp. 22-48. Paper: Security and national security challenges from the perspective of the Hungarian Disaster Management, 100 p. (2018)
- 15) Security and Crisis Management, Components of Economic Crises. Belügyi Szemle: a Belügyminisztérium szakmai tudományos folyóirata (2010-) 68: 3 SPECIAL ISSUE pp. 128-139., 12 p. (2020)

## **10. THE DOCTORAL CANDIDATE'S PROFESSIONAL AND ACADEMIC BIOGRAPHY**

### **Personal data**

Name	<b>Petra Szalai</b>
E-mail (s)	<a href="mailto:szpetra@hotmail.com">szpetra@hotmail.com</a>
Citizenship	<b>Hungarian</b>

Date of birth	<b>May 26, 1982</b>
Place of birth	<b>Budapest</b>

### **Studies**

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| 1. Military Sciences Graduate School | <b>September 1, 2007 - August 2011 NKE HHK Doctoral School of Military Science, <u>PhD studies</u></b>   |
| 2. International Business School     | <b>Between 2000-2004 studies at the American University of Vienna (Webster University Vienna), in international relations and psychology, in both majors BA degree</b> |
| 3. Webster University                | <b>MSC degree in management in 2004-2005 at ISB (International Business School in Budapest) International Business College.</b>  |
| 3. American International School     | <b>International Baccalaureate (IB)</b>  |

### **Work experience**

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| 1. | <b>In 2004-2005 she participated in OPNI at a psychological practise.</b>  |
| 2. | <b>Since 2005 she fulfilled a function at ARMACO Trade Ltd. in international relations with the US, Canada, France.</b>  |
| 3. | <b>Since 2015 she has been working on organizing the construction and operation of an international English Primary and Secondary IB World School (Budapest British International School) as managing director and chairwoman of the foundation of the school.</b> |

### **Language skills**

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| 1. English | <b>advanced</b> |
| 2. French  | <b>basic</b>    |

Budapest, November, 18

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Petra Szalai